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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)

MAJOR AND CONNECTED TRANSACTIONS:

- (1) CAPITAL INCREASE IN FUXIN DEVELOPMENT;**
- (2) DISPOSALS OF NEW ENERGY ASSETS AND EQUITY; AND**
- (3) ACQUISITIONS OF HUNAN AREA COMPANIES**

Capital Increase in Fuxin Development

On 24 May 2021, the Company entered into the Capital Increase Agreement with Huadian Fuxin and Fuxin Development, pursuant to which the Company agreed to make a capital contribution of RMB21,237.4178 million in Fuxin Development by way of (i) a transfer of the equity interests held by the Company in the New Energy Companies to Fuxin Development, representing an amount of not more than RMB13,609.4178 million; and (ii) a cash payment of not lower than RMB7,628 million by the Company to Fuxin Development.

Disposals of New Energy Assets and Equity

On the same day, certain subsidiaries and branches of the Company entered into the Assets and Equity Disposal Agreements with certain subsidiaries of Fuxin Development, pursuant to which the subsidiaries of Fuxin Development agreed to purchase and the subsidiaries and branches of the Company agreed to sell the New Energy Assets and Equity.

Acquisitions of Hunan Area Companies

On the same day, the Company entered into the Equity Acquisition Agreements with China Huadian, pursuant to which the Company agreed to acquire and China Huadian agreed to sell its equity interests in the Hunan Area Companies.

As at the date of this announcement, China Huadian is the controlling Shareholder of the Company, directly and indirectly holding approximately 46.84% of the total issued share capital of the Company. Huadian Fuxin, Fuxin Development, Changxing Company, Kangbao Company, Shandong Company, Guangdong Company and Jinquan Company are the subsidiaries of China Huadian. Therefore, each of China Huadian, Huadian Fuxin, Fuxin Development, Changxing Company, Kangbao Company, Shandong Company, Guangdong Company and Jinquan Company is a connected person of the Company.

As the Transactions involve both the Acquisitions and the Disposals, pursuant to Rule 14.24 of the Hong Kong Listing Rules, it will be classified by reference to the larger of the Acquisitions or the Disposals, and subject to the reporting, announcement and/or Shareholders' approval requirements applicable to that classification.

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, the Disposals would be aggregated with the Previous Transactions and be treated as if they were one transaction for the purpose of Chapters 14 and 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios of the Acquisitions exceed 25% but are less than 100% and one or more of the applicable percentage ratios of the Disposals (as aggregated with the Previous Transactions) exceed 25% but are less than 75%, the Transactions constitute major transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

EGM

The Company will convene the EGM to consider and, if thought fit, to approve (i) the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the transactions thereunder; and (ii) the Equity Acquisition Agreements and the transactions thereunder. A circular containing, among others, (i) details of the Transactions under the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements, (ii) the recommendation from the Independent Board Committee in relation to the Transactions, and (iii) the letter from Gram Capital in this regard, will be despatched on or before 3 June 2021 in accordance with the relevant laws and rules that apply to the Company.

As the completion of the Transactions is subject to the satisfaction of conditions precedent of the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

I. INTRODUCTION

On 24 May 2021, the Company entered into the Capital Increase Agreement with Huadian Fuxin and Fuxin Development, pursuant to which the Company agreed to make a capital contribution of RMB21,237.4178 million in Fuxin Development by way of (i) a transfer of the equity interests held by the Company in the New Energy Companies to Fuxin Development, representing an amount of not more than RMB13,609.4178 million; and (ii) a cash payment of not less than RMB7,628 million by the Company to Fuxin Development.

On the same day, certain subsidiaries and branches of the Company entered into the Assets and Equity Disposal Agreements with certain subsidiaries of Fuxin Development, pursuant to which the subsidiaries of Fuxin Development agreed to purchase and the subsidiaries and branches of the Company agreed to sell the New Energy Assets and Equity.

On the same day, the Company entered into the Equity Acquisition Agreements with China Huadian, pursuant to which the Company agreed to acquire and China Huadian agreed to sell its equity interests in the Hunan Area Companies.

II. CAPITAL INCREASE AGREEMENT

1. Major Terms

The major terms of the Capital Increase Agreement are set out below:

Date

24 May 2021

Parties

- (1) the Company;
- (2) Huadian Fuxin; and
- (3) Fuxin Development

Subject Matter

The Company agreed to make a capital contribution of RMB21,237.4178 million to Fuxin Development, of which RMB5,897.4735 million will be included in the registered capital of Fuxin Development, and RMB15,339.9443 million will be included in the capital reserve of Fuxin Development. Huadian Fuxin agreed to waive its preferential subscription right for Fuxin Development in the Capital Increase. Upon completion of the Capital Increase, the Company will hold 37.19% equity interests in Fuxin Development. Fuxin Development will not become a subsidiary of the Company and its financial statements will not be consolidated into the consolidated financial statements of the Company.

The following table sets out the shareholding structure of Fuxin Development (i) as at the date of this announcement; and (ii) immediately after the completion of the Capital Increase:

Shareholders	As at the date of this announcement			Immediately after the completion of the Capital Increase		
	Registered capital (RMB0'000)	Capital reserve (RMB0'000)	Percentage of equity interests (%)	Registered capital (RMB0'000)	Capital reserve (RMB0'000)	Percentage of equity interests (%)
Huadian Fuxin	996,000.00	689,767.22	100%	996,000.00	689,767.22	62.81%
The Company	-	-	-	589,747.35	1,533,994.43	37.19%
Total	996,000.00	689,767.22	100%	1,558,747.35	2,223,761.65	100%

Consideration

The amount contributed by the Company pursuant to the Capital Increase Agreement of RMB21,237.4178 million was determined by the parties after arm's length negotiations with reference to the appraised value of 100% equity interests in Fuxin Development as at the Valuation Benchmark Date of RMB35,867 million as set out in the assets valuation report prepared by China Appraisal using the income approach.

The final consideration is subject to adjustments of filed assets valuation reports, if any, which will be finally determined by the competent authority(ies) for administration of State-owned assets. If the final consideration is adjusted, the Company will publish a further announcement accordingly.

The capital contribution amount shall be settled by the following ways:

- (1) a transfer of the equity interests in the New Energy Companies held by the Company to Fuxin Development

The amount contributed by the Company by way of a transfer of the equity interests in the New Energy Companies of not more than RMB13,609.4178 million represents the appraised value of the equity interests in the New Energy Companies held by the Company as at the Valuation Benchmark Date as set out in the assets valuation report summarized by China Appraisal, representing an excess of RMB3,648.8362 million over the net book value of the equity interests in the New Energy Companies held by the Company as at the Valuation Benchmark Date.

Details of the valuation of each of the New Energy Companies are set out below:

No.	New Energy Companies	Equity interests held by the Company as at the date of this announcement	Valuer	Valuation method	Valuation amount of 100% equity interests (RMB0'000)	Valuation amount corresponding to the equity interest held by the Company (RMB0'000)
(1)	Huadian Huzhou New Energy Power Generation Company Limited	100.00%	CEA	Income approach	2,829.94	2,829.94
(2)	Huadian Ningbo New Energy Power Generation Company Limited	100.00%	CEA	Income approach	4,486.41	4,486.41
(3)	Huadian Henan New Energy Power Generation Company Limited	100.00%	CEA	Income approach	39,197.42	39,197.42

No.	New Energy Companies	Equity interests held by the Company as at the date of this announcement	Valuer	Valuation method	Valuation amount of 100% equity interests (RMB0'000)	Valuation amount corresponding to the equity interest held by the Company (RMB0'000)
(4)	Huadian Taiqian Photovoltaic Power Generation Company Limited	50.00%	CEA	Income approach	47,766.05	23,883.03
(5)	Huadian Laizhou Wind Power Company Limited	55.00%	CEA	Income approach	14,005.05	7,702.78
(6)	Huadian Laizhou Wind Power Generation Company Limited	55.00%	CEA	Income approach	57,809.98	31,795.49
(7)	Huadian Laizhou Wind Energy Power Company Limited	55.00%	CEA	Income approach	72,809.15	40,045.03
(8)	Huadian Longkou Wind Power Company Limited	65.00%	CEA	Income approach	40,942.80	26,612.82
(9)	Longkou Dongyi Wind Power Company Limited	55.00%	CEA	Income approach	41,122.34	22,617.29
(10)	Huadian Shandong New Energy Company Limited	100.00%	CEA	Income approach	225,989.80	225,989.80
(11)	Huadian Xuwen Wind Power Company Limited	100.00%	CEA	Income approach	76,892.63	76,892.63
(12)	Huadian Xiaxian Wind Power Company Limited	100.00%	Yinxin Appraisal	Income approach	20,200.00	20,200.00
(13)	Shanxi Huadian Pinglu New Energy Company Limited	100.00%	Yinxin Appraisal	Income approach	27,640.00	27,640.00
(14)	Shanxi Huadian Ying County New Energy Company Limited	100.00%	Yinxin Appraisal	Income approach	14,320.00	14,320.00

No.	New Energy Companies	Equity interests held by the Company as at the date of this announcement	Valuer	Valuation method	Valuation amount of 100% equity interests (RMB0'000)	Valuation amount corresponding to the equity interest held by the Company (RMB0'000)
(15)	Zezhou County Huadian Wind Power Company Limited	100.00%	Yinxin Appraisal	Income approach	38,820.00	38,820.00
(16)	Shaanxi Huadian Xunyi Wind Power Company Limited	100.00%	Yinxin Appraisal	Income approach	33,380.00	33,380.00
(17)	Huadian Chongqing New Energy Power Generation Company Limited	100.00%	Yinxin Appraisal	Asset-based approach	2,113.05	2,113.05
(18)	Hebei Huadian Guyuan Wind Power Company Limited	61.8709%	China Alliance	Income approach	227,220.00	140,583.06
(19)	Hebei Huadian Kangbao Wind Power Company Limited	100.00%	China Alliance	Income approach	249,930.00	249,930.00
(20)	Huadian Tangshan Wind Power Company Limited	100.00%	China Alliance	Asset-based approach	2,028.63	2,028.63
(21)	Huadian Zhangjiakou Saibei New Energy Generation Company Limited	100.00%	China Alliance	Income approach	1,790.00	1,790.00
(22)	Huadian Power International Ningxia New Energy Power Company Limited	63.925%	China Alliance	Income approach	428,440.00	273,880.27
(23)	Huadian Ningxia Ningdong Shangde Solar Power Generation Company Limited	60.00%	China Alliance	Income approach	3,720.00	2,232.00

No.	New Energy Companies	Equity interests held by the Company as at the date of this announcement	Valuer	Valuation method	Valuation amount of 100% equity interests (RMB0'000)	Valuation amount corresponding to the equity interest held by the Company (RMB0'000)
(24)	Huadian Kezuozhongqi Wind Power Company Limited	100.00%	China Alliance	Income approach	28,180.00	28,180.00
(25)	Huadian Wengniuteqi Wind Power Company Limited	100.00%	China Alliance	Income approach	12,450.00	12,450.00
(26)	Huadian Shangdu Wind Power Company Limited (which was renamed as Huadian Fengzhen City Fengdi Wind Power Generation Company Limited on 15 April 2021)	100.00%	China Alliance	Asset-based approach	1,907.33	1,907.33
(27)	Huadian (Zhengxiangbai Banner) New Energy Company Limited	100.00%	China Alliance	Asset-based approach	9,434.81	9,434.81

Total: 1,360,941.78

Upon completion of the Capital Increase, the New Energy Companies will cease to be subsidiaries of the Company, and their financial statements will be de-consolidated from the consolidated financial statements of the Company.

(2) a cash payment by the Company to Fuxin Development

The amount contributed by the Company by way of a cash payment of not lower than RMB7,628 million shall be paid by the Company to Fuxin Development in two instalments as follows:

- (i) 70% of the cash capital contribution amount shall be paid by the Company to Fuxin Development within five business days from the effective date of the Capital Increase Agreement; and
- (ii) 30% of the cash capital contribution amount, together with the interest at the applicable one-year loan prime rate announced by People's Bank of China accrued up to the payment date of the second instalment, shall be paid by the Company to Fuxin Development within 180 days from the effective date of the Capital Increase Agreement.

Conditions Precedent

The Capital Increase Agreement shall become effective upon fulfilment of the following conditions:

- (1) the Capital Increase Agreement has been duly executed and sealed by each party;
- (2) the valuation reports have been filed with the competent authority(ies) for administration of State-owned assets;
- (3) the transactions under the Capital Increase Agreement and the Assets and Equity Disposal Agreements have been approved by the competent authority(ies) for administration of State-owned assets; and
- (4) the resolution on the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the transactions thereunder has been approved by the Independent Shareholders of the Company at the EGM.

None of the conditions precedent above can be waived. As at the date of this announcement, none of the other conditions precedent has been fulfilled other than condition (1).

Profit or Loss during the Transition Period

The profit or loss in Fuxin Development during the Transition Period shall be enjoyed or borne by the Company and Huadian Fuxin in proportion to their respective shareholdings after the completion of the Capital Increase. The increase in the net assets value of Fuxin Development arising from free transfer of assets from Huadian Fuxin during the Transition Period which will be determined by reference to the audit reports of such assets, shall be made up by the Company to Fuxin Development in proportion to the Company's shareholding in Fuxin Development after the completion of the Capital Increase in cash. The cash capital contribution obtained by Fuxin Development from Huadian Fuxin during the Transition Period shall be made up by the Company to Fuxin Development in proportion to the Company's shareholding in Fuxin Development after the completion of the Capital Increase in cash. The cash dividend declared by Fuxin Development to Huadian Fuxin during the Transition Period shall be made up by Fuxin Development to the Company in proportion to the Company's shareholding in Fuxin Development after the completion of the Capital Increase in cash.

The profit or loss in the New Energy Companies during the Transition Period shall be enjoyed or borne by Fuxin Development. The cash capital contribution obtained by the New Energy Companies from the Company during the Transition Period shall be made up by Fuxin Development to the Company in the equal amount in cash. The cash dividend declared by the New Energy Companies to the Company during the Transition Period shall be made up by the Company to Fuxin Development in the equal amount in cash.

The amount of the above matters will be determined in writing by the Company and Fuxin Development within 15 business days from the effective date of the Capital Increase Agreement, and be paid by the relevant party within 30 business days from that date.

Completion

The completion of the Capital Increase will take place on the effective date of the Capital Increase Agreement.

For the avoidance of doubt, the completion of the transfer of New Energy Companies shall take place separately. If the completion of any equity transfer of the New Energy Companies cannot take place, the Company will pay an amount equal to the corresponding consideration of such company to Fuxin Development in cash.

The Company, Huadian Fuxin and Fuxin Development shall cooperate with each other and complete the filing or registration procedures for the change in equity interests of Fuxin Development and the New Energy Companies with the competent authority for industrial and commerce change registration as soon as possible after the completion of the Capital Increase.

2. Profit Forecasts in relation to the Valuation Method

As the assets valuation reports of certain New Energy Companies were prepared by the valuers using the income approach, the calculations of the appraised value as set out in such assets valuation reports are deemed as profit forecasts under Rule 14.61 of the Hong Kong Listing Rules. As such, the Company disclosed the following details of the valuation.

Details of the principal assumptions, including commercial assumptions on which the profit forecasts are made, are set out as below:

(1) General Assumptions

1. Transaction Assumption

Transaction assumption assumes that all the assets to be valued are being transacted, and the valuers value the assets by simulating a market transaction with reference to, among others, trading conditions of the assets to be valued. It is one of the most basic premise assumptions for assets valuation.

2. Open Market Assumption

Open market assumption assumes that the parties to an asset traded or proposed to be traded in the market are on an equal position with each other and have access to sufficient market information, sufficient time to make rational judgments on the function, use of the asset and its transaction price. The open market assumption is made on the basis that the assets can be traded in the open market.

3. Assumption of Going Concern

It is assumed that the valuation method, parameter and basis used in the valuation are determined on the basis that the assets under valuation will be utilised continuously for current purposes and under the prevailing style, scope, frequency and environment, or will be used after certain adjustments.

(2) Special Assumptions

1. There is no material change in the prevailing macro-economic situation, financial and industrial policies of the State;
2. There is no material change in other applicable taxation policies, tax rates and other social and economic conditions in which the appraised entities operate;
3. The future management teams of the appraised entities duly perform their duties and maintain the existing operation style on a going concern;
4. Each asset is valued based on the actual stock on the Valuation Benchmark Date, and the current market price of relevant assets is based on the domestic effective price on the Valuation Benchmark Date;

5. The basic information and financial information provided by the entrusting parties and the appraised entities are true, accurate and complete;
6. The scope of valuation is based on the valuation declaration lists provided by the entrusting parties and the appraised entities without considering any contingent assets and contingent liabilities that may exist beyond such lists;
7. The main business, composition of revenues and costs, sales strategy and cost control of appraised entities in the future operation period are consistent with management's expectations without significant changes;
8. According to the relevant provisions of the Notice on Value-added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74) issued by the Ministry of Finance and the State Taxation Administration on 12 June 2015, starting from 1 July 2015, for sale of self-produced electricity generated from wind power, the taxpayer may enjoy the policy of 50% immediate refund of value-added tax. For the wind power project companies under the appraised entities, the above tax incentive has been applied for the forecast period;
9. Article 1 of the Announcement on Continuation of Enterprise Income Tax Policy for Western Development (Announcement [2020] No. 23 of the Ministry of Finance) issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission provided that from 1 January 2021 to 31 December 2030, corporate income tax will be levied at a reduced rate of 15% on enterprises engaged in encouraged industries in Western China. As such, it is assumed that the subsidiaries enjoying preferential tax policies for Western Development will resume paying tax at the statutory income tax rate from 2031;
10. For power generation projects of the appraised entities that have been included in the State subsidy catalogue as of the Valuation Benchmark Date, it is assumed that the State subsidy tariffs receivable in previous years will be fully recovered by 2024, and the State subsidy tariffs receivable in 2024 and subsequent years will be received in the following year; for power generation projects that have not been included in the subsidy catalogue as of the Valuation Benchmark Date, it is assumed that the State subsidy tariffs receivable in previous years will be fully recovered by 2025, and the State subsidy tariffs receivable in 2025 and subsequent years will be received in the following year;

11. In view of the frequent changes or material changes in monetary funds or bank deposits of the enterprises during operation, the valuation of financial costs in this report does not take into account the interest income generated from the deposits and any uncertain gains or losses including foreign exchange gains or losses. If there is any change to the above conditions, the valuation results will generally render invalid; and
12. It is assumed that the cash inflow of the appraised entities after the Valuation Benchmark Date is an average inflow and the cash outflow is an average outflow.

The qualifications of the experts who have given their conclusion or advices in relation to the details of the valuation mentioned above are set out as below:

Name	Qualification	Date of conclusion or advices
China Appraisal	Certified Assets Valuer	30 April 2021
China Alliance	Certified Assets Valuer	30 April 2021
CEA	Certified Assets Valuer	30 April 2021
Yinxin Appraisal	Certified Assets Valuer	30 April 2021

As at the date of this announcement, as far as the Directors are aware, each of the experts did not have any beneficial interest in the share capital of any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its report and/or references to its name.

Letters from BDO Limited, the reporting accountant of the Company, and the Board in relation to the profit forecast will be further announced by the Company within 15 business days after the publication of this announcement in accordance with Rule 14.60A of the Hong Kong Listing Rules.

3. Information on Fuxin Development

Fuxin Development is a limited liability company incorporated in the PRC in August 2009. As at the date of this announcement, it is a wholly-owned subsidiary of Huadian Fuxin and is principally engaged in the generation and sale of wind power, solar power and other clean energy power in the PRC. As at 31 December 2020, the controlled installed capacity of Fuxin Development Group is 16,948.5 MW, among which the installed capacity in operation is 13,974.5 MW and the installed capacity under construction is 2,974 MW, respectively.

According to the financial report prepared by Fuxin Development based on the International Financial Reporting Standards, the total assets value of Fuxin Development as at 31 December 2020 is RMB121,551.08 million, and the net assets value of Fuxin Development as at 31 December 2020 is RMB21,088.71 million. The net profit (before and after taxation on an aggregate basis) for the years ended 31 December 2019 and 2020 are set out as below:

	For the year ended 31 December 2019 (RMB million)	For the year ended 31 December 2020 (RMB million)
Net profit (before taxation)	2,646.06	3,494.66
Net profit (after taxation)	2,383.65	3,140.01

4. Information on the New Energy Companies

As at the date of this announcement, the New Energy Companies are the subsidiaries of the Company incorporated in the PRC and principally engaged in wind power generation and solar power generation. The major financial data of the New Energy Companies prepared in accordance with the Chinese Accounting Standards for Business Enterprises are set out as below:

No.	New Energy Companies	As at 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2020		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
		Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
(1)	Huadian Huzhou New Energy Power Generation Company Limited	222.46	46.29	4.06	4.06	4.63	3.96	3.00	1.00
(2)	Huadian Ningbo New Energy Power Generation Company Limited	62.28	27.33	4.25	4.25	4.59	4.03	1.00	–
(3)	Huadian Henan New Energy Power Generation Company Limited	821.71	201.61	0.07	0.13	4.85	4.89	4.00	19.30
(4)	Huadian Taiqian Photovoltaic Power Generation Company Limited	924.88	280.53	67.40	66.76	59.61	52.07	10.00	–
(5)	Huadian Laizhou Wind Power Company Limited	195.32	169.79	7.78	5.81	7.16	5.35	4.05	–
(6)	Huadian Laizhou Wind Power Generation Company Limited	956.95	303.80	14.57	10.80	7.60	5.60	4.80	8.80

No.	New Energy Companies	As at 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2020		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
		Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
(7)	Huadian Laizhou Wind Energy Power Company Limited	932.28	491.93	48.28	42.79	53.16	48.37	14.94	–
(8)	Huadian Longkou Wind Power Company Limited	592.48	260.76	42.57	39.91	32.88	28.90	9.93	–
(9)	Longkou Dongyi Wind Power Company Limited	591.98	258.62	14.73	12.89	52.80	50.53	8.00	–
(10)	Huadian Shandong New Energy Company Limited	5,254.72	1,681.97	130.65	120.32	136.65	119.92	66.30	14.80
(11)	Huadian Xuwen Wind Power Company Limited	1,425.47	403.34	40.58	38.05	42.78	37.41	9.90	10.00
(12)	Huadian Xiaxian Wind Power Company Limited	731.22	195.96	19.81	19.77	7.04	6.06	10.00	–
(13)	Shanxi Huadian Pinglu New Energy Company Limited	754.82	186.37	0.00	0.00	4.77	4.77	9.92	–
(14)	Shanxi Huadian Ying County New Energy Company Limited	399.19	99.00	0.00	0.00	0.00	0.00	–	5.00
(15)	Zezhou County Huadian Wind Power Company Limited	1,403.47	303.26	11.99	11.99	5.59	5.59	9.80	9.97

No.	New Energy Companies	As at 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2020		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
		Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
(16)	Shaanxi Huadian Xunyi Wind Power Company Limited	753.41	203.50	0.00	0.00	1.11	1.11	5.00	5.10
(17)	Huadian Chongqing New Energy Power Generation Company Limited	21.51	21.13	0.00	0.00	0.00	0.00	–	13.00
(18)	Hebei Huadian Guyuan Wind Power Company Limited	2,730.23	1,520.71	136.45	108.60	134.96	103.83	29.00	40.00
(19)	Hebei Huadian Kangbao Wind Power Company Limited	4,350.94	1,583.30	179.62	161.49	191.71	164.87	37.95	35.00
(20)	Huadian Tangshan Wind Power Company Limited	40.90	20.00	0.00	0.00	0.00	0.00	–	–
(21)	Huadian Zhangjiakou Saibei New Energy Generation Company Limited	51.86	19.56	1.11	0.96	1.05	0.91	0.40	–
(22)	Huadian Power International Ningxia New Energy Power Company Limited	7,839.24	4,086.54	187.32	167.47	264.07	240.45	154.16	–
(23)	Huadian Ningxia Ningdong Shangde Solar Power Generation Company Limited	130.79	44.04	0.12	0.04	3.75	2.77	1.00	–

No.	New Energy Companies	As at 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2020		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
		Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
(24)	Huadian Kezuozhongqi Wind Power Company Limited	260.03	223.14	22.42	19.05	25.99	22.01	4.95	-
(25)	Huadian Wengniuteqi Wind Power Company Limited	363.60	68.31	0.81	0.49	0.50	0.12	4.95	-
(26)	Huadian Shangdu Wind Power Company Limited (which was renamed as Huadian Fengzhen City Fengdi Wind Power Generation Company Limited on 15 April 2021)	18.92	18.89	0.00	0.00	0.00	0.00	0.00	3.00
(27)	Huadian (Zhengxiangbai Banner) New Energy Company Limited	446.82	94.79	-0.05	-0.05	0.00	0.00	-	10.00

III. ASSETS AND EQUITY DISPOSAL AGREEMENTS

1. Major Terms

The major terms of each of the Assets and Equity Disposal Agreement are about the same, which are summarized as follows:

Date

24 May 2021

Subject Matter

(1) Assets Disposal

Pursuant to the Assets Disposal Agreements, certain subsidiaries of Fuxin Development agreed to purchase and certain subsidiaries and branches of the Company agreed to sell the New Energy Assets at the consideration as set out below, which was determined by the parties after arm's length negotiations with reference to the appraised value of the New Energy Assets as at the Valuation Benchmark Date as set out in the assets valuation report prepared by the valuer.

Details of each of the Assets Disposal Agreements are set out below:

Assets Disposal Agreement	Seller	Purchaser	New Energy Assets	Valuer	Valuation method	Valuation amount (consideration) (RMB0'000)	Excess or deficit of consideration over/under the net book value of the New Energy Assets (RMB0'000)
Hangzhou Assets Disposal Agreement	Hangzhou Banshan Company	Changxing Company	assets group of distributed rooftop photovoltaic projects	CEA	Income approach	89.43	13.92
Longyou Assets Disposal Agreement	Longyou Company	Changxing Company	assets group of distributed rooftop photovoltaic projects	CEA	Income approach	2,767.41	-743.67
Weifang Assets Disposal Agreement	Weifang Company	Shandong Company	assets group of rooftop photovoltaic projects	CEA	Asset-based approach	1,201.79	-88.77
Laizhou Assets Disposal Agreement	Laizhou Company	Shandong Company	assets group of rooftop photovoltaic projects	CEA	Asset-based approach	419.49	-54.67

Assets Disposal Agreement	Seller	Purchaser	New Energy Assets	Valuer	Valuation method	Valuation amount (consideration) (RMB0'000)	Excess or deficit of consideration over/under the net book value of the New Energy Assets (RMB0'000)
Wuhan Assets Disposal Agreement	Wuhan Branch	Jinquan Company	assets group of Wuhan Branch	Yinxin Appraisal	Income approach	1,620.00	-2,088.86
Huangshi Assets Disposal Agreement	Huangshi Branch	Jinquan Company	assets group of Huangshi Branch	Yinxin Appraisal	Income approach	1,950.00	-1,434.31
Zanhuang Assets Disposal Agreement	Zanhuang Branch	Kangbao Company	assets group of Zanhuang Branch	China Alliance	Income approach	20,951.88	-13,426.33
Lechang Assets Disposal Agreement	Lechang Branch	Guangdong Company	assets group of Lechang Branch	CEA	Income approach	14,936.57	1,624.16
Total:						43,936.57	

The final consideration is subject to adjustments of filed assets valuation reports, if any, which will be finally determined by the competent authority(ies) for administration of State-owned assets. If the final consideration is adjusted, the Company will publish a further announcement accordingly.

(2) *Equity Disposal*

Pursuant to the Equity Disposal Agreements, Fuxin Development agreed to purchase and certain subsidiaries of the Company agreed sell the New Energy Equity at the consideration as set out below, which was determined by the parties after arm's length negotiations with reference to the appraised value of the New Energy Equity as at the Valuation Benchmark Date as set out in the assets valuation report prepared by the valuer.

Details of each of the Equity Disposal Agreements are set out below:

Equity Disposal Agreement	Seller	Purchaser	New Energy Equity	Valuer	Valuation method	Valuation amount (RMB0'000)	Consideration (RMB0'000)	Excess or deficit of consideration over/under the net book value of the New Energy Equity (RMB0'000)
Hubei Equity Disposal Agreement	Hubei Company	Fuxin Development	100% equity interests in Hubei Suixian Company	Yinxin Appraisal	Income approach	30,110.00	30,110.00	5,942.98
			100% equity interests in Hubei Wuxue Company	Yinxin Appraisal	Income approach	48,940.00	48,940.00	2,477.07
			100% equity interests in Hubei Zaoyang Company	Yinxin Appraisal	Income approach	46,550.00	46,550.00	13,200.86
Hebei Equity Disposal Agreement	Huarui Company	Fuxin Development	60.3803% equity interests in Hebei Yuzhou Company	China Alliance	Income approach	64,070.00	38,685.66	-903.68
Total:							164,285.66	

The final consideration is subject to adjustments of filed assets valuation reports, if any, which will be finally determined by the competent authority(ies) for administration of State-owned assets. If the final consideration is adjusted, the Company will publish a further announcement accordingly.

Upon completion of the disposal of New Energy Equity, Hubei Suixian Company, Hubei Wuxue Company, Hubei Zaoyang Company and Hebei Yuzhou Company will cease to be the subsidiaries of the Company, and their financial statements will be de-consolidated into the consolidated financial statements of the Company.

Payment

The consideration under the Assets and Equity Disposal Agreements shall be paid in cash in two instalments as follows:

- (1) 70% of the consideration shall be paid by each of the purchasers under the Assets and Equity Disposal Agreements within five business days from the effective date of the Assets and Equity Disposal Agreements; and
- (2) 30% of the consideration, together with the interest at the applicable one-year loan prime rate announced by People's Bank of China accrued up to the payment date of the second instalment, shall be paid by each of the purchasers under the Assets and Equity Disposal Agreements within 180 days from the effective date of the Assets and Equity Disposal Agreements. The second instalment amount shall be adjusted by the capital contribution to and dividend declaration by the target companies under the Equity Disposal Agreements during the Transition Period. If there is any capital contribution made by the sellers, such amount shall be added into the second instalment; if there is any dividend declaration to the sellers, such amount shall be deducted from the second instalment. The amount of capital contribution and dividend declaration will be determined in writing by the parties within 30 days from the effective date of the Equity Disposal Agreements.

Profit or Loss during the Transition Period

The profit or loss in the New Energy Assets and Equity during the Transition Period shall be enjoyed or borne by the purchasers.

Conditions Precedent

The Assets and Equity Disposal Agreements shall become effective upon fulfilment of the following conditions:

- (1) Each of the Assets and Equity Disposal Agreements has been duly executed and sealed by each party;
- (2) the valuation reports have been filed with the competent authority(ies) for administration of State-owned assets;
- (3) the transactions under the Capital Increase Agreement and the Assets and Equity Disposal Agreements have been approved by the competent authority(ies) for administration of State-owned assets; and
- (4) the resolution on the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the transactions thereunder has been approved by the Independent Shareholders of the Company at the EGM.

None of the conditions precedent above can be waived. As at the date of this announcement, none of the other conditions precedent has been fulfilled other than condition (1).

Completion

The completion will take place when both parties to the transactions enter into completion confirmation letter. Each of the sellers and purchasers shall provide necessary documents relating to the New Energy Assets and Equity within 60 business days after the first instalment of consideration is paid by the purchasers, and cooperate with each other to complete the relevant filing or registration procedures for the transfer of the New Energy Assets and Equity.

2. Profit Forecasts in relation to the Valuation Method

As the assets valuation reports of certain New Energy Assets and Equity were prepared by the valuers using the income approach, the calculations of the appraised value as set out in such assets valuation reports are deemed as profit forecasts under Rule 14.61 of the Hong Kong Listing Rules. As such, the Company disclosed the following details of the valuation.

Details of the principal assumptions, including commercial assumptions on which the profit forecasts of Hangzhou Banshan Company, Longyou Company and Lechang Branch are made, are set out as below:

(1) General assumptions

1. It is assumed that the appraised entity will continue to operate as a going concern after the Valuation Benchmark Date;
2. It is assumed that there will be no material changes in the political, economic and social environment of the country and region in which the appraised entity is located after the Valuation Benchmark Date;
3. It is assumed that there will be no material changes in the current laws, regulations and policies and the macro-economic environment of the country and there will be no material changes in the political, economic and social environment of the region in which all parties to the transaction are located;
4. It is assumed that there will be no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-imposed levies in relation to the appraised entity after the Valuation Benchmark Date;
5. It is assumed that the management of the appraised entity will be responsible, stable, and capable of assuming their duties after the Valuation Benchmark Date;
6. It is assumed that the appraised entity will fully comply with all relevant laws and regulations; and
7. It is assumed that there will be no force majeure that may have material adverse impact on the appraised entity after the Valuation Benchmark Date.

(2) Specific assumptions

1. It is assumed that the accounting policies to be adopted by the appraised entity after the Valuation Benchmark Date will be consistent in key aspects with the accounting policies adopted when assets valuation report is prepared;
2. It is assumed that the business scope and practice of the appraised entity will, after the Valuation Benchmark Date, remain consistent with what they are currently based on its existing management practice and management level;
3. It is assumed that the appraised entity will have even cash inflow and cash outflow after the Valuation Benchmark Date;
4. It is assumed that the companies will maintain their existing operation models in the future, there will be no material change in their operation after the Valuation Benchmark Date and the connection to grid and power business license can be obtained as planned;
5. It is assumed that the appraised entity will continue to operate as a going concern till the end of the profits forecast period;
6. It is assumed that the deferred years and achievability of tariff subsidies are consistent with the forecasted cash flows;
7. It is assumed that the achievability of the wind and light power curtailment rate during the forecast period is consistent with the forecast; and
8. It is assumed the benchmark tariff and the subsidized tariff will remain unchanged during the forecast period.

Details of the principal assumptions, including commercial assumptions on which the profit forecasts of Zanhuan Branch and Hubei Yuzhou Company are made, are set out as below:

(1) General assumptions

1. Transaction assumption: it is assumed that all assets to be valued are in the course of transaction and the valuer carries out the valuation with benchmark to simulated market based on the conditions for transaction of the assets to be valued.
2. Open market assumption: it is assumed that both parties to the transaction of the assets to be traded or proposed to be traded in the market are in equal positions, and have opportunities and time to acquire adequate market information so as to make rational judgments on the functions, purposes and considerations of the assets.

3. Going concern assumption: it is assumed that the appraised entity is in full compliance with all relevant laws and regulations, and will operate continually in the foreseeable future.

(2) *Specific assumptions*

1. The valuation takes the specific valuation purposes set out in the assets valuation report as its basic assumption premises;
2. There is no material change in the relevant existing laws and regulations of the country, or in the macroeconomic conditions of the country, and there is no unforeseeable and material change in external economic environment such as interest rate, exchange rate, tax basis and tax rate, as well as policy-related levies;
3. The valuation assumes the appraised entity's operation and management team in the future will be accountable, and will maintain the existing operation and management mode. The scope and mode of operation will be consistent with the current direction;
4. The valuation assumes the appraised assets are in continuous use according to the current purposes and way of use, size, frequency and environment, without taking into account the respective optimal use of each asset;
5. It is assumed that there will be no material adverse impact on the enterprise arising from other force majeure and unforeseeable factors based on the current management methods and standards of the enterprise;
6. The relevant basic information and financial information provided by the appraised entity and the principal are true, accurate and complete;
7. The financial report and transaction data of the comparable company relied by the appraiser are true and reliable;
8. The scope of valuation is only based on the declaration form for valuation provided by the principal and the appraised entity, without taking into account the possible contingent assets and contingent liabilities out of the list provided by the principal and the appraised entity;
9. It is assumed that the deferred years and achievability of tariff subsidies are consistent with the forecasted cash flows;
10. It is assumed that the construction in progress of Zanhuang Branch could be connected to the grid for power generation on 1 April 2021 based on the plan of the enterprise;

11. It is assumed that the capital expenditure of Zanhuang Branch could be implemented subject to the estimated amount on feasibility study;
12. The valuation assumes the enterprise has balanced net cash flows in the year.

Details of the principal assumptions, including commercial assumptions on which the profit forecasts of Wuhan Branch, Huangshi Branch, Hubei Suixian Company, Hubei Wuxue Company and Hubei Zaoyang Company are made, are set out as below:

(1) General Assumptions

1. It is assumed that the enterprise involved in the valuation will continue to operate in accordance with the original business purpose and mode after the purpose of the valuation is realized, and its income can be predicted;
2. There are no unforeseen major changes in the product price of the appraised entity;
3. It is assumed that the enterprises involved in the valuation will continue to operate with maintaining the current management level (or that of general market participants) as at the Valuation Benchmark Date, without taking account of the impact of the operating capability of its future owner on its future revenue;
4. There is no major change in the company's accounting policies and accounting methods;
5. The company's cash flow is balanced in each period of profit making;
6. The company's current and future operation and management team will perform their duties and responsibilities diligently, there will be no material non-compliance that will caused impact on the company's development and income realization, and its management will continue to maintain the existing business model for continuous operations;
7. The contracts entered into by the company in previous and current years are valid and should be executed;
8. This valuation assumes that the accounting policies adopted in the financial information provided by the company over the years and the accounting policies and accounting methods used in the income forecast are basically the same (or have been adjusted to be consistent) in important respects;

9. There are no other unpredictable and force majeure factors that cause significant impacts on the operation of the appraised entity.

(2) *Special Assumptions and Main Parameters*

1. Predictions under this valuation are made with benchmark to the overall business model provided by the management of the appraised entity on the premise of continuous operation during the life of the equipment;
2. All disputes about bad, false assets, property rights, and creditor's rights that may exist in the appraised entity on the valuation benchmark date have been properly handled, and will not affect the normal production and operation of the profit forecast period;
3. The various business plans formulated by the valuated company can be implemented orderly;
4. It is assumed that the valuated company can conduct normal and continuous production and operation in accordance with the business scale, capacity, operating conditions, scope, and policies planned by the management of the company;
5. According to the Supplementary Notice on Several Opinions of on Promoting the Healthy Development of the Power Generation of Non-water Renewable Energy (Cai Jian [2020] No. 426) jointly issued by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration, tariff subsidy should be calculated according to the reasonable utilization hours amid the lifetime of the power station project since it is put into operation. It is assumed that there will be no change in the subsidy policy in the following years under this valuation;
6. It is assumed that the benchmark tariff and tariff subsidy implemented by the local government of the place the appraised entity locates on the benchmark date will remain unchanged during the forecast period;
7. According to the Article 27 (2) of the Enterprise Income Tax Law of the State by the Order No. 63 of the President of the People's Republic of China, the income from the investment and operation of key public infrastructure projects supported by the state is entitled to the preferential tax policy of a regular exemption from the enterprise income tax for the first three years from its commencement of operations and a 50% reduction for the three years thereafter;

Hubei Suixian Company enjoys an enterprise income tax rated at 12.5% from 1 January 2019 to 31 December 2021. The valuation of Hubei Suixian Company is conducted on the basis of the above preferential tax in the period from the Valuation Benchmark Date to 2021. Subsequent after 2021, the valuation of Hubei Suixian Company is conducted on the basis of an enterprise income tax at the statutory rate 25%;

The valuation of Huangshi Branch is conducted on the basis of the above preferential tax in the period from the Valuation Benchmark Date to 2023. Subsequent after 2023, the valuation of Huangshi Branch is conducted on the basis of an enterprise income tax at the statutory rate 25%;

The valuation of Hubei Zaoyang Company is conducted on the basis of the above preferential tax in the period from the Valuation Benchmark Date to 2030. Subsequent after 2030, the valuation of Hubei Zaoyang Company is conducted on the basis of an enterprise income tax at the statutory rate 25%;

8. The state subsidy tariffs receivable by Hubei Suixian Company and Hubei Wuxue Company in previous years will be fully recovered in 2024, and that such tariffs receivable after 2024 will be recovered in the following year. The state subsidy tariffs receivable by Huangshi Branch in previous years will be fully recovered in 2024, and that such tariffs receivable after 2024 will be recovered in the following year.

For power generation projects which have been listed on the Catalogue of State Subsidies as at Valuation Benchmark Date, the state subsidy tariffs receivable by Hubei Zaoyang Company in previous years will be fully recovered in 2024, and that such tariffs receivable after 2024 will be recovered in the following year; for power generation projects which have not been listed on the Catalogue of State Subsidies as at Valuation Benchmark Date, the state subsidy tariffs receivable by Hubei Zaoyang Company in previous years will be fully recovered in 2025, and that such tariffs receivable after 2025 will be recovered in the following year.

The qualifications of the experts who have given their conclusion or advices in relation to the details of the valuation mentioned above are set out as below:

Name	Qualification	Date of conclusion or advices
China Alliance	Certified Assets Valuer	30 April 2021
CEA	Certified Assets Valuer	30 April 2021
Yinxin Appraisal	Certified Assets Valuer	30 April 2021

As at the date of this announcement, as far as the Directors are aware, each of the experts did not have any beneficial interest in the share capital of any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its report and/or references to its name.

Letters from BDO Limited, the reporting accountant of the Company, and the Board in relation to the profit forecast will be further announced by the Company within 15 business days after the publication of this announcement in accordance with Rule 14.60A of the Hong Kong Listing Rules.

3. Information on the New Energy Assets and Equity

(1) Assets Disposal

Assets Disposal Agreement	New Energy Assets	Valuer	Book value as at the Valuation Benchmark Date (RMB)	Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
Hangzhou Assets Disposal Agreement	assets group of distributed rooftop photovoltaic projects, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	CEA	755,139.52	0.07	–
Longyou Assets Disposal Agreement	assets group of distributed rooftop photovoltaic projects, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	CEA	35,110,809.79	2.20	1.00
Weifang Assets Disposal Agreement	assets group of rooftop photovoltaic projects, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	CEA	12,905,586.45	0.24	–
Laizhou Assets Disposal Agreement	assets group of rooftop photovoltaic projects, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	CEA	4,741,615.91	0.11	–
Wuhan Assets Disposal Agreement	assets group of Wuhan Branch, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	Yinxin Appraisal	37,088,581.30	0.80	–
Huangshi Assets Disposal Agreement	assets group of Huangshi Branch, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	Yinxin Appraisal	33,843,141.65	0.64	9.80

Assets Disposal Agreement	New Energy Assets	Valuer	Book value as at the Valuation Benchmark Date (RMB)	Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
Zanhuang Assets Disposal Agreement	assets group of Zanhuang Branch, which is mainly comprised of relevant equipment of solar power generation and its auxiliary equipment	China Alliance	343,782,059.80	2.00	25.00
Lechang Assets Disposal Agreement	assets group of Lechang Branch, which is mainly comprised of relevant equipment of wind power generation and its auxiliary equipment	CEA	133,124,109.87	-	10.00

The New Energy Assets are subject to the list of assets and liabilities as set out in each of the assets valuation reports issued by the valuers.

Since no independent accounting was carried out in respect of the New Energy Assets, there is no corresponding net profit attributable to the New Energy Assets for the financial years ended 31 December 2019 and 31 December 2020 (before and after taxation).

(2) Equity Disposal

As at the date of this announcement, each of the following companies is a subsidiary of the Company incorporated in the PRC and principally engaged in wind and solar power generation. The major financial data of the following companies prepared in accordance with the Chinese Accounting Standards for Business Enterprises are set out as below:

New Energy Equity	As at 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2020		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
	Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
Hubei Suixian Company	648.25	241.67	27.14	23.75	24.87	21.38	10.00	-
Hubei Wuxue Company	1,186.78	464.63	42.52	39.27	52.01	44.93	4.00	-
Hubei Zaoyang Company	598.21	333.49	46.62	40.80	43.85	37.95	12.00	10.25
Hebei Yuzhou Company	701.75	625.74	43.22	32.26	36.41	27.38	9.90	30.20

IV. EQUITY ACQUISITION AGREEMENTS

1. Major Terms

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

Date

24 May 2021

Parties

- (1) the Company; and
- (2) China Huadian

Subject Matter

The Company agreed to purchase and China Huadian agreed to sell its (i) 70% equity interests in Changsha Company, (ii) 48.98% equity interests in Changde Company, and (iii) 100% equity interests in Pingjiang Company. Upon completion of the Equity Acquisitions, Changsha Company, Changde Company and Pingjiang Company will be owned as to 70%, 48.98% and 100% by the Company, respectively, and their financial statements will be consolidated into the consolidated financial statements of the Company.

Consideration and Payment

The consideration of the transactions under each of the Equity Acquisition Agreements was determined by the parties after arm's length negotiations with reference to the appraised value of 100% equity interests in the Hunan Area Companies as at the Valuation Benchmark Date as set out in the assets valuation report prepared by CEA using the asset-based approach.

The final consideration is subject to adjustments of filed valuation reports, if any, which will be finally determined by the competent authority(ies) for administration of State-owned assets. If the final consideration is adjusted, the Company will publish a further announcement accordingly.

The consideration for the transactions under the Equity Acquisition Agreements shall be paid in cash by the Company to China Huadian in three instalments as follows:

- (1) 51% of the consideration shall be paid by the Company within five business days from the effective date of the Equity Acquisition Agreements;
- (2) 29% of the consideration, together with the interest at the applicable one-year loan prime rate announced by People's Bank of China accrued up to the payment date of the second instalment, shall be paid by the Company within five business days from the completion date of industrial and commercial change registration; and

- (3) the third instalment, i.e. 20% of the consideration, is subject to adjustments, and will be determined by reference to the audit report of each of the Hunan Area Companies for Transition Period to be issued within 15 business days from the completion date of industrial and commercial change registration. The third instalment together with the interest at the applicable one-year loan prime rate announced by People's Bank of China accrued up to the payment date of the third instalment, shall be paid within five business days from the issuance date of abovementioned audit report. The adjustment amount shall be calculated based on the difference between the audited net asset value as at the Valuation Benchmark Date and that as at the completion date (in proportion to the percentage of equity interests held by China Huadian in each of the Hunan Area Companies). Such audited net asset value as at the completion date will be arrived at taking into account any capital increase, dividend distribution and/or profit or loss of each of the Hunan Area Companies during the Transition Period.

Details of the valuation amount and consideration are set out below:

Hunan Area Companies	Equity interests held by China Huadian as at the date of this announcement	Valuation amount of 100% equity interests (RMB0'000)	First instalment (RMB0'000)	Consideration		Total consideration (RMB0'000)
				Second instalment excluding interest (RMB0'000)	Third instalment before adjustment (RMB0'000)	
Changsha Company	70%	241,376.28	86,171.34	48,999.39	33,792.68	168,963.41
Changde Company	48.98%	211,923.31	52,938.02	30,102.01	20,760.02	103,800.05
Pingjiang Company	100%	41,819.98	21,328.19	12,127.80	8,364.00	41,819.99
					Total:	314,583.45

Profit or Loss during the Transition Period

The profit or loss in the Hunan Area Companies during the Transition Period shall be enjoyed or borne by the Company.

Conditions Precedent

The Equity Acquisition Agreements shall become effective upon fulfilment of the following conditions precedent:

- (1) Each of the Equity Acquisition Agreements has been duly executed and sealed by each party;
- (2) the assets valuation reports have been filed with the competent authority(ies) for the administration of State-owned assets;
- (3) the transactions under the Equity Acquisition Agreements have been approved by the competent authority(ies) for the administration of State-owned assets; and
- (4) the resolution on the Equity Acquisition Agreements and the transactions thereunder has been approved by the Independent Shareholders of the Company at the EGM.

None of the conditions precedent above can be waived. As at the date of this announcement, none of the other conditions precedent has been fulfilled other than condition (1).

Completion

The completion shall take place on the first day of the month following the effectiveness of the Equity Acquisition Agreement. The industrial and commercial change registration in relation to the equity transfer under the Equity Acquisition Agreements shall be completed within 60 business days from effective date of the Equity Acquisition Agreement.

2. Information on the Hunan Area Companies

As at the date of this announcement, each of the Hunan Area Companies is a subsidiary of China Huadian incorporated in the PRC and principally engaged in thermal power generation. The major financial data of the Hunan Area Companies prepared in accordance with the International Financial Reporting Standards are set out as below:

	As at		For the year ended		For the year ended		Installed capacity in operation (10 MW)	Installed capacity under construction (10 MW)
	31 December 2020		31 December 2019		31 December 2020			
Hunan Area Companies	Total assets value (RMB million)	Net assets value (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)	Net profit (before taxation) (RMB million)	Net profit (after taxation) (RMB million)		
Changsha Company	3,116.45	1,695.06	218.64	161.89	266.18	198.23	60×2	-
Changde Company	4,048.80	1,604.29	327.35	245.15	329.72	245.12	66×2	-
Pingjiang Company	1,186.65	351.44	0.00	0.00	0.00	0.00	-	100×2

V. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Capital Increase and Disposals of New Energy Assets and Equity

The Company, through the integration of new energy assets with Fuxin Development, will become a substantial participating shareholder of China Huadian's only platform for new energy's development and integration and increase its attributable installed capacity of new energy.

The Company is the ultimate platform of China Huadian for the integration of its conventional energy-based power generation assets and is the core enterprise of China Huadian for developing conventional energy-based power generation business. In the future, China Huadian will support the Company in accelerating the integration of quality assets, structural optimization and strategic transformation, and the Company is committed to developing itself into a listed company for clean energy with a global layout, actively exploring new industries and new types of business. The Company will focus on controlling, self-building and mergers to expand conventional energy, improving the regional structure of assets, relying on hydropower, gas and electricity to substantially enhance the proportion of controlled clean energy installed capacity; rapidly promoting the development of new energy through becoming substantial participating shareholder of new energy professional platform; taking internationalization and clean energy as the main investment direction, paying attention to the development of international clean energy business; actively cultivating strategic emerging industries, such as electricity sales, smart energy, integrated energy services, auxiliary services, etc., to build new growth points and playing an important baseload function and diversified auxiliary role in the new power system.

As China Huadian's only platform for new energy's development and integration, Fuxin Development can realize large-scale development, intensive operation and professional management, and will further leverage the development and competitive advantages of new energy business to achieve economies of scale. In addition, Fuxin Development's management team has rich and professional experience in project selection, construction and operation management, which is also conducive to resource integration, policy striving and potential exploration, and can better improve the management efficiency and profitability of new energy business.

Upon completion of the transactions under the Capital Increase Agreement and the Assets and Equity Disposal Agreements, the Company will hold 37.19% equity interests in Fuxin Development and the remaining 62.81% equity interests will continued to be held by Huadian Fuxin. It will not only significantly increase the attributable installed capacity of the Company in new energy (i.e. the installed capacity calculated in proportion to the equity interests held by the Company), but also bring investment income to the Company and increase the Company's earnings per share. In the future, with the continuous development of Fuxin Development as a professional platform for new energy business and the continuous enhancement of profitability, the Company will continue to obtain financial returns. At the same time, as an important shareholder of Fuxin Development, the Company can deeply participate in its corporate governance to improve the efficiency of governance; and will also be able to better concentrate its resources to promote the construction and mergers and acquisitions of its own high-quality conventional energy projects in the future.

Equity Acquisitions

In 2014, China Huadian announced its commitment to inject conventional energy-based power generation assets into the Company to avoid competition in the capital market. So far, China Huadian is actively and steadily promoting relevant works on the injection of its subordinate unlisted conventional energy-based power generation assets into the Company to resolutely support the Company's sustainable and stable development.

The acquisition of conventional energy-based assets in Hunan is an important measure of China Huadian to perform its commitment. It shows the high importance and strong support of China Huadian to the strategic positioning of the Company as “the ultimate integration platform for its conventional energy-based power generation assets and its core enterprise for developing conventional energy-based power generation business”.

In addition, the Company is continuing to expand its operation regions and speeding up in continuous development. The Company has been developing rapidly since its establishment. As at the end of 2020, its assets distribution has expanded from Shandong to 14 provinces and regions across China, including Hubei, Anhui, Zhejiang, Sichuan and Hebei. The acquisition of conventional energy-based assets in Hunan will further improve the strategic deployment of the Company's business, increase the size of the Company's assets and speed up the sustainable and healthy development of the Company.

The acquisition of conventional energy-based assets in Hunan will not only increase the Company's installed capacity by 2.52 million KW, and bring two coal-fired power generation units with an installed capacity under construction of 1 million KW, but also expand the operating area layout of the Company, which is beneficial to the future operation and development of the Company. Due to the rapid economic growth and the large potential power demand in Hunan areas, the acquisition of conventional energy-based assets in Hunan will improve the Company's profitability.

The Directors (excluding the independent non-executive Directors, whose opinion on the Transactions will be set forth in the circular after considering the advice from Gram Capital) are of the view that the terms of the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements are fair and reasonable and on normal commercial terms, and that the Capital Increase, the disposals of the New Energy Assets and Equity, and the acquisitions of Hunan Area Companies, although not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

VI. INFORMATION ON THE PARTIES

Information relating to 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.

Longyou Company is a wholly-owned subsidiary of the Company incorporated in the PRC as at the date of this announcement. It is principally engaged in gas-fired power generation.

Huarui Company is a wholly-owned subsidiary of the Company incorporated in the PRC as at the date of this announcement. It is principally engaged in wind power generation.

Hangzhou Banshan Company is a non-wholly-owned subsidiary of the Company incorporated in the PRC, which is owned as to 64% by the Company and 36% by Zhejiang Zheneng Electric Power Co., Ltd (a company listed on the Shanghai Stock Exchange under the stock code of 600023 and principally engaged in thermal power generation) as at the date of this announcement. Hangzhou Banshan Company is principally engaged in gas-fired power generation.

Weifang Company is a non-wholly-owned subsidiary of the Company incorporated in the PRC, which is owned as to 45% by the Company, 30% by Shandong Development & Investment Holding Group Co., Ltd (a wholly PRC State-owned enterprise which holds 7.68% issued share capital of the Company and is principally engaged in investment, capital operation, asset management, consulting, etc.) and 25% by Weifang Investment Group Co., Ltd (a wholly PRC State-owned enterprise principally engaged in investment, asset management, consulting, etc.) as at the date of this announcement. Weifang Company is principally engaged in thermal power generation.

Laizhou Company is a non-wholly-owned subsidiary of the Company incorporated in the PRC, which is owned as to 75% by the Company and 25% by Shandong Development & Investment Holding Group Co., Ltd (a wholly PRC State-owned enterprise which holds 7.68% issued share capital of the Company and is principally engaged in investment, capital operation, asset management, consulting, etc.) as at the date of this announcement. Laizhou Company is principally engaged in thermal power generation.

Hubei Company is a non-wholly-owned subsidiary of the Company incorporated in the PRC, which is owned as to 82.56% by the Company and 17.44% by a number of dispersed shareholders (including power companies, steel companies, cement companies and investment companies, and each of them holds less than 5% equity interests in Hubei Company) as at the date of this announcement. Hubei Company is principally engaged in investment in coal-fired, gas-fired, wind power and photovoltaic power generation units.

Wuhan Branch is principally engaged in solar power generation.

Huangshi Branch is principally engaged in solar power generation.

Zanhuang Branch is principally engaged in pumping-storage hydropower generation.

Lechang Branch is principally engaged in wind power generation.

Information relating to China Huadian

China Huadian is the controlling Shareholder of the Company, directly and indirectly holding approximately 46.84% of the total issued share capital of the Company as at the date of this announcement. China Huadian is principally 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.

Information relating to Huadian Fuxin

Huadian Fuxin is a wholly-owned subsidiary of China Huadian as at the date of this announcement. It is principally engaged in the business of operations and management of power companies.

Information relating to Fuxin Development Group

Fuxin Development is a wholly-owned subsidiary of Huadian Fuxin as at the date of this announcement. It is principally engaged in the generation and sale of wind power, solar power and other clean energy power in the PRC.

Each of Changxing Company, Shandong Company, Jinquan Company, Guangdong Company and Kangbao Company is a wholly-owned subsidiary of Fuxin Development as at the date of this announcement and is principally engaged in wind power generation.

VII. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, China Huadian is the controlling Shareholder of the Company, directly and indirectly holding approximately 46.84% of the total issued share capital of the Company. Huadian Fuxin, Fuxin Development, Changxing Company, Kangbao Company, Shandong Company, Guangdong Company and Jinquan Company are the subsidiaries of China Huadian. Therefore, each of China Huadian, Huadian Fuxin, Fuxin Development, Changxing Company, Kangbao Company, Shandong Company, Guangdong Company and Jinquan Company is a connected person of the Company.

As the Transactions involve both the Acquisitions and the Disposals, pursuant to Rule 14.24 of the Hong Kong Listing Rules, it will be classified by reference to the larger of the Acquisitions or the Disposals, and subject to the reporting, announcement and/or Shareholders' approval requirements applicable to that classification.

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, the Disposals would be aggregated with the Previous Transactions and be treated as if they were one transaction for the purpose of Chapters 14 and 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios of the Acquisitions exceed 25% but are less than 100% and one or more of the applicable percentage ratios of the Disposals (as aggregated with the Previous Transactions) exceed 25% but are less than 75%, the Transactions constitute major transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

Given that Mr. Ding Huande, Mr. Peng Xingyu, Mr. Zhang Zhiqiang and Mr. Li Pengyun, the Directors of the Company, hold positions in China Huadian, they have abstained from voting on the resolutions regarding the Transactions at the 14th meeting of the ninth session of the Board. Save as mentioned above, no other Directors have any material interest in the Transactions and therefore no other Directors have abstained from voting on such Board resolutions.

VIII. FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon completion of the Acquisitions, Fuxin Development will become an associated company of the Company and its financial results will be accounted for using the equity method in the consolidated financial statements of the Company. Hunan Area Companies will become the subsidiaries of the Company and their financial results will be consolidated into the consolidated financial statements of the Company.

Upon completion of the Disposals, the New Energy Companies, Hubei Suixian Company, Hubei Wuxue Company, Hubei Zaoyang Company and Hebei Yuzhou Company will cease to be the subsidiaries of the Company, and the financial statements of the New Energy Companies and the New Energy Assets and Equity will be de-consolidated from the consolidated financial statements of the Company.

The Company expects that the total gains derived from the Disposals (before deducting the taxation and other expenses payable by the Company) will be approximately RMB3,712.0968 million. Wherein:

- (1) the gain derived from the disposals of New Energy Companies is expected to be approximately RMB3,648.8362 million, which represents the difference between the appraised value and the carrying amount of net assets of the equity interests in the New Energy Companies held by the Company as at 31 December 2020; and

- (2) the gain derived from the disposals of New Energy Assets and Equity is expected to be approximately RMB63.2606 million, which represents the difference between the consideration for the transaction and the carrying amount of net assets of the New Energy Assets and Equity as at 31 December 2020.

The Shareholders should be aware that the actual gains on the Disposals will be calculated based on the relevant figures on the completion date and is subject to audit, and therefore it may be different from the above amount. The proceeds from the Disposals are intended to be used for capital expenditure related payments in the power plants under construction and repayment of bank loans of the Group.

Based on the unaudited pro forma financial information of the Enlarged Group, the unaudited pro forma consolidated total assets of the Enlarged Group as at 31 December 2020 would decrease from approximately RMB236,690.9 million to approximately RMB232,346.2 million and the unaudited pro forma consolidated total liabilities of the Enlarged Group as at 31 December 2020 would decrease from approximately RMB142,297.8 million to approximately RMB135,535.9 million as a result of the Transactions.

IX. EGM

The Directors propose to put forward the Transactions contemplated under the Capital Increase Agreement, the Assets and Equity Disposal Agreements, and the Equity Acquisition Agreements for the Independent Shareholders' approval at the EGM.

Shareholders of the Company whose names appear on the Company's H share register of members at the close of business on 11 June 2021 are entitled to attend the EGM conditional upon completion of the necessary registration procedures. The register of members of H shares will be closed by the Company from 15 June 2021 to 21 June 2021, both days inclusive, for the purpose of determining H Shareholders' entitlement to attend the EGM, during which period no transfer of the H shares will be registered. In order to be entitled to attend the EGM, H Shareholders of the Company whose transfer documents have not been registered are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 11 June 2021.

China Huadian, which holds 4,534,199,224 issued A shares of the Company, representing approximately 45.97% of the total issued share capital of the Company, and China Huadian Hong Kong Company Limited, its wholly-owned subsidiary, which holds 85,862,000 issued H shares of the Company, representing approximately 0.87% of the total issued share capital of the Company, will abstain from voting for approving (i) the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the transactions thereunder; and (ii) the Equity Acquisition Agreements and the transactions thereunder.

The Independent Board Committee has been established pursuant to the Hong Kong Listing Rules to advise the Independent Shareholders on the Capital Increase Agreement, the Assets and Equity Disposal Agreements, the Equity Acquisition Agreements and the transactions thereunder. The Company has also appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard in accordance with Rule 14A.52 of the Hong Kong Listing Rules.

A circular containing, among others, (i) details of the Transactions under the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements, (ii) the recommendation from the Independent Board Committee in relation to the Transactions, and (iii) the letter from Gram Capital in this regard, will be despatched on or before 3 June 2021 in accordance with the relevant laws and rules that apply to the Company.

As the completion of the Transactions is subject to the satisfaction of conditions precedent of the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

X. DEFINITIONS

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

“Acquisitions”	means collectively, the acquisition of 37.19% equity interests in Fuxin Development and the acquisition of Hunan Area Companies;
“Assets Disposal Agreements”	means collectively, the Hangzhou Assets Disposal Agreement, the Longyou Assets Disposal Agreement, the Weifang Assets Disposal Agreement, the Laizhou Assets Disposal Agreement, the Wuhan Assets Disposal Agreement, the Huangshi Assets Disposal Agreement, the Zanzhuang Assets Disposal Agreement and the Lechang Assets Disposal Agreement;
“Assets and Equity Disposal Agreements”	means collectively, the Assets Disposal Agreements and the Equity Disposal Agreements;
“Board”	means the board of directors of the Company;
“Capital Increase”	means the capital increase in Fuxin Development made by the Company pursuant to the Capital Increase Agreement;
“Capital Increase Agreement”	means the capital increase agreement entered into among the Company, Huadian Fuxin and Fuxin Development on 24 May 2021, in relation to the proposed capital increase in Fuxin Development by the Company;
“CEA”	means China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), an independent and duly qualified valuer in the PRC;
“Changsha Company”	means Hunan Huadian Changsha Power Generation Company Limited* (湖南華電長沙發電有限公司), a non-wholly-owned subsidiary of China Huadian as at the date of this announcement;
“Changsha Equity Acquisition Agreement”	means the equity acquisition agreement entered into between the Company and China Huadian on 24 May 2021, in relation to the proposed acquisition of 70% equity interests in Changsha Company by the Company from China Huadian;

“Changde Company”	means Hunan Huadian Changde Power Generation Company Limited* (湖南華電常德發電有限公司), a non-wholly-owned subsidiary of China Huadian as at the date of this announcement;
“Changde Equity Acquisition Agreement”	means the equity acquisition agreement entered into between the Company and China Huadian on 24 May 2021, in relation to the proposed acquisition of 48.98% equity interests in Changde Company by the Company from China Huadian;
“Changxing Company”	means Changxing Heping Huadian Wind Power Generation Company Limited* (長興和平華電風力發電有限公司), a wholly-owned subsidiary of Fuxin Development as at the date of this announcement;
“China Alliance”	means China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司), an independent and duly qualified valuer in the PRC;
“China Appraisal”	means China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent and duly qualified valuer in the PRC;
“China Huadian”	means 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 and companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
“Company”	means Huadian Power International Corporation Limited* (華電國際電力股份有限公司), a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“controlling Shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Directors”	means the directors of the Company;
“Disposals”	means collectively, the transfer of New Energy Companies, and the disposal of New Energy Assets and Equity;
“EGM”	means the extraordinary general meeting of the Company proposed to be convened on 21 June 2021 to consider and approve the transactions contemplated under the Capital Increase Agreement, the Assets and Equity Disposal Agreements, and the Equity Acquisition Agreements;

“Enlarged Group”	means the Group upon completion of the transactions contemplated under the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements;
“Equity Acquisitions”	means the equity acquisitions of Hunan Area Companies from China Huadian by the Company pursuant to the Equity Acquisition Agreements;
“Equity Acquisition Agreements”	means collectively, Changsha Equity Acquisition Agreement, Changde Equity Acquisition Agreement and Pingjiang Equity Acquisition Agreement;
“Equity Disposal Agreements”	means collectively, Hubei Equity Disposal Agreement and Hebei Equity Disposal Agreement;
“Fuxin Development”	means Huadian Fuxin Energy Development Company Limited* (華電福新能源發展有限公司), a wholly-owned subsidiary of Huadian Fuxin as at the date of this announcement;
“Fuxin Development Group”	means Fuxin Development and its subsidiaries as at the date of this announcement;
“Gram Capital” or “Independent Financial Adviser”	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements;
“Group”	means the Company and its subsidiaries as at the date of this announcement;
“Guangdong Company”	means Guangdong Huadian Qianshan Wind Power Generation Company Limited* (廣東華電前山風力發電有限公司), a wholly-owned subsidiary of Fuxin Development as at the date of this announcement;
“Hangzhou Assets Disposal Agreement”	means the assets disposal agreement entered into between Hangzhou Banshan Company and Changxing Company on 24 May 2021, in relation to the proposed disposal of assets by Hangzhou Banshan Company to Changxing Company;
“Hangzhou Banshan Company”	means Hangzhou Huadian Banshan Power Generation Company Limited* (杭州華電半山發電有限公司), a non-wholly-owned subsidiary of the Company as at the date of this announcement;

“Hebei Equity Disposal Agreement”	means the equity disposal agreement entered into between Huarui Company and Fuxin Development on 24 May 2021, in relation to the proposed disposal of 60.3803% equity interests in Hebei Yuzhou Company by Huarui Company to Fuxin Development;
“Hebei Yuzhou Company”	means Hebei Huadian Yuzhou Wind Power Company Limited* (河北華電蔚州風電有限公司), a non-wholly-owned subsidiary of Huarui Company as at the date of this announcement;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Huadian Fuxin”	means Huadian Fuxin Energy Corporation Limited* (華電福新能源有限公司), a wholly-owned subsidiary of China Huadian as at the date of this announcement;
“Huangshi Branch”	means Huangshi Photovoltaic Power Generation Branch of Huadian Hubei Power Generation Company Limited* (華電湖北發電有限公司黃石光伏發電分公司), a branch of a non-wholly-owned subsidiary of the Company as at the date of this announcement;
“Huangshi Assets Disposal Agreement”	means the assets disposal agreement entered into between Huangshi Branch and Jinqun Company on 24 May 2021, in relation to the proposed disposal of assets by Huangshi Branch to Jinqun Company;
“Huarui Company”	means Hebei Huarui Energy Group Company Limited* (河北華瑞能源集團有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement;
“Hubei Company”	means Huadian Hubei Power Generation Company Limited* (華電湖北發電有限公司), a non-wholly-owned subsidiary of the Company as at the date of this announcement;
“Hubei Equity Disposal Agreement”	means the equity disposal agreement entered into between Hubei Company and Fuxin Development on 24 May 2021, in relation to the proposed disposal of 100% equity interests in Hubei Suixian Company, Hubei Wuxue Company and Hubei Zaoyang Company by Hubei Company to Fuxin Development;
“Hubei Wuxue Company”	means Hubei Huadian Wuxue New Energy Company Limited* (湖北華電武穴新能源有限公司), a wholly-owned subsidiary of Hubei Company as at the date of this announcement;

“Hubei Suixian Company”	means Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited* (湖北華電隨縣殷店光伏發電有限公司), a wholly-owned subsidiary of Hubei Company as at the date of this announcement;
“Hubei Zaoyang Company”	means Hubei Huadian Zaoyang Photovoltaic Power Generation Company Limited* (湖北華電棗陽光伏發電有限公司), a wholly-owned subsidiary of Hubei Company as at the date of this announcement;
“Hunan Area Companies”	means Changsha Company, Changde Company and Pingjiang Company, or any of the above companies, subject to specific Equity Acquisition Agreement;
“Independent Board Committee”	means the independent committee of the Board, comprising independent non-executive Directors, namely Mr. Wang Dashu, Mr. Zong Wenlong, Mr. Feng Zhenping and Mr. Li Xingchun, appointed to advise the Independent Shareholders on the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements and the transactions contemplated thereunder pursuant to the requirements of the Hong Kong Listing Rules;
“Independent Shareholders”	means the Shareholders who are not required to abstain from voting for approving (i) the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the transactions thereunder; and (ii) the Equity Acquisition Agreements and the transactions thereunder;
“Jinquan Company”	means Hubei Jinquan Wind Power Generation Company Limited* (湖北金泉風力發電有限公司), a wholly-owned subsidiary of Fuxin Development as at the date of this announcement;
“Kangbao Company”	means Kangbao Xiehe Wind Power Generation Company Limited* (康保協合風力發電有限公司), a wholly-owned subsidiary of Fuxin Development as at the date of this announcement;
“Laizhou Company”	means Huadian Laizhou Power Generation Company Limited* (華電萊州發電有限公司), a non-wholly-owned subsidiary of the Company as at the date of this announcement;
“Laizhou Assets Disposal Agreement”	means the assets disposal agreement entered into between Laizhou Company and Shandong Company on 24 May 2021, in relation to the proposed disposal of assets by Laizhou Company to Shandong Company;
“Lechang Branch”	means Lechang Wind Power Branch of Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B)* (韶關市坪石發電廠有限公司(B廠)樂昌風電分公司), a branch of a wholly-owned subsidiary of the Company as at the date of this announcement;

“Lechang Assets Disposal Agreement”	means the assets disposal agreement entered into between Lechang Branch and Guangdong Company on 24 May 2021, in relation to the proposed disposal of assets by Lechang Branch to Guangdong Company;
“Longyou Company”	means Huadian Zhejiang Longyou Thermal Company Limited* (華電浙江龍游熱電有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement;
“Longyou Assets Disposal Agreement”	means the assets disposal agreement entered into between Longyou Company and Changxing Company on 24 May 2021, in relation to the proposed disposal of assets by Longyou Company to Changxing Company;
“New Energy Assets”	means collectively, the assets to be disposed of under the Assets Disposal Agreements;
“New Energy Assets and Equity”	means collectively, the assets and equity to be disposed of under the Assets and Equity Disposal Agreements;
“New Energy Equity”	means collectively, the equity to be disposed of under the Equity Disposal Agreements;
“New Energy Companies”	means collectively, the 27 subsidiaries of the Company set out in the table on pages 4 to 7 of this announcement;
“Ningxia Lingwu”	means Huadian Ningxia Lingwu Power Generation Company Limited* (華電寧夏靈武發電有限公司), a limited liability company incorporated in the PRC;
“Ningxia Heating”	means Ningxia Huadian Heating Corporation Limited* (寧夏華電供熱有限公司), a limited liability company incorporated in the PRC;
“Pingjiang Company”	means Hunan Huadian Pingjiang Power Generation Company Limited* (湖南華電平江發電有限公司), a wholly-owned subsidiary of China Huadian as at the date of this announcement;
“Pingjiang Equity Acquisition Agreement”	means the equity acquisition agreement entered into between the Company and China Huadian on 24 May 2021, in relation to the proposed acquisition of 100% equity interests in Pingjiang Company by the Company from China Huadian;
“PRC”	means the People’s Republic of China;
“Previous Transactions”	means the transfer of 65% equity interests in Ningxia Lingwu, the dividend receivable arising from the 65% equity interests in Ningxia Lingwu, and 53% equity interests in Ningxia Heating from the Company to China Huadian as disclosed in the announcement of the Company dated 28 February 2021 and the circular of the Company dated 31 March 2021;

“RMB”	means Renminbi, the lawful currency of the PRC;
“Shandong Company”	means Huadian Shandong Rushan New Energy Company Limited* (華電山東乳山新能源有限公司), a wholly-owned subsidiary of Fuxin Development as at the date of this announcement;
“share(s)”	means the share(s) with a par value of RMB1.00 each in the share capital of the Company;
“Shareholder(s)”	means the shareholder(s) of the Company;
“SSE”	means the Shanghai Stock Exchange;
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Transactions”	means collective, the transactions contemplated under the Capital Increase Agreement, the Assets and Equity Disposal Agreements and the Equity Acquisition Agreements;
“Transition Period”	means the period from the following day of the Valuation Benchmark Date to the completion date;
“Valuation Benchmark Date”	means 31 December 2020;
“Weifang Company”	means Huadian Weifang Power Generation Company Limited* (華電濰坊發電有限公司), a non-wholly-owned subsidiary of the Company as at the date of this announcement;
“Weifang Assets Disposal Agreement”	means the assets disposal agreement entered into between Weifang Company and Shandong Company on 24 May 2021, in relation to the proposed disposal of assets by Weifang Company to Shandong Company;
“Wuhan Branch”	means Wuhan Photovoltaic Power Generation Branch of Huadian Hubei Power Generation Company Limited* (華電湖北發電有限公司武漢光伏發電分公司), a branch of a non-wholly-owned subsidiary of the Company as at the date of this announcement;
“Wuhan Assets Disposal Agreement”	means the assets disposal agreement entered into between Wuhan Branch and Jinquan Company on 24 May 2021, in relation to the proposed disposal of assets by Wuhan Branch to Jinquan Company;
“Yinxin Appraisal”	means Yinxin Appraisal Co., Ltd.* (銀信資產評估有限公司), an independent and duly qualified valuer in the PRC;

“Zanhuang Branch”	means Zanhuang New Energy Branch of Hebei Huadian Complex Pumping-storage Hydropower Company Limited* (河北華電混合蓄能水電有限公司贊皇新能源分公司), a branch of a wholly-owned subsidiary of the Company as at the date of this announcement;
“Zanhuang Assets Disposal Agreement”	means the assets disposal agreement entered into between Zanhuang Branch and Kangbao Company on 24 May 2021, in relation to the proposed disposal of assets by Zanhuang Branch to Kangbao Company; and
“%”	means per cent.

* For identification purpose only

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
24 May 2021

* For identification purpose only