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## **China Power International Development Limited**

**中國電力國際發展有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 2380)**

### **Connected Transactions in relation to the Proposed Asset Pre-Restructuring**



**Financial Adviser to the Company**

Reference is made to the announcements issued by the Company dated 30 September 2024 and 18 October 2024 in relation to the Proposed Asset Restructuring and the Proposed Asset Pre-Restructuring.

On 18 October 2024, the Company and Guangxi Company entered into Restructuring Framework Agreement I and Restructuring Framework Agreement II with Yuanda Environmental respectively in relation to the Proposed Asset Restructuring. Prior to implementing the Proposed Asset Restructuring, Wu Ling Power and Changzhou Hydropower will undergo the Proposed Asset Pre-Restructuring by entering into the following transactions.

#### **PROPOSED ASSET PRE-RESTRUCTURING**

##### **I. External acquisitions by Wu Ling Power**

On 17 January 2025, each of the relevant sellers (being (i) SPIC Associates and (ii) Beijing Xinying) and the purchaser (being Wu Ling Power) entered into the Wu Ling External Acquisitions Agreement respectively pursuant to which Wu Ling Power conditionally agreed to acquire, and the relevant sellers conditionally agreed to sell, Wu Ling External Acquisitions Interests, the total consideration for which is RMB1,231,743,800.

On 17 January 2025, Wu Ling Power entered into a sale and purchase agreement with Hubei Diantou, pursuant to which Wu Ling Power conditionally agreed to acquire, and Hubei Diantou conditionally agreed to sell 100% equity interest in Lanshan Zhuoyue to Wu Ling Power.

## **II. Formation of joint ventures**

### **(i) Formation of Wu Ling-Equivalent JV**

To facilitate the Wu Ling Divestments, the Company and Xiangtou International established the Wu Ling-Equivalent JV, in which the Company and Xiangtou International holds 63% and 37%, respectively. The shareholding proportion of the Company and Xiangtou International in Wu Ling-Equivalent JV is identical to their current shareholding proportion in Wu Ling Power.

### **(ii) Formation of Changzhou-Equivalent JV**

To facilitate the Changzhou Divestments, Guangxi Company (a wholly-owned subsidiary of the Company which owns 64.93% of Changzhou Hydropower) and Guangxi Overseas (which owns 35.07% of Changzhou Hydropower) established the Changzhou-Equivalent JV, in which Guangxi Company and Guangxi Overseas holds 64.93% and 35.07%, respectively. The shareholding proportion of Guangxi Company and Guangxi Overseas in Changzhou-Equivalent JV is identical to their respective current shareholding proportion in Changzhou Hydropower.

## **III. Intragroup reorganization**

### **(i) Wu Ling Divestments**

Each of the relevant sellers, being Wu Ling Power and its subsidiaries, and the purchaser, Wu Ling-Equivalent JV, entered into sale and purchase agreements, pursuant to which the relevant sellers conditionally agreed to sell, and Wu Ling-Equivalent JV conditionally agreed to acquire, the Wu Ling Divestments Assets.

### **(ii) Wu Ling Intragroup Acquisitions**

Each of the relevant sellers, being the Company and three of its subsidiaries (SPIC Beijing Company, China Power Hunan and China Power Intelligence), and the purchaser, Wu Ling Power, entered into a sale and purchase agreement pursuant to which Wu Ling Power conditionally agreed to acquire, and the relevant sellers conditionally agreed to sell, the Wu Ling Intragroup Acquisitions Assets.

### **(iii) Changzhou Divestments**

Changzhou Hydropower (an indirect non-wholly-owned subsidiary of the Company) and Changzhou-Equivalent JV entered into sale and purchase agreements pursuant to which Changzhou Hydropower conditionally agreed to sell, and Changzhou-Equivalent JV conditionally agreed to acquire, the Changzhou Divestments Assets.

## **LISTING RULES IMPLICATIONS**

### **I. External acquisitions by Wu Ling Power**

Among the sellers to the Wu Ling External Acquisitions, those sellers of the Wu Ling Target Companies who are SPIC Associates are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Wu Ling External Acquisitions between Wu Ling Power and SPIC Associates are connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22, 14.23 and 14A.81 of the Listing Rules, a series of connected transactions may be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related, or if they involve the acquisition or disposal of securities or an interest in one particular company. Therefore, (i) the Wu Ling External Acquisitions involving SPIC Associates are aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under Chapters 14A of the Listing Rules; and (ii) the Wu Ling External Acquisitions (involving SPIC Associates and Beijing Xinying) and Acquisition of Lanshan Zhuoyue are aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under Chapters 14 of the Listing Rules.

As the highest relevant applicable percentage ratio is more than 0.1% but is less than 5%, (i) the Wu Ling External Acquisitions involving SPIC Associates (as aggregated) are only subject to the reporting and announcement requirements and are exempt from circular and independent shareholders' approval requirement pursuant to Rule 14A.76(2)(a) of the Listing Rules; and (ii) the Wu Ling External Acquisitions (involving SPIC Associates and Beijing Xinying) and Acquisition of Lanshan Zhuoyue (as aggregated) do not constitute discloseable transactions under Chapter 14 of the Listing Rules.

Hubei Diantou is not a connected person of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in relation to the Acquisition of Lanshan Zhuoyue are less than 5%, this transaction is not a discloseable transaction under Chapter 14 of the Listing Rules.

### **II. Formation of joint ventures**

#### **(i) Formation of Wu Ling-Equivalent JV**

Xiangtou International is a substantial shareholder of a subsidiary of the Company, and therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Formation of Wu Ling-Equivalent JV is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Formation of Wu Ling-Equivalent JV are less than 1%, the Formation of Wu Ling-Equivalent JV is not a discloseable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

## **(ii) Formation of Changzhou-Equivalent JV**

Guangxi Overseas is a subsidiary of SPIC, which is a substantial shareholder of the Company and a connected person of the Company at the issuer level, therefore Guangxi Overseas is a connected person of the Company at the issuer level under Chapter 14A of the Listing Rules. Accordingly, the Formation of Changzhou-Equivalent JV is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Formation of Changzhou-Equivalent JV are less than 0.1% and the transaction was entered into on normal commercial terms, the Formation of Changzhou-Equivalent JV is not a discloseable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

## **III. Intragroup reorganization**

### **(i) Wu Ling Divestments**

None of Wu Ling Power, its subsidiaries which are parties to the Wu Ling Divestments or Wu Ling-Equivalent JV are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Wu Ling Divestments are not connected transactions under Chapter 14A of the Listing Rules.

As the Wu Ling Divestments are in substance a group reorganization which would result in a net acquisition of interest in the relevant Wu Ling Divestments Assets by the Group, the impact of the Wu Ling Divestments would be considered on a net acquisition basis. As all of the applicable percentage ratios are less than 5%, the Wu Ling Divestments do not constitute discloseable transactions under Chapter 14 of the Listing Rules.

### **(ii) Wu Ling Intragroup Acquisitions**

None of Wu Ling Power, SPIC Beijing Company, China Power Hunan or China Power Intelligence are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Wu Ling Intragroup Acquisitions are not connected transactions under Chapter 14A of the Listing Rules.

The Wu Ling Intragroup Acquisitions are in substance a group reorganization and therefore the impact of the transactions should be considered on a net acquisition or disposal basis. The transactions between Wu Ling Power and SPIC Beijing Company would result in a net acquisition of interest in the relevant Wu Ling Intragroup Acquisitions Assets by the Group. The transactions between Wu Ling Power and the Company, China Power Hunan and China Power Intelligence would result in a net disposal of interest in the relevant Wu Ling Intragroup Acquisitions Assets by the Group. As all of the applicable percentage ratios in respect of the net acquisition and net disposal are less than 5% respectively, the Wu Ling Intragroup Acquisitions do not constitute discloseable transactions under Chapter 14 of the Listing Rules.

### **(iii) Changzhou Divestments**

As the Group's shareholding percentage in each of Changzhou Hydropower and Changzhou-Equivalent JV is identical, there will be no change to the Group's effective interest in the Changzhou Divestments Assets immediately before and after the Changzhou Divestments, and therefore the Changzhou Divestments do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Guangxi Overseas, a subsidiary of SPIC, owns 35.07% of the issued share capital of each of Changzhou Hydropower and Changzhou-Equivalent JV. Changzhou Hydropower and Changzhou-Equivalent JV are therefore associates of SPIC and connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Changzhou Divestments are connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Changzhou Divestments are less than 0.1%, the Changzhou Divestments are exempt from the reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

**The transactions under the Proposed Asset Pre-Restructuring may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **BACKGROUND**

Reference is made to the announcements issued by the Company dated 30 September 2024 and 18 October 2024 in relation to the Proposed Asset Restructuring and the Proposed Asset Pre-Restructuring (the "**Announcements**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 18 October 2024, the Company entered into the following Restructuring Framework Agreements for the purpose of the Proposed Asset Restructuring:

- (a) the Company, Xiangtou International and Yuanda Environmental entered into Restructuring Framework Agreement I, pursuant to which the Company and Xiangtou International propose to transfer their respective shareholding in Wu Ling Power to Yuanda Environmental at the consideration of shares to be issued by Yuanda Environmental to the Company and Xiangtou International and cash; and
- (b) Guangxi Company, a wholly-owned subsidiary of the Company, and Yuanda Environmental entered into Restructuring Framework Agreement II, pursuant to which Guangxi Company proposes to transfer its 64.93% shareholding in Changzhou Hydropower to Yuanda Environmental at the consideration of shares to be issued by Yuanda Environmental to Guangxi Company and cash.

Prior to implementing the Proposed Asset Restructuring contemplated under the Restructuring Framework Agreements, Wu Ling Power and Changzhou Hydropower will undergo the Proposed Asset Pre-Restructuring by entering into the following transactions.

## **PROPOSED ASSET PRE-RESTRUCTURING**

### **I. External acquisitions by Wu Ling Power**

On 17 January 2025, each of the relevant sellers (being (i) SPIC Associates and (ii) Beijing Xinying) and the purchaser (being Wu Ling Power) entered into the Wu Ling External Acquisitions Agreement respectively pursuant to which Wu Ling Power conditionally agreed to acquire, and the relevant sellers conditionally agreed to sell, Wu Ling External Acquisitions Interests (“**Wu Ling External Acquisitions**”), the total consideration for which is RMB1,231,743,800.

On 17 January 2025, Wu Ling Power entered into a sale and purchase agreement with Hubei Diantou, pursuant to which Wu Ling Power conditionally agreed to acquire, and Hubei Diantou conditionally agreed to sell 100% equity interest in Lanshan Zhuoyue to Wu Ling Power.

### **II. Formation of joint ventures**

#### **(i) Formation of Wu Ling-Equivalent JV**

The Company and Xiangtou International established the Wu Ling-Equivalent JV in which the Company and Xiangtou International holds 63% and 37%, respectively. The shareholding proportion of the Company and Xiangtou International in Wu Ling-Equivalent JV is identical to their current shareholding proportion in Wu Ling Power. The formation of Wu Ling-Equivalent JV is to facilitate the Wu Ling Divestments.

#### **(ii) Formation of Changzhou-Equivalent JV**

Guangxi Company (a wholly-owned subsidiary of the Company which owns 64.93% of Changzhou Hydropower) and Guangxi Overseas (which owns 35.07% of Changzhou Hydropower) established the Changzhou-Equivalent JV in which Guangxi Company and Guangxi Overseas holds 64.93% and 35.07%, respectively. The shareholding proportion of Guangxi Company and Guangxi Overseas in Changzhou-Equivalent JV is identical to their respective current shareholding proportion in Changzhou Hydropower. The formation of Changzhou-Equivalent JV is to facilitate the Changzhou Divestments.

### **III. Intragroup reorganization**

#### **(i) Wu Ling Divestments**

Each of the relevant sellers, being Wu Ling Power and its subsidiaries, and the purchaser, Wu Ling-Equivalent JV, entered into sale and purchase agreements, pursuant to which the relevant sellers conditionally agreed to sell, and Wu Ling-Equivalent JV conditionally agreed to acquire, certain Non-Hydropower Renewable Energy Assets outside of Hunan Province as well as certain hydropower assets located in the Sichuan province (together, the “**Wu Ling Divestments Assets**”).

## **(ii) Wu Ling Intragroup Acquisitions**

Each of the relevant sellers, being the Company and three of its subsidiaries (SPIC Beijing Company, China Power Hunan and China Power Intelligence), and the purchaser, Wu Ling Power, entered into a sale and purchase agreement pursuant to which Wu Ling Power conditionally agreed to acquire, and the relevant sellers conditionally agreed to sell, the Non-Hydropower Renewable Energy Assets currently held by the Company and the relevant sellers (the “**Wu Ling Intragroup Acquisitions Assets**”).

## **(iii) Changzhou Divestments**

Changzhou Hydropower (an indirect non-wholly-owned subsidiary of the Company) and Changzhou-Equivalent JV entered into sale and purchase agreements pursuant to which Changzhou Hydropower conditionally agreed to sell, and Changzhou-Equivalent JV conditionally agreed to acquire, Changzhou Hydropower’s Non-Hydropower Renewable Energy Assets (the “**Changzhou Divestments Assets**”).

## **LISTING RULES IMPLICATIONS**

### **I. External acquisitions by Wu Ling Power**

#### **(i) Wu Ling External Acquisitions**

Among the sellers of the Wu Ling External Acquisitions, apart from Beijing Xinying, all the relevant sellers of the Wu Ling Target Companies are associates of SPIC (“**SPIC Associates**”) and therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Wu Ling External Acquisitions between Wu Ling Power and the SPIC Associates in respect of the Wu Ling Target Companies are connected transactions of the Company under Chapter 14A of the Listing Rules.

Beijing Xinying is not a connected person of the Company but is one of the two sellers of Jianghua Yaozu, which is one of the Wu Ling Target Companies.

Pursuant to Rules 14.22, 14.23 and 14A.81 of the Listing Rules, a series of connected transactions may be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related, or if they involve the acquisition or disposal of securities or an interest in one particular company. Therefore, (i) the Wu Ling External Acquisitions involving SPIC Associates are aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under Chapters 14A of the Listing Rules; and (ii) the Wu Ling External Acquisitions (involving SPIC Associates and Beijing Xinying) and Acquisition of Lanshan Zhuoyue are aggregated in the calculation of the relevant percentage ratios to determine the classification of transactions under Chapters 14 of the Listing Rules.

As the highest relevant applicable percentage ratio is more than 0.1% but is less than 5%, (i) the Wu Ling External Acquisitions involving SPIC Associates (as aggregated) are only subject to the reporting and announcement requirements and are exempt from circular and independent shareholders’ approval requirement pursuant to Rule 14A.76(2)(a) of the Listing Rules; and (ii) the Wu Ling External Acquisitions (involving SPIC Associates and Beijing Xinying) and Acquisition of Lanshan Zhuoyue (as aggregated) do not constitute discloseable transactions under Chapter 14 of the Listing Rules.

## **(ii) Acquisition of Lanshan Zhuoyue**

Hubei Diantou is owned as to (i) 60% by Shanghai Fuhong New Energy Technology Co., Ltd\* (上海富鴻新能源科技有限公司 (“**Shanghai Fuhong**”)), which is 100% owned by China Kangfu International Leasing Co., Ltd.\* (中國康富國際租賃股份有限公司) (“**China Kangfu**”), and (ii) 40% by SPIC Hubei Electric Power Co., Ltd.\* (國家電投集團湖北電力有限公司), a wholly-owned subsidiary of the Company, respectively. As at the date of this announcement, SPIC holds 35.6406% interests in Diantou Ronghe New Energy Development Co., Ltd\* (電投融和新能源發展有限公司), which in turn holds only 20.05% in China Kangfu. Pursuant to Rule 14A.14 of the Listing Rules, Hubei Diantou is not a connected person of the Company, and therefore the Acquisition of Lanshan Zhuoyue does not constitute a connected transaction of the Company. As all of the applicable percentage ratios in relation to the Acquisition of Lanshan Zhuoyue are less than 5%, this transaction is also not a discloseable transaction under Chapter 14 of the Listing Rules.

## **II. Formation of joint ventures**

### **(i) Formation of Wu Ling-Equivalent JV**

Xiangtuo International is a substantial shareholder of a subsidiary of the Company, and therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Formation of Wu Ling-Equivalent JV is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Formation of Wu Ling-Equivalent JV are less than 1%, the Formation of Wu Ling-Equivalent JV is not a discloseable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement, circular and independent shareholders’ approval under Chapter 14A of the Listing Rules.

### **(ii) Formation of Changzhou-Equivalent JV**

Guangxi Overseas is a subsidiary of SPIC, which is a substantial shareholder of the Company and a connected person of the Company at the issuer level, therefore Guangxi Overseas is a connected person of the Company at the issuer level under Chapter 14A of the Listing Rules. Accordingly, the Formation of Changzhou-Equivalent JV is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Formation of Changzhou-Equivalent JV are less than 0.1% and the transaction was entered into on normal commercial terms, the Formation of Changzhou-Equivalent JV is not a discloseable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement, circular and independent shareholders’ approval under Chapter 14A of the Listing Rules.

## **III. Intragroup reorganization**

### **(i) Wu Ling Divestments**

None of Wu Ling Power, its subsidiaries which are parties to the Wu Ling Divestments or Wu Ling-Equivalent JV are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Wu Ling Divestments are not connected transactions under Chapter 14A of the Listing Rules.

As the Wu Ling Divestments are in substance a group reorganization which would result in a net acquisition of interest in the relevant Wu Ling Divestments Assets by the Group, the impact of the Wu Ling Divestments would be considered on a net acquisition basis. As all of the applicable percentage ratios are less than 5%, the Wu Ling Divestments do not constitute discloseable transactions under Chapter 14 of the Listing Rules.



## **(ii) Wu Ling Intragroup Acquisitions**

None of Wu Ling Power, SPIC Beijing Company, China Power Hunan or China Power Intelligence are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Wu Ling Intragroup Acquisitions are not connected transactions under Chapter 14A of the Listing Rules.

The Wu Ling Intragroup Acquisitions are in substance a group reorganization and therefore the impact of the transactions should be considered on a net acquisition or disposal basis. The transactions between Wu Ling Power and SPIC Beijing Company would result in a net acquisition of interest in the relevant Wu Ling Intragroup Acquisitions Assets by the Group. The transactions between Wu Ling Power and the Company, China Power Hunan and China Power Intelligence would result in a net disposal of interest in the relevant Wu Ling Intragroup Acquisitions Assets by the Group.

As all of the applicable percentage ratios in respect of the net acquisition and net disposal are less than 5% respectively, the Wu Ling Intragroup Acquisitions do not constitute discloseable transactions under Chapter 14 of the Listing Rules.

## **(iii) Changzhou Divestments**

As the Group's shareholding percentage in each of Changzhou Hydropower and Changzhou-Equivalent JV is identical, there will be no change to the Group's effective interest in the Changzhou Divestments Assets immediately before and after the Changzhou Divestments, and therefore the Changzhou Divestments do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Guangxi Overseas, a subsidiary of SPIC, owns 35.07% of the issued share capital of each of Changzhou Hydropower and Changzhou-Equivalent JV. Changzhou Hydropower and Changzhou-Equivalent JV are therefore associates of SPIC and connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Changzhou Divestments are connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Changzhou Divestments are less than 0.1%, the Changzhou Divestments are exempt from the reporting, announcement, circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

## **IV. Wu Ling External Acquisitions Agreements**

The principal terms of the Wu Ling External Acquisitions Agreements are summarised below.

### **Date**

17 January 2025

### **Parties, subject matter and Consideration**

Subject to the terms of Wu Ling External Acquisitions Agreements, which are substantially the same as each other, each of the sellers has agreed to sell, and Wu Ling Power, as purchaser, has agreed to purchase, the respective target equity interests in each of the Wu Ling Target Companies (collectively, the "**Wu Ling External Acquisitions Interests**"), and for the Consideration in cash, as set forth below:

	<b>Seller<sup>(1)</sup></b>	<b>Wu Ling Target Companies</b>	<b>Wu Ling External Acquisitions Interests</b>	<b>Consideration (RMB'000)</b>
1.	SPIC Jiangxi Company	Dongan Qianxiang Wancun	70% <sup>(3)</sup>	33,232.4
2.		Ningyuan Qianxiang Wancun	70% <sup>(3)</sup>	91,097.0
3.		SPIC Hunan New Energy	100% <sup>(5)</sup>	122,569.4
4.		Xiangtan Daliwan PV	100%	45,094.4
5.		Xiangxi Longshan Da'an	100%	63,698.0
6.		Xiangxiang Huiyuan	100%	78,222.3
7.		Yongzhou Huicheng	100%	0
8.	Hunan Nuclear Power	Changde Xianghe	100%	5,728.9
9.		Changsha Xianghe	100%	71,715.6
10.		Hunan Xianghe	85% <sup>(3),(5)</sup>	1.1
11.		Linli Hechuang	100%	5,508.8
12.		Xianghe New Energy	100%	79,023.6
13.	Beijing Zhonghe Zero Carbon	Chenzhou Yunyi	51% <sup>(3)</sup>	12,157.0
14.		Xinhua Yunyi	100%	9.4
15.	Dongfang Intelligence	Changyun Power	70% <sup>(3),(5)</sup>	14,982.7
16.	Beipiao Power	Huanggang Jidian	100% <sup>(5)</sup>	0
17.	Mengdong Xiehe	Jianghua Yaozu	60%	146,790.7
	Beijing Xinying <sup>(2)</sup>		40%	97,860.5
18.	Jiangxi Gandian	Longhui Lengxishan	100%	116,001.9
19.	Qinghai Huanghe Hydropower	Miluo Qingxintou	100%	19,840.1
20.	China Power (New Energy) Holdings	Nongchuang Hongjiang	51% <sup>(4)</sup>	99,161.2
21.	SPIC Hainan Company	SPIC Haixiang	100%	33,335.8
22.	SPIC Guangdong Company	SPIC Weidun Hunan	62% <sup>(3),(5)</sup>	37,254.3
23.	SPIC Hunan Energy Development	Zhuzhou Heshun Zhuoer	80% <sup>(3)</sup>	58,458.7
<b>Total</b>				<b>1,231,743.8</b>

Notes:

1. Except Beijing Xinying, all sellers are SPIC Associates.
2. Independent third party who is not a connected person of the Company.
3. Except for Nongchuang Hongjiang, the remaining interest in the relevant Wu Ling Target Companies is held by independent third parties.
4. The remaining interests in Nongchuang Hongjiang are held in the following manner: (i) 29% by China Power Investment Xinnongchuang Technology Co., Ltd.\* (中電投新農創科技有限公司) (of which the Company holds 36% equity interest), and (ii) 20% by an independent third party.
5. The relevant Wu Ling Target Company comprises a holding company and its subsidiary(ies). The relevant interest to be acquired by Wu Ling Power refers to the percentage equity interest in the holding company.

## **Basis of Consideration**

The Consideration was determined based on arm's length negotiations between Wu Ling Power and the relevant sellers with reference to the Valuation as at the Appraisal Benchmark Date as set out in the Asset Appraisal Reports. The Consideration in respect of each Wu Ling External Acquisitions Interest was determined according to the following formula: Consideration = (Valuation of the relevant Wu Ling Target Company + unpaid capital contribution due and payable by all shareholders of the relevant Wu Ling Target Company) x proportion of capital contribution paid by the relevant seller – unpaid capital contribution due and payable by the relevant seller), and with respect to Changsha Xianghe only, further adding an amount equivalent to the relevant seller's additional capital contribution (which is not otherwise reflected in the Valuation of Changsha Xianghe).

The Company engaged PCAA, which is an independent and qualified PRC appraiser, to perform asset appraisals and prepare the Asset Appraisal Reports in respect of the Wu Ling Target Companies as at the Appraisal Benchmark Date. Further details of the Valuation, including the key assumptions and methodologies of the Asset Appraisal Reports are set out in Appendix I to this announcement.

The Valuation in respect of 17 out of the 23 Wu Ling Target Companies was performed involving income approach which has taken into account the discounted cash flow forecast of the relevant Wu Ling Target Companies and constitute a profit forecast under Rule 14.61 of the Listing Rules, therefore the Company has to comply with the announcement requirements under Rules 14.60A and 14A.68(7) of the Listing Rules. CITICS, the Company's financial adviser, have 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 the Financial Adviser 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.

## **Settlement of the Consideration**

Except with respect to the acquisition of Jianghua Yaozu, the settlement of the Consideration for each respective transaction under the Wu Ling External Acquisitions shall be made in cash in the following manner:

- (i) 30% of the Consideration for the relevant transaction shall be paid after the relevant Wu Ling External Acquisitions Agreement has become effective and within 30 working days after the seller has provided a valid invoice for the relevant amount to the purchaser;
- (ii) 50% of the Consideration for the relevant transaction shall be paid after the purchaser has confirmed that the seller has completed all overestimate adjustments and financial completion accounts (to the extent such financial completion accounts and overestimate adjustments relate to renewable energy projects of the relevant target company(ies) which are in full-capacity grid connection as at the date of the signing of the relevant Wu Ling External Acquisitions Agreement) in relation to the relevant target company, and within 30 working days of the completion of the following: within 10 months after the relevant Wu Ling External Acquisitions Agreement has become effective and the purchaser has notified the seller and the seller has provided a valid invoice for the relevant amount to the purchaser;

- (iii) the remaining Consideration for the transaction shall be paid after the remedial steps in relation to the target assets have been completed (or waived by the purchaser) and the seller providing to the purchaser the originals of the relevant documentary proof (if any), and within 12 months after the relevant Wu Ling External Acquisitions Agreement has become effective.

With respect to the acquisition of Jianghua Yaozu, the settlement of the Consideration shall be made in cash in the following manner:

- (i) 30% of the “**Jianghua Yaozu Preliminary Consideration**” (being an amount equivalent to the Consideration for the transaction deducted by the sum of the committed net profits in relation to Jianghua Yaozu for FY2025, FY2026 and FY2027) shall be paid after the relevant Wu Ling External Acquisitions Agreement has become effective and within 30 working days after the sellers have provided a valid invoice for the relevant amount to the purchaser;
- (ii) 50% of the Jianghua Yaozu Preliminary Consideration shall be paid after the purchaser has confirmed that the sellers have completed all overestimate adjustments and financial completion accounts (to the extent such financial completion accounts and overestimate adjustments relate to renewable energy projects of Jianghua Yaozu which are in full-capacity grid connection as at the date of the signing of the relevant Wu Ling External Acquisitions Agreement) in relation to Jianghua Yaozu, and within 30 working days of the completion of the following: within 10 months after the relevant Wu Ling External Acquisitions Agreement has become effective and the purchaser has notified the sellers and the sellers have provided a valid invoice for the relevant amount to the purchaser;
- (iii) 20% of the Jianghua Yaozu Preliminary Consideration shall be paid after the remedial steps in relation to the target assets have been completed (or waived by the purchaser) and the sellers providing to the purchaser the originals of the relevant documentary proof (if any), and within 12 months after the relevant Wu Ling External Acquisitions Agreement has become effective; and
- (iv) the remaining Consideration will be paid upon three further stages (being within 30 working days after the issuance of the audit report for each of FY2025, FY2026 and FY2027) in the amount as summarised below:
  - (a) where the committed net profits in relation to Jianghua Yaozu for the relevant Applicable Period (FY2025, FY2026 and FY2027) are met, the total amount of RMB12,580,100, RMB12,222,200 and RMB14,570,300, respectively, shall be payable by Wu Ling Power, in which the amount payable to Mengdong Xiehe and Beijing Xinying shall be in the proportion of 60:40; and
  - (b) if the committed net profits in relation to Jianghua Yaozu for a relevant Applicable Period are not met, the amount payable by Wuling Power as set out in (a) above for the corresponding year shall be deducted by the amount of compensation amount for the relevant Applicable Period.

## Conditions precedent

Completion for each of the Wu Ling External Acquisitions is conditional upon satisfaction of the following conditions under the Wu Ling External Acquisitions Agreements:

- (1) the purchaser, the seller 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 Wu Ling External Acquisitions Agreements (including but not limited to those required by the relevant government authorities, financial institutions and shareholders' meeting);
- (2) filing of the relevant Asset Appraisal Report in accordance with the relevant regulations as promulgated by the SASAC; and
- (3) apart from the seller, all the other shareholder(s) of the relevant target company having given their written consent to the transfer of the relevant equity interests and having waived all their pre-emptive rights in written form.

The Wu Ling External Acquisitions Agreements become effective upon satisfaction of conditions including the seller and purchaser having obtained approval from their respective decision-making bodies, the shareholders of the relevant target companies having approved the relevant equity interest transfer, and the relevant approvals or filings required by the relevant government authorities having been obtained.

## Profit undertaking and compensation

The compensation obligors (as set out in the table below, the “**Compensation Obligors**”) have undertaken that the actual net profits (which shall be the net profit attributable to the shareholders of the parent after deducting extraordinary gains and losses) with respect to the Profit Undertaking Assets, being a Wu Ling Target Company, shall not be lower than the committed net profits set out in the table below:

Compensation Obligors	Profit Undertaking Assets	Committed net profits <sup>(1)</sup>		
		FY2025 (RMB'000)	FY2026 (RMB'000)	FY2027 (RMB'000)
SPIC Jiangxi Company	Dongan Qianxiang Wancun	2,750.2	2,770.7	3,004.0
	Ningyuan Qianxiang Wancun	6,425.6	8,152.0	8,426.4
	SPIC Hunan New Energy	7,744.3	9,149.8	9,402.3
	Xiangtan Daliwan PV	3,440.2	3,252.9	3,582.2
	Xiangxi Longshan Da'an	7,200.3	7,641.2	6,476.8
	Xiangxiang Huiyuan	10,804.0	9,738.7	10,070.7
	<b>Total</b>	<b>38,364.6</b>	<b>40,705.3</b>	<b>40,962.4</b>
Hunan Nuclear Power	Changde Xianghe	392.6	403.8	352.4
	Changsha Xianghe	7,007.5	10,117.0	10,294.2
	Linli Hechuang	215.3	246.9	238.0
	Xianghe New Energy	8,940.2	9,178.6	9,427.9
	<b>Total</b>	<b>16,555.6</b>	<b>19,946.3</b>	<b>20,312.5</b>

Compensation Obligors	Profit Undertaking Assets	Committed net profits <sup>(1)</sup>		
		FY2025 (RMB'000)	FY2026 (RMB'000)	FY2027 (RMB'000)
Dongfang Intelligence	Changyun Power	10,010.5	9,066.8	9,662.0
Beijing Zhonghe Zero Carbon	Chenzhou Yunyi	3,901.8	4,030.3	3,592.6
Beijing Xinying and Mengdong Xiehe	Jianghua Yaozu	12,580.1	12,222.2	14,570.3
Jiangxi Gandian	Longhui Lengxishan	6,669.2	7,330.4	6,467.4
Qinghai Huanghe Hydropwoer	Miluo Qingxintou	1,320.8	1,597.5	1,688.8
SPIC Hainan Company	SPIC Haixiang	3,826.9	3,219.6	3,282.5
SPIC Hunan Energy Development	Zhuzhou Heshun Zhuoer	8,098.4	8,399.9	8,709.1

Note (1): The respective amounts of the committed net profits have been determined applying the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

- (a) Wu Ling Power shall engage an auditing firm after the end of each Applicable Period for issuing a specific audit report regarding the difference between the cumulated actual net profits and cumulated committed net profits with respect to the Profit Undertaking Assets as at the end of the Applicable Period during the Compensation Period.
- (b) If the actual net profits with respect to the Profit Undertaking Assets is lower than the relevant committed net profits, then the Compensation Obligor will pay an amount as compensation in cash. The amount to be compensated by the relevant Compensation Obligor in respect of the profit undertaking in each Applicable Period shall be calculated in accordance with the following formula:

$$\begin{array}{r}
 \text{Compensation amount} \\
 = \\
 \text{(Cumulated committed net profits as at the end of the Applicable Period - Cumulated actual net profits as at the end of the Applicable Period)} \\
 \times \\
 \text{Percentage of shares in the relevant Profit Undertaking Asset transferred by the relevant Compensation Obligor in the relevant Wu Ling External Acquisition} \\
 - \\
 \text{Cumulated amount compensated by the Compensation Obligor}
 \end{array}$$

- (c) In the event that compensation is required to be made pursuant to the above arrangements, the relevant Compensation Obligor shall, within a time period of the issue of a notification by Wu Ling Power that compensation is payable, pay such compensation to Wu Ling Power.

In respect of each of the Profit Undertaking Assets (except for Jianghua Yaozu), notwithstanding the foregoing, if there are multiple transactions under the Wu Ling External Acquisitions between Wu Ling Power and the same Compensation Obligor and other enterprises controlled or managed by it (and, if applicable, by the relevant seller(s)' parent company (or controlling shareholder) or by the relevant operation manager) at the same time, the Compensation Obligor's committed net profits and actual net profits in respect of such Profit Undertaking Assets in any accounting year during the Compensation Period shall be calculated on an aggregated basis, and the relevant Profit Undertaking Assets shall not be assessed individually.

Notwithstanding the foregoing, the purchaser and the seller agrees that if the Profit Undertaking Assets are part of the Proposed Asset Restructuring and there is a profit compensation arrangement in relation to the relevant Profit Undertaking Assets, the relevant purchaser and seller shall separately negotiate and confirm the profit compensation arrangement in relation to the relevant Wu Ling External Acquisitions Agreement. The profit compensation arrangement shall in principle refer to the profit compensation arrangement in relation to the Proposed Asset Restructuring, and shall not impose additional responsibility on the purchaser. The Compensation Obligor shall cooperate and sign the relevant undertaking.

## **PROPOSED FINANCING FOR THE WU LING EXTERNAL ACQUISITIONS**

The cash consideration payable by Wu Ling Power to each of the relevant sellers under the Wu Ling External Acquisitions will be funded by the Group's internal resources and/or external debt financing.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ASSET PRE-RESTRUCTURING**

### **(i) Expanding the scale of the Company's new energy business and enhancing its profitability**

As part of the Proposed Asset Pre-Restructuring, Wu Ling Power will acquire new energy assets in Hunan Province from SPIC Associates and Beijing Xinying, with an installed capacity (including those under construction and proposed to be built) of 1,960.4MW, including 1,077.5MW wind power and 882.9MW photovoltaic power. This will further expand the installed capacity of the Company's photovoltaic and wind power new energy businesses, enhancing its overall profitability.

### **(ii) Facilitating integration and professional management of assets and expanding the potential for business development**

Through the implementation of the Proposed Asset Pre-Restructuring, SPIC's new energy assets such as photovoltaic and wind power assets in Hunan province will be integrated into Wu Ling Power, which will be the main developer and operator of the new energy business in the Hunan province. This enables unified deployment of regional resources and facilitates the regional integration and professional management of assets, eliminating potential conflicts with similar businesses, expanding the potential of Wu Ling Power's business development in Hunan province, and further enhancing the Company's influence in the region.

**(iii) Laying the foundation for the subsequent Proposed Asset Restructuring, facilitating high quality development through creating a structure of a red chip company controlling an A-share company, and broadening and diversifying financing channels**

By resolving industry competition issues through the Proposed Asset Pre-Restructuring, an essential foundation is laid for the implementation of the Proposed Asset Restructuring. Upon the implementation of the Proposed Asset Restructuring, the Company will successfully build a structure where a red chip company controls an A-share company, allowing it to leverage its role as the connecting hub of the capital markets in Hong Kong and China, broaden and diversify financing channels, enhance integrated capital operation capabilities and boost the high quality development of the Company.

None of the Directors has a material interest in the Wu Ling External Acquisitions Agreements or is required to abstain from voting on the relevant Board resolutions.

Taking into consideration all of the aforementioned in relation to the Wu Ling External Acquisitions, the Directors (including the independent non-executive Directors) expect that the Wu Ling External Acquisitions will have a positive impact on the Company's operations and future prospects. They are of the view that the Consideration for the Wu Ling External Acquisitions and the other terms of the Wu Ling External Acquisitions Agreements are fair and reasonable, the Wu Ling External Acquisitions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the Wu Ling External Acquisitions are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE WU LING TARGET COMPANIES**

### **Principal business and installed capacity**

The following table sets out the principal business, installed capacity in operation and expected capacity under construction or proposed to be built of the Wu Ling Target Companies as at the date of this announcement.

	<b>Wu Ling Target Companies</b>	<b>Principal business <sup>(1)</sup></b>	<b>Installed capacity in operation (MW) <sup>(2)</sup></b>	<b>Expected capacity under construction or proposed to be built (MW) <sup>(2)</sup></b>
1.	Changde Xianghe	Generation of biomass, solar, wind and other power, construction and operation of new energy vehicle charging stations, promotion of new energy technology and energy-saving technology services etc.	2.9	0.0
2.	Changsha Xianghe	Generation of solar and wind power, operation of new energy power stations, construction of new energy vehicle charging stations etc.	47.7	36.0



	<b>Wu Ling Target Companies</b>	<b>Principal business <sup>(1)</sup></b>	<b>Installed capacity in operation (MW) <sup>(2)</sup></b>	<b>Expected capacity under construction or proposed to be built (MW) <sup>(2)</sup></b>
3.	Changyun Power	Development, investment, construction, operation and management of hydro, wind, photovoltaic and solar power etc.	50.0	0.0
4.	Chenzhou Yunyi	Generation of solar power, transmission and supply of power	40.2	0.0
5.	Dongan Qianxiang Wancun	Development, construction, and management of wind power generation projects, generation of biomass and solar power etc.	58.6	20.0
6.	Huanggang Jidian	Generation, transmission and supply of power, provision of technical services for biomass, wind, and solar power generation etc.	0.0	80.0
7.	Hunan Xianghe	Generation of wind power, transmission and supply of power	0.0	230.0
8.	Jianghua Yaozu	Development, management, and provision of technical consulting services for wind, solar and biomass power generation projects	48.0	0.0
9.	Linli Hechuang	Generation of biomass, solar, wind and other power, supply of power, promotion of energy-saving technology and new energy technology services etc.	2.7	26.8
10.	Longhui Lengxishan	Development, construction, maintenance, operation management, and technical consulting of photovoltaic and wind power generation projects	50.0	0.0
11.	Miluo Qingxintou	Generation of solar power, transmission and supply of power, provision of technical services for wind, solar and photovoltaic power generation etc.	8.9	15.6
12.	Ningyuan Qianxiang Wancun	Generation of solar power, operation of new energy power stations, technical development of new energy power etc.	81.3	10.9
13.	Nongchuang Hongjiang	Generation, transmission and supply of power, production, sales, processing, transportation, storage and other related services of agricultural products etc.	0.0	135.0
14.	SPIC Haixiang	Generation, transmission and supply of power, provision of technical services for wind and solar power generation etc.	26.7	100.0
15.	SPIC Hunan New Energy	Development, investment, construction and management of power generation projects, generation, transmission and supply of power	55.3	0.0
16.	SPIC Weidun Hunan	Generation, transmission and supply of power, provision of biomass, solar and wind power generation technical services etc.	0.0	500.0

	<b>Wu Ling Target Companies</b>	<b>Principal business <sup>(1)</sup></b>	<b>Installed capacity in operation (MW) <sup>(2)</sup></b>	<b>Expected capacity under construction or proposed to be built (MW) <sup>(2)</sup></b>
17.	Xianghe New Energy	Generation of solar and wind power	42.3	0.0
18.	Xiangtan Daliwan PV	Generation, transmission and supply of power	20.0	0.0
19.	Xiangxi Longshan Da'an	Development, generation and supply of power, provision of power technical services	50.0	0.0
20.	Xiangxiang Huiyuan	Development, generation and supply of power	40.0	0.0
21.	Xinhua Yunyi	Generation, transmission and supply of power	0.0	50.0
22.	Yongzhou Huicheng	Generation, transmission and supply of power, provision of technical services for wind and solar power generation etc.	0.0	100.0
23.	Zhuzhou Heshun Zhuoer	Generation, transmission and supply of power, provision of solar power generation technical services, sales of solar thermal power generation equipment etc.	17.9	13.6
<b>Total</b>				<b>1,960.4</b>

Notes:

1. If the relevant Wu Ling Target Company comprises a holding company and its subsidiary(ies), the relevant principal business above refers to the principal business of the relevant group of companies.
2. This figure represents the entire installed capacity/ expected capacity of the relevant Wu Ling Target Company.

### **Net asset value, Valuation and profit before/ after taxation**

The following table sets out the Valuation as at the Appraisal Benchmark Date (based on the Asset Appraisal Reports), the net asset value (or consolidated net asset value, as the case may be) as at 30 June 2024 and the profit before and after taxation (or consolidated profit before and after taxation, as the case may be) of the Wu Ling Target Companies for the years ended 31 December 2022 and 31 December 2023 (based on the audited accounts of the Wu Ling Target Companies prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China).

	Wu Ling Target Companies	Net asset value as at 30 June 2024 (RMB'000)	Valuation as at the Appraisal Benchmark Date (RMB'000)	For the year ended 31 December 2022 (RMB'000)		For the year ended 31 December 2023 (RMB'000)	
				Net profit before taxation	Net profit after taxation	Net profit before taxation	Net profit after taxation
1.	Changde Xianghe	3,896.2	5,728.9	195.3	195.3	368.1	366.2
2.	Changsha Xianghe	44,775.4	70,125.1	1,170.3	1,170.3	1,049.4	1,097.4
3.	Changyun Power	34,350.4	21,403.8	838.4	838.4	3,497.8	3,247.7
4.	Chenzhou Yunyi	22,610.9	23,837.3	0	0	0	0
5.	Dongan Qianxiang Wancun	41,628.7	43,634.8	530.6	530.6	2,108.5	1,961.6
6.	Huanggang Jidian	0	0	0	0	0	0
7.	Hunan Xianghe	1.3	1.3	0	0	0	0
8.	Jianghua Yaozu	202,259.9	244,651.2	29,138.5	21,675.4	19,022.7	14,013.8
9.	Linli Hechuang	5,275.1	5,508.8	0	0	0	0
10.	Longhui Lengxishan	152,591.0	116,001.9	-440.0	-443.1	5,746.8	5,734.0
11.	Miluo Qingxintou	19,308.5	19,840.1	0	0	29.2	33.2
12.	Ningyuan Qianxiang Wancun	109,933.1	119,906.6	609.1	609.1	2,700.8	2,124.2
13.	Nongchuang Hongjiang	99,189.2	99,189.2	0	0	4.0	4.0
14.	SPIC Haixiang	31,393.8	33,335.8	0	0	1,071.8	1,071.8
15.	SPIC Hunan New Energy	116,721.8	122,569.4	8,677.6	7,326.8	12,392.4	10,281.0
16.	SPIC Weidun Hunan	60,009.4	60,087.5	0	0	0.3	0.3
17.	Xianghe New Energy	77,075.1	79,023.6	4,431.0	3,877.1	7,662.1	5,575.8
18.	Xiangtan Daliwan PV	44,965.7	45,094.4	10,637.3	9,302.7	5,697.2	4,995.7
19.	Xiangxi Longshan Da'an	61,573.1	63,698.0	3,783.8	3,783.8	9,673.5	9,710.2

	Wu Ling Target Companies	Net asset value as at 30 June 2024 (RMB'000)	Valuation as at the Appraisal Benchmark Date (RMB'000)	For the year ended 31 December 2022 (RMB'000)		For the year ended 31 December 2023 (RMB'000)	
				Net profit before taxation	Net profit after taxation	Net profit before taxation	Net profit after taxation
20.	Xiangxiang Huiyuan	67,484.7	78,222.3	0	0	13,629.3	13,629.3
21.	Xinhua Yunyi	0	9.4	0	0	0	0
22.	Yongzhou Huicheng	0	0	0	0	0	0
23.	Zhuzhou Heshun Zhuoer	30,189.1	68,673.4	2,200.3	2,200.3	2,392.8	2,392.8

### Original cost of acquisition of the Wu Ling External Acquisitions Interests

The original acquisition costs of 100% equity interest in Huanggang Jidian to Beipiao Power, 70% equity interest in Changyun Power to Dongfang Intelligence, 60% equity interest in Jianghua Yaozu to Mengdong Xiehe, 100% equity interest in Longhui Lengxishan to Jiangxi Gandian and 80% equity interest in Zhuzhou Heshun Zhuoer to SPIC Hunan Energy Development were RMB0, RMB20,580,000, RMB43,633,200, RMB99,304,700 and RMB24,000,000 respectively.

Based on the information provided by the SPIC Associates, except as stated above, all the other relevant Wu Ling Target Companies were established by the SPIC Associates and the SPIC Associates' equity interests in the relevant Wu Ling Target Companies were not acquired by the SPIC Associates from a third party, therefore there is no original acquisition cost for the SPIC Associates' equity interests in the relevant Wu Ling Target Companies.

### INFORMATION ON THE RELEVANT PARTIES

The Company is a core subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and thermal power plants; and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

Wu Ling Power was established in May 1995 and a 63%-owned subsidiary of the Company. It is principally engaged in development, investment, production and supply of hydropower, wind power and other clean energy power in Hunan, Guizhou and Sichuan, the PRC.

SPIC is an investment holding company principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

## **SPIC Associates**

Beijing Zhonghe Zero Carbon is a limited liability company incorporated in the PRC. It is directly wholly-owned by SPIC Yunnan International Power Investment Co., Ltd.\* (國家電投集團雲南國際電力投資有限公司), a direct wholly-owned subsidiary of SPIC. Beijing Zhonghe Zero Carbon is principally engaged in the investment, construction, and management of power and energy projects in South Asia, Southeast Asia and the PRC.

Beipiao Power is a limited liability company incorporated in the PRC. It is directly wholly-owned by SPIC Northeast Electric Power Co., Ltd.\* (國家電投集團東北電力有限公司), a direct wholly-owned subsidiary of SPIC. Beipiao Power is principally engaged in investment and operation of power and heat projects. Its business extends to areas including new energy, smart energy and technological research and development.

China Power (New Energy) Holdings is a limited liability company incorporated in Hong Kong. Its controlling shareholder, China Power International Holding Limited, is a wholly-owned subsidiary of SPIC. As at the date of this announcement, SPIC owns approximately 88.31% of the issued share capital of China Power (New Energy) Holdings. China Power (New Energy) Holdings is principally engaged in conventional power generation, new energy generation, integrated smart energy project development, investment, construction, and operation.

Dongfang Intelligence is a limited liability company incorporated in the PRC. It is owned 55.199% by SPIC Hebei Electric Power Co., Ltd.\* (國家電投集團河北電力有限公司), a direct wholly-owned subsidiary of SPIC. Dongfang Intelligence is principally engaged in the investment, development, and management of power and heat projects in Hebei province.

Hunan Nuclear Power is a limited liability company incorporated in the PRC, which is owned 80% and 20% by the State Nuclear Power Technology Corporation\* (國家核電技術有限公司), a direct non-wholly owned subsidiary of SPIC, and Wu Ling Power respectively. Hunan Nuclear Power is principally engaged in investment in and management of nuclear power and renewable energy projects.

Jiangxi Gandian is a limited liability company incorporated in the PRC, which is owned 60% and 40% by SPIC Ronghe New Energy Development Co., Ltd.\* (國電投融和新能源發展有限公司), a company owned 35.6406% by SPIC, and SPIC Jiangxi Electric Power Co., Ltd.\* (國家電投集團江西電力有限公司), a direct non wholly-owned subsidiary of SPIC, respectively. Jiangxi Gandian is principally engaged in the production and supply of electricity and heat.

Mengdong Xiehe is a limited liability company incorporated in the PRC, which is owned 67.8425% and 32.1575% by SPIC Inner Mongolia Baiyinhumei Electric Power Co., Ltd.\* (國家電投集團內蒙古白音華煤電有限公司), an indirect wholly-owned subsidiary of SPIC, and Beijing Xinying, respectively. Mengdong Xiehe is principally engaged in wind power and other new energy projects development, construction, operation, management, technical services, and training.

Qinghai Huanghe Hydropower is a limited liability company incorporated in the PRC, which is owned 65.0289% by SPIC Huanghe Upstream Hydropower Development Co., Ltd.\* (國家電投集團黃河上游水電開發有限責任公司), a direct non wholly-owned subsidiary of SPIC. Qinghai Huanghe is principally engaged in power station development, construction, production, operation, silicon product manufacturing and solar power equipment production.

SPIC Guangdong Company is a limited liability company incorporated in the PRC. It is a wholly-owned subsidiary of China Power International Holding Limited, a wholly-owned subsidiary of SPIC. It is principally engaged in asset management, strategic development, and regional coordination in Guangdong Province, and its business covers gas power, wind power, photovoltaic power, smart energy, hydrogen energy, energy storage, and power sales.

SPIC Hainan Company is a limited liability company incorporated in the PRC, which is a direct wholly-owned subsidiary of SPIC. It is principally engaged in the development, investment, construction, operation, production, and sales of power, heat, and energy.

SPIC Hunan Energy Development is a limited liability company incorporated in the PRC, which is a direct wholly-owned subsidiary of SPIC. It is principally engaged in power and renewable energy development and operations.

SPIC Jiangxi Company is a limited liability company incorporated in the PRC, which is a direct non-wholly owned subsidiary of SPIC. It is principally engaged in power and renewable energy development, investment, construction, management, organization of power production, energy sales, and power station services.

## **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>
CITICS	a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	certified public accountants
PCAA	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 2023, 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.

**The transactions under the Proposed Asset Pre-Restructuring may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Acquisition of Lanshan Zhuoyue”	the acquisition of Lanshan Zhuoyue by Wu Ling Power
“Applicable Period”	each of the accounting years during the Compensation Period
“Appraisal Benchmark Date”	the date on which the appraised value of the Wu Ling Target Companies are determined as set out in the Asset Appraisal Reports, which is 30 June 2024
“Asset Appraisal Reports”	the asset appraisal reports prepared by PCAA in relation to Wu Ling Target Companies dated 31 December 2024
“associates”	has the meaning given to it under the Listing Rules
“Beijing Xinying”	Beijing Xinying New Energy Investment Co., Ltd* (北京鑫贏新能源投資有限公司), a company incorporated in the PRC with limited liability
“Beijing Zhonghe Zero Carbon”	Beijing Zhonghe Zero Carbon Energy Co., Ltd* (北京中和零碳能源有限公司), a company incorporated in the PRC with limited liability
“Beipiao Power”	Beipiao Power Co., Ltd* (北票發電有限責任公司), a company incorporated in the PRC with limited liability
“Board”	the board of Directors of the Company

“Changde Xianghe”	Changde Xianghe New Energy Co., Ltd* (常德湘核新能源有限公司), a company incorporated in the PRC with limited liability
“Changsha Xianghe”	Changsha Xianghe New Energy Co., Ltd* (長沙湘核新能源有限公司), a company incorporated in the PRC with limited liability
“Changyun Power”	Hunan Changyun Power Development Co., Ltd* (湖南昌運電力開發有限公司), a company incorporated in the PRC with limited liability, and its subsidiary
“Changzhou Divestments”	the divestments of the Changzhou Divestments Assets by Changzhou Hydropower to Changzhou-Equivalent JV
“Changzhou Divestments Assets”	has the meaning as defined in the section headed “ <i>Proposed Asset Pre-Restructuring - III. Intragroup reorganization - (iii) Changzhou Divestments</i> ” in this announcement
“Changzhou-Equivalent JV”	Guangxi Wuzhou Ruifeng Investment Co., Ltd * (廣西梧州瑞風投資有限公司), a company incorporated in the PRC with limited liability which is owned 64.93% by Guangxi Company and 35.07% by Guangxi Overseas
“Changzhou Hydropower”	SPIC Guangxi Changzhou Hydropower Development Co., Ltd* (國家電投集團廣西長洲水電開發有限公司), a subsidiary owned 64.93% by Guangxi Company (a wholly-owned subsidiary of the Company)
“Chenzhou Yunyi”	Chenzhou Yunyi Electric Investment New Energy Co., Ltd* (郴州雲伊電投新能源有限公司), a company incorporated in the PRC with limited liability
“China Power Hunan”	China Power (Hunan) Energy Investment Co., Ltd* (中電(湖南)能源投資有限公司), a company incorporated in the PRC with limited liability which is a wholly-owned subsidiary of the Company
“China Power Intelligence”	China Power Intelligence Integrated Energy Co., Ltd* (中電智慧綜合能源有限公司), a company incorporated in the PRC with limited liability which is a wholly-owned subsidiary of the Company
“China Power (New Energy) Holdings”	China Power (New Energy) Holdings Limited* (中國電力(新能源)控股有限公司), a company incorporated in Hong Kong with limited liability



“CITICS”	CITIC Securities (Hong Kong) Limited (中信證券(香港)有限公司), the Company’s financial adviser
“Company”	China Power International Development Limited (中國電力國際發展有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Compensation Obligor”	has the meaning as defined in the section headed “ <i>Wu Ling External Acquisitions Agreements - Profit undertaking and compensation</i> ” in this announcement
“Compensation Period”	the three financial years ending 31 December 2025, 31 December 2026 and 31 December 2027
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of relevant interests in the Wu Ling Target Companies pursuant to the relevant Wu Ling External Acquisitions Agreements
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dongan Qianxiang Wancun”	Dongan Qianxiang Wancun New Energy Co., Ltd* (東安千鄉萬村新能源有限公司), a company incorporated in the PRC with limited liability
“Dongfang Intelligence”	Dongfang Intelligence (Hebei) New Energy Co., Ltd* (東方智慧(河北)新能源有限公司), a company incorporated in the PRC with limited liability
“Enlarged Group”	the Group as enlarged by the Asset Pre-Restructuring (assuming the Asset Pre-Restructuring has been completed)
“Financial Adviser”	CITICS
“Formation of Changzhou-Equivalent JV”	the formation of Changzhou-Equivalent JV by Guangxi Company and Guangxi Overseas
“Formation of Wu Ling-Equivalent JV”	the formation of Wu Ling-Equivalent JV by the Company and Xiangtou International
“FY2025”	the financial year ending 31 December 2025

“FY2026”	the financial year ending 31 December 2026
“FY2027”	the financial year ending 31 December 2027
“Group”	the Company and its subsidiaries from time to time
“Guangxi Company”	SPIC Guangxi Power Company Limited* (國家電投集團廣西電力有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Guangxi Overseas”	Guangxi SPIC Overseas Energy Investment Limited* (廣西國電投海外能源投資有限公司), a company incorporated in the PRC with limited liability and ultimately controlled by SPIC
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huanggang Jidian”	Huanggang Jidian New Energy Co., Ltd* (黃岡吉電新能源有限公司), a company incorporated in the PRC with limited liability, and its subsidiary
“Hubei Diantou”	Hubei Diantou New Energy Investment Co., Ltd* (湖北電投新能源投資有限公司), a company incorporated in the PRC with limited liability
“Hunan Nuclear Power”	Hunan Nuclear Power Co., Ltd * (湖南核電有限公司), a company incorporated in the PRC with limited liability
“Hunan Xianghe”	Hunan Xianghe Clean Energy Co., Ltd* (湖南湘核清潔能源有限公司), a company incorporated in the PRC with limited liability, and its subsidiaries
“Independent Shareholder(s)”	Shareholder(s) of the Company other than SPIC and its associates
“Jianghua Yaozu”	Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.* (江華瑤族自治縣協合風力發電有限公司), a company incorporated in the PRC with limited liability
“Jiangxi Gandian”	Jiangxi Gandian Investment New Energy Development Co., Ltd* (江西贛電融投新能源發展有限公司), a company incorporated in the PRC with limited liability
“Lanshan Zhuoyue”	Lanshanxian Zhuoyue New Energy Development Co., Ltd* (藍山縣卓越新能源開發有限公司), a company incorporated in the PRC with limited liability
“Linli Hechuang ”	Linli Hechuang New Energy Co., Ltd* (臨澧核創新能源有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longhui Lengxishan”	Longhui Lengxishan New Energy Co., Ltd* (隆回冷溪山新能源有限公司), a company incorporated in the PRC with limited liability
“Mengdong Xiehe”	Mengdong Xiehe New Energy Co., Ltd* (蒙東協合新能源有限公司), a company incorporated in the PRC with limited liability
“Miluo Qingxintou”	Miluo Qingxintou Electric Power Co., Ltd* (汨羅市青新投電力有限責任公司), a company incorporated in the PRC with limited liability
“MW”	megawatt, that is one million watts. The installed capacity of a power plant is generally expressed in MW
“Ningyuan Qianxiang Wancun”	Ningyuan Qianxiang Wancun New Energy Co., Ltd* (寧遠千鄉萬村新能源有限公司), a company incorporated in the PRC with limited liability
“Nongchuang Hongjiang”	China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.* (中電農創(洪江)科技發展有限公司), a company incorporated in the PRC with limited liability
“Non-Hydropower Renewable Energy Assets”	wind power, photovoltaic energy and their respective storage facilities assets
“PCAA”	Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司), an independent and qualified PRC appraiser
“PRC” or “China”	the People’s Republic of China
“Profit Undertaking Assets”	Changde Xianghe, Changsha Xianghe, Changyun Power, Chenzhou Yunyi, Dongan Qianxiang Wancun, Jianghua Yaozu, Linli Hechuang, Longhui Lengxishan, Miluo Qingxintou, Ningyuan Qianxiang Wancun, SPIC Haixiang, SPIC Hunan New Energy, Xianghe New Energy, Xiangtan Daliwan PV, Xiangxi Longshan Da’an, Xiangxiang Huiyuan and Zhuzhou Heshun Zhuoer
“Proposed Asset Restructuring”	the transactions to be implemented in accordance with Restructuring Framework Agreement I and Restructuring Framework Agreement II
“Proposed Asset Pre-Restructuring”	the pre-restructuring of assets of the Group prior to the Proposed Asset Restructuring, which involves the Formation of Changzhou-Equivalent JV, Formation of Wu Ling-Equivalent JV, the Wu Ling Divestments, the Wu Ling Intragroup Acquisitions, the Changzhou Divestments, the Wu Ling External Acquisitions and the Acquisition of Lanshan Zhuoyue

“Qinghai Huanghe Hydropower”	Qinghai Huanghe Upstream Hydropower Development Co., Ltd.* (青海黃河上游水電開發有限責任公司), a company incorporated in the PRC with limited liability
“Restructuring Framework Agreement I”	the restructuring framework agreement entered into between the Company, Xiangtou International and Yuanda Environmental on 18 October 2024
“Restructuring Framework Agreement II”	the restructuring framework agreement entered into between Guangxi Company and Yuanda Environmental on 18 October 2024
“Restructuring Framework Agreements”	Restructuring Framework Agreement I and Restructuring Framework Agreement II (individually the Restructuring Framework Agreement where the context requires)
“RMB”	Renminbi, the lawful currency 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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“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 Associates”	has the meaning as defined under the section headed “ <i>Listing Rules Implications - I. External acquisitions by Wu Ling Power - (i) Wu Ling External Acquisitions</i> ” in this announcement
“SPIC Beijing Company”	SPIC Beijing New Energy Investment Co., Ltd.* (國家電投集團(北京)新能源投資有限公司), a company incorporated in the PRC with limited liability which is owned 55.15% by the Company

“SPIC Guangdong Company”	SPIC Guangdong Electric Power Co., Ltd.* (國家電投集團廣東電力有限公司), a company incorporated in the PRC with limited liability
“SPIC Hainan Company”	SPIC Hainan Power Co., Ltd* (國家電投集團海南電力有限公司), a company incorporated in the PRC with limited liability
“SPIC Haixiang”	Hunan SPIC Haixiang New Energy Tech Co., Ltd* (湖南國電投海湘新能源科技有限公司), a company incorporated in the PRC with limited liability
“SPIC Hunan Energy Development”	SPIC Hunan Energy Development Co., Ltd* (國家電投集團湖南能源發展有限公司), a company incorporated in the PRC with limited liability
“SPIC Hunan New Energy”	SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司), a company incorporated in the PRC with limited liability, and its subsidiary
“SPIC Jiangxi Company”	SPIC Jiangxi Electric Power Co., Ltd.* (國家電投集團江西電力有限公司), a company incorporated in the PRC with limited liability
“SPIC Weidun Hunan”	SPIC Weidun (Hunan) Energy Development Co., Ltd* (國電投威頓(湖南)能源發展有限公司), a company incorporated in the PRC with limited liability, and its subsidiaries
“SSE”	Shanghai Stock Exchange
“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
“Valuation”	the valuation of each of the Wu Ling Target Companies as at the relevant Appraisal Benchmark Date as set out in the relevant Asset Appraisal Reports
“Wu Ling Divestments”	the disposal of Wu Ling Divestments Assets by Wu Ling Power and its subsidiaries to Wu Ling-Equivalent JV
“Wu Ling Divestments Assets”	has the meaning as defined in the section headed “ <i>Proposed Asset Pre-Restructuring - III. Intragroup reorganization - (i) Wu Ling Divestments</i> ” in this announcement
“Wu Ling-Equivalent JV”	Hunan Wu Ling Power New Energy Limited* (湖南五凌電力新能源有限公司), a company incorporated in the PRC with limited liability which is owned 63% by Wu Ling Power and 37% by Xiangtou International

“Wu Ling External Acquisitions”	has the meaning as defined in the section headed “ <i>Proposed Asset Pre-Restructuring - I. External acquisitions by Wu Ling Power</i> ” in this announcement
“Wu Ling External Acquisitions Agreements”	the sale and purchase agreements dated 17 January 2025 entered into between Wu Ling Power and (i) SPIC Associates and (ii) Beijing Xinying in relation to Wu Ling External Acquisitions, each a Wu Ling External Acquisitions Agreement
“Wu Ling External Acquisitions Interests”	the sale interest under the section headed “ <i>Wu Ling External Acquisitions Agreements - Parties, subject matter and Consideration</i> ” in this announcement
“Wu Ling Intragroup Acquisitions”	the acquisitions of Wu Ling Intragroup Acquisitions Assets by Wu Ling Power
“Wu Ling Intragroup Acquisitions Assets”	has the meaning as defined in the section headed “ <i>Proposed Asset Pre-Restructuring - III. Intragroup reorganization - (ii) Wu Ling Intragroup Acquisitions</i> ” in this announcement
“Wu Ling Power”	Wu Ling Power Corporation* (五凌電力有限公司), a company incorporated in the PRC with limited liability and a subsidiary owned 63% by the Company
“Wu Ling Target Companies”	Changde Xianghe, Changsha Xianghe, Changyun Power, Chenzhou Yunyi, Dongan Qianxiang Wancun, Huanggang Jidian, Hunan Xianghe, Jianghua Yaozu, Linli Hechuang, Longhui Lengxishan, Miluo Qingxintou, Ningyuan Qianxiang Wancun, Nongchuang Hongjiang, SPIC Haixiang, SPIC Hunan New Energy, SPIC Weidun Hunan, Xianghe New Energy, Xiangtan Daliwan PV, Xiangxi Longshan Da’an, Xiangxiang Huiyuan, Xinhua Yunyi, Yongzhou Huicheng, and Zhuzhou Heshun Zhuoer, each a Wu Ling Target Company
“Xianghe New Energy”	Xianghe New Energy Co., Ltd* (湘核新能源有限公司), a company incorporated in the PRC with limited liability
“Xiangtan Daliwan PV”	Hunan Xiangtan Daliwan PV Power Co., Ltd* (湖南湘潭大栗灣光伏發電有限公司), a company incorporated in the PRC with limited liability
“Xiangtou International”	Hunan Xiangtou International Investment Limited* (湖南湘投國際投資有限公司), a company incorporated in the PRC with limited liability which owns 37% of Wu Ling Power and therefore a connected person of the Company at the subsidiary level

“Xiangxi Longshan Da’an”	Hunan Xiangxi Longshan Da’an New Energy Co., Ltd* (湖南湘西龍山大安新能源有限公司), a company incorporated in the PRC with limited liability
“Xiangxiang Huiyuan”	Hunan Xiangxiang Huiyuan New Energy Co., Ltd* (湖南湘鄉慧源新能源有限公司), a company incorporated in the PRC with limited liability
“Xinhua Yunyi”	Xinhua Yunyi New Energy Co., Ltd* (新化雲伊新能源有限公司), a company incorporated in the PRC with limited liability
“Yuanda Environmental”	SPIC Yuanda Environmental-Protection Co., Ltd. (國家電投集團遠達環保股份有限公司), a company incorporated in the PRC with limited liability listed on the SSE (A-shares stock code: 600292.SH) and an associate of SPIC
“Yongzhou Huicheng”	Hunan Yongzhou Huicheng New Energy Co., Ltd* (湖南永州慧誠新能源有限公司), a company incorporated in the PRC with limited liability
“Zhuzhou Heshun Zhuoer”	Zhuzhou Heshun Zhuoer New Energy Co., Ltd* (株洲和順卓爾新能源有限公司), a company incorporated in the PRC with limited liability

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

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

Hong Kong, 17 January 2025

*As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors HU Jiandong, ZHOU Jie, HUANG Qinghua and CHEN Pengjun, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.*

## APPENDIX I: SUMMARY OF ASSET APPRAISAL REPORTS

*Set out below is a summary of the Asset Appraisal Reports containing the asset appraisals of the Wu Ling Target Companies. For the purpose of complying with Rules 14.60A and 14A.68(7) of the Listing Rules, 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 Wu Ling Target Companies are also set out below.*

### A. VALUATION ASSUMPTIONS OF ALL COMPANIES

#### General Assumptions

##### (I) General assumptions applicable to all companies

1. Transaction assumption: It is assumed that all assets to be appraised are in the course of transaction, and the appraiser carries out the valuation by benchmarking to simulated market based on the conditions for transaction of the assets to be appraised.
2. Open market assumption: An open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market, which has been fully developed with comprehensive market conditions, refers to a competitive market with willing buyers and sellers acting voluntarily and rationally on arm's length basis, having sufficient opportunities and time to obtain market information and under no compulsion or restrictions to buy or sell.
3. Assumption of continuous use: The assumption of continuous use is an assumption made on the conditions of the market where the assets are proposed to enter and the state of the assets under such market conditions. It is first assumed that the assets to be appraised are in use, and it is further assumed that the assets that are in use will be used continuously. Under the assumption of continuous use, no consideration is given to the conversion of the use of the assets or utilization of the assets under the best condition. Thus, the valuation results are subject to a restricted scope of applicability.

#### Special Assumptions

##### (II) Special Assumptions applicable to all companies

1. There are no material changes in the existing relevant national laws, regulations and policies, or in the national macroeconomic conditions. There are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located. There are no other unpredictable or force majeure factors that may have a material adverse impact on the enterprise.
2. Unless otherwise stated, it is assumed that the company is in full compliance with all relevant laws and regulations.
3. It is assumed that the basic information and financial information provided by the principal and the appraised entity are true, accurate and complete.
4. It is assumed that the business scope and mode of the company will be in line with the current direction on the basis of the existing management approach and standard.



5. It is assumed that the accounting policies to be adopted by the company in the future are basically consistent with those adopted in the preparation of this report in material aspects.
6. There are no materials changes in, amongst others, interest rates, exchange rates, taxation bases, tax rates and policy-based levies.
7. It is assumed that there will not be material litigation, pledge or guarantee that will affect the company's performance in its future operation period.
8. It is assumed that the natural environment in which the power generation projects are located will not materially change during the appraisal period.
9. It is assumed that there will not be material changes between the future feed-in tariff and the effective feed-in tariff as at the Appraisal Benchmark Date.
10. It is assumed that the company's forecasted cash flow, such as sales revenue and costs and expenses, for each year, is generated evenly in each year.
11. It is assumed that the company's major power generation equipment will be continuously used for its remaining service life and only simple maintenance will be carried out, and that no major improvements or replacements will be carried out.
12. It is assumed that the company's operation can reach the designed service life, specifically: the predicted operation period of wind power generation is 20 years and the predicted operation period of photovoltaic power generation is 25 years; each company shall operate in accordance with the above period and liquidate normally after the expiration of the period.
13. In accordance with the relevant provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy for Wind Power Generation (Caishui [2015] No. 74) (《財政部、國家稅務總局關於風力發電增值稅政策的通知》(財稅 [2015] 74 號))", starting from 1 July 2015, taxpayers who sell self-produced power products using wind power will be subject to the policy of immediate 50% value-added tax (VAT) refund upon collection. The impact of this policy has been considered in this appraisal and it is assumed that this policy will continue to be effective throughout the operation period of the project.

(III) Assumptions applicable to individual companies only

1. Special assumptions applicable to SPIC Hunan New Energy Co., Ltd\* (國家電投集團湖南新能源有限公司) and Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.\* (江華瑤族自治縣協合風力發電有限公司)

It is assumed, with reference to each company's historical national subsidy collection record (the national subsidy collection cycle in respect of each company being 2 years), that there will not be material change in the wind power tariff subsidy policy in the area where the aforementioned companies are located.

2. Special assumptions applicable to Hunan Xiangxi Longshan Da'an New Energy Co., Ltd\* (湖南湘西龍山大安新能源有限公司), Rucheng Hougu'ao Wind Power Development Co., Ltd\* (汝城猴古坳風電開發有限公司)<sup>1</sup>, and Hunan Xiangtan Daliwan PV Power Co., Ltd\* (湖南湘潭大栗灣光伏發電有限公司)

It is assumed that the aforementioned companies can successfully be included in the national new energy subsidy catalogue in 2026, that the current cumulative subsidy amount will be collected in the first three years after entering the catalogue, that is, the national subsidy in 2026 will be collected from 2027 to 2029, and from 2030 the national subsidy collection cycle will be 2 years.

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<sup>1</sup> Hunan Changyun Power Development Co., Ltd\* (湖南昌運電力開發有限公司) has long-term equity investment of 90% equity interest in the project company, Rucheng Hougu'ao Wind Power Development Co., Ltd\* (汝城猴古坳風電開發有限公司).

3. Special assumptions applicable to SPIC Hunan New Energy Co., Ltd\* (國家電投集團湖南新能源有限公司) and Hunan Xiangxi Longshan Da'an New Energy Co., Ltd\* (湖南湘西龍山大安新能源有限公司)
- (i) In October 2023, Hunan New Energy Co., Ltd. obtained the high-tech enterprise certificate with certificate number: GR202343003122, which is valid for three years. The company's current enterprise income tax rate is 15%. The present appraisal assumes that the company can continue to be recognised as a high-tech enterprise in the future and enjoy income tax benefits.
  - (ii) In accordance with the “Announcement on Extension of Enterprise Income Tax Policy for the Development of the Western Regions” (關於延續西部大開發企業所得稅政策的公告) (Announcement [2020] No. 23 of the Ministry of Finance) issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises engaging in the encouraged industries and established in the Western Regions. Hunan Xiangxi Longshan Da'an New Energy Co., Ltd\* (湖南湘西龍山大安新能源有限公司) belongs to the aforementioned regions with income tax benefits. The present appraisal assumes that the Enterprise Income Tax Policy for the Development of the Western Regions will continue to be effective throughout the operation period of the company.
4. Assumptions applicable to Xianghe New Energy Co., Ltd\* (湘核新能源有限公司)

It is assumed that there will be no material change in the photovoltaic power tariff subsidy policy in the company's region; by reference to the company's historical national subsidy collection record, it is assumed that the national subsidy collection cycle is three years.

In accordance with the requirements of asset appraisal, it is determined that these assumptions are valid as at the Appraisal Benchmark Date. If the economic environment changes materially in the future, the appraiser does not assume liability for having derived different appraisal conclusions due to changes in the assumptions.

## **B. VALUATION METHODOLOGIES OF ALL COMPANIES**

### **Selection of valuation approach**

The basic approaches to enterprise valuation include the asset-based approach, the market approach and the income approach.

The asset-based approach, a valuation approach based on the balance sheet, determines the value of the appraised entity by reasonably appraising the value of various assets and liabilities on the balance sheet, and also off-the balance sheet assets and liabilities, if identifiable. The appraised entity may provide, and the appraiser may collect externally, the requisite information for the asset-based approach, in order to comprehensively audit and appraise the assets and liabilities of the appraised entity. As such, the asset-based approach is applicable to certain Wu Ling Target Companies in the present appraisal.

The market approach is to evaluate the current fair market value of the appraised entity with reference to comparable objects in the real market. It is characterized by a direct appraisal angle and appraisal approach, an intuitive appraisal process, direct appraisal data from the market, and convincing appraisal results. Since this transaction involves a number of new energy companies, each of which are in different circumstances and substantial differences exist between them, it is difficult to reasonably quantify the different circumstances of each project company under the market approach. As such, the market approach is not applicable to the present appraisal.

The income approach is built on the theory of expected utility in economics, which means that for investors, the value of an enterprise lies in the income that the enterprise is expected to generate in the future. Although the income approach does not directly use reference material available in the real market to demonstrate the present fair market value of the appraised entity, it assesses an asset by its expected profitability, which is the essential basis for determining the present fair market value of the asset. As such, it can comprehensively reflect the overall value of an enterprise and its appraisal conclusion is more reliable and convincing.

From the perspective of the applicable conditions of the income approach:

For projects that are under construction or have been put into operation, the future profitability of the appraised entity can be reasonably forecasted based on its historical operating data, its internal and external operating environment, and the investment feasibility study report of the projects under construction. The management of the appraised entities have also provided the profit forecast data for the coming years. In addition, the risk regarding future earnings can be reasonably quantified. Therefore, for projects that are under construction or have been put into operation, the income method is applicable in the present appraisal.

### **Determining the valuation methodology**

For projects that have been put into operation, based on the historical operating data of the appraised entity, the future power generation and tariff forecasts provided by the appraised entity can reflect the enterprise value calculated based on the income approach, and the appraisal conclusion fully covers the value of all shareholders' equity of the appraised entity. Although the appraiser has also adopted the asset-based approach for the appraised entity, the replacement cost of new energy projects has been declining in recent years, and it is difficult for the replacement value of the asset-based approach to accurately reflect the future comprehensive profitability of the assets and liabilities of the appraised entity as a whole. Therefore, for projects that have been put into operation, the present appraisal adopts appraised values based on the income approach.

For projects that are under construction or have not commenced construction, there is no historical operating data to refer to; although some projects have completed the preparation of the investment feasibility study report, the future investment expenditure and income forecast mainly depend upon the investment feasibility study report, and there are uncertainties as to whether the company's actual income is consistent with the investment feasibility study report. Thus, even though the income approach is adopted for the valuation of the aforementioned companies, it is not suitable to serve as the appraisal conclusion. The asset-based approach, based on the balance sheet, assesses the value of the company's on-balance sheet and identifiable off-balance sheet assets and liabilities and determines the value of the appraised entity. The main assets of the aforementioned companies are cash and cash equivalents, current accounts and costs of the early development of projects, whose value can be reasonably reflected by the asset-based approach. As such, for the above-mentioned companies, the appraised values based on the asset-based approach are adopted.

The final selection of valuation approaches adopted for each company is shown in the following table:

No.	Wu Ling Target Company	Project type	Project status	Valuation approach
1.	Changde Xianghe New Energy Co., Ltd* (常德湘核新能源有限公司)	Photovoltaic	Fully in operation	Income approach
2.	Changsha Xianghe New Energy Co., Ltd* (長沙湘核新能源有限公司)	Photovoltaic	Partly in operation, partly under construction	Income approach
3.	Hunan Changyun Power Development Co., Ltd* (湖南昌運電力開發有限公司)	Wind power	Fully in operation	Asset-based approach and income approach <sup>(Note)</sup>
4.	Chenzhou Yunyi Electric Investment New Energy Co., Ltd* (郴州雲伊電投新能源有限公司)	Photovoltaic	Fully in operation	Income approach
5.	Dongan Qianxiang Wancun New Energy Co., Ltd* (東安千鄉萬村新能源有限公司)	Photovoltaic	Fully in operation	Income approach
6.	Huanggang Jidian New Energy Co., Ltd* (黃岡吉電新能源有限公司)	Photovoltaic	Proposed to be built	Asset-based approach
7.	Hunan Xianghe Clean Energy Co., Ltd* (湖南湘核清潔能源有限公司)	Wind power	Proposed to be built	Asset-based approach
8.	Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.* (江華瑤族自治縣協合風力發電有限公司)	Wind power	Fully in operation	Income approach
9.	Linli Hechuang New Energy Co., Ltd * (臨澧核創新能源有限公司)	Photovoltaic	Fully in operation	Income approach
10.	Longhui Lengxishan New Energy Co., Ltd* (隆回冷溪山新能源有限公司)	Wind power	Fully in operation	Income approach
11.	Miluo Qingxintou Electric Power Co., Ltd* (汨羅市青新投電力有限責任公司)	Photovoltaic	Partly in operation, partly under construction	Income approach
12.	Ningyuan Qianxiang Wancun New Energy Co., Ltd* (寧遠千鄉萬村新能源有限公司)	Photovoltaic	Partly in operation, partly under construction	Income approach
13.	China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.* (中電農創(洪江)科技發展有限公司)	Wind power	Proposed to be built	Asset-based approach
14.	Hunan SPIC Haixiang New Energy Tech Co., Ltd* (湖南國電投海湘新能源科技有限公司)	Photovoltaic	Fully in operation	Income approach
15.	SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司)	Wind power, photovoltaic	Fully in operation	Income approach
16.	SPIC Weidun (Hunan) Energy Development Co., Ltd* (國電投威頓(湖南)能源發展有限公司)	Photovoltaic, wind power	Proposed to be built	Asset-based approach
17.	Xianghe New Energy Co., Ltd* (湘核新能源有限公司)	Photovoltaic	Fully in operation	Income approach

No.	Wu Ling Target Company	Project type	Project status	Valuation approach
18.	Hunan Xiangtan Daliwan PV Power Co., Ltd* (湖南湘潭大栗灣光伏發電有限公司)	Photovoltaic	Fully in operation	Income approach
19.	Hunan Xiangxi Longshan Da'an New Energy Co., Ltd* (湖南湘西龍山大安新能源有限公司)	Wind power	Fully in operation	Income approach
20.	Hunan Xiangxiang Huiyuan New Energy Co., Ltd* (湖南湘鄉慧源新能源有限公司)	Wind power	Fully in operation	Income approach
21.	Xinhua Yunyi New Energy Co., Ltd* (新化雲伊新能源有限公司)	Wind power	Under construction	Asset-based approach
22.	Hunan Yongzhou Huicheng New Energy Co., Ltd* (湖南永州慧誠新能源有限公司)	Photovoltaic	Proposed to be built	Asset-based approach
23.	Zhuzhou Heshun Zhuoer New Energy Co., Ltd* (株洲和順卓爾新能源有限公司)	Photovoltaic	Partly in operation, partly under construction	Income approach

*Note: Hunan Changyun Power Development Co., Ltd\* (湖南昌運電力開發有限公司) has long-term equity investment of 90% equity interest in the project company, Rucheng Hougu'ao Wind Power Development Co., Ltd\* (汝城猴古坳風電開發有限公司), such long-term equity investment is valued using the income approach.*

### C. KEY VALUATION INPUTS OF COMPANIES APPRAISED USING THE INCOME APPROACH

The income approach appraisal adopts the discounted cash flow method, and the cash flow selected is the free cash flow of the enterprise, so as to indirectly obtain the value of the entire shareholders' equity through the appraisal of the enterprise value as a whole.

The total shareholders' equity under the present appraisal is calculated by adding together the discounted value of the enterprise's total operating assets, plus surplus assets and non-operating assets, and less interest-bearing liabilities. The value of the enterprise's total operating assets is based on the total net free cash flow of the enterprise for a number of years in the future, discounted by an appropriate discount rate. Set out below are the key valuation inputs:

#### Determining the projected income

The free cash flow of the enterprise is used in this appraisal as a quantitative indicator of expected earnings of the enterprise. The formula is as follows:

The free cash flow of the enterprise = EBITDA + depreciation and amortization – capital expenditure – change in working capital.

#### Basis of the projections on key financial figures of the Wu Ling Target Companies

##### (I) Forecast of operating income

Operating income is mainly derived from power generation income (power generation income = power sales × unit electricity price), which is forecasted based on the following factors.

##### 1. Forecast of future annual power generation

- (i) Future annual power sales of a photovoltaic project = theoretical power generation hours × (1 – photovoltaic abandonment rate) × (1 – line loss rate) × (1 – attenuation rate) × installed capacity of the power plant

- (ii) Future annual power sales of a wind power project = theoretical power generation hours × (1 – wind abandonment rate) × (1 – line loss rate) × installed capacity of the power plant

2. Determination of theoretical power generation hours

For photovoltaic projects, which have mainly been constructed and put into operation in the past two years, the present appraisal determines the power generation hours of the appraised entity in the coming years by analyzing its (annualised) data in 2023 and 2024 with reference to the feasibility study conducted.

For wind power projects, the present appraisal determines the number of power generation hours of the appraised entity in the coming years by analysing data in the past three years or more (as some projects have generated power for more than three years) and with reference to the feasibility study conducted.

(i) Photovoltaic abandonment rate/wind abandonment rate

- The photovoltaic abandonment rate is determined with reference to both the abandonment rate of Hunan Province, where the appraised entities are located, and the historical level of each appraised entity.
- The wind abandonment rate is determined with reference to both the abandonment rate of Hunan Province, where the appraised entities are located, and the historical level of each appraised entity.

(ii) Line loss rate

The line loss rate is determined with reference to the historical level of the appraised entity.

(iii) The attenuation rate of photovoltaic power plants

The attenuation rate of photovoltaic power plants is forecasted with reference to the feasibility study and due diligence conducted and the power generation efficiency of the appraised entity.

3. Forecast of the unit price of electricity

The unit price of electricity is forecasted with reference to the average unit price of the appraised entity from 2022 to October 2024 and the current unit price level. The self-consumption tariff of distributed photovoltaic projects is determined with reference to the prices in current contracts.

4. The theoretical power generation hours and the forecast of the unit price of electricity of the appraised entities are as follows:

	<b>Wu Ling Target Company</b>	<b>Project type</b>	<b>Annual power sales (10,000 kWh)</b>	<b>RMB/kWh (inclusive of tax)</b>
1.	Changde Xianghe New Energy Co., Ltd* (常德湘核新能源有限公司)	Distributed photovoltaic	254.26~286.78	0.6117~0.6323
2.	Changsha Xianghe New Energy Co., Ltd* (長沙湘核新能源有限公司)	Distributed photovoltaic	4,503.95~5,507.28	0.5441~0.5744
3.	Rucheng Hougu'ao Wind Power Development Co., Ltd* (汝城猴古坳風電開發有限公司)	Centralised wind power	10,123.85	0.5958
4.	Chenzhou Yunyi Electric Investment New Energy Co., Ltd* (郴州雲伊電投新能源有限公司)	Distributed photovoltaic	3,832.76~4,287.68	0.5048
5.	Dongan Qianxiang Wancun New Energy Co., Ltd* (東安千鄉萬村新能源有限公司)	Distributed photovoltaic	4,949.29~5,655.49	0.4550
6.	Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.* (江華瑤族自治縣協合風力發電有限公司)	Centralised wind power	7,628.26~8,159.70	0.5814
7.	Linli Hechuang New Energy Co., Ltd* (臨澧核創新能源有限公司)	Distributed photovoltaic	218.01~246.13	0.6495~0.6752
8.	Longhui Lengxishan New Energy Co., Ltd* (隆回冷溪山新能源有限公司)	Centralised wind power	10,945.04	0.4301
9.	Miluo Qingxintou Electric Power Co., Ltd* (汨羅市青新投電力有限責任公司)	Distributed photovoltaic	1,959.12~2,269.10	0.4664~0.4672
10.	Ningyuan Qianxiang Wancun New Energy Co., Ltd* (寧遠千鄉萬村新能源有限公司)	Distributed photovoltaic	7,634.02~8,680.59	0.4786
11.	Hunan SPIC Haixiang New Energy Tech Co., Ltd* (湖南國電投海湘新能源科技有限公司)	Distributed photovoltaic	2,689.36~3,070.63	0.5808
12(i).	SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司)	Distributed wind power	9,115.74	0.5685
12(ii).	Branch of SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司)	Distributed photovoltaic	445.12~508.23	0.5552
13.	Xianghe New Energy Co., Ltd* (湘核新能源有限公司)	Distributed and centralised photovoltaic	4,479.28~5,012.10	0.4571~0.9107
14.	Hunan Xiangtan Daliwan PV Power Co., Ltd* (湖南湘潭大栗灣光伏發電有限公司)	Centralised photovoltaic	1,778.06~2,067.12	0.8500
15.	Hunan Xiangxi Longshan Da'an New Energy Co., Ltd* (湖南湘西龍山大安新能源有限公司)	Centralised wind power	8,715.59	0.5620
16.	Hunan Xiangxiang Huiyuan New Energy Co., Ltd* (湖南湘鄉慧源新能源有限公司)	Distributed wind power	10,790.24	0.4125
17.	Zhuzhou Heshun Zhuoer New Energy Co., Ltd* (株洲和順卓爾新能源有限公司)	Distributed photovoltaic	3,242.39~3,640.53	0.6409~0.6418

According to the “Supplementary Notice on Matters Relating to Guidelines on the Stable Development of Non-Water Renewable Energy Generation” (關於促進非水可再生能源發電健康發展的若干意見有關事項的補充通知) (Caijian [2020] No. 426) and the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (Caijian [2020] No.5) issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration, the reasonable utilization hours for type one, type two, type three, and type four wind power projects for each of its entire life cycle are 48,000 hours, 44,000 hours, 40,000 hours and 36,000 hours, respectively; the reasonable utilization hours for type one, type two and type three of photovoltaic power projects for its entire life cycle are 32,000 hours, 26,000 hours and 22,000 hours. For projects that are included in the list of renewable energy power generation subsidies, wind power and photovoltaic power generation projects will no longer enjoy the subsidy funds from the central government after 20 years from the date of grid connection, regardless of whether the project has reached the full life cycle subsidy capacity.

Full life cycle subsidy capacity of a project = project capacity × number of reasonable utilization hours for the entire life cycle of the project.

The photovoltaic power projects involved in the present appraisal are all type three photovoltaic power projects, and the maximum number of hours of subsidy for their entire life cycle is 22,000 hours. The wind power projects are all type four wind power projects, and the maximum number of hours of subsidy for their entire life cycle is 36,000 hours.

## (II) Forecast of operating costs

Operating costs mainly consist of depreciation and amortization, operation commissioning fees, energy storage leasing, maintenance costs, material costs, land lease fees, employee remuneration, safety production expenses and other expenses.

1. Depreciation and amortization: forecasts are made based on the original book value of the fixed assets and intangible assets of the appraised entity as at the Appraisal Benchmark Date, as well as the amount of depreciation and amortization accrued by each appraised entity in accordance with the current accounting policies.
2. Operation commissioning fees and energy storage leasing fees: the operation commissioning fees are forecasted based on the operation commissioning contracts, and the energy storage leasing fees are determined with reference to the existing leases of each appraised entity.
3. Maintenance and material costs: the forecast consults the historical data within the warranty period, as well as the operating standards of SPIC's new energy projects after the warranty period and the parameters of other new energy investment projects.
4. Land lease fees: the forecast is based on the amount of rent in current leases signed by each appraised entity.
5. Employee remuneration: the forecast refers to the current and actual remuneration level of each appraised entity.
6. Safety production expenses: the calculation is based on the standard in the “Notice on the Issuance of Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses” (關於印發《企業安全生產費用提取和使用管理辦法》的通知) (Caizi [2022] No. 136).
7. Other expenses: determined after analysing the historical annual expenditure level of each appraised entity and the financial budget amount for 2024.



(III) Forecast of taxes and surcharges

Taxes and surcharges of the appraised entity include urban construction tax of 1%, 5% or 7%, education surcharge of 3%, local education surcharge of 2%, contribution to the hydraulic engineering fund at 0.06% of the current operating income, real estate tax of 1.2%, land use tax of different regional standards, stamp duty of 0.3% to 1%, etc. Forecasts are based on the assumption that the tax rates applicable to each appraised entity as at the Appraisal Benchmark Date will remain unchanged.

(IV) Forecast of management fees

The appraised entities are mainly project companies, and none of them incur management fees.

(V) Forecast of finance costs

Financing costs are mainly interest expenses on borrowings. As the appraisal adopts the corporate free cash flow, where corporate free cash flow = EBITDA + depreciation and amortization – capital expenditure – changes in net working capital, interest expenses have no impact on the equity value of the company.

(VI) Forecast of other income

The forecast of other income is a forecast of value-added tax refund. In accordance with the relevant provisions of the “Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy for Wind Power Generation” (財政部、國家稅務總局關於風力發電增值稅政策的通知) (Caishui [2015] No. 74), starting from 1 July 2015, taxpayer who sell self-produced power products using wind power will be subject to the policy of immediate 50% value-added tax refund upon collection. The impact of this policy has been considered in the present appraisal, and it is assumed that this policy can continue until the end of the operation period of the project.

(VII) Forecast of enterprise income tax

Forecast is made based on the income tax policy and corresponding tax rate applicable to the appraised entity. The main tax incentives are:

1. The income obtained by enterprises from investing in and operating ports and docks, airports, railways, highways, urban public transportation, electricity, hydraulic and other projects shall be exempted from enterprise income tax from the first to the third years (the tax rate is 0%), and the enterprise income tax shall be reduced by half from the fourth to the sixth years (the tax rate is 12.5%), and the enterprise income tax shall be paid at the applicable tax rate of 25% thereafter.
2. In October 2023, Hunan New Energy Co., Ltd. obtained the high-tech enterprise certificate with certificate number: GR202343003122, which is valid for three years. The company's current enterprise income tax rate is 15%, and the present appraisal assumes that the company can continue to be recognized as a high-tech enterprise in the future and enjoy income tax benefits.

3. In accordance with the “Announcement on Extension of Enterprise Income Tax Policy for the Development of the Western Regions” (關於延續西部大開發企業所得稅政策的公告) (Announcement [2020] No. 23 of the Ministry of Finance) issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission, from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises engaging in the encouraged industries and established in the Western Regions. Considering that the aforementioned enterprise income tax policies for the development of the Western Regions have been extended many times, this appraisal assumes that the above policies can be continued throughout the forecast period.

(VIII) Forecast of depreciation and amortisation

Depreciation is forecasted based on the size of the fixed assets and the depreciation policy implemented by the appraised entity. Amortisation is forecasted based on the original recorded amount as at the Appraisal Benchmark Date and the amortisation policy implemented by each appraised entity. Depreciation and amortisation are calculated on a straight-line basis over the estimated useful life as follows:

<b>Asset</b>	<b>Depreciation / amortization period</b>	<b>Estimated net residual value rate (%)</b>
Houses and buildings	5-45 years	0.00-5.00
Machinery and equipment	5-30 years	0.00-3.00
Vehicles	6-10 years	0.00-3.00
Electronic equipment	5-8 years	0.00-3.00
Software	5-10 years	0.00
Land tenure	40-50 years	0.00

(IX) Forecast of capital expenditure

Capital expenditure refers to the expenditures for the renewal of existing fixed assets and equipment and the possible increase of capital expenditures in the future, which are required by the appraised entity to meet its future business plan. Based on one of the assumptions of the income approach in the present appraisal, which assumes that the term of future earnings is of limited duration, and that expenditure on new production expansion projects will not be considered, capital expenditures are the renewal expenditures that must be invested in order to meet the project’s plans to put the project into operation and to maintain ongoing operations. Considering that the main production equipment of the new energy power generation industry is a one-off investment, and only some equipment with shorter service life needs to be updated, capital expenditure will only be considered for that part of the assets in the present appraisal.

(X) Determination of additional working capital

Additional working capital refers to the increase in working capital required by the appraised entity for maintaining its ability to operate continuously without changing its main business, such as the amount of cash required to maintain normal production and operations, the funds required for unpaid business payments payable by customers (accounts receivable), and amounts payable.

In principle, to estimate the increase in working capital in the course of business, only main factors such as cash, receivables and payables that must be maintained in the ordinary course of business usually need to be considered. The increase in working capital is calculated as follows:

Increase in working capital = working capital requirements for the current period - working capital requirements for the previous period

Working capital requirements = minimum cash holdings + average balance of receivables - average balance of payables

With reference to the annual turnover rate of each of the current assets and liabilities involved in the operations of the appraised entity over the previous years, the working capital forecast for the coming years is measured as follows:

1. Minimum cash holdings = annual (operating costs + taxes + expenses - depreciation and amortization) / average number of cash payments annually.
2. It is forecasted that the annual receivables, the receivable benchmark settlement income is settled with the State Grid once a month, and the number of turnovers of accounts receivable is calculated according to 12.
3. Where the national subsidy for new energy projects directly or indirectly held by the appraised entity has entered the national subsidy catalogue, and the collection cycle is about 2 years as at the Appraisal Benchmark Date, the corresponding balance of accounts receivable shall be determined considering the balance of the national subsidy for 2 years.
4. Where the national subsidy for new energy projects directly or indirectly held by the appraised entity has entered the national subsidy catalogue, and the collection cycle is about 3 years as at the Appraisal Benchmark Date, the corresponding balance of accounts receivable shall be determined considering the balance of the national subsidy for 3 years.
5. Forecasted annual accounts payable = annual operating costs / forecasted number of payments for accounts payable annually.

### Forecast period

This appraisal assumes that the appraised entity will only develop and operate existing projects in the next few years, or will no longer develop or invest in any new projects based on existing investment projects, and that the appraised entity will exit the existing projects at maturity and cease to operate upon the expiry of the operating period of the last project in which it invested. The designed lives life of wind power stations is designed to be 20 years, and the designed lives life of photovoltaic power stations is designed to be 25 years. The forecast period is determined from the grid-connection date of the appraised entity to the end of its designed lives.

	<b>Wu Ling Target Company</b>	<b>Grid connection date</b>	<b>Forecast period<sup>(Note)</sup></b>
1.	Changde Xianghe New Energy Co., Ltd* (常德湘核新能源有限公司)	August 2021	July 2024 to August 2046
2.	Changsha Xianghe New Energy Co., Ltd* (長沙湘核新能源有限公司)	April 2022	July 2024 to June 2049
3.	Rucheng Hougu'ao Wind Power Development Co., Ltd* (汝城猴古坳風電開發有限公司)	December 2020	July 2024 to December 2040
4.	Chenzhou Yunyi Electric Investment New Energy Co., Ltd* (郴州雲伊電投新能源有限公司)	February 2024	July 2024 to February 2049

5.	Dongan Qianxiang Wancun New Energy Co., Ltd* (東安千鄉萬村新能源有限公司)	October 2023	July 2024 to October 2048
6.	Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.* (江華瑤族自治縣協合風力發電有限公司)	September 2014	July 2024 to September 2034
7.	Linli Hechuang New Energy Co., Ltd* (臨澧核創新能源有限公司)	April 2023	July 2024 to April 2048
8.	Longhui Lengxishan New Energy Co., Ltd* (隆回冷溪山新能源有限公司)	August 2021	July 2024 to August 2041
9.	Miluo Qingxintou Electric Power Co., Ltd* (汨羅市青新投電力有限責任公司)	Grid connection began in batches from November 2023	July 2024 to March 2050
10.	Ningyuan Qianxiang Wancun New Energy Co., Ltd* (寧遠千鄉萬村新能源有限公司)	June 2023	July 2024 to June 2048
11.	Hunan SPIC Haixiang New Energy Tech Co., Ltd* (湖南國電投海湘新能源科技有限公司)	Grid connection began in batches from March 2023	July 2024 to October 2048
12(i).	SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司)	June 2016	July 2024 to June 2036
12(ii).	Branch of SPIC Hunan New Energy Co., Ltd* (國家電投集團湖南新能源有限公司)	January 2023	July 2024 to January 2048
13.	Xianghe New Energy Co., Ltd* (湘核新能源有限公司)	Grid connection began in batches from June 2017	July 2024 to December 2042
14.	Hunan Xiangtan Daliwan PV Power Co., Ltd* (湖南湘潭大栗灣光伏發電有限公司)	December 2018	July 2024 to December 2043
15.	Hunan Xiangxi Longshan Da'an New Energy Co., Ltd* (湖南湘西龍山大安新能源有限公司)	March 2021	July 2024 to March 2041
16.	Hunan Xiangxiang Huiyuan New Energy Co., Ltd* (湖南湘鄉慧源新能源有限公司)	December 2022	July 2024 to December 2042
17.	Zhuzhou Heshun Zhuoer New Energy Co., Ltd* (株洲和順卓爾新能源有限公司)	Grid connection began in batches from May 2022	July 2024 to December 2049

Note: If a project is rolled out in phases, the estimated project end date should be the final date by which the project will be operational.

### Discount rate

This evaluation adopts the free cash flow of the appraised entity, and the discount rate is the weighted average cost of capital (WACC) of the corresponding standard. The WACC of the Wu Ling Target Companies is in the range of 6.26% to 7.45%. This evaluation adopts the weighted average cost of capital (WACC) model to determine the discount rate  $r$ .

$$r = (1-t) \times r_d \times w_d + r_e \times w_e$$

t: income tax rate;

$W_d$ : Debt Ratio

$$w_d = \frac{D}{(E+D)}$$

$W_e$ : Equity capital ratio

$$w_e = \frac{E}{(E+D)}$$

It should be noted that:

$t$  income tax rate: in accordance with the provisions of the “Notice of the Ministry of Finance and the State Administration of Taxation on Issues Relating to the Implementation of the Catalogue of Enterprise Income Tax Incentives for Public Infrastructure Projects” (財政部、國家稅務總局關於執行公共基礎設施專案企業所得稅優惠目錄有關問題的通知) (Caishui [2008] No. 46), the Company complies with the relevant provisions on the income tax benefits for investment and operation of public infrastructure projects supported by the state. With reference to the investment and operating income of public infrastructure projects approved after January 1, 2008, from the tax year in which production and operating income is first generated from the project, the enterprise income tax is exempted from the first to the third year, and the enterprise income tax is reduced by half from the fourth to the sixth year. From the seventh year onwards, the income tax rate is 25%.

$w_d$  debt ratio and  $w_e$  equity capital ratio: as each project company has a limited number of years of operation, the balance of borrowings was relatively large at the beginning of their operation. As the number of years of operation increases, the borrowings are continuously repaid until the final balance reaches zero, and the capital structure changes year by year. Considering that other parameters of the discount rate reference the market level, the  $w_d$  debt ratio and  $w_e$  equity capital ratio also reference the capital structure of comparable listed companies. Assuming the target capital structure of the appraised entity is determined with reference to the average value of the interest-bearing debts and capital of comparable listed companies, the  $w_d$  is 51% and the  $w_e$  is 49%.

$r_d$  cost of debt: reference is made to the 5-year loan rate LPR value of 3.60% announced by the People's Bank of China on October 21, 2024.

$r_e$  cost of equity capital: determined in accordance with the Capital Asset Pricing Model (CAPM).

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$

1.  $r_f$  risk-free rate: determined based on the yield to maturity of 2.21% for all treasury bonds with a remaining maturity of 10 years as at June 30, 2024, provided by the Central Depository and Clearing Corporation (CCDC).
2.  $r_m$  expected market return: the appraised entity's business is mainly in China, so a Chinese *securities* market index is used to measure the market risk premium, which is expressed by the following formula:

Market risk premium = average yield of the Chinese equity market - China risk-free rate

The average yield of the Chinese equity market, based on the historical data of the CSI 300 Index, is calculated by applying a 10-year moving arithmetic average method to the monthly data of the CSI 300 Index up to June 30, 2024 obtained on the Wind Info Quotes Database. The China risk-free rate adopts the yield to maturity of all treasury bonds with a remaining maturity of 10 years as at June 30, 2024.

The average yield of the Chinese equity market is calculated to be 7.41%.

1.  $\varepsilon$  specific risk adjustment of 1%-2%: based on the differences in terms of enterprise operational environment, enterprise scale, business model, risk resistance capability etc. between the enterprise to be appraised and comparable listed *companies* that have been selected. For parity wind power and photovoltaic projects, the specific risk adjustment value is 1%; the specific risk adjustment value for projects included in the national subsidy catalogue is 1.5%; for individual projects such as: Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.\* (江華瑤族自治縣協合風力發電有限公司), which faces fierce competition in the industry and where power grid resources are limited in the short term, the specific risk adjustment value is 2%.

2.  $\beta_e$  expected equity risk coefficient. the estimated value of the expected equity risk coefficient is determined with reference to the average beta coefficients of nine *comparable* listed companies in the A-share market in the past three years. A range of coefficients from 0.7153 to 1.0327 was used. The average value of the capital structure of comparable listed companies was selected as the target capital structure of the appraised entity.

Principles for screening comparable companies in determining the  $\beta_e$  coefficient:

- (i) comparable companies must be listed for at least two years in China;
- (ii) new energy power generation industry is the industry or main business in which the comparable company is engaged in; and
- (iii) there is no major asset reorganization or other events affecting share price volatility of the comparable company in the past two years.

#### **Determination of the appraised value of interest-bearing debts**

Interest-bearing debts include short-term and long-term borrowings, the value of which is determined market value.

#### **Determination of the appraised value of surplus assets and non-operating assets**

Surplus assets refer to excess assets that are not directly related to corporate income or assets that exceed the needs of corporate operations, and generally refer to excess monetary funds and transactional financial assets, etc. Non-operating assets refer to assets that are not directly related to corporate income, do not produce benefits, or are not considered in operating assets estimated by discounted cash flow.

Based on the abovementioned valuation inputs, the appraised values as at the Appraisal Benchmark Date of the relevant companies valued using the income approach are as set out in the section headed “*Information on the Wu Ling Target Companies—Net asset value, Valuation and profit before and after taxation*” in this announcement.

According to PCAA, the valuation assumptions and conditions are made in accordance with the relevant laws and regulations of the PRC and are in line with market practice and standard. The profit forecasts made are in line with the actual situation of the appraised entities and are not significantly different from the parameters of comparable companies.

#### **Sensitivity analysis**

No sensitivity analysis has been conducted for the valuation of the Wu Ling Target Companies.

#### **D. KEY VALUATION INPUTS OF COMPANIES APPRAISED USING THE ASSET-BASED APPROACH**

Under the asset-based approach, the appraised value of the total equity of the relevant appraised entities as at the Appraisal Benchmark Date is the sum of (1) the appraised value of current assets; and (2) the appraised value of non-current assets, minus (3) the total liabilities. Set out below are the key valuation inputs:

## Current assets

The current assets of the relevant appraised entities mainly include cash and cash equivalents, accounts receivable, prepayments, other accounts receivable and other current assets. Given that the entities appraised using the asset-based approach are proposed projects or projects under construction that have not yet been put into production, these entities have very few current assets, and some entities have zero current assets.

- (I) *Hunan Yongzhou Huicheng New Energy Co., Ltd\** (湖南永州慧誠新能源有限公司) and *Huanggang Jidian New Energy Co., Ltd\** (黃岡吉電新能源有限公司)

The aforementioned companies have zero current assets.

- (II) *Hunan Changyun Power Development Co., Ltd\** (湖南昌運電力開發有限公司), *SPIC Weidun (Hunan) Energy Development Co., Ltd\** (國電投威頓(湖南)能源發展有限公司), *China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.\** (中電農創(洪江)科技發展有限公司), *Xinhua Yunyi New Energy Co., Ltd\** (新化雲伊新能源有限公司) and *Hunan Xianghe Clean Energy Co., Ltd\** (湖南湘核清潔能源有限公司)

The current assets of the aforementioned companies mainly include cash and cash equivalents, accounts receivable, prepayments, other accounts receivable and other current assets, in which the other accounts receivable mainly consist of shareholders' capital contributions.

Inputs and computation process for the value of current assets:

- Cash and cash equivalents, notes receivable, prepayments, and other current assets are evaluated based on the verified book value.
- Shareholders' capital contributions are evaluated based on the audited book value.

## Non-current assets

The non-current assets of the relevant appraised entities include long-term equity investments, fixed assets, construction in progress, intangible assets and other non-current assets. Given that the entities appraised using the asset-based approach are proposed projects or projects under construction that have not yet been put into production, these entities have very few non-current assets, and some entities have zero non-current assets.

- (I) *Hunan Yongzhou Huicheng New Energy Co., Ltd\** (湖南永州慧誠新能源有限公司) and *Huanggang Jidian New Energy Co., Ltd\** (黃岡吉電新能源有限公司)

The aforementioned companies have zero non-current assets.

- (II) *Hunan Changyun Power Development Co., Ltd\** (湖南昌運電力開發有限公司), *SPIC Weidun (Hunan) Energy Development Co., Ltd\** (國電投威頓(湖南)能源發展有限公司), *China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.\** (中電農創(洪江)科技發展有限公司), *Xinhua Yunyi New Energy Co., Ltd\** (新化雲伊新能源有限公司) and *Hunan Xianghe Clean Energy Co., Ltd\** (湖南湘核清潔能源有限公司)

The long-term equity investment in *Rucheng Hougu'ao Wind Power Development Co., Ltd\** (汝城猴古坳風電開發有限公司) held by *Hunan Changyun Power Development Co., Ltd\** (湖南昌運電力開發有限公司) is valued using the income approach as mentioned above and will not be repeated here.

Inputs and computation process for the value of non-current assets of the other aforementioned companies:

1. Fixed assets, including equipment and vehicles, are mainly evaluated using the cost method. The cost method calculation formula is: appraised value = reset cost × newness rate.
2. Construction under progress is mainly evaluated based on upfront costs for project development, for proposed projects or projects under construction, such upfront costs are evaluated based on their audited book values; the upfront costs of a small number of aborted projects are evaluated at zero value.
3. Intangible assets mainly consist of externally purchased software; software in use is evaluated based on its amortised book value.
4. Other non-current assets mainly consist of input tax to be offset and is evaluated based on its audited book value.

### **Liabilities**

All liabilities of the relevant appraised entities are current liabilities, which include accounts payable, employee wages payable, taxes payable and other accounts payable.

The appraised value for liabilities is determined by the actual liabilities that each appraised entity should bear as at the Appraisal Benchmark Date.

### **Appraised value and book value of assets and liabilities**

(I) *Hunan Yongzhou Huicheng New Energy Co., Ltd\** (湖南永州慧誠新能源有限公司) and *Huanggang Jidian New Energy Co., Ltd\** (黃岡吉電新能源有限公司)

The book values of the net assets of the aforementioned companies as at the Appraisal Benchmark Date were RMB0, and the appraised values of the entire equity interest of each of the aforementioned companies were also RMB0.

(II) *Hunan Changyun Power Development Co., Ltd\** (湖南昌運電力開發有限公司), *SPIC Weidun (Hunan) Energy Development Co., Ltd\** (國電投威頓(湖南)能源發展有限公司), *China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.\** (中電農創(洪江)科技發展有限公司), *Xinhua Yunyi New Energy Co., Ltd\** (新化雲伊新能源有限公司) and *Hunan Xianghe Clean Energy Co., Ltd\** (湖南湘核清潔能源有限公司)

As at the Appraisal Benchmark Date, the book value of the assets valued using the asset-based approach of China Power Nongchuang (Hongjiang) Technology Development Co., Ltd.\* (中電農創(洪江)科技發展有限公司), Hunan Xianghe Clean Energy Co., Ltd\* (湖南湘核清潔能源有限公司) and Hunan Changyun Power Development Co., Ltd\* (湖南昌運電力開發有限公司) were basically identical to the appraised values of these three companies under the asset-based approach.

As at the Appraisal Benchmark Date, the book value of the net assets of SPIC Weidun (Hunan) Energy Development Co., Ltd\* (國電投威頓(湖南)能源發展有限公司) was RMB60,009,400, and the appraised value of its entire equity interest was RMB60,087,500, representing an appreciation amount of approximately RMB78,100; the book value of the net assets of Xinhua Yunyi New Energy Co., Ltd\* (新化雲伊新能源有限公司) was RMB0, and the appraised value of its entire equity interest was RMB9,410, representing an appreciation amount of approximately RMB9,410. The appreciation was mainly attributable to the equipment of the two companies being valued using the cost method and the economic useful life of such equipment being longer than the accounting depreciation period.

\* *English translation is for identification only*



## APPENDIX II: LETTER FROM THE FINANCIAL ADVISER

The following is the full text of the letter from the Financial Adviser, for the purpose of, among other things, incorporation into this announcement.

17 January 2025

### **The Board of Directors**

#### **China Power International Development Limited (the “Company”)**

Suite 6301, 63/F., Central Plaza

18 Harbour Road, Wanchai, Hong Kong

Dear Sirs,

We refer to (i) the announcement dated 17 January 2025 (the “Announcement”), in relation to the proposed equity acquisition of certain companies (the “Relevant Target Companies”) set out in the Announcement. Unless otherwise defined or the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Announcement refers to the valuation of the Relevant Target Companies by Pan-China Assets Appraisal Co., Ltd. (the “Valuer”) contained in the asset appraisal reports prepared by the above-mentioned Valuer (the “Asset Appraisal Reports”), all dated 31 December 2024. We note that the Asset Appraisal Reports and certain other documents related to the proposed acquisition have been provided to you in the capacity of the Directors of the Company (the “Directors”) for your consideration of the proposed acquisition. We note that the Valuer derived the valuation results in the Asset Appraisal Reports based on projections, which are thus considered a profit forecast (the “Profit Forecast”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

The purpose of providing this letter is to confirm that, we have (i) reviewed the Profit Forecast contained in the Asset Appraisal Reports and disclosed in the Announcement, for which you as the Directors are solely responsible; and (ii) conducted enquiries with you, the management of the Company and the Valuer regarding the qualifications, bases and assumptions upon which the Profit Forecast has been made; and (iii) reviewed the reports to the Directors from Ernst & Young, as set forth in Appendix III to the Announcement, regarding the calculations of discounted future cash flows. The Profit Forecast is based on a number of bases and assumptions. As these bases and assumptions pertain to future events that may or may not occur, the actual financial performance of the Relevant Target Companies may deviate from expectations, and such deviations could be significant.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Valuer and the Company (for which the Valuer and the Company are solely responsible), we are of the opinion that the Profit Forecast have been made by you after due and careful enquiry. The Directors are responsible for the Profit Forecast, including the preparation of the discounted future cash flow based on the bases and assumptions determined by the Directors and set out in the Asset Appraisal Reports. This responsibility includes performing appropriate procedures for the preparation of the discounted future cash flows used in the Asset Appraisal Reports, applying appropriate preparation bases, and making reasonable estimates according to the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us is for the sole purpose of reporting to you in accordance with Rule 14.60A(3) of the Listing Rules, and for no other purpose. We have not independently verified the assumptions or calculations of the valuations in the Asset Appraisal Reports. We have not participated in or been involved in any assessment of the valuation contained in the Asset Appraisal Reports, nor have we provided or will we provide any evaluation of the valuation contained in the Asset Appraisal Reports to the Company.

We have assumed that all information, materials, and representations provided to us by the Company and the Valuer (including those referred to or contained in the Announcement) are true, accurate, complete, and not misleading at the time they were provided or made and remain so up to the date of the Announcement. We also assume that no material facts or information have been omitted. We do not expressly or impliedly make any representation and assurance as to the accuracy, truthfulness or completeness of the said information, materials or representations. Therefore, we do not expressly or impliedly assume any responsibility to the valuation in the Asset Appraisal Reports.

Yours faithfully,  
For and on behalf of CITIC Securities (Hong Kong) Limited  
Edmund Chan  
Managing Director, Head of M&A

**List of Relevant Target Companies**

1. Changde Xianghe New Energy Co., Ltd
2. Changsha Xianghe New Energy Co., Ltd
3. Chenzhou Yunyi Electric Investment New Energy Co., Ltd
4. Dongan Qianxiang Wancun New Energy Co., Ltd
5. Hunan Changyun Power Development Co., Ltd
6. Hunan SPIC Haixiang New Energy Tech Co., Ltd
7. Hunan Xiangtan Daliwan PV Power Co., Ltd
8. Hunan Xiangxi Longshan Da'an New Energy Co., Ltd
9. Hunan Xiangxiang Huiyuan New Energy Co., Ltd
10. Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.
11. Linli Hechuang New Energy Co., Ltd
12. Longhui Lengxishan New Energy Co., Ltd
13. Miluo Qingxintou Electric Power Co., Ltd
14. Ningyuan Qianxiang Wancun New Energy Co., Ltd
15. SPIC Hunan New Energy Co., Ltd
16. Xianghe New Energy Co., Ltd
17. Zhuzhou Heshun Zhuoer New Energy Co., Ltd

## **APPENDIX III: LETTER 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.

17 January 2025

### **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 RELEVANT 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 30 June 2024 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of certain companies (the “Relevant Target Companies”) set out in the “List of Relevant Target Companies” below as at 30 June 2024 is based. The valuation is set out in the announcement of China Power International Development Limited (the “Company”) dated 17 January 2025 (the “Announcement”) in connection with the proposed acquisition of equity interests in Wu Ling 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 (Summary of 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 Management 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality control including policies or 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 14.60A(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 Relevant Target Companies**

1. Changde Xianghe New Energy Co., Ltd
2. Changsha Xianghe New Energy Co., Ltd
3. Chenzhou Yunyi Electric Investment New Energy Co., Ltd
4. Dongan Qianxiang Wancun New Energy Co., Ltd
5. Hunan Changyun Power Development Co., Ltd
6. Hunan SPIC Haixiang New Energy Tech Co., Ltd
7. Hunan Xiangtan Daliwan PV Power Co., Ltd
8. Hunan Xiangxi Longshan Da'an New Energy Co., Ltd
9. Hunan Xiangxiang Huiyuan New Energy Co., Ltd
10. Jianghua Yaozu Autonomous County Xiehe Wind Power Co., Ltd.
11. Linli Hechuang New Energy Co., Ltd
12. Longhui Lengxishan New Energy Co., Ltd
13. Miluo Qingxintou Electric Power Co., Ltd
14. Ningyuan Qianxiang Wancun New Energy Co., Ltd
15. SPIC Hunan New Energy Co., Ltd
16. Xianghe New Energy Co., Ltd
17. Zhuzhou Heshun Zhuoer New Energy Co., Ltd