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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)

(1) POTENTIAL NOTIFIABLE TRANSACTION AND CONNECTED TRANSACTION INVOLVING THE TRANSACTION
(2) PROPOSED ISSUANCE OF A SHARES TO RAISE ANCILLARY FUNDS AND
(3) RESUMPTION OF TRADING IN A SHARES

(1) POTENTIAL NOTIFIABLE TRANSACTION AND CONNECTED TRANSACTION INVOLVING THE TRANSACTION

On 1 August 2024, the Company entered into (i) the Asset Purchase Agreement I with China Huadian, pursuant to which, the Company conditionally agreed to purchase its 80% equity interests in Jiangsu Huadian by way of issuance of Shares or a combination of issuance of Shares and cash payments; (ii) the Asset Purchase Agreement II with Huadian Furui, pursuant to which, the Company conditionally agreed to purchase its 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan by way of cash payments; and (iii) the Asset Purchase Agreement III with Operation Company, pursuant to which, the Company conditionally agreed to purchase its 100% equity interests in Guigang Electric Power by way of cash payments. Each of the above asset purchases constitutes the Transaction as a whole and is being implemented simultaneously.

The final consideration for the Transaction will be determined with reference to the appraised value of the Target Assets after arm's length negotiation between the Company and the Sellers. As at the date of this announcement, as the audit and valuation work for the Target Companies has not been completed, the consideration of the Target Assets has not yet been determined. Following the completion of the aforementioned audit and valuation work, the final consideration for the Transaction will be confirmed by way of entering into Supplemental Agreements between the Company and the Sellers, and the Company will convene a separate Board meeting and a general meeting (if required) to consider and approve the Supplemental Agreements.

(2) PROPOSED ISSUANCE OF A SHARES TO RAISE ANCILLARY FUNDS

The Company proposes to issue New A Shares to no more than 35 (including 35) qualified target subscribers. The total amount of ancillary funds to be raised shall not exceed 100% of the Consideration Shares' total value and the number of New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the issuance of Consideration Shares. The number and price of New A Shares to be issued under the Proposed Issuance of A Shares will be determined in accordance with the relevant requirements of the CSRC.

The Proposed Issuance of A Shares is conditional on the implementation of the Transaction while the Transaction is not conditional on the completion of the Proposed Issuance of A Shares.

Hong Kong Listing Rules Implications

It is expected that the Transaction, if implemented, will constitute a notifiable transaction of the Company under the Hong Kong Listing Rules. As the consideration of the Transaction has not been finalized, the classification of the Transaction under Chapter 14 of the Hong Kong Listing Rules cannot be confirmed. Subject to the finalization of the consideration, the Company will comply with the requirements of Chapter 14 of the Hong Kong Listing Rules.

As at the date of this announcement, China Huadian is the controlling shareholder of the Company, and Huadian Furui and Operation Company are subsidiaries of China Huadian, and are its associates. Therefore, the Sellers are connected persons of the Company. The Transaction, if implemented, will constitute a connected transaction of the Company under the Hong Kong Listing Rules. Subject to the finalization of the consideration, the Company will comply with the requirements of Chapter 14A of the Hong Kong Listing Rules.

Upon confirmation of the final consideration of the Transaction, the Company will enter into the Supplemental Agreement with each of the Sellers. The Company will timely comply with the reporting, announcement and Independent Shareholders' approval requirements (if applicable) under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

If the Transaction is implemented, the Company will comply with the relevant requirements under the Hong Kong Listing Rules in respect of the Proposed Issuance of A Shares.

GENERAL

The Consideration Shares and the New A Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Independent Shareholders at the general meeting. The Board anticipates that the Company will continue to maintain sufficient public float to meet the requirements under the Hong Kong Listing Rules upon the completion of the Transaction and the Proposed Issuance of A Shares.

(3) RESUMPTION OF TRADING IN A SHARES

At the request of the Company, trading in A Shares on the SSE has been suspended from 19 July 2024 as the Transaction involves uncertainties. An application has been made by the Company to the SSE for the resumption of trading in A Shares on the SSE from 2 August 2024.

As the implementation of the Transaction is subject to the satisfaction and/or waiver of the relevant conditions precedent, and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

I. POTENTIAL NOTIFIABLE TRANSACTION AND CONNECTED TRANSACTION INVOLVING THE TRANSACTION

1. Introduction

Reference is made to the announcement of the Company dated 18 July 2024, in relation to a connected transaction involving the proposed purchase of assets by share issuance and cash payment by the Company and raising ancillary funds.

On 1 August 2024, the Company entered into (i) the Asset Purchase Agreement I with China Huadian, pursuant to which, the Company conditionally agreed to purchase its 80% equity interests in Jiangsu Huadian by way of issuance of Shares or a combination of issuance of Shares and cash payments; (ii) the Asset Purchase Agreement II with Huadian Furui, pursuant to which, the Company conditionally agreed to purchase its 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan by way of cash payments; and (iii) the Asset Purchase Agreement III with Operation Company, pursuant to which, the Company conditionally agreed to purchase its 100% equity interests in Guigang Electric Power by way of cash payments. Each of the above asset purchases constitutes the Transaction as a whole and is being implemented simultaneously.

The final consideration for the Transaction will be determined with reference to the appraised value of the Target Assets after arm's length negotiation between the Company and the Sellers. As at the date of this announcement, as the audit and valuation work for the Target Companies has not been completed, the consideration of the Target Assets has not yet been determined. Following the completion of the aforementioned audit and valuation work, the final consideration for the Transaction will be confirmed by way of entering into Supplemental Agreements between the Company and the Sellers, and the Company will convene a separate Board meeting and a general meeting (if required) to consider and approve the Supplemental Agreements.

2. Asset Purchase Agreements

The principal terms of the Asset Purchase Agreements are as follows:

Date: 1 August 2024

Parties: Asset Purchase Agreement I:

- (1) Company (as the purchaser); and
- (2) China Huadian (as the Seller).

Asset Purchase Agreement II:

- (1) Company (as the purchaser); and
- (2) Huadian Furui (as the Seller).

Asset Purchase Agreement III:

- (1) Company (as the purchaser); and
- (2) Operation Company (as the Seller).

Target Assets: Asset Purchase Agreement I:

80% equity interests in Jiangsu Huadian

Asset Purchase Agreement II:

51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan

Asset Purchase Agreement III:

100% equity interests in Guigang Electric Power

Consideration and Payment Method:

As of the date of this announcement, the audit and valuation of the Target Companies have not been completed. The final consideration shall be determined by both parties to the Transaction through negotiation based on the appraisal results in the asset appraisal report issued by an appraisal agency which is qualified in accordance with the laws and filed with the competent state-owned assets supervision and administration authorities or its authorized agency.

The Company will pay the consideration for the Target Assets to the Sellers by way of the issuance of Shares and/or cash payments. In particular, the consideration for the purchase of 80% equity interests in Jiangsu Huadian held by China Huadian will be paid by the Company by way of issuance of Shares or a combination of issuance of Shares and cash payments. For other Target Assets, the Company will pay the consideration in cash.

**Conditions Precedent
for Effectiveness
of the Asset Purchase
Agreements:**

The Asset Purchase Agreements shall come into force on the date on which all the following conditions precedent are fulfilled or satisfied:

- (1) the Company having convened the Board meeting again to consider and approve matters relating to the Transaction after the issuance of the audit and valuation reports in relation to the Transaction;
- (2) the counterparties to the Transaction having again performed relevant internal procedures to consider and approve the Transaction;
- (3) the Transaction having been considered and approved at the general meeting of the Company;
- (4) the asset appraisal report in relation to the Transaction having been filed with the state-owned assets supervision and administration authority or its authorized agency;
- (5) the Transaction having been approved by the state-owned assets supervision and administration authority or its authorized agency;
- (6) the Transaction having been approved by the SSE and having been consented for registration by the CSRC;
- (7) the Transaction having been approved or consented by the relevant regulatory authorities in Hong Kong; and
- (8) other approvals or authorizations as required by relevant laws and regulations (if required).

Attribution of Profits and Losses for the Transition Period: The profits and losses of the Target Assets during the Transition Period shall be shared or borne by the Company, and the parties to the Transaction are not required to adjust the consideration of the Target Assets according to the profits and losses during the Transition Period. Following the determination of the appraisal method and completion of the appraisal work for the Target Assets, corresponding adjustments to the aforesaid arrangement shall be made accordingly if it is inconsistent with the relevant laws and regulations or regulatory opinions.

Closing: The Sellers shall, immediately after the Effective Date, procure the Target Companies to perform the necessary procedures, amend the articles of association and other documents, and complete the industrial and commercial change registration of the transfer of the Target Assets to the Company within 15 business days after the Effective Date.

3. Preliminary Plan for the Issuance of Consideration Shares

Type and Par Value of Consideration Shares to be Issued: Ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE.

The Consideration Shares, when fully paid and issued, will rank *pari passu* in all respects with the A Shares in issue at the time of the issuance of such Consideration Shares.

Method of Issuance and Target Subscribers: The method for issuance of Consideration Shares shall be issuing shares to a specific target subscriber, who will be China Huadian.

Specific Mandate on the Issuance of Consideration Shares: The Company shall issue the Consideration Shares under the Specific Mandate to be sought from the Independent Shareholders at the general meeting.

Pricing Benchmark Date, Pricing Basis and Issue Price: The Pricing Benchmark Date for the Consideration Shares shall be the announcement date of the resolutions passed at the 10th meeting of the 10th session of the Board of the Company in which the proposals related to the Transaction were considered and approved. After negotiation between the parties, the issue price of the Consideration Shares will be RMB5.13 per Share, which is not less than 80% of the average trading price of the Company's A Shares in the 20 Trading Days prior to the Pricing Benchmark Date.

Pursuant to the Measures for the Administration of the Major Asset Restructuring of Listed Companies (2023 Revision) (《上市公司重大資產重組管理辦法(2023年修訂)》), the price of the shares to be issued by the listed companies shall not be less than 80% of the market reference price of the shares. The market reference price shall be any of the average trading price of the shares of the listed companies over the last 20 Trading Days, 60 Trading Days or 120 Trading Days prior to the pricing benchmark date of the shares to be issued. The formula for calculating the average trading price is as follows: The average trading price of the share of the listed company for the last certain number of trading days prior to the date of the announcement date of the resolutions passed at the board meeting = Total trading amount of the shares of the listed company for the last certain number of trading days prior to the announcement date of the resolutions passed at the board meeting/Total trading volume of the shares of the listed company for the last certain number of trading days prior to the announcement date of the resolutions passed at the board meeting.

The average trading prices of the A Shares of the Company over the last 20 Trading Days, 60 Trading Days and 120 Trading Days prior to the Pricing Benchmark Date are shown in the following table:

Unit: RMB/Share

Period	Market reference price	80% of market reference price
Last 20 Trading Days	6.41	5.13
Last 60 Trading Days	6.60	5.29
Last 120 Trading Days	6.44	5.16

Note: the calculation results for 80% of the market reference price are rounded up to the nearest two decimal places. On 18 July 2024, the Company announced the implementation of the 2023 annual dividend distribution and a cash dividend of RMB0.15 per share (tax inclusive) will be distributed to all Shareholders. The Company's A Shares were suspended from trading since the opening market on 19 July 2024 due to the planning of the Transaction. The ex-rights (ex-dividend) date for the dividend distribution was 25 July 2024. The aforementioned calculation has been adjusted for ex-rights and ex-dividend events based on the aforesaid dividend distribution.

During the period between the Pricing Benchmark Date and the Issuance Date of the Consideration Shares, if there are any ex-rights or ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalization issue, the issue price will be adjusted according to the following formula, and the calculation result will be rounded up to the nearest two decimal places. The adjustment formula for the issue price is as follows:

In the event of bonus issue or capitalization issue: $P1 = P0 / (1+n)$;

In the event of share allotment: $P1 = (P0 + A \times k) / (1+k)$;

In the event of the above two items implemented simultaneously:

$P1 = (P0 + A \times k) / (1+n+k)$;

In the event of distribution of cash dividend: $P1 = P0 - D$;

In the event that the above three items are implemented simultaneously:

$P1 = (P0 - D + A \times k) / (1+n+k)$.

Where, "P0" is the issue price of the Consideration Shares before adjustment; "n" is the rate of bonus issue or rate of capitalization issue; "k" is the rate of shares to be allotted per share; "A" is the share price to be allotted; "D" is the amount of cash dividend per share; and "P1" is the adjusted issue price of the Consideration Shares.

Adjustment Mechanism for the Issue Price

In order to better respond to the fluctuation of the Company's share price caused by market and industry factors such as changes in capital market performance, an adjustment mechanism for the issue price of the Consideration Shares will be introduced, the details of which are as follows:

- (1) The target of the price adjustment mechanism

The adjustment target of the price adjustment mechanism is the issue price of Consideration Shares.

- (2) Conditions for the effectiveness of the price adjustment mechanism

The price adjustment mechanism shall be approved at the general meeting of the Company.

(3) Adjustable period

From the poll results announcement date of the general meeting of the Company at which the Transaction was considered until the Transaction is registered with the CSRC.

(4) Trigger conditions of the price adjustment

During the adjustable period, in the event that there are following significant changes in the A Shares price as compared with the initial issue price of the Consideration Shares, the Board has the right to convene a Board meeting to consider whether to adjust the issue price of the Consideration Shares after the Transaction is considered and approved at the general meeting of the Company:

A. Downward adjustment

During the adjustable period, downward adjustment will be triggered when the following two conditions are simultaneously satisfied on any Trading Day: a) the closing index of the SSE Composite Index (000001.SH) or Wind Power Industry Index (882528.WI) on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% lower than the closing index on the Trading Day before the holding of the first Board meeting of the Company to approve the Transaction; b) the daily average trading price of A Shares of the Company on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% lower than the closing price of A Shares on the Trading Day before the holding of the first Board meeting of the Company for the Transaction.

B. Upward adjustment

During the adjustable period, upward adjustment will be triggered when the following two conditions are simultaneously satisfied on any Trading Day: a) the closing index of the SSE Composite Index (000001.SH) or Wind Power Industry Index (882528.WI) on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% higher than the closing index on the Trading Day before the holding of the first Board meeting of the Company to approve the Transaction; b) the daily average trading price of A Shares of the Company on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% higher than the closing price of shares on the Trading Day before the holding of the first Board meeting of the Company for the Transaction.

(5) Price adjustment reference date

During the adjustable period, if the Board decides to adjust the issue price of the Consideration Shares within 20 Trading Days after one of the “trigger conditions of the price adjustment” above is satisfied, the price adjustment reference date shall be the next Trading Day after the trigger condition of the price adjustment is satisfied for the first time.

(6) Issue price adjustment mechanism

An adjustment to the issue price of the Consideration Shares could and could only be made once by the Company during the adjustable period. Upon agreed by China Huadian, if the Board considers and decides to adjust the issue price of the Consideration Shares, the issue price of the Consideration Shares shall be adjusted to: not less than 80% of the average trading price of the Company’s A Shares in 20 Trading Days, 60 Trading Days or 120 Trading Days (excluding the price adjustment reference date) prior to the price adjustment reference date and not less than the net asset value per Share in the Company’s latest audit report.

If the Board considers and decides not to adjust the issue price of the Consideration Shares, the issue price of the Consideration Shares shall not be adjusted subsequently.

(7) Adjustment to the number of Shares to be issued

After the adjustment to the issue price of the Consideration Shares, the consideration of 80% equity interests in Jiangsu Huadian shall remain unchanged, and the number of Consideration Shares to be issued to China Huadian shall be adjusted accordingly.

(8) Ex-rights and ex-dividend events for the period between the price adjustment reference date and the Issuance Date

During the period between the price adjustment reference date and the Issuance Date, if there are any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalization issue, the adjusted price and number of the Consideration Shares to be issued shall be adjusted accordingly in accordance with the above relevant formulas.

Number of Share to be Issued

The number of Consideration Shares to be issued shall be determined according to the following formula:

Total number of the Consideration Shares to be issued = Consideration to be paid to China Huadian in the form of issuance of Shares/Issue price of the Consideration Shares

The number of new Shares to be acquired by China Huadian, as calculated according to the above formula, shall round down to the nearest one share, and fractional Share shall be regarded as its donation to the Company and directly included in the capital reserve of the Company.

The final number of the Consideration Shares to be issued is subject to the number of the Consideration Shares to be considered and approved at the general meeting of the Company, approved by the SSE and registered with the CSRC.

During the period between the Pricing Benchmark Date and the Issuance Date, if there are any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalization issue, or the issue price is adjusted according to the above-mentioned issue price adjustment mechanism, the number of Consideration Shares to be issued will also be adjusted accordingly according to the adjustment of the issue price.

Lock-up Period of Shares

China Huadian shall not transfer the Shares acquired under the Transaction within 36 months from the date of the closing of the issuance of Consideration Shares in any manner. Where the closing price of A Shares is lower than the issue price for 20 consecutive Trading Days during the 6 months after completion of the issuance of Consideration Shares or the closing price is lower than the issue price at the end of the 6 months after completion of the issuance of Consideration Shares, the lock-up period of A Shares held by it will be automatically extended for another 6 months.

The A Shares held directly and indirectly by China Huadian prior to the issuance of Consideration Shares will not be transferred within 18 months after completion of the issuance of Consideration Shares in any manner; if such Shares are increased due to (among others) the issuance of bonus share, capitalization issue or share allotment of the Company, the increased A Shares will also be subject to the above-mentioned lock-up period. However, transfers permitted under applicable laws, regulations and regulatory documents are not subject to such restrictions.

China Huadian agrees to make corresponding adjustments in accordance with the latest regulatory requirements of the securities regulatory authorities if the lock-up period undertaking is inconsistent with such latest regulatory requirements of the securities regulatory authorities. After the expiration of the lock-up period, such transfer shall be subject to the relevant requirements of the CSRC and the SSE.

Arrangements for Accumulated Profit

The accumulated undistributed profits (if any) of the Company before completion of the issuance of Consideration Shares shall be jointly shared by new and existing Shareholders after completion of the issuance of Consideration Shares in proportion to their respective shareholding as registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch from the completion date of the issuance of Consideration Shares.

4. Information on the Parties to the Transaction and the Target Companies

The Group

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

China Huadian

China Huadian, the controlling shareholder of the Company, directly and indirectly holds approximately 45.17% of total issued share capital of the Company as at the date of this announcement. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services. Its ultimate beneficial owner is SASAC.

Huadian Furui

Fujian Huadian Furui Energy Development Co., Ltd. is a limited liability company established in the PRC in 2020, and its principal businesses are power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; supervision of construction engineering; supervision of water conservancy engineering; installation, maintenance and testing of power transmission, power supply, power receiving facilities; construction engineering (items subject to approval by law may not be carried out until approved by the relevant departments, and the specific business projects shall be subject to the approval documents or license certificates of the relevant departments) General items: power generation technical services; wind power technical services; solar power generation technical service; sales of solar thermal power generation products; information technology consulting services; lease of photovoltaic power generation equipment; environmental consulting services; technology promotion services; technical services; technology development, technology consulting, technology exchange, technology transfer, technology promotion; engineering management services; sales of coal and its products; sales of metal materials; manufacture of electronic (gas) physical equipment and other electronic equipment; sales of power electronic components; hardware products wholesale; sales of construction materials; import and export of goods (except for items subject to approval by law, with a business license to conduct business activities independently in accordance with the law.)

Operation Company

CHD Power Plant Operation Co., Ltd. is a limited liability company established in the PRC in 2007, and its principal businesses are heat production and supply; cooling services; technical services for power generation; technical services for wind power generation; technical services for solar power generation; technical services for energy storage; biomass energy technology services; electrical equipment repairment; technical services; technical development, technical consultation, technical exchange, technology transfer and technology popularization; new energy technology research and development; import and export of technologies, import and export of goods; import and export agents; engineering management services; park management services; entrepreneurial space services; property management; Non-residential real estate leasing; enterprise management; enterprise headquarters management. (Except for projects subject to approval by law, with a business license to conduct business activities independently in accordance with the law) Licensed projects: power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; power supply business; Installation, maintenance and testing of power transmission, power supply and power receiving facilities; electrical installation services; construction engineering; construction engineering supervision. (For projects subject to approval in accordance with the law, the company can only carry out business activities after approval by the relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments) (The company shall not engage in business activities of projects prohibited and restricted by the state and the city's industrial policy.)

Jiangsu Huadian

Jiangsu Huadian Energy Co., Ltd. is a limited liability company established in the PRC in 2008, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Jiangsu Huadian is SASAC. As at 31 December 2023, the total assets and net assets of Jiangsu Huadian amounted to RMB32,612.0112 million and RMB9,641.55 million, respectively.

The unaudited financial information of Jiangsu Huadian for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	85,245.01	(239,244.69)
Net profit/(loss) after taxation	65,853.18	(228,545.59)

Shanghai Fuxin

Shanghai Huadian Fuxin Energy Co., Ltd. is a limited liability company established in the PRC in 2014, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Shanghai Fuxin is SASAC. As at 31 December 2023, the total assets and net assets of Shanghai Fuxin amounted to RMB390.2958 million and RMB192.3225 million, respectively.

The unaudited financial information of Shanghai Fuxin for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	3,255.98	1,223.10
Net profit/(loss) after taxation	2,399.90	950.11

Shanghai Minhang

Shanghai Huadian Minhang Energy Co., Ltd. is a limited liability company established in the PRC in 2011, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Shanghai Minhang is SASAC. As at 31 December 2023, the total assets and net assets of Shanghai Minhang amounted to RMB1,250.6676 million and RMB349.7185 million, respectively.

The unaudited financial information of Shanghai Minhang for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	2,911.61	3,409.14
Net profit/(loss) after taxation	2,397.22	3,409.14

Guangzhou University City

Guangzhou University City Huadian New Energy Company Limited is a limited liability company established in the PRC in 2008, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Guangzhou University City is SASAC. As at 31 December 2023, the total assets and net assets of Guangzhou University City amounted to RMB674.7503 million and RMB383.0261 million, respectively.

The unaudited financial information of Guangzhou University City for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	472.29	4,426.07
Net profit/(loss) after taxation	374.06	3,410.20

Fuxin Guangzhou

Huadian Fuxin Guangzhou Energy Co., Ltd. is a limited liability company established in the PRC in 2016, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Fuxin Guangzhou is SASAC. As at 31 December 2023, the total assets and net assets of Fuxin Guangzhou amounted to RMB2,455.9983 million and RMB842.3505 million, respectively.

The unaudited financial information of Fuxin Guangzhou for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	20,174.36	4,448.90
Net profit/(loss) after taxation	14,726.44	3,750.34

Fuxin Jiangmen

Huadian Fuxin Jiangmen Energy Company Limited is a limited liability company established in the PRC in 2013, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Fuxin Jiangmen is SASAC. As at 31 December 2023, the total assets and net assets of Fuxin Jiangmen amounted to RMB958.5655 million and RMB187.8282 million, respectively.

The unaudited financial information of Fuxin Jiangmen for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	4,375.07	(7,488.60)
Net profit/(loss) after taxation	3,720.12	(6,000.18)

Fuxin Qingyuan

Huadian Fuxin Qingyuan Energy Company Limited is a limited liability company established in the PRC in 2013, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Fuxin Qingyuan is SASAC. As at 31 December 2023, the total assets and net assets of Fuxin Qingyuan amounted to RMB604.3264 million and RMB116.4791 million, respectively.

The unaudited financial information of Fuxin Qingyuan for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	(3,694.32)	(20.06)
Net profit/(loss) after taxation	(3,696.03)	(20.06)

Guigang Electric Power

CHD Guigang Electric Power Co., Ltd. is a limited liability company established in the PRC in 2003, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the date of this announcement, the de facto controller of Guigang Electric Power is SASAC. As at 31 December 2023, the total assets and net assets of Guigang Electric Power amounted to RMB3,135.8255 million and RMB1,123.6253 million, respectively.

The unaudited financial information of Guigang Electric Power for the two financial years ended 31 December 2023 is set out below:

	For the year ended 31 December 2023 (RMB0'000)	For the year ended 31 December 2022 (RMB0'000)
Net profit/(loss) before taxation	10,217.29	(45,092.63)
Net profit/(loss) after taxation	7,710.03	(39,227.40)

II. PROPOSED ISSUANCE OF A SHARES TO RAISE ANCILLARY FUNDS

The Company proposes to issue New A Shares to no more than 35 (including 35) qualified target subscribers. The total amount of ancillary funds to be raised shall not exceed 100% of the Consideration Shares' total value and the number of New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the issuance of Consideration Shares. The number and price of New A Shares to be issued under the Proposed Issuance of A Shares will be determined in accordance with the relevant requirements of the CSRC.

The Proposed Issuance of A Shares is conditional on the implementation of the Transaction while the Transaction is not conditional on the completion of the Proposed Issuance of A Shares.

The details of the Proposed Issuance of A Shares are as follows:

Type and Par Value of Shares to be Issued: Ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE. The New A Shares, when fully paid and issued, will rank *pari passu* in all respects with the A Shares in issue at the time of the issuance of such New A Shares.

Pricing Date, Pricing Basis and Issue Price: The Pricing Date of the Proposed Issuance of A Shares is the first day of the issuance period of the New A Shares. The issue price will not be less than 80% of the average trading price of the Company's A shares in 20 Trading Days prior to the Pricing Date, and shall not be less than the audited net assets per Share attributable to the parent company for the latest financial year of the Company.

The final issue price of the New A Shares will be determined by the Board and its authorized persons in accordance with the authorization of the general meeting and in consultation with the lead underwriter for the Proposed Issuance of A Shares based on the bidding results, after the Transaction and the Proposed Issuance of A Shares have been approved by the SSE and registered by the CSRC, and pursuant to the provisions of laws, regulations and the requirements of regulatory authorities. The net price per New A Share will be disclosed in due course.

During the period from the Pricing Date to the Issuance Date of the New A Shares, if there are any ex-rights and ex-dividend events, such as distribution of dividend, issue of bonus share, capitalization issue or share allotment, the issue price of the New A Shares shall be adjusted in accordance with the relevant rules of the CSRC and the SSE.

Total Amount of Ancillary Funds to be Raised and Number of Shares to be Issued: The total amount of ancillary funds to be raised shall not exceed 100% of the Consideration Shares' total value and the number of the New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the Issuance of Consideration Shares. The final amount of proceeds and number of Shares to be issued will be capped at those approved by the SSE and registered by the CSRC. The final number of New A Shares to be issued will be determined by the Board and its authorized persons in accordance with the authorization of the general meeting and the actual situation at the time of issuance and in consultation with the lead underwriter for the Proposed Issuance of A Shares, after the Transaction and the Proposed Issuance of A Shares have been approved by the SSE and registered by the CSRC, and pursuant to the provisions of laws, regulations and the requirements of regulatory authorities.

The formula for calculating the number of Shares to be issued is:
The number of Shares to be issued to raise ancillary funds = The amount of ancillary funds to be raised/The issue price per New A Share. If the calculation result of the number of Shares to be issued is less than one Share, it shall be rounded down.

During the period from the Pricing Date to the Issuance Date of the New A Shares, if there are any ex-rights and ex-dividend events, such as distribution of dividend, issue of bonus share, capitalization issue or share allotment, which cause the change of the issue price of the New A Shares, the number of the New A Shares to be issued will be adjusted accordingly.

Lock-up Period:

The target subscribers under the Proposed Issuance of A Shares shall not transfer the New A Shares within six months from the closing date of issuance of the New A Shares. Upon completion of the Proposed Issuance of A Shares, if the target subscribers under the Proposed Issuance of A Shares acquire more A Shares as a result of any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, capitalization issue or share allotment, such A Shares are also subject to the above-mentioned lock-up period.

If the above-mentioned lock-up period arrangement is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the target subscribers under the Proposed Issuance of A Shares shall make relevant adjustments in accordance with the regulatory opinions of the relevant securities regulatory authorities.

After the expiration of the above-mentioned lock-up period, the transfer of the Company's A Shares acquired by the target subscribers under the Proposed Issuance of A Shares shall be subject to the relevant requirements of the CSRC and the SSE.

Use of Proceeds to be Raised:

The ancillary funds to be raised from the Proposed Issuance of A Shares are intended to be used to pay the cash consideration, intermediary fees and relevant taxes and charges of the Transaction. Further announcement(s) will be made by the Company in respect of the specific use and allocation of the proceeds to be raised.

In the event of any adjustment to the latest regulatory opinions of the securities regulatory authorities, the Company shall make relevant adjustments relating to the Proposed Issuance of A Shares in accordance with the latest regulatory opinions of the relevant securities regulatory authorities.

Before receiving the ancillary funds, the Company may, depending on the actual situation, pay in advance with its own and/or self-financing funds and then replace such funds with the ancillary funds once they are successfully raised. If the Company fails to successfully raise ancillary funds or the actual proceeds to be raised is less than the fund requirements for the use of proceeds to be raised, the Company will address the shortfall through its own or self-financing funds, at which time the Company will make appropriate adjustments as to the investment order, amount and specific methods for the above-mentioned use of proceeds to be raised based on the net proceeds actually raised and the actual requirements for the use of proceeds to be raised.

**Arrangements for
Accumulated
Undistributed
Profits:**

Upon the completion of the Proposed Issuance of A Shares, the accumulated undistributed profits of the Company before the issuance will be shared by the new and existing Shareholders of the Company after the issuance in proportion to their respective shareholdings.

III. REASONS AND BENEFITS OF THE TRANSACTION AND THE PROPOSED ISSUANCE OF A SHARES

The Transaction

1. Enhance the Company's controlled installed capacity and market competitiveness and build a flagship listed company under China Huadian for conventional energy to better serve the national energy security strategy

The total installed capacity in operation of the Target Assets to be injected into the Company is approximately 15,972,800 KW, representing 27.33% of the Company's existing controlled installed capacity of 58,449,800 KW. After the injection, the Company's controlled installed capacity will significantly increase to 74,422,600 KW, further enhancing the Company's market competitiveness and brand influence in the power sector. By injecting high-quality thermal power assets into the Company, the value discovery mechanism of the capital market can be fully utilized to build a flagship listed company under China Huadian for conventional energy, contributing to the vital role of thermal power in ensuring the safe and stable operation of the power grid and energy supply security, thereby better serving the national energy security strategy.

2. Improve the Group's performance and strive to create benefits for all Shareholders

Upon completion of the Transaction, the Target Assets will be consolidated into the Group's financial statements, which will enhance the Group's asset scale, revenue and net profit, and will help the Company to further improve the layout of its domestic conventional energy assets, broaden its sources of income and diversify overall business risks. The Transaction is a proactive initiative for the Company to improve the asset quality of the Company and enhance its sustainable development capability. The Transaction will further expand the business advantages and asset scope of the Group, effectively enhancing the Group's competitiveness and increasing its investment value in the capital market, ultimately creating benefits for all Shareholders.

Proposed Issuance of A Shares

The funds to be raised from the Proposed Issuance of A Shares are intended to be used to pay the cash consideration, intermediary fees and relevant taxes and charges of the Transaction so as to improve the overall financial position and promote the future development of the Group.

The Board (including independent non-executive Directors of the Company) is of the view that the Asset Purchase Agreements are fair and reasonable, are on normal or better commercial terms, and are in the interests of the Company and Shareholders as a whole.

IV. IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the audit results and valuation work of the Target Assets have not been completed and the final consideration of the Transaction has not been determined, thus the number of Consideration Shares and the New A Shares to be issued have not been determined, and the impact on the shareholding structure of the Company cannot be accurately calculated. Further announcement(s) will be made by the Company in respect of the impact on the shareholding structure of the Company.

Before and after the Transaction and the Proposed Issuance of A Shares, no change to the control over the Company is expected to occur. The controlling shareholder of the Company remains China Huadian and the de facto controller of the Company remains SASAC.

V. FINANCIAL IMPACT OF THE TRANSACTION

Upon completion of the Transaction, each of the Target Companies will become a subsidiary of the Company and their financial statements will be included into the consolidated financial statements of the Group.

VI. HONG KONG LISTING RULES IMPLICATIONS

It is expected that the Transaction, if implemented, will constitute a notifiable transaction of the Company under the Hong Kong Listing Rules. As the consideration of the Transaction has not been finalized, the classification of the Transaction under Chapter 14 of the Hong Kong Listing Rules cannot be confirmed. Subject to the finalization of the consideration, the Company will comply with the requirements of Chapter 14 of the Hong Kong Listing Rules.

As at the date of this announcement, China Huadian is the controlling shareholder of the Company, and Huadian Furui and Operation Company are subsidiaries of China Huadian, and are its associates. Therefore, the Sellers are connected persons of the Company. The Transaction, if implemented, will constitute a connected transaction of the Company under the Hong Kong Listing Rules. Subject to the finalization of the consideration, the Company will comply with the requirements of Chapter 14A of the Hong Kong Listing Rules.

Upon confirmation of the final consideration of the Transaction, the Company will enter into the Supplemental Agreement with each of the Sellers. The Company will timely comply with the reporting, announcement and Independent Shareholders' approval requirements (if applicable) under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

If the Transaction is implemented, the Company will comply with the relevant requirements under the Hong Kong Listing Rules in respect of the Proposed Issuance of A Shares.

Each of the Directors Mr. Dai Jun, Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min has abstained from voting on the relevant board resolutions in respect of the Transaction and the Proposed Issuance of A Shares to be considered and approved, due to the potential conflict of interests as a result of his/her positions in China Huadian and its subsidiaries pursuant to Rule 13.44 of the Hong Kong Listing Rules. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the relevant resolutions.

VII. FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities during the period of 12 months preceding the date of this announcement.

VIII. GENERAL

As at the date of this announcement, the audit and valuation work for the Transaction has not been completed. Following the completion of the aforementioned audit and valuation work, the final consideration for the Transaction will be confirmed by way of entering into the Supplemental Agreements between the Company and the Sellers, and the Company will convene a separate Board meeting and/or a general meeting (if required) to consider and approve the Supplemental Agreements.

The Consideration Shares and the New A Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Independent Shareholders at the general meeting of the Company. The Board anticipates that the Company will continue to maintain sufficient public float to meet the requirements under the Hong Kong Listing Rules upon completion of the Transaction and the Proposed Issuance of A Shares.

IX. RESUMPTION OF TRADING IN A SHARES

At the request of the Company, trading in A Shares on the SSE has been suspended from 19 July 2024 as the Transaction involves uncertainties. An application has been made by the Company to the SSE for the resumption of trading in A Shares on the SSE from 2 August 2024.

As the implementation of the Transaction is subject to the satisfaction and/or waiver of the relevant conditions precedent, and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings set forth below:

“A Share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of the SSE and traded in RMB (stock code: 600027)
“Asset Purchase Agreements”	Asset Purchase Agreement I, Asset Purchase Agreement II and Asset Purchase Agreement III
“Asset Purchase Agreement I”	the asset purchase agreement entered into between the Company and China Huadian dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 80% equity interests in Jiangsu Huadian by way of issuance of Shares or a combination of issuance of Shares and cash payments
“Asset Purchase Agreement II”	the asset purchase agreement entered into between the Company and Huadian Furui dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan by way of cash payments
“Asset Purchase Agreement III”	the asset purchase agreement entered into between the Company and Operation Company dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 100% equity interests in Guigang Electric Power by way of cash payments
“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 PRC State-owned enterprise 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
“Closing Date”	the date on which the Sellers deliver the Target Assets to the Company, which shall be determined by negotiation between the parties; all rights, obligations and risks of the Target Assets will be transferred to the Company from the Closing Date

“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
“Consideration Shares”	A Shares to be issued by the Company to China Huadian under the Asset Purchase Agreements I, as part or all of the consideration (as the case may be) of 80% equity interests in Jiangsu Huadian
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which all the conditions precedent agreed in the Asset Purchase Agreements are satisfied
“Fuxin Guangzhou”	Huadian Fuxin Guangzhou Energy Co., Ltd.* (華電福新廣州能源有限公司)
“Fuxin Jiangmen”	Huadian Fuxin Jiangmen Energy Company Limited* (華電福新江門能源有限公司)
“Fuxin Qingyuan”	Huadian Fuxin Qingyuan Energy Company Limited*(華電福新清遠能源有限公司)
“Group”	the Company together with its branches and subsidiaries
“Guangzhou University City”	Guangzhou University City Huadian New Energy Company Limited* (廣州大學城華電新能源有限公司)
“Guigang Electric Power”	CHD Guigang Electric Power Co., Ltd.* (中國華電集團貴港發電有限公司)
“H Share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange (stock code: 01071) and are 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

“Huadian Furui”	Fujian Huadian Furui Energy Development Co., Ltd.* (福建華電福瑞能源發展有限公司), a wholly-owned subsidiary of China Huadian
“Independent Shareholders”	Shareholders who are not required to abstain from voting for approving the resolutions relating to the Transaction and the Proposed Issuance of A Shares
“Issuance Date”	the date on which the new Shares issued by the Company to the counterparties are registered under the name of the counterparties
“Jiangsu Huadian”	Jiangsu Huadian Energy Co., Ltd.* (華電江蘇能源有限公司)
“New A Shares”	A Shares to be issued by the Company under the Proposed Issuance of A Shares
“Operation Company”	CHD Power Plant Operation Co., Ltd.* (中國華電集團發電運營有限公司), a non-wholly owned subsidiary of China Huadian in which it holds 75% equity interests
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Pricing Benchmark Date”	the pricing benchmark date of the issuance of Consideration Shares, which is the announcement date of the resolutions passed at the 10th meeting of the 10th session of the Board of the Company, i.e. 2 August 2024
“Pricing Date”	the pricing benchmark date of the Proposed Issuance of A Shares, which is the first day of issuance period of the New A Shares
“Proposed Issuance of A Shares”	the proposed issuance of New A Shares by the Company to no more than 35 (including 35) target subscribers to raise ancillary funds
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“Seller(s)”	China Huadian, Huadian Furui and Operation Company or each of them
“Shanghai Fuxin”	Shanghai Huadian Fuxin Energy Co., Ltd.* (上海華電福新能源有限公司)

“Shanghai Minhang”	Shanghai Huadian Minhang Energy Co., Ltd.* (上海華電閔行能源有限公司)
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the general meeting to issue (i) the Consideration Shares under the Asset Purchase Agreements; and (ii) the New A Shares under the Proposed Issuance of A Shares
“SSE”	the Shanghai Stock Exchange
“Supplemental Agreement(s)”	the supplemental agreement(s) to be entered into between the Company and the Sellers for the purpose of confirming the final consideration and other specific terms for the Transaction
“Target Assets”	80% equity interests in Jiangsu Huadian, 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan and 100% equity interests in Guigang Electric Power
“Target Companies”	Jiangsu Huadian, Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen, Fuxin Qingyuan and Guigang Electric Power
“Trading Day(s)”	a day(s) on which the SSE is open for dealing or trading in securities
“Transaction”	The purchase of the Target Assets by the Company by way of issuance of Consideration Shares and/or cash payments under the Asset Purchase Agreements
“Transition Period”	the period from the valuation reference date (excluding the valuation reference date) to the Closing Date (including the Closing Date)
“%”	per cent.

In addition, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)” shall have the meanings ascribed to them under the Hong Kong Listing Rules.

By order of the Board
Huadian Power International Corporation Limited*
Qin Jiehai
Secretary to the Board

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

Dai Jun (Chairman, Executive Director), Zhao Bing (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhao Wei (Non-executive Director), Zeng Qinghua (Non-executive Director), Cao Min (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Wang Yuesheng (Independent Non-executive Director) and Shen Ling (Independent Non-executive Director).

Beijing, the PRC
1 August 2024

* *For identification purposes*