

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED*

(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC"))

(Stock Code: 1071)

Connected Transaction

Acquisition of Assets from Lu'an Power Generation

On 12 September 2019, Lu'an Power Plant (a subsidiary of the Company) entered into the Physical Assets Transaction Contract with Lu'an Power Generation (a subsidiary of China Huadian). Pursuant to the Physical Assets Transaction Contract, Lu'an Power Generation agreed to sell and Lu'an Power Plant agreed to acquire the Target Assets.

Lu'an Power Generation is a subsidiary of the Company's controlling Shareholder, i.e. China Huadian (which directly and indirectly holds approximately 46.84% of the total issued share capital of the Company as at the date of this announcement), and thus a connected person of the Company. The transaction contemplated under the Physical Assets Transaction Contract therefore constitutes a connected transaction as defined under Chapter 14A of the Hong Kong Listing Rules. As the highest percentage ratio (as defined under the Hong Kong Listing Rules) applicable to the transaction contemplated under the Physical Assets Transaction Contract exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. Introduction

On 12 September 2019, Lu'an Power Plant (a subsidiary of the Company) entered into the Physical Assets Transaction Contract with Lu'an Power Generation (a subsidiary of China Huadian). Pursuant to the Physical Assets Transaction Contract, Lu'an Power Generation agreed to sell and Lu'an Power Plant agreed to acquire the Target Assets.

II. Physical Assets Transaction Contract

1. Date

12 September 2019

2. Parties

- (i) Lu'an Power Generation (as the seller of the Target Assets owned by it); and
- (ii) Lu'an Power Plant (as the purchaser of the Target Assets).

3. Subject Matter

Lu'an Power Generation agreed to sell and Lu'an Power Plant agreed to acquire the Target Assets. The Target Assets under the Physical Assets Transaction Contract shall be certain structures, machines and equipment, vehicles and raw materials owned by Lu'an Power Generation.

4. Consideration and Payment

RMB92,040,322.73. The consideration was determined based on arm's length negotiations between Lu'an Power Plant and Lu'an Power Generation with reference to the appraised assets value of Target Assets as at 31 July 2018 (i.e. the valuation benchmark date) of approximately RMB92,040,322.73 as set out in the assets valuation report prepared by an independent and duly qualified PRC valuer using the cost approach.

The consideration shall be paid in two instalments as below:

- (i) 50% of the consideration (i.e. RMB46,020,161.37) shall be paid in cash by Lu'an Power Plant to the bank account designated by Lu'an Power Generation within 30 days from the execution date of the Physical Assets Transaction Contract; and
- (ii) the remaining 50% of the consideration (i.e. RMB46,020,161.36) shall be paid in cash by Lu'an Power Plant to the bank account designated by Lu'an Power Generation within 60 days from the completion date for transfer of the Target Assets.

5. Completion

Lu'an Power Generation and Lu'an Power Plant agreed that the transfer shall be made at the site of the Target Assets within 20 working days from the execution date of the Physical Assets Transaction Contract. Upon examination and acceptance by Lu'an Power Plant, Lu'an Power Generation and Lu'an Power Plant shall enter into the confirmation letter for transfer of the Target Assets. The completion shall take place on the date when the confirmation letter for transfer of the Target Assets has been executed by the parties.

III. Reasons for and Benefits of the Acquisition

The Directors consider that the Target Assets acquired by Lu'an Power Plant mainly include certain structures, machines and equipment owned by Lu'an Power Generation which are currently leased to it. The purpose of acquiring such Target Assets is to ensure that there are assets necessary for normal production and operation in Lu'an Power Plant after Lu'an Power Generation closes down and deregisters. After acquiring the Target Assets, Lu'an Power Plant will reduce the leasing expenses of public assets accordingly, and the Acquisition will not have material impact on its operating results in the future.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Physical Assets Transaction Contract is conducted in the ordinary and usual course of business of the Company on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. Information on the Target Assets

The Target Assets shall be certain structures, machines and equipment, vehicles and raw materials owned by Lu'an Power Generation, which mainly include special railway lines, boiler water treatment systems, feed water pumps and pipelines, coal storage yard, coal-conveying bridges and auxiliary equipment, as well as other assets such as certain heating pipelines and electronic equipment for production and management use.

According to the financial report prepared by Lu'an Power Generation based on the PRC Generally Accepted Accounting Principles, the carrying amount of the Target Assets as of 30 June 2019 was RMB93,727,584.22. The Target Assets had no operating revenue and profits for the years ended 31 December 2017 and 2018.

The original investment cost for the Target Assets paid by Lu'an Power Generation was RMB146,862,546.61. The Directors are of the view that such original investment cost is not directly related to the determination of the consideration under the Physical Assets Transaction Contract.

V. Hong Kong Listing Rules Implications

Lu'an Power Generation is a subsidiary of the Company's controlling Shareholder, i.e. China Huadian (which directly and indirectly holds approximately 46.84% of the total issued share capital of the Company as at the date of this announcement), and thus a connected person of the Company. The transaction contemplated under the Physical Assets Transaction Contract therefore constitutes a connected transaction as defined under Chapter 14A of the Hong Kong Listing Rules. As the highest percentage ratio (as defined under the Hong Kong Listing Rules) applicable to the transaction contemplated under the Physical Assets Transaction Contract exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Given that Mr. Wang Xuxiang, Mr. Gou Wei, Mr. Chen Haibin and Mr. Tao Yunpeng, Directors of the Company, currently hold positions in China Huadian, they have abstained from voting on the resolution regarding the transaction at the 21st meeting of

the eighth session of the Board. Save as mentioned above, no other Directors have any material interest in the transaction contemplated under the Physical Assets Transaction Contract, and therefore no other Directors have abstained from voting on such Board resolution.

VI. General Information

1. Information on the Group

The Group is one of the largest comprehensive energy companies in China, which is principally engaged in the construction and operation of power plants, including large-scale efficient coal or gas-fired generating units and various renewable energy projects, and the development, construction and operation of coal mines.

As at the date of this announcement, Lu'an Power Plant is a subsidiary of the Company. Lu'an Power Plant was incorporated in Lu'an City, Anhui Province on 9 February 2010, which is principally engaged in investment, construction, production, sales and operation management of power, heat and the related projects. Currently, there are two 660MW ultra-supercritical coal-fired power generating units under operation.

2. Information on Lu'an Power Generation

As at the date of this announcement, Lu'an Power Generation is a subsidiary of the Company's controlling Shareholder, i.e. China Huadian. Lu'an Power Generation was incorporated in Lu'an City, Anhui Province on 8 September 2003, which is principally engaged in development, investment and construction of power projects, and production and sales of power. Lu'an Power Generation has completed the close-down of two 135MW coal-fired power generating units in December 2017 and is currently undergoing the disposal of assets for such close-down.

VII. Definitions

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

“Acquisition”	the acquisition of the Target Assets by Lu’an Power Plant from Lu’an Power Generation;
“Board”	the board of directors of the Company;
“China Huadian”	China Huadian Corporation Limited* (中國華電集團有限公司), a wholly State-owned enterprise in the PRC and the controlling Shareholder of the Company, and, as the context requires, means China Huadian and its subsidiaries as well as the companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
“Company”	Huadian Power International Corporation Limited* (華電國際電力股份有限公司), a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“controlling Shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries as at the date of this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Lu’an Power Plant”	Anhui Huadian Lu’an Power Plant Company Limited* (安徽華電六安電廠有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement;
“Lu’an Power Generation”	Anhui Huadian Lu’an Power Generation Company Limited* (安徽華電六安發電有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company's controlling Shareholder, i.e., China Huadian, as at the date of this announcement;
“Physical Assets Transaction Contract”	the physical assets transaction contract entered into between Lu’an Power Generation and Lu’an Power Plant on 12 September 2019 in relation to the Acquisition;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Target Assets”	certain structures, machines and equipment, vehicles and raw materials owned by Lu’an Power Generation and proposed to be sold to Lu’an Power Plant under the Physical Assets Transaction Contract; and
“%”	per cent.

By order of the Board
Huadian Power International Corporation Limited*
Zhou Lianqing
Secretary to the Board

As at the date of this announcement, the Board comprises:

Wang Xuxiang (Chairman, Executive Director), Tian Hongbao (Vice Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Gou Wei (Non-executive Director), Chen Haibin (Non-executive Director), Tao Yunpeng (Non-executive Director), Wang Xiaobo (Non-executive Director), Chen Cunlai (Executive Director), Ding Huiping (Independent Non-executive Director), Wang Dashu (Independent Non-executive Director), Wang Chuanshun (Independent Non-executive Director) and Zong Wenlong (Independent Non-executive Director).

Beijing, the PRC

12 September 2019

** For identification purposes only*