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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)

**ANNOUNCEMENT
SHARE TRANSACTIONS
PROPOSED ISSUANCE OF A SHARES AND A SHARE CONVERTIBLE BONDS
FOR THE PROPOSED ACQUISITIONS**

PROPOSED ACQUISITIONS

Reference is made to the announcement of the Company dated 27 December 2019 in relation to the introduction of third party investors for capital contribution to certain subsidiaries of the Company.

On 25 March 2021, the Company and the Transferors entered into the Equity Acquisition Agreements, pursuant to which the Company has agreed to acquire, and the Transferors has agreed to sell, the Target Equity at a consideration of RMB1,500.1626 million (subject to adjustment), which will be paid by the Company through (i) the issuance of 6,508,376 (subject to adjustment) Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB1,470.1590 million (subject to adjustment) to the Transferors.

Upon completion of the Proposed Acquisitions, the Target Subsidiaries will become wholly-owned subsidiaries of the Company and the Transferors will hold a total of 3.19% equity interest in the Company (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share).

Based on currently available information, as the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the Proposed Acquisitions is less than 5% and the considerations under the Equity Acquisition Agreements are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Proposed Acquisitions constitute share transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and are therefore subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement. As the consideration for the Target Equity will be determined with reference to the appraised value of the Target Equity as set out in the assets valuation reports filed with relevant authority(ies) and may be subject to adjustment, and the final number of Consideration Shares and Consideration Convertible Bonds to be issued may also be subject to adjustment, further announcement(s) will be made by the Company in due course upon the determination of the above relevant information.

Although the Proposed Acquisitions are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules, the Proposed Acquisitions in consideration of the issuance of Consideration Shares and Consideration Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting of the Company pursuant to the Administrative Measures for the Major Asset Restructuring of Listed Companies issued by the CSRC.

The Consideration Shares and the Conversion Shares will be issued pursuant to the General Mandate.

EGM

The Company will convene the EGM to consider and, if thought fit, to approve the Equity Acquisition Agreements and the transactions thereunder. A circular containing, among others, (i) details of the Proposed Acquisitions; (ii) details of the issuance of Consideration Shares, and (iii) details of the issuance of Consideration Convertible Bonds will be despatched on or before 31 May 2021 in accordance with the relevant laws and rules that apply to the Company as (i) the valuation has not been completed as at the date of this announcement and the assets valuation reports shall be filed with relevant authority(ies); (ii) the Company will convene another Board meeting to consider the supplemental agreement of the Equity Acquisition Agreements; and (iii) additional time is required for the Company to prepare the circular.

As the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Consideration Convertible Bonds is subject to the satisfaction of conditions precedent of the Equity Acquisition Agreements, it may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 27 December 2019 in relation to the introduction of third party investors for capital contribution to certain subsidiaries of the Company.

On 25 March 2021, the Company and the Transferors entered into the Equity Acquisition Agreements, pursuant to which the Company has agreed to acquire, and the Transferors has agreed to sell, the Target Equity at a consideration of RMB1,500.1626 million (subject to adjustment), which will be paid by the Company through (i) the issuance of 6,508,376 (subject to adjustment) Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB1,470.1590 million (subject to adjustment) to the Transferors.

Upon completion of the Proposed Acquisitions, the Target Subsidiaries will become wholly-owned subsidiaries of the Company and the Transferors will hold a total of 3.19% equity interest in the Company (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share).

II. EQUITY ACQUISITION AGREEMENTS

The major terms of each of the Equity Acquisition Agreements are about the same, which are summarized as follows:

Date: 25 March 2021

Parties: **(1) Mengdong Energy Equity Acquisition Agreement**

- (i) the Company (as the purchaser); and
- (ii) CCB Financial (as the seller)

Mengdong Energy is an insignificant subsidiary of the Company under Rule 14A.09 of Hong Kong Listing Rules. CCB Financial, holding 45.15% equity interest in Mengdong Energy, is therefore not a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CCB Financial and its ultimate controlling shareholder do not have any connected relationship with the Group and its connected persons.

(2) Fuyuan Thermal Equity Acquisition Agreement

- (i) the Company (as the purchaser); and

(ii) BOC Financial (as the seller)

Fuyuan Thermal is an insignificant subsidiary of the Company under Rule 14A.09 of Hong Kong Listing Rules. BOC Financial, holding 36.86% equity interest in Fuyuan Thermal, is therefore not a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BOC Financial and its ultimate controlling shareholder do not have any connected relationship with the Group and its connected persons.

Consideration: (1) Mengdong Energy Equity Acquisition Agreement

Pursuant to the Mengdong Energy Equity Acquisition Agreement, the Company has agreed to acquire, and CCB Financial has agreed to sell its 45.15% equity interest in Mengdong Energy at a consideration of RMB1,000.0103 million (subject to adjustment), which will be paid by the Company through (i) the issuance of 4,338,468 (subject to adjustment) Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB980.0100 million (subject to adjustment) to CCB Financial.

The consideration under the Mengdong Energy Equity Acquisition Agreement will be determined by the parties after arm's length negotiations with reference to the appraised value of the equity interest of Mengdong Energy as at 30 June 2020 (being the valuation benchmark date) as set out in the assets valuation report prepared by the valuer using asset-based approach. As at the date of this announcement, the valuation has not been completed. The consideration of RMB1,000.0103 million under the Mengdong Energy Equity Acquisition Agreement was preliminarily determined by the parties after arm's length negotiations with reference to the preliminary appraised value of the 100% equity interest in Mengdong Energy of approximately RMB2,215.0229 million. Both parties will enter into a supplemental agreement to finalize the consideration after the above assets valuation report is filed with relevant authority(ies) and further announcement(s) will be made by the Company in due course.

(2) Fuyuan Thermal Equity Acquisition Agreement

Pursuant to the Fuyuan Thermal Equity Acquisition Agreement, the

Company has agreed to acquire, and BOC Financial has agreed to sell its 36.86% equity interest in Fuyuan Thermal at a consideration of RMB500.1523 million (subject to adjustment), which will be paid by the Company through (i) the issuance of 2,169,908 (subject to adjustment) Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB490.1490 million (subject to adjustment) to BOC Financial.

The consideration under the Fuyuan Thermal Equity Acquisition Agreement will be determined by the parties after arm's length negotiations with reference to the appraised value of the equity interest of Fuyuan Thermal as at 30 June 2020 (being the valuation benchmark date) as set out in the assets valuation report prepared by the valuer using asset-based approach. As at the date of this announcement, the valuation has not been completed. The consideration of RMB500.1523 million under the Fuyuan Thermal Equity Acquisition Agreement was preliminarily determined by the parties after arm's length negotiations with reference to the preliminary appraised value of the 100% equity interest of Fuyuan Thermal of approximately RMB1,357.0555 million. Both parties will enter into a supplemental agreement to finalize the consideration after the above assets valuation report is filed with relevant authority(ies) and further announcement(s) will be made by the Company in due course.

Conditions precedent:

The Mengdong Energy Equity Acquisition Agreement shall become effective upon satisfaction of the following conditions precedent:

- (1) the transactions under the agreement being approved by the Board;
- (2) the transactions under the Equity Acquisition Agreements being approved by the Shareholders at the EGM;
- (3) the transactions under the agreement being approved by CCB Financial in accordance with its articles of association and other internal rules;
- (4) the transactions under the agreement being approved by the State-owned Assets Supervision and Administration Commission of the State Council or its authority (if necessary); and

(5) the transactions under the agreement being approved by the CSRC.

As at the date of this announcement, the transactions under the agreement have been approved by the Board and CCB Financial. Save for the above, none of the other conditions precedent has been satisfied.

The Fuyuan Thermal Equity Acquisition Agreement shall become effective upon satisfaction of the following conditions precedent:

- (1) the transactions under the agreement being approved by the Board;
- (2) the transactions under the Equity Acquisition Agreements being approved by the Shareholders at the EGM;
- (3) the transactions under the agreement being approved by BOC Financial in accordance with its articles of association and other internal rules;
- (4) the assets valuation report of Fuyuan Thermal being filed by China Huadian;
- (5) the transactions under the agreement being approved by China Huadian;
- (6) the transactions under the agreement being approved by the State-owned Assets Supervision and Administration Commission of the State Council or its authority (if necessary); and
- (7) the transactions under the agreement being approved by the CSRC.

As at the date of this announcement, the transactions under the agreement have been approved by the Board, BOC Financial and China Huadian. Save for the above, none of the other conditions precedent has been satisfied.

Payment:

The total consideration under the Equity Acquisition Agreements amounts to RMB1,500.1626 million (subject to adjustment), which

will be paid by the Company through (i) the issuance of 6,508,376 (subject to adjustment) Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB1,470.1590 million (subject to adjustment) to the Transferors.

Profit or loss during the transition period: From the valuation benchmark date (exclusive) to the Completion Auditing Benchmark Date (inclusive) (the “**transition period**”), the profit or loss of the Target Subsidiaries and any change in equity (subject to the total comprehensive income attributable to owners of the parent of the Target Subsidiaries during the transition period), after excluding the financial impact of the Previous Capital Contribution, shall be enjoyed or borne by the existing shareholders of the Target Subsidiaries in proportion to their respective shareholdings before the Completion Auditing Benchmark Date, provided that: (i) the profit in excess of the amount equal to a yield of a simple interest of 6% per annum on the capital contribution made by the Transferors to the Target Subsidiaries shall be enjoyed by the Company; and (ii) the loss of the Target Equity during the transition period shall be borne by the Company. The final amount will be determined by the qualified accounting firm engaged by the Company after the Completion Date based on its audit report on the Target Subsidiaries as at the Completion Auditing Benchmark Date.

Completion: The completion shall take place on the date when the change of industry and commercial registration is completed by the parties (in any event no later than three months from the effective date of the Equity Acquisition Agreements).

Upon being approved by the CSRC, (i) the parties shall procure and cooperate with each of the Target Subsidiaries to submit documents in connection with the change of industry and commercial registration to local administration of the State Administration for Market Regulation and complete the procedures as soon as practicable; and (ii) the Company shall submit the application in connection with registration of the Consideration Shares and Consideration Convertible Bonds to China Securities Depository and Clearing Corporation Limited Shanghai Branch and issue the Consideration Shares and Consideration Convertible Bonds to the Transferors.

III. ISSUANCE OF THE CONSIDERATION SHARES

Type, nominal value and listing place of the Consideration Shares

The Consideration Shares to be issued by the Company are domestically listed RMB denominated ordinary shares (A Shares) with a nominal value of RMB1.00 per share. The Consideration Shares shall be listed for trading on the SSE.

Way and target subscriber of the issuance

The issuance of Consideration Shares will be made to each of the Transferors in a non-public way.

Pricing benchmark date and issue price

(1) Pricing benchmark date

The pricing benchmark date of the issuance of Consideration Shares is 25 March 2021 (i.e. the date of the announcement on resolutions approving the Proposed Acquisitions at the 10th meeting of the ninth session of the Board).

(2) Issue price

According to the relevant provisions of the Administrative Measures of Major Assets Reorganization of Listed Companies, the issue price of shares of a listed company shall be not less than 90% of the market reference price, being one of the average trading prices of the A shares for the preceding 20 trading days, 60 trading days or 120 trading days prior to the pricing benchmark date. The average trading prices of the A Shares for the preceding 20 trading days, 60 trading days and 120 trading days prior to the pricing benchmark date are set out as follows:

Period of the days for calculation of the average trading price

	Average trading price <i>(RMB per A Share)</i>	90% of the average trading price <i>(RMB per A Share)</i>
Preceding 20 trading days	3.41	3.07
Preceding 60 trading days	3.34	3.00
Preceding 120 trading days	3.41	3.07

The issue price is fixed at RMB4.61 per Consideration Share after arm's length negotiations between the parties, which is not less than 90% of the average trading price of the A Shares

for the preceding 20 trading days prior to the pricing benchmark date.

The issue price per Consideration Share represents a premium of approximately 160.00% over the closing price of HK\$2.11 per H Share on the Hong Kong Stock Exchange on the date of the Equity Acquisition Agreements.

During the period from the pricing benchmark date to the completion date of the issuance of Consideration Shares, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the issue price of Consideration Shares shall be adjusted using the following formulas (subject to the applicable rules of the CSRC and the SSE) and rounded up to the nearest hundredth.

Distribution of share dividend or conversion of capital reserve into share capital: $P1 = P0/(1+n)$;

Rights issue: $P1 = (P0+A \times k)/(1+k)$;

Where the two events above occur concurrently: $P1 = (P0+A \times k)/(1+n+k)$;

Distribution of cash dividend: $P1 = P0-D$;

Where the three events above occur concurrently: $P1 = (P0-D+A \times k)/(1+n+k)$.

Wherein: (i) $P0$ represents the effective issue price of Consideration Shares before adjustment; (ii) n represents the ratio of share dividend or conversion into share capital; (iii) k represents the ratio of the rights issue; (iv) A represents the price of the rights issue; (v) D represents the cash dividend payable per Share; and (vi) $P1$ represents the effective issue price of the Consideration Shares after adjustment.

Number of A Shares to be issued

The number of A Shares to be issued will be determined based on the consideration to be paid through the issuance of Consideration Shares under the Equity Acquisition Agreements and the issue price of Consideration Shares. The formula is set out as follows:

Total number of A Shares to be issued = the number of A Shares issued to CCB Financial + the number of A Shares issued to BOC Financial

Number of A Shares to be issued to CCB Financial = the consideration to be paid through the issuance of Consideration Shares under the Mengdong Energy Equity Acquisition Agreement / the issue price of Consideration Shares (wherein: the number of A Shares to be issued shall be an integer and rounded down to the nearest integer).

Number of A Shares to be issued to BOC Financial = the consideration to be paid through the issuance of Consideration Shares under the Fuyuan Thermal Equity Acquisition Agreement / the issue price of Consideration Shares (wherein: the number of A Shares to be issued shall be an integer and rounded down to the nearest integer).

Based on the abovementioned issue price and the consideration to be paid through the issuance of Consideration Shares under the Equity Acquisition Agreements, the number of Consideration Shares to be issued by the Company to the Transferors for acquisition of the Target Equity is 6,508,376 (subject to adjustment) A Shares in aggregate, representing (i) approximately 0.07% of the total issued share capital of the Company as at the date of this announcement, and (ii) approximately 0.07% of the enlarged total issued share capital of the Company upon completion of the issuance of Consideration Shares, assuming that there is no other change in the issued share capital of the Company. The table below sets out details of the issuance of Consideration Shares to the Transferors:

Transferors	Consideration to be paid through the issuance of Consideration Shares (subject to adjustment) (RMB 0'000)	Issue price (RMB per Consideration Share)	Number of Consideration Shares to be issued (subject to adjustment) (share)
CCB Financial	2,000.03	4.61	4,338,468
BOC Financial	1,000.33	4.61	2,169,908
Total	3,000.36	4.61	6,508,376

During the period from the pricing benchmark date to the completion date of the issuance of the Consideration Shares, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the number of A Shares to be issued will be adjusted in accordance with the adjustment of the issue price.

The final number of the Consideration Shares to be issued shall be subject to the final consideration and approvals by the Shareholders at the EGM and the CSRC. The Company will apply for the A Shares as Consideration Shares to be listed for trading on the SSE.

Arrangement for accumulated undistributed profit

Upon completion of the Proposed Acquisitions, the accumulated undistributed profit of the

Company shall be shared by the new and existing Shareholders in proportion to their respective shareholdings in the Company after the issuance of Consideration Shares.

Lock-up period of the Consideration Shares

Upon completion of the issuance of Consideration Shares, (i) if the Target Equity has been held by the Transferors for more than twelve months, the Consideration Shares shall not be transferred within twelve months from the completion date of the issuance of Consideration Shares; and (ii) if the Target Equity has been held by the Transferors for less than twelve months, the Consideration Shares shall not be transferred within 36 months from the completion date of the issuance of Consideration Shares by way of agreement, sale on the stock exchange or other means, unless otherwise permitted by applicable laws.

The abovementioned lock-up period arrangement shall also apply to the additional Shares to which the Transferors are entitled as a result of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital, rights issue, etc.

Upon expiry of the abovementioned lock-up period, the transfer of the Shares that have been obtained under the Proposed Acquisitions shall be subject to the provisions of the Company Law, the Securities Law, the Rules for the Listing of Stocks on the SSE, the Articles of Association of the Company and other applicable laws, regulations and rules.

IV. ISSUANCE OF THE CONSIDERATION CONVERTIBLE BONDS

Type of the Consideration Convertible Bonds

The Consideration Convertible Bonds to be issued by the Company can be converted into A Shares. Such A Shares to be converted shall be listed for trading on the SSE.

Way and target subscriber of the issuance

The issuance of Consideration Convertible Bonds will be made to each of the Transferors in a non-public way.

Par value

The Consideration Convertible Bonds will be issued at par with a nominal value of RMB100 each.

Number of Consideration Convertible Bonds to be issued

The number of Consideration Convertible Bonds to be issued will be determined based on the

consideration to be paid through the issuance of Consideration Convertible Bonds under the Equity Acquisition Agreements. The formula is set out as follows:

Total number of Consideration Convertible Bonds to be issued = the number of Consideration Convertible Bonds issued to CCB Financial + the number of Consideration Convertible Bonds issued to BOC Financial

Number of Consideration Convertible Bonds to be issued to CCB Financial = the consideration to be paid through the issuance of Consideration Convertible Bonds under the Mengdong Energy Equity Acquisition Agreement / the par value of Consideration Convertible Bonds (wherein: the number of Consideration Convertible Bonds to be issued shall be an integer and rounded down to the nearest integer).

Number of Consideration Convertible Bonds to be issued to BOC Financial = the consideration to be paid through the issuance of Consideration Convertible Bonds under the Fuyuan Thermal Equity Acquisition Agreement / the par value of Consideration Convertible Bonds (wherein: the number of Consideration Convertible Bonds to be issued shall be an integer and rounded down to the nearest integer).

The final number of Consideration Convertible Bonds to be issued shall be subject to the final consideration and approvals by the Shareholders at the EGM and the CSRC. The Company will apply for the A Shares to be converted by Consideration Convertible Bonds to be listed for trading on the SSE.

Conversion price and adjustment mechanism

The initial conversion price of Consideration Convertible Bonds shall be equal to the issue price of Consideration Shares, i.e. RMB4.61 per Conversion Share.

Based on the abovementioned initial conversion price and the consideration to be paid through the issuance of Consideration Convertible Bonds under the Equity Acquisition Agreements, a total of 318,906,507 (subject to adjustment) Conversion Shares will be issued upon full conversion of the Consideration Convertible Bonds, representing (i) approximately 3.23% of the total issued share capital of the Company as at the date of this announcement, and (ii) approximately 3.13% of the enlarged total issued share capital of the Company upon completion of the issuance of Conversion Shares, assuming that there is no other change in the issued share capital of the Company. The table below sets out details of the issuance of Consideration Convertible Bonds to the Transferors:

Transferors	Consideration to be paid through the issuance of Consideration	Amount of Consideration Convertible Bonds to be issued to the	Initial conversion price	Number of Conversion Shares to be issued
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	Convertible Bonds (subject to adjustment) <i>(RMB 0'000)</i>	Transferors (subject to adjustment) <i>(RMB 0'000)</i>	(subject to adjustment) <i>(RMB per Conversion Share)</i>	(subject to adjustment) <i>(share)</i>
CCB				
Financial	98,001.00	98,001.00	4.61	212,583,514
BOC				
Financial	49,014.90	49,014.90	4.61	106,322,993
Total	147,015.90	147,015.90	4.61	318,906,507

During the period from the pricing benchmark date (i.e. 25 March 2021) to the maturity date of the Consideration Convertible Bonds, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the initial conversion price will be adjusted using the following formulas (subject to the applicable rules of the CSRC and the SSE) and rounded up to the nearest hundredth.

Distribution of share dividend or conversion of capital reserve into share capital: $P1 = P0/(1+n)$;

Rights issue: $P1 = (P0+A \times k)/(1+k)$;

Where the two events above occur concurrently: $P1 = (P0+A \times k)/(1+n+k)$;

Distribution of cash dividend: $P1 = P0-D$;

Where the three events above occur concurrently: $P1 = (P0-D+A \times k)/(1+n+k)$.

Wherein: (i) $P0$ represents the effective conversion price of Consideration Convertible Bonds before adjustment; (ii) n represents the ratio of share dividend or transfer to share capital; (iii) k represents the ratio of the rights issue; (iv) A represents the price of the rights issue; (v) D represents the cash dividend payable per Share; and (vi) $P1$ represents the effective conversion price of Consideration Convertible Bonds after adjustment.

Term of the Consideration Convertible Bonds

The term of the Consideration Convertible Bonds is three years commencing from the completion date of the issuance of Consideration Convertible Bonds.

Conversion period

The conversion period of the Consideration Convertible Bonds shall commence on the first trading day (inclusive) immediately following the expiry of the twelve-month period after the completion date of the issuance of Consideration Convertible Bonds and end on the maturity date (inclusive) of the Consideration Convertible Bonds.

Lock-up period of the Consideration Convertible Bonds

Upon completion of issuance of Consideration Convertible Bonds, (i) if the Target Equity has been held by the Transferors for more than twelve months, the Consideration Convertible Bonds shall not be transferred within twelve months from the completion date of the issuance of Consideration Convertible Bonds; and (ii) if the Target Equity has been held by the Transferors for less than twelve months, the Consideration Convertible Bonds shall not be transferred within 36 months from the completion date of the issuance of Consideration Convertible Bonds by way of agreement, sale on the stock exchange or other means, unless otherwise permitted by applicable laws.

The Conversion Shares shall not be transferred within eighteen months from the completion date of the issuance of Consideration Convertible Bonds.

Number of the Conversion Shares

Where a holder of the Consideration Convertible Bonds applies to convert the Consideration Convertible Bonds during the conversion period, the number of Conversion Shares shall be calculated using the following formula and rounded down to the nearest integer:

$$Q = V/P$$

Wherein: (i) Q represents the number of Conversion Shares; (ii) V represents the aggregate nominal value of the Consideration Convertible Bonds in respect of which the holder of the Consideration Convertible Bond applies for conversion; and (iii) P represents the prevailing conversion price as at the date of application for conversion.

Interest rate and calculation of interest

The Consideration Convertible Bonds bear interest at 2% per annum, 3% per annum and 3% per annum for each year from the day following the issuance of Consideration Convertible Bonds, respectively. The interest will be paid annually on the trading day following each anniversary of the issuance of Consideration Convertible Bonds.

Redemption upon maturity

Unless previously converted, the Company will redeem the outstanding Consideration

Convertible Bonds at a price of 104% of its nominal value (excluding the interest rate during the term of the Consideration Convertible Bonds).

Mandatory conversion

During the period commencing from first trading day (inclusive) immediately following the expiry of the eighteen-month period after the completion date of the issuance of Consideration Convertible Bonds and ending on the maturity date (inclusive) of the Consideration Convertible Bonds, if the closing price of the A Shares for any 30 consecutive trading days is no less than the initial conversion price of RMB4.61 per Conversion Share, the Company is entitled to exercise mandatory conversion right. The holders of the Consideration Convertible Bonds shall convert the Consideration Convertible Bonds at the prevailing conversion price.

Source of Conversion Shares

The Conversion Shares will be the new A Shares to be issued by the Company.

V. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PROPOSED ACQUISITIONS AND THE ISSUANCE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares (assuming that no Consideration Convertible Bonds is converted); and (iii) immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Conversion Shares (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share):

Shareholder	As at the date of this announcement		Immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares (assuming that no Consideration Convertible Bonds is converted)		Immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Conversion Shares (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share)	
	Number of shares	Percentage in the total issued share	Number of shares	Percentage in the total issued share	Number of shares	Percentage in the total issued share

		capital of the Company		capital of the Company		capital of the Company	
	(share)		(share)		(share)		
<i>Non-public</i>							
<i>-China</i>							
Huadian	4,534,199,224	45.97%	4,534,199,224	45.94%	4,534,199,224	44.50%	
<i>Public</i>							
<i>-Shandong</i>							
Development							
Investment							
Holding							
Group Co.,							
Ltd.	757,226,729	7.68%	757,226,729	7.67%	757,226,729	7.43%	
<i>-CCB</i>							
Financial	0	0	4,338,468	0.04%	216,921,982	2.13%	
<i>-BOC</i>							
Financial	0	0	2,169,908	0.02%	108,492,901	1.06%	
<i>-Other public</i>							
A							
Shareholders	2,854,317,100	28.94%	2,854,317,100	28.92%	2,854,317,100	28.02%	
Subtotal - A							
Shares	8,145,743,053	82.59%	8,152,251,429	82.60%	8,471,157,936	83.15%	
<i>Non-public</i>							
<i>-China</i>							
Huadian ^(Note)	85,862,000	0.87%	85,862,000	0.87%	85,862,000	0.84%	
<i>Public</i>							
<i>-Brown</i>							
Brothers							
Harriman &							
Co.	86,462,341	0.88%	86,462,341	0.88%	86,462,341	0.85%	
<i>-Other public</i>							
H							
Shareholders	1,544,909,259	15.66%	1,544,909,259	15.65%	1,544,909,259	15.16%	
Subtotal - H							
Shares	1,717,233,600	17.41%	1,717,233,600	17.40%	1,717,233,600	16.85%	
Total	9,862,976,653	100%	9,869,485,029	100%	10,188,391,536	100%	

Note:

(1) These H Shares were held directly by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited, through CCASS in the name of HKSCC Nominees Limited.

VI. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Through the implementation of market-oriented debt-to-equity swap, the Group can reduce the gearing ratio of Target Subsidiaries and consolidate its ability to resist risks. The pricing of the Consideration Shares to be issued and the initial conversion price of the Consideration Convertible Bonds are relatively higher than the current share price of the Company, which fully protects the interests of the public Shareholders. Until the Consideration Convertible Bonds are successfully converted, the Company will pay interest on Consideration Convertible Bonds at an average annual rate of 2%-3%, the financing costs of which are relatively low. Upon completion of the Proposed Acquisitions, the Group can further optimize its equity structure and strengthen its corporate governance through the introduction of two strategic investors.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Equity Acquisition Agreements are conducted on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole, but are not in the ordinary or usual course of business of the Company due to the nature of such transactions.

VII. INFORMATION ON THE TARGET SUBSIDIARIES

(1) Information on Mengdong Energy

Mengdong Energy is a limited liability company incorporated in the PRC in May 2008. As at the date of this announcement, it is owned as to 45.15% by CCB Financial and 54.85% by the Company. Mengdong Energy is principally engaged in the investment, development, operation and management of wind power projects.

According to the unaudited financial report prepared by Mengdong Energy based on the Chinese Accounting Standards for Business Enterprises, the total assets value of Mengdong Energy as at 31 December 2020 is RMB2,308.7082 million, and the net assets value of Mengdong Energy as at 31 December 2020 is RMB2,267.2117 million. The net profit (before and after taxation and extraordinary items) for the years ended 31 December 2019 and 2020 is set out as below:

For the year ended 31 December 2019	For the year ended 31 December 2020
<i>(audited)</i>	<i>(unaudited)</i>
<i>(RMB 0'000)</i>	<i>(RMB 0'000)</i>

Net profit (before taxation and extraordinary items)	9,434.44	14,858.70
Net profit (after taxation and extraordinary items)	7,987.40	12,553.18

(2) Information on Fuyuan Thermal

Fuyuan Thermal is a limited liability company incorporated in the PRC in March 2012. As at the date of this announcement, it is owned as to 36.86% by BOC Financial and 63.14% by the Company. Fuyuan Thermal is principally engaged in the investment, development and management of projects of gas turbine and thermoelectricity cogeneration.

According to the unaudited financial report prepared by Fuyuan Thermal based on the Chinese Accounting Standards for Business Enterprises, the total assets value of Fuyuan Thermal as at 31 December 2020 is RMB1,639.5572 million, and the net assets value of Fuyuan Thermal as at 31 December 2020 is RMB1,088.3849 million. The net profit (before and after taxation and extraordinary items) for the years ended 31 December 2019 and 2020 is set out as below:

	For the year ended 31 December 2019 <i>(audited)</i> <i>(RMB 0'000)</i>	For the year ended 31 December 2020 <i>(unaudited)</i> <i>(RMB 0'000)</i>
Net profit (before taxation and extraordinary items)	10,158.11	9,006.85
Net profit (after taxation and extraordinary items)	7,577.34	6,708.77

VIII. 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.

(2) Information on CCB Financial

CCB Financial is a limited liability company incorporated in the PRC, and is a wholly-owned subsidiary of China Construction Bank Corporation (A shares of which are listed on the SSE, Stock code: 601939; H shares of which are listed on the Hong Kong Stock Exchange, Stock code: 00939). CCB Financial is principally engaged in the market-oriented debt-to-equity swap business. China Construction Bank Corporation is principally engaged in the comprehensive financial services including individual bank business, corporate bank business, and investment and wealth management.

(3) Information on BOC Financial

BOC Financial is a limited liability company incorporated in the PRC, and is a wholly-owned subsidiary of Bank of China Limited (A shares of which are listed on the SSE, Stock code: 601988; H shares of which are listed on the Hong Kong Stock Exchange, Stock code: 03988). BOC Financial is principally engaged in the market-oriented debt-to-equity swap business. Bank of China Limited is principally engaged in the commercial banking business including corporate financing, individual financing and financial market.

IX. HONG KONG LISTING RULES IMPLICATIONS

Based on currently available information, as the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the Proposed Acquisitions is less than 5% and the considerations under the Equity Acquisition Agreements are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Proposed Acquisitions constitute share transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and are therefore subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement. As the consideration for the Target Equity will be determined with reference to the appraised value of Target Equity as set out in the assets valuation reports filed with relevant authority(ies) and may be subject to adjustment, and the final number of Consideration Shares and Consideration Convertible Bonds to be issued may also be subject to adjustment, further announcement(s) will be made by the Company in due course upon the determination of the above relevant information.

Although the Proposed Acquisitions are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules, the Proposed Acquisitions in consideration of the issuance of Consideration Shares and Consideration Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting of the Company pursuant to the Administrative Measures for the Major Asset Restructuring of Listed Companies issued by the CSRC.

None of the Directors has any material interests in the Proposed Acquisitions and thus shall abstain from voting on the board resolutions concerning the abovementioned transactions.

X. GENERAL MANDATE

The Consideration Shares and the Conversion Shares will be issued pursuant to the General Mandate, subject to the limit of up to 1,629,148,610 A Shares (representing 20% of the total number of A Share of the Company in issue on the date on which the General Mandate was granted). As at the date of this announcement, the Company has not issued any A Shares pursuant to the General Mandate.

The Company has not engaged in any other fund raising activities involving issuance of the Company’s equity securities in the past 12 months immediately prior to the date of this announcement.

XI. EGM

The Company will convene the EGM to consider and, if thought fit, to approve the Equity Acquisition Agreements and the transactions thereunder. A circular containing, among others, (i) details of the Proposed Acquisitions; (ii) details of the issuance of Consideration Shares, and (iii) details of the issuance of Consideration Convertible Bonds will be despatched on or before 31 May 2021 in accordance with the relevant laws and rules that apply to the Company as (i) the valuation has not been completed as at the date of this announcement and the assets valuation reports shall be filed with relevant authority(ies); (ii) the Company will convene another Board meeting to consider the supplemental agreement of the Equity Acquisitions Agreements; and (iii) additional time is required for the Company to prepare the circular.

As the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Consideration Convertible Bonds is subject to the satisfaction of conditions precedent of the Equity Acquisition Agreements, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

XII. DEFINITIONS

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

- “A Share(s)” the domestic share(s) issued by the Company and subscribed for in RMB, which are listed on the SSE;

- “Board” the board of directors of the Company;

“BOC Financial”	BOC Financial Assets Investment Co., Ltd.* (中銀金融資產投資有限公司), a limited liability company incorporated in the PRC;
“CCB Financial”	CCB Financial Asset Investment Company Limited* (建信金融資產投資有限公司), a limited liability company incorporated in the PRC;
“China Huadian”	China Huadian Corporation Limited* (中國華電集團有限公司), a wholly PRC state-owned enterprise and the controlling Shareholder of the Company, and where 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 SSE, respectively;
“Completion Auditing Benchmark Date”	the date on which the Consideration Shares are registered under the securities account opened by the Transferors with China Securities Depository and Clearing Corporation Limited, or the date on which the Consideration Convertible Bonds are registered under the name of the Transferors (whichever is later);
“Completion Date”	the date on which the change of industry and commercial registration of the Target Subsidiaries in connection with the Proposed Acquisitions is completed;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Consideration Convertible Bonds”	the convertible bonds to be issued by the Company to the Transferors in accordance with the Equity Acquisition Agreements for payment of the consideration for Target Equity, which are convertible into new A Shares;
“Consideration Shares”	the new A Shares to be issued by the Company to the Transferors in accordance with the Equity Acquisition Agreements for payment of the consideration for Target Equity;

“Conversion Shares”	the new A Shares to be issued by the Company upon exercise of the conversion right attaching to the Consideration Convertible Bonds;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Equity Acquisition Agreements”	Mengdong Energy Equity Acquisition Agreement and Fuyuan Thermal Equity Acquisition Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, among others, the Proposed Acquisitions, and the issuance of Consideration Shares and Consideration Convertible Bonds;
“Fuyuan Thermal”	Tianjin Huadian Fuyuan Thermal Power Company Limited* (天津華電福源熱電有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company as at the date of this announcement;
“Fuyuan Thermal Equity Acquisition Agreement”	the equity acquisition agreement entered into between the Company and BOC Financial on 25 March 2021, in relation to the proposed issuance of Consideration Shares and Consideration Convertible Bonds by the Company to BOC Financial for acquisition of its 36.86% equity interest in Fuyuan Thermal;
“General Mandate”	the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 30 June 2020, which authorized the Directors to allot, issue or otherwise deal with up to 1,629,148,610 A Shares, representing 20% of the total number of A Shares of the Company in issue as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries as at the date of this announcement;
“H Share(s)”	overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“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;
“insignificant subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Mengdong Energy”	Inner Mongolia Huadian Mengdong Energy Company Limited* (內蒙古華電蒙東能源有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company as at the date of this announcement;
“Mengdong Energy Equity Acquisition Agreement”	the equity acquisition agreement entered into between the Company and CCB Financial on 25 March 2021, in relation to the proposed issuance of Consideration Shares and Consideration Convertible Bonds by the Company to CCB Financial for acquisition of its 45.15% equity interest in Mengdong Energy;
“PRC”	the People’s Republic of China;
“Previous Capital Contribution”	the capital contribution of RMB1,000 million made by CCB Financial to Mengdong Energy under the Mengdong Energy Capital Contribution Agreement dated 27 December 2019 and the capital contribution of RMB500 million made by BOC Financial to Fuyuan Thermal under the Fuyuan Thermal Capital Contribution Agreement dated 21 May 2020;
“Proposed Acquisitions”	the acquisitions of the equity interest in the Target Subsidiaries by the Company from the Transferors in accordance with the Equity Acquisition Agreements;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Share(s) and H Share(s);
“Shareholder(s)”	the shareholder(s) of the Company;
“SSE”	the Shanghai Stock Exchange;
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules

that apply to the Company;

“Target Equity” the equity interest held by each of the Transferors in the Target Subsidiaries before the completion of the Proposed Acquisitions;

“Target Subsidiaries” Mengdong Energy and Fuyuan Thermal;

“Transferor(s)” CCB Financial and BOC Financial, or any of the above transferor, subject to specific equity acquisition agreement; and

“%” per cent.

Note: Certain figures included in this announcement have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

By order of the Board
Huadian Power International Corporation Limited
Zhang Gelin
Secretary to the Board

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

Ding Huande (Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Peng Xingyu (Non-executive Director), Luo Xiaoqian (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Pengyun (Non-executive Director), Wang Xiaobo (Non-executive Director), Feng Rong (Executive Director), Wang Dashu (Independent Non-executive Director), Zong Wenlong (Independent Non-executive Director), Feng Zhenping (Independent Non-executive Director) and Li Xingchun (Independent Non-executive Director).

Beijing, the PRC

25 March 2021

** For identification purpose only*