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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 TRANSACTION

Acquisition of 35% Equity Interest in Jieyang Power

On 18 June 2025, the Company, CPI Holding, Guangdong Company and Target Company entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to acquire and Guangdong Company agreed to sell 35% equity interest in Jieyang Power at a consideration of RMB36,693,510 plus a post-completion capital contribution of RMB558,600,000, in aggregate of RMB595,293,510 (equivalent to approximately HK\$654,169,000).

As at the date of this announcement, CPI Holding owns approximately 59.42% of the issued share capital of the Company and is the controlling shareholder of the Company. Guangdong Company is a wholly-owned subsidiary of CPI Holding. CPI Holding, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Accordingly, entering into the Equity Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, it is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board announces that the Company, as the Transferee, entered into the Equity Transfer Agreement on 18 June 2025 in relation to the acquisition of 35% equity interest in Jieyang Power which holds the development right to a large-scale coal-fired power generation project and the approval to the future development of an offshore wind power project in Guangdong Province, the PRC.

THE EQUITY TRANSFER AGREEMENT

Date

18 June 2025

Parties

- (i) the Company, the Transferee;
- (ii) CPI Holding, the Transferee;
- (iii) Guangdong Company, the Transferor; and
- (iv) Jieyang Power, the Target Company.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Company and CPI Holding agreed to acquire, and Guangdong Company agreed to sell 35% and 45% equity interests, respectively, in Jieyang Power.

Jieyang Power is a limited liability company incorporated in the PRC in May 2023 and a wholly-owned subsidiary of Guangdong Company. As at the date of this announcement, it has a registered capital of RMB1,700,000,000, of which a paid-up capital of RMB104,000,000. It is principally engaged in power generation, power transmission, power supply and distribution business, and production and sales of heat. Jieyang Power, through its wholly-owned subsidiary Qianzhan Power Plant, holds the development right to two ultra-supercritical coal-fired power generating units with total installed capacity of 2,000MW located in Guangdong Province of the PRC. Also locked in with this coal-fired power project, Jieyang Power has obtained the approval of the development right to an offshore wind power project in the state-controlled waters of Jieyang, Guangdong Province. Details of Jieyang Power's shareholding structure and financial information are set forth in the section below headed "INFORMATION OF THE TARGET COMPANY".

Consideration and payment terms

The aggregate consideration for acquisition of 35% equity interest in Jieyang Power is RMB595,293,510 (equivalent to approximately HK\$654,169,000) which is payable by the Company in the following manner.

- (i) A consideration of RMB36,693,510 payable in cash to Guangdong Company for transfer of its 35% equity interest to the Company. A 50% of the consideration shall be paid within 10 working days following the execution of the Equity Transfer Agreement, and the remaining 50% shall be paid within 10 working days upon Completion.
- (ii) A post-completion capital contribution of RMB558,600,000 payable in cash to the registered capital of Jieyang Power. According to the revised articles of association of Jieyang Power, the registered capital of RMB1,700,000,000 shall be fully paid up by its equity holders in proportion to their respective equity holding by 31 December 2029. The Company expects the unpaid capital of Jieyang Power will be contributed by instalments according to the future development progress of its power generation projects.

The aggregate consideration of the Acquisition will be financed by internal resources of the Group.

Completion

The Completion of the Equity Transfer Agreement shall be subject to the satisfaction (or waiver, where applicable) of the following conditions:

- (i) the change in registration of state-owned property rights of Jieyang Power has been completed;
- (ii) the change of industrial and commercial registration of Jieyang Power to reflect the change in its shareholding has been completed;
- (iii) the certificates of capital contribution have been issued by Jieyang Power to the Company and CPI Holding;
- (iv) updating the register of members of Jieyang Power pursuant to the Equity Transfer Agreement; and completing all necessary documentation and formalities for registration or filing in accordance with the relevant regulatory authorities for the change of equity interest in Jieyang Power and approval for such filings having been obtained, including the registration of the change of shareholding, directors, supervisors, senior management and articles of association; and
- (v) issuance of the new business license.

INFORMATION OF THE TARGET COMPANY

Set out below is the shareholding structure of Jieyang Power:

Shareholding <u>before</u> the Acquisition	Paid-up capital	Unpaid capital	Registered capital	Equity Interest
<i>Equity holder</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Guangdong Company	104,000	1,596,000	1,700,000	100%

Shareholding <u>after</u> the Acquisition	Paid-up capital	Unpaid capital	Registered capital	Equity Interest
<i>Equity holder</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Guangdong Company	20,800	319,200	340,000	20%
CPI Holding	46,800	718,200	765,000	45%
The Company	36,400	558,600	595,000	35%
Total	104,000	1,596,000	1,700,000	100%

Set out below is a summary of the audited consolidated financial information of Jieyang Power for the two financial years ended 31 December 2024 and 2023 prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

	As at 31 December 2024 <i>RMB '000</i>	As at 31 December 2023 <i>RMB '000</i>
Net assets	104,062	54,006

	For the year ended 31 December 2024 <i>RMB '000</i>	For the year ended 31 December 2023 <i>RMB '000</i>
Net profit before tax	73	8
Net profit after tax	56	6

Upon Completion, Jieyang Power will become an associate of the Company and be accounted for under the equity method by the Company.

BASIS OF CONSIDERATION

The consideration of the Acquisitions was arrived at after arm's length negotiations between the contracting parties taking into account of the following factors;

- (i) the appraised net asset value of Jieyang Power, based on the Valuation Report prepared by the Independent Valuer as at the Valuation Benchmark Date (31 October 2024) using the assets-based approach of RMB104,838,600; and
- (ii) the percentage of equity interest in Jieyang Power to be acquired by the Transferees, i.e. 35% to be acquired by the Company and 45% to be acquired by CPI Holding.

The asset-based approach was adopted in the Valuation Report as, among others, Jieyang Power had sound accounting for its assets and liabilities and its historical records of major assets were well-maintained. As Jieyang Power have not yet carried out any operational activities, it was not feasible to accurately estimate their future income stream, the income-based approach was therefore deemed inappropriate. As there was a lack of comparable companies and transaction data, the market-based approach was also not adopted.

According to the Valuation Report, the appraised net asset value of Jieyang Power of approximately RMB104,838,600 reflects an increase of approximately RMB789,400, compared to its net asset book value of approximately RMB104,049,200 as at the Valuation Benchmark Date. For details in relation to valuation assumptions, input parameters and the reasons for the differences between the appraised value and the book value, please refer to the appendix to this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The demand for electricity in Guangdong Province has consistently exhibited a rigid growth pattern over the years, underscoring the urgent need for reliable power sources according to the Guangdong Province's Energy Development "14th Five-Year Plan" (《廣東省能源發展「十四五」規劃》) which effectively addressed the electricity shortfall and the imminent need to have a balance traditional energy source in support of the integration of renewable energy load within the region. Under the national environmental protection goal of "30 • 60, carbon peak, carbon neutrality", coal-fired power generation is designated as a reliable backup power for renewable energy, playing a pivotal role for scheduling power and securing power supply. The Company's strategic investment in Jieyang Power aligns with the national policies.

Jieyang Power holds the development right to a large-scale coal-fired power generation project and the approval to the potential future development of an offshore wind power project in Guangdong Province of the PRC. This manifests the joint-operation between coal-fired power and new energy sources, laying the foundation for wind-and-thermal co-regulating power dispatch and their synergistic development, which will ensure the parallel development of renewable and traditional energy sources. Jieyang Power by relying on coal-fired power generation projects to lock in resources for the development of new energy projects in future, will further enhance its regional competitive advantage. The Group improves its overall marketing competitive advantage and risk resistance through optimization of multiple power source structure, allowing it to better negotiate electricity volume and pricing, which will in turn enhance the profitability of renewable energy assets in the region. The Company believes the Acquisition would strengthen the Group's influence in the regional electricity market transactions, and also ensure its long-term operational stability and sustainable development.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms, and the Acquisition contemplated thereunder are in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the Acquisition contemplated under the Equity Transfer Agreement or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is the core and flagship listed 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.

INFORMATION OF SPIC

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.

INFORMATION OF CPI HOLDING AND GUANGDONG COMPANY

CPI Holding is the immediate holding company of the Company and a wholly-owned subsidiary of SPIC. It is principally an investment holding company.

Guangdong Company is a limited liability company incorporated in the PRC in April 2012 and a wholly-owned subsidiary of CPI Holding. It is principally engaged in development, investment, construction, operation and management of power generation projects (mainly natural gas power, wind power and photovoltaic power plants at present).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPI Holding owns approximately 59.42% of the issued share capital of the Company. CPI Holding is the controlling shareholder of the Company. Guangdong Company is a wholly-owned subsidiary of CPI Holding. CPI Holding, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Accordingly, entering into the Equity Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, it is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition(s)”	the acquisitions of 35% and 45% equity interests in Jieyang Power by the Company and CPI Holding, respectively, from Guangdong Company pursuant to the Equity Transfer Agreement, and individually the “Acquisition” refers only to the Company’s acquisition of 35% equity interest in Jieyang Power
“Board”	the board of Directors of the Company
“Company” or “Transferee”	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
“Completion”	completion of the Acquisition. Details of which is set out in the section headed “Completion” in this announcement
“CPI Holding” or “Transferee”	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling company of the Company and a wholly-owned subsidiary of SPIC
“Director(s)”	director(s) of the Company

“Equity Transfer Agreement”	the agreement dated 18 June 2025 entered into between the Company, CPI Holding, Guangdong Company and Jieyang Power in relation to the Acquisitions
“Group”	the Company and its subsidiaries from time to time
“Guangdong Company” or “Transferor”	國家電投集團廣東電力有限公司 (SPIC Guangdong Power Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CPI Holding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	正衡房地產資產評估有限公司 (Zenith Assets & Real Estate Appraisal Co., Ltd.*), a qualified asset valuer in the PRC
“Jieyang Power” or “Target Company”	國電投(揭陽)電力投資有限公司 (SPIC (Jieyang) Power Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW which is a unit of measurement for the output of power generation
“PRC” or “China”	the People’s Republic of China
“Qianzhan Power Plant”	國電投(揭陽)前詹發電有限公司 (SPIC (Jieyang) Qianzhan Power Generation Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Jieyang Power, which holds the development right to two ultra-supercritical coal-fired power generating units with a total installed capacity of 2,000MW
“RMB”	Renminbi, the lawful currency of the PRC
“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transferee(s)”	the Company and CPI Holding, collectively the “Transferees” and individually the “Transferee”, in respect of the Acquisitions contemplated under the Equity Transfer Agreement
“Valuation Benchmark Date”	31 October 2024, the date on which the appraised value of Jieyang Power was determined as set out in the Valuation Report
“Valuation Report”	the valuation report prepared by the Independent Valuer in relation to the appraised value of Jieyang Power as of the Valuation Benchmark Date

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.91 to HK\$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

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

Hong Kong, 18 June 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

Key assumptions used in the valuation

General Assumptions:

1. Transaction assumption: it is assumed that all assets to be appraised are in the process of transaction, and the Independent Valuer makes estimations in an analogical market according to the transaction conditions of the assets to be appraised.
2. Open market assumption: assumes that with respect to the assets being openly traded or to be openly traded in the market, both parties to the assets transaction are on an equal standing and have the opportunity and time to obtain sufficient market information, so as to make rational judgments on the function, use and transaction price of the assets.
3. Continued use assumption: assumes that the appraised entity's business activities are expected to continue in the future without any intention or necessity for termination or liquidation, and that assets can be disposed of to generate cash and debts be paid off in the ordinary course of its business.

Special Assumptions:

1. The appraised entity will maintain its current business model in the future.
2. The appraised entity's management is responsible and capable of fulfilling its duties in its position.
3. The appraised entity fully complies with all applicable current laws and regulations.
4. The accounting policies adopted by the appraised entity in the future are fundamentally consistent with those implemented on the Valuation Benchmark Date in all material aspects.
5. The industry, region, and social and economic environment of China in which the appraised entity operates have not undergone significant changes, and the current national laws, regulations, and social, political, and economic policies have remained largely consistent with those currently in effect.
6. There are no major changes in tax bases and policy-related charges.
7. The valuation does not take into account any changes in deposit and loan interest rates that occur after the Valuation Benchmark Date.
8. There are no other force majeure or unforeseen factors that have a significant adverse impact on the appraised entity.
9. There are no significant changes in the management level, capabilities, or succession of the core personnel within the appraised entity, who will continue to fulfill their responsibilities and work diligently in accordance with the current business model and plan to maintain the core competitiveness of each primary business in the market.

10. The current and future management of the appraised entity is responsible and capable of actively and steadily advancing the entity's development plan in accordance with its established strategy.

Input parameters and calculation process of the valuation

Pursuant to the Valuation Report and the valuation method adopted, on the Valuation Benchmark Date, the appraised net asset value of Jieyang Power 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.

1. Current assets

The current assets of Jieyang Power primarily include cash and cash equivalents, prepayments, and other receivables.

Inputs and computation process for value of current assets:

- A. Cash and cash equivalents and prepayments are evaluated based on the verified book value.
- B. Other receivables, the Independent Valuer makes a detailed analysis of the amount owed, the time and reason of debt, the collection status of the debt, the creditworthiness of the debtor. Based on the examination of each other receivable, the Independent Valuer determines the appraised value by evaluating the amounts likely to be recovered from each debtor.

2. Non-current assets

The non-current assets of Jieyang Power include fixed assets and intangible assets.

Inputs and computation process for value of non-current assets:

- A. Fixed assets, including motor vehicles and electronic equipment, are mainly evaluated using the cost method. The cost method calculation formula is: appraised value = reset cost \times newness rate.
- B. Intangible assets – land use rights

According to the “Regulations for Valuation of Urban Lands” (the “**Regulations**”), the valuation methods include market comparison approach, income capitalisation approach, residual approach, cost approximation approach and benchmark land price coefficient correction approach. In selecting a valuation method, the Regulations for land price valuation must be followed, and the most appropriate approach will be determined based on the applicability and practicality of each method, as well as the specific characteristics and valuation purposes of the land parcel being appraised.

- i. The use of the market comparison approach requires transaction evidences of the same or similar nature as the valuation target. Since the valuation target is an allocated land, similar transaction cases did not consider the unique conditions associated with allocated lands, such as the need for government approval and the additional payment of land transfer premiums; therefore, the market comparison method was not used in the Valuation Report.

- ii. The income capitalization approach is suitable for land valuation when future income and associated risks can be accurately quantified. However, for industrial buildings intended for self-use after completion, it is not feasible to reasonably determine the future income of the land. Therefore, the conditions for adopting income capitalization approach for conducting the valuation are not satisfied.
- iii. The residual approach is applicable to the valuation of properties with potential for investment development or redevelopment. The value of the land is determined by deducting the development costs, development profit, development interest and related taxes from the value of the properties upon completion of the development. Since the properties of the valuation target upon the completion of development are used for industrial usage (power generation), no reasonable value can be estimated. Therefore, the residual approach is not applicable.
- iv. The use of the cost approximation approach requires relevant information on land acquisition cost standards, land development costs and fees in the region where the valuation target is located. Since the Jieyang Municipal Government has announced the compensation standards within the region, the conditions for adopting cost approximation approach for conducting the valuation are satisfied.
- v. The benchmark land price coefficient correction approach is a method to calculate the land price through the benchmark land price correction system by collecting the benchmark land price information. Since Jieyang Municipal Government has not announced the benchmark land price for allocated land use rights. Therefore, the conditions for adopting benchmark land price coefficient correction approach for conducting the valuation are not satisfied.

In summary of the above analysis, the cost approximation approach is adopted for the valuation of the land use rights.

C. Intangible assets – external purchased software

If it is sold in the market without updated versions, the valuation is determined with reference to the purchase cost and the depreciation rate which is determined by referring to the market price trend of similar software.

3. Liabilities

The liabilities of Jieyang Power include both current and non-current liabilities. Current liabilities consist of employee wages payable, taxes payable, and other payables. Non-current liabilities encompass long-term borrowings.

The appraised value for liabilities is determined by the actual liabilities that Jieyang Power should bear.

Analysis of the reasons for the differences between appraised value and book value

As of the Valuation Benchmark Date, the appraised net asset value of Jieyang Power was approximately RMB104,838,600, and the net asset book value was RMB104,049,200, representing an appreciation amount of approximately RMB789,400. The appreciation was mainly attributable to the following items:

- A. Fixed assets – motor vehicles and electronic equipment: the value of fixed assets appreciated by approximately RMB73,000. The appreciation was primarily attributable to the fixed assets having a longer economic life than initially estimated for depreciation.
- B. Intangible assets – land use rights: the value appreciated by approximately RMB645,400. The increase was primarily due to the increase in land reset costs resulting from the adoption of land acquisition cost standards.
- C. Intangible assets – external purchased software: the value of intangible assets appreciated by approximately RMB71,000. The appreciation was primarily attributable to the purchased software having a longer economic life than initially estimated for depreciation.

Based on the valuation methods described above, as of the Valuation Benchmark Date, the Independent Valuer adopted the asset-based approach to determine the appraised net asset value of Jieyang Power of approximately RMB104,838,600.