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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)**

**PROGRESS 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 25 March 2021 in relation to the proposed issuance of A Shares and A Share Convertible Bonds for the Proposed Acquisitions.

On 29 April 2021, the assets valuation reports of the Target Equity have been filed with China Huadian, and the Company and the Transferors entered into the Equity Acquisition Supplemental Agreements to determine the consideration under the Equity Acquisition Agreements. Pursuant to the Equity Acquisition Supplemental Agreements, the consideration, and the number of Consideration Shares and Consideration Convertible Bonds to be issued by the Company to the Transferors under the Equity Acquisition Agreement remain unchanged.

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 (as supplemented by the Equity Acquisition Supplemental Agreements) are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Proposed Acquisitions constitute share transactions of the Company and are therefore subject to the reporting and announcement requirements, but are exempt from the

Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

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.

## **EGM**

The Company will convene the EGM to consider and, if thought fit, to approve the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental 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 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 (as supplemented by the Equity Acquisition Supplemental Agreements), and 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 25 March 2021 (the “**Announcement**”) in relation to the proposed issuance of A Shares and A Share Convertible Bonds for the Proposed Acquisitions. Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

As disclosed in the Announcement, 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. The Company and the Transferors will enter into supplemental agreements to determine the consideration under the Equity Acquisition Agreements after the assets evaluation reports have been filed with relevant authority.

On 29 April 2021, the assets valuation reports of the Target Equity have been filed with China Huadian, and the Company and the Transferors entered into the Equity Acquisition Supplemental Agreements (the “**Equity Acquisition Supplemental Agreements**”) to determine the consideration under the Equity Acquisition Agreements. Pursuant to the Equity Acquisition Supplemental Agreements, the consideration, and the number of Consideration Shares and Consideration Convertible Bonds to be issued by the Company to the Transferors under the Equity Acquisition Agreements remain unchanged.

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 SUPPLEMENTAL AGREEMENTS**

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

**Date:** 29 April 2021

**Parties:** **(1) Mengdong Energy Equity Acquisition Supplemental 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 shareholders do not have any connected relationship with the Group and its connected persons.

**(2) Fuyuan Thermal Equity Acquisition Supplemental 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 Supplemental Agreement**

Pursuant to the Mengdong Energy Equity Acquisition Supplemental 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, which will be paid by the Company through (i) the issuance of 4,338,468 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 to CCB Financial.

The consideration under the Mengdong Energy Equity Acquisition Supplemental Agreement was determined by the parties after arm's length negotiations with reference to the appraised value of 100% equity interest in Mengdong Energy of RMB2,215.0229 million as at 30 June 2020 (being the valuation benchmark date) as set out in the assets valuation report prepared by Beijing China Alliance Appraisal Co., Ltd. (a qualified independent valuer in the PRC) using asset-based approach.

**(2) Fuyuan Thermal Equity Acquisition Supplemental Agreement**

Pursuant to the Fuyuan Thermal Equity Acquisition Supplemental 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, which will be paid by the Company through (i) the issuance of 2,169,908 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 to BOC Financial.

The consideration under the Fuyuan Thermal Equity Acquisition

Supplemental Agreement was determined by the parties after arm's length negotiations with reference to the appraised value of 100% equity interest in Fuyuan Thermal of RMB1,357.0555 million as set out in the assets valuation report prepared by Beijing China Alliance Appraisal Co., Ltd. (a qualified independent valuer in the PRC) using asset-based approach.

**Payment:** The total consideration under the Equity Acquisition Supplemental Agreements amounts to RMB1,500.1626 million, which will be paid by the Company through (i) the issuance of 6,508,376 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 to the Transferors.

Save as mentioned above, other major terms of the Equity Acquisition Agreements disclosed in the Announcement shall remain unchanged.

### III. ISSUANCE OF THE CONSIDERATION SHARES

As disclosed in the Announcement, the issue price is fixed at RMB4.61 per Consideration Share, representing 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. Based on the above-mentioned issue price and the consideration to be paid through the issuance of Consideration Shares under the Equity Acquisition Supplemental 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 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:

<b>Transferors</b>	<b>Consideration to be paid through the issuance of Consideration Shares (RMB 0'000)</b>	<b>Issue price (RMB per Consideration Share)</b>	<b>Number of Consideration Shares to be issued (share)</b>
CCB Financial	2,000.03	4.61	4,338,468
BOC Financial	1,000.33	4.61	2,169,908

<b>Total</b>	<b>3,000.36</b>	<b>4.61</b>	<b>6,508,376</b>
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Save as mentioned above, the proposed issuance of Consideration Shares as disclosed in the Announcement shall remain unchanged.

#### **IV. ISSUANCE OF THE CONSIDERATION CONVERTIBLE BONDS**

As disclosed in the Announcement, 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 above-mentioned initial conversion price and the consideration to be paid through the issuance of Consideration Convertible Bonds under the Equity Acquisition Supplemental Agreements, a total of 318,906,507 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:

<b>Transferors</b>	<b>Consideration to be paid through the issuance of Consideration Convertible Bonds (RMB 0'000)</b>	<b>Amount of Consideration Convertible Bonds to be issued to the Transferors (RMB 0'000)</b>	<b>Initial conversion price (RMB per Conversion Share)</b>	<b>Number of Conversion Shares to be issued (share)</b>
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
<b>Total</b>	<b>147,015.90</b>	<b>147,015.90</b>	<b>4.61</b>	<b>318,906,507</b>

Save as mentioned above, the proposed issuance of Consideration Convertible Bonds as disclosed in the Announcement shall remain unchanged.

#### **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 (share)	Percentage in the total issued share capital of the Company	Number of shares (share)	Percentage in the total issued share capital of the Company	Number of shares (share)	Percentage in the total issued share capital of the Company
<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 Development Investment Holding Group Co., Ltd.</i>						
	757,226,729	7.68%	757,226,729	7.67%	757,226,729	7.43%
<i>-CCB Financial</i>						
	0	0	4,338,468	0.04%	216,921,982	2.13%
<i>-BOC Financial</i>						
	0	0	2,169,908	0.02%	108,492,901	1.06%
<i>-Other public A Shareholders</i>						
	2,854,317,100	28.94%	2,854,317,100	28.92%	2,854,317,100	28.02%

<b>Subtotal - A</b>						
<b>Shares</b>	<b>8,145,743,053</b>	<b>82.59%</b>	<b>8,152,251,429</b>	<b>82.60%</b>	<b>8,471,157,936</b>	<b>83.15%</b>
<i>Non-public</i>						
<i>-China</i>						
Huadian <sup>(Note)</sup>	85,862,000	0.87%	85,862,000	0.87%	85,862,000	0.84%
<i>Public</i>						
<i>-Brown</i>						
<i>Brothers</i>						
Harriman & Co.	86,462,341	0.88%	86,462,341	0.88%	86,462,341	0.85%
<i>-Other public</i>						
<i>H</i>						
Shareholders	1,544,909,259	15.66%	1,544,909,259	15.65%	1,544,909,259	15.16%
<b>Subtotal - H</b>						
<b>Shares</b>	<b>1,717,233,600</b>	<b>17.41%</b>	<b>1,717,233,600</b>	<b>17.40%</b>	<b>1,717,233,600</b>	<b>16.85%</b>
<b>Total</b>	<b>9,862,976,653</b>	<b>100%</b>	<b>9,869,485,029</b>	<b>100%</b>	<b>10,188,391,536</b>	<b>100%</b>

*Note: 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. HONG KONG LISTING RULES IMPLICATIONS**

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 (as supplemented by the Equity Acquisition Supplemental Agreements) are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Proposed Acquisitions constitute share transactions of the Company and are therefore subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

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. The Directors (including the independent non-executive Directors) are of the view that the



transactions contemplated under the Equity Acquisition Supplemental 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. EGM**

The Company will convene the EGM to consider and, if thought fit, to approve the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental 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 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 (as supplemented by the Equity Acquisition Supplemental Agreements), and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

*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  
29 April 2021

*\* For identification purpose only*