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華電國際電力股份有限公司

**Huadian Power International Corporation Limited \***

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

*China (the "PRC"))*

*(Stock Code: 1071)*

**ANNOUNCEMENT  
PROPOSED NON-PUBLIC ISSUANCE OF A SHARES;  
PLACING OF NEW A SHARES TO CHINA HUADIAN;  
REFRESHMENT OF GENERAL MANDATE; AND  
RESUMPTION OF TRADING**

## **PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

The Board announces that on 29 December 2014, the Board resolved to propose a non-public issuance of A Shares. The Non-Public Issuance is proposed to target not more than ten specified investors, including China Huadian.

One of the target subscribers, China Huadian, being a controlling shareholder and hence a connected person of the Company, has a material interest in the Non-Public Issuance. China Huadian and its close associates shall therefore abstain from voting on the resolutions approving the Non-Public Issuance. According to relevant requirements of the Hong Kong Listing Rules, the Company will proceed with the Non-Public Issuance after obtaining approvals from Independent Shareholders by way of special resolutions at the EGM convened in compliance with the articles of association of the Company.

A circular containing, among other things, details of the Non-Public Issuance will be despatched to Shareholders in accordance with the Hong Kong Listing Rules. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

## **CHINA HUADIAN A SHARES SUBSCRIPTION**

Under the China Huadian A Shares Subscription Agreement, China Huadian will subscribe for an aggregate of not less than 20% of the new A Shares to be issued under the Non-Public Issuance. The minimum number of new A Shares to be subscribed under the China Huadian A Share Subscription Agreement represent approximately 3.22% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.00% of the existing issued A Shares.

Since China Huadian is the controlling shareholder of the Company, and hence a connected person of the Company, the placing and issue of new A Shares to China Huadian pursuant to the China Huadian A Shares Subscription Agreement constitutes a connected transaction of the Company and is subject to announcement, circular and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The proposal relating to the China Huadian A Shares Subscription will be proposed by way of a special resolution at the EGM for the Independent Shareholders to approve. As required by the Hong Kong Listing Rules, as at the date of this announcement, China Huadian, which holds 4,321,061,853 issued A Shares representing approximately 49.06% of the Company's total issued share capital, and its wholly-owned subsidiary, China Huadian Hong Kong, which holds 85,862,000 issued H Shares representing approximately 0.97% of the Company's total issued share capital, will abstain from voting on the resolutions to be proposed at the EGM for approving the China Huadian A Shares Subscription.

A circular containing, among others: (i) details of the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement, (ii) a letter of recommendation from the independent Board committee to the Independent Shareholders on the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement, and (iii) a letter of advice by an independent financial adviser to the independent Board committee and the Independent Shareholders on the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement will be despatched in accordance with the Hong Kong Listing Rules that apply to the Company in due course. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

## **REFRESHMENT OF GENERAL MANDATE**

Upon the completion of the placing of H Shares on 30 July 2014, the Existing General Mandate in respect of the H Shares has been fully used. As at the date of this announcement, the Company has not made any refreshment of the Existing General Mandate since the annual general meeting of the Company on 30 May 2014.

As at the date of this announcement, there are 7,090,056,200 A Shares and 1,717,233,600 H Shares in issue. In this regard, the Board proposes that the Existing General Mandate be refreshed to authorise the Directors to issue and allot up to new 1,418,011,240 A Shares and 343,446,720 H Shares, representing 20% of each of the existing total number of A Shares and H Shares as at the date of passing of the proposed resolution at the EGM of the Company (assuming no Shares will be issued or repurchased by the Company prior to the date of the EGM) (the “**Refreshed General Mandate**”). The Refreshed General Mandate will, if granted at the EGM, remain effective until the earliest of: (a) the conclusion of the first annual general meeting of the Company immediately after the passing of the resolutions of the EGM; or (b) the end of the period within which such annual general meeting of the Company is required by the articles of the Company or any applicable laws to be held; or (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The refreshment of the Existing General Mandate before the next annual general meeting of the Company is subject to the approval of the Independent Shareholders at the EGM, pursuant to rule 13.36(4) of the Hong Kong Listing Rules. China Huadian (being the Company's controlling shareholder) and China Huadian Hong Kong (being the associate of the Company's controlling shareholder) are required to and shall abstain from voting in favour of the proposed resolution approving the refreshment of the Existing General Mandate. The Company will comply with the requirements specified under Rule 13.39(4).

A circular containing, among others: (i) details of the refreshment of the Existing General Mandate, (ii) a letter of recommendation from the independent Board committee to the Independent Shareholders on the refreshment of the Existing General Mandate, and (iii) a letter of advice by an independent financial adviser to the independent Board committee and the Independent Shareholders on the refreshment of the Existing General Mandate will be despatched in accordance with the Hong Kong Listing Rules that apply to the Company in due course. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

## **RESUMPTION OF TRADING**

Trading in H Shares of the Company has been suspended with effect from 9:00 a.m. on 23 December 2014 pending the publication of this announcement by the Company. The Company has applied to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 30 December 2014.

## **1. THE NON-PUBLIC ISSUANCE**

The Board announces that on 29 December 2014, the Board resolved to propose a non-public issuance of A Shares.

### ***Proposal***

#### **(1) Class and nominal value of the Shares to be issued**

The Shares to be issued under the Non-Public Issuance are RMB denominated ordinary Shares of the Company with a nominal value of RMB1.00 per Share, which will be listed domestically (A Shares).

#### **(2) Target subscribers**

The Non-Public Issuance of A Shares will contain two tranches: (1) Non-Public Issuance to Independent Shareholders and (2) China Huadian A Shares Subscription. The Non-Public

Issuance is proposed to target not more than ten specified investors, including China Huadian. China Huadian has entered into the China Huadian A Shares Subscription Agreement on 29 December 2014 with the Company, pursuant to which China Huadian will subscribe not less than 20% of the new A Shares to be issued in the Non-Public issuance. Details of China Huadian A Shares Subscription are set out in section 2 below. Other than China Huadian, the specified investors shall be investors which complied with the requirements of CSRC, including securities investment funds, insurance institutional investors, trust investment companies, financial companies, securities companies, qualified foreign institutional investors, natural persons and other qualified investors.

After the Company has obtained the approval in respect of the Non-Public Issuance, the ultimate target subscribers (other than China Huadian) will be determined by the Board and its authorized person and the lead underwriter based on the relevant requirements of CSRC and the price quoted by target subscribers, following the price priority principle.

China Huadian will remain as the controlling shareholder of the Company after the subscription of shares under the Non-Public Issuance by the target subscribers (including China Huadian).

As at the date of this announcement, the Company has not entered into any agreements with any potential investor (other than China Huadian) in connection with the Non-Public Issuance. To the best knowledge, information and belief of the Directors, the potential investors (other than China Huadian) and their respective ultimate beneficial owners are not connected persons of the Company. The Company will use its best efforts to ensure that the investors (other than China Huadian) and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

**(3) Number of Shares to be issued and method of subscription**

The Non-Public Issuance of A Shares will be pursuant to the Refreshed General Mandate. The number of Shares to be issued under the Non-Public Issuance will not exceed 1,418,000,000 Shares, and therefore the aggregate nominal value of the Shares to be issued will not exceed RMB1,418,000,000. Within the range of the issuance mentioned above, the ultimate number of the issuance will be determined by the Board and person(s) authorised by the Board according to the market conditions at the time of the Non-Public Issuance after consultation with the lead underwriter of this issuance.

All Shares to be issued under the Non-Public Issuance shall be subscribed in cash.

**(4) Method of issuance**

All A Shares under the Non-Public Issuance will be offered to target investors by way of non-public issuance at an appropriate time to be determined, which shall be within the time limit as stated in the approval to be obtained from CSRC.

**(5) Price Determination Date, issue price and method of pricing**

The pricing benchmark date of the Non-Public Issuance shall be the Price Determination Date, i.e., 30 December 2014. According to the requirements of relevant laws and regulations and regulatory documents including the Measures for Administration of the Issue of Securities by Listed Companies (《上市公司證券發行管理辦法》) and the Implementation Rules for the Non-public Issue of Shares by Listed Companies (《上市公司非公開發行股票實施細則》), the issue price of the Non-Public Issuance shall be not less than RMB5.04 per Share, i.e. not less than 90% of the average trading price of the A Shares in the Price Determination Period (the average trading price of the A Shares in the Price Determination Period = the total value of A Shares traded in the Price Determination Period / the total volume of A Shares traded in the Price Determination Period). The issue price will be adjusted correspondingly in case of any ex-rights or ex-dividend events during the period from the Pricing Determination Date to the date of issuance.

Subject to the abovementioned indicative minimum issue price, the issue price of the Non-Public Issuance will be determined by a book-building process. The Board and its authorized person(s) shall after the approval from CSRC is obtained, determine the final issue price in accordance with the authorization of general meeting of the Company, the requirements of relevant laws and regulations and other regulatory documents and the price quoted by investors based on the price priority principle after consultation with the lead underwriter for the Non-Public Issuance.

The indicative minimum issue price of RMB5.04 per Share under the Non-Public Issuance: (i) represents no less than 90% of the average trading price of the A Shares during the Price Determination Period, and (ii) represents a discount of less than 20% to the higher of the closing price of the H Shares on 22 December 2014 and the average closing price of the H Shares in the 5 trading days immediately before that date, assuming an exchange rate of HK\$1 = RMB0.80.

The net price to the Company of each new A Share to be issued will be determined and disclosed upon completion of the Non-Public Issuance and the determination of relevant expenses incurred or to be incurred in relation to the Non-Public Issuance in accordance with the requirements of the Hong Kong Listing Rules.

As at 22 December 2014 (i.e. the latest trading day preceding the trading suspension of the shares of the Company), the closing price of the A Shares and the H Shares respectively was RMB7.38 and HK\$6.81 per Share.

#### **(6) Conditions precedent**

The Non-Public Issuance is conditional upon, among other things, (i) the approvals of all resolutions in respect of the Non-Public Issuance by the Shareholders at the extraordinary general meeting as required by the relevant PRC laws and regulations; and (ii) obtaining of the approvals and the authorization from SASAC and CSRC as required under relevant laws, regulations and regulatory documents. Upon satisfaction of all the conditions precedent, the Company will apply for the issuance and listing of the Shares to the Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited and complete all approval procedures for the Non-Public Issuance. For additional conditions precedent in respect of the China Huadian A Shares Subscription Agreement, please refer to the paragraph headed "Conditions Precedent" in section 2 of this announcement.

#### **(7) Lock-up period arrangement**

The Shares subscribed by the investors (other than China Huadian) under the Non-Public Issuance shall not be transferred within 12 months from the date of the completion of the issuance. Please refer to the paragraph headed "Lock-up arrangement" in section 2 of this announcement for details of the lock-up period arrangement for Shares issued under China Huadian A Shares Subscription.

#### **(8) Use of proceeds**

The total proceeds of the Non-Public Issuance will be not more than RMB 7,147 million. After deducting all applicable costs and expenses in association with the Non-Public Issuance, the proceeds are proposed to be utilized in the following ways:

| <b>No.</b> | <b>Name of project</b> | <b>Proceeds to<br/>be utilized (RMB '00 million)</b> |
|------------|------------------------|------------------------------------------------------|
| 1          | Fengjie Project        | 30                                                   |
| 2          | Shiliquan Project      | 21                                                   |

|   |                           |                            |
|---|---------------------------|----------------------------|
| 3 | Replenish working capital | Not more than 20.47        |
|   | <b>Total</b>              | <b>Not more than 71.47</b> |

#### Fengjie Project

Fengjie Power Plant of Huadian Power International Corporation Limited\* is a branch of the Company. Fengjie Project is a main power supply project in Chongqing City, under which 2×600 MW supercritical coal-fired power generating units will be constructed and a total of 381 MW small power generating units in Chongqing City will be closed down accordingly. Therefore, it is a project of “replacing smaller units with larger units”. It is anticipated that these two new units will be put into operation in 2016.

Upon putting into operation, Fengjie Project will become one of the main on-grid power resources in Chongqing and will be responsible for the power supply in the city, which will effectively narrow the on-grid power gap, satisfying the needs for development in Chongqing and guaranteeing the provision of stable energy supply for the sustainable development of the economy in Chongqing.

The total investment of this project amounts to RMB4,680 million, and the total accumulative investment amount is approximately RMB740 million so far. The proceeds of RMB3,000 million from the Non-Public Issuance will be used for the Fengjie Project. If there is insufficient funding for this project afterwards, the Company will finance the same by raising funds on its own. The financial internal return rate of the project is expected to be 8%.

#### Shiliquan Project

Shiliquan Power Plant of Huadian Power International Corporation Limited\* is a branch of the Company. Shiliquan Project, locating at the industrial area at the south of Dongcheng District, Zaozhuang City, Shandong Province, is one of the key projects in Shandong Province and is also an important part of the policy on energy conservation, emission reduction and optimization of the structure of power resources. Under the Shiliquan Project, one 600 MW ultra-supercritical coal-fired power generating unit with the function to supply heat as well will be expanded, and a total of 240 MW small power generating units in Chongqing City will be closed down accordingly. Therefore, it is a project of “replacing smaller units with larger units”. It is anticipated that the unit will be put into operation in 2016.

The construction of Shiliquan Project is able to ease the tension of the supply of on-grid power, improve the on-grid structure and improve the stability as well as efficiency of the on-grid operation. According to the analysis on the demand for heat load for the urban development in Zaozhuang City, the construction of this project is able to effectively enhance the utilization rate of coal resources, reduce environmental pollution and improve the people’s livelihood. Accordingly, there are stable demands for power and heat for Shiliquan Project in the market. In addition, Shiliquan Project adopts domestic heat supplying units that are environment-friendly, highly efficient and ultra supercritical, which fully makes use of the water in urban area, recycling water and waste water at old plants and existing fundamental facilities at the old plants. By taking advantage of local coal resources, the distance of delivery is shortened, which allows the integrated usage of resources, and advancement in various technical and economic indicators.

The total investment of this project amounts to RMB3,130 million, and the total accumulative investment amount is approximately RMB420 million so far. The proceeds of RMB2,100 million from the Non-Public Issuance will be used for the Shiliquan Project. If there is insufficient funding for this project in the future, the Company will finance the project by raising funds on its own. The financial internal return rate of the project is expected to be 8%.

### **(9) Accumulated profit distribution of the Company prior to the Non-Public Issuance**

The new and existing Shareholders after the Non-Public Issuance will share the undistributed profits of the Company accumulated prior to the Non-Public Issuance.

**(10) Valid period of the resolution regarding the Non-Public Issuance**

The resolution regarding the Non-Public Issuance shall be valid for 12 months from the date of consideration and approval at the EGM.

***Benefits of and reasons for the Non-Public Issuance***

The Directors believe that the Non-Public Issuance (including China Huadian A Shares Subscription) will significantly enhance the capital structure and financial position of the Company by improving its balance sheet and leverage ratios, and will also improve the financing capability of the Company, which in the long term, will enhance the Company's competitiveness and help the Company improve its operational position. The Non-Public Issuance (including China Huadian A Shares Subscription) can also raise funds for the Company to finance the Fengjie Project and the Shiliquan Project and to supplement the working capital of the Company.

***Implications under the Hong Kong Listing Rules***

One of the target subscribers, China Huadian, being a controlling shareholder and hence a connected person of the Company, has a material interest in the Non-Public Issuance. China Huadian and its close associates shall therefore abstain from voting on the resolutions approving the Non-Public Issuance. According to relevant requirements of the Hong Kong Listing Rules, the Company will proceed with the Non-Public Issuance after obtaining approvals from Independent Shareholders by way of special resolutions at the EGM convened in compliance with the articles of association of the Company.

A circular containing, among other things, details of the Non-Public Issuance will be despatched to Shareholders in accordance with the Hong Kong Listing Rules. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

***Details of previous fund raising activities in the past 12 months***

| <b>Date of completion</b> | <b>Fund raising activity</b>                                                                                                         | <b>Net proceeds raised</b>      | <b>Use of net proceeds</b>                                                                                                                                                                                                                                                                                     |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 July 2014              | Placing of new A Shares under general mandate granted to the Board at the annual general meeting of the Company held on 25 June 2013 | Approximately RMB3,311 million  | (i) Approximately RMB2,233 million has been used as the Company's working capital to repay bank borrowings; and (ii) approximately RMB1,078 million has been used to purchase coal                                                                                                                             |
| 30 July 2014              | Placing of new H Shares under general mandate granted to the Board at the annual general meeting of the Company held on 30 May 2014  | Approximately HK\$1,384 million | (i) Approximately HK\$625 million has been used as the Company's working capital to repay bank borrowings; (ii) approximately HK\$620.6 million has been used to replenish the working capital; and (iii) the remaining balance of approximately HK\$138.4 million is maintained at the Company's bank account |

Save for the fund raising activities disclosed above, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

The Directors are of the opinion that the terms of the Non-Public Issuance (including the proposed issue price) are on normal commercial terms and are fair and reasonable taking into consideration the prevailing market conditions and are in the interests of the Company and Shareholders as a whole.

The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the new A Shares to be issued pursuant to the Non-Public Issuance. Dealing in the A Shares to be issued under the Non-Public Issuance on the Shanghai Stock Exchange will commence upon expiration of the lock-up period. The new A Shares to be issued pursuant to the Non-Public Issuance will rank, upon issue, *pari passu* in all respects with the A Shares in issue at the time of allotment and issue of such new A Shares.

**Shareholders and potential investors should be aware that, apart from the conditional China Huadian A Shares Subscription Agreement, the Company has not entered into any definitive agreement in connection with the Non-Public Issuance which is subject to the conditions precedent set out above, and consequently the Non-Public Issuance may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.**

## **2. CHINA HUADIAN A SHARES SUBSCRIPTION**

### ***China Huadian A Shares Subscription Agreement***

#### **(1) Parties**

- (i.) The Company as issuer; and
- (ii.) China Huadian as the subscriber.

#### **(2) Number of new A Shares subscribed for**

Under the China Huadian A Shares Subscription Agreement, China Huadian will subscribe for an aggregate of not less than 20% of the new A Shares to be issued under the Non-Public Issuance. The minimum number of new A Shares to be subscribed under the China Huadian A Share Subscription Agreement represent approximately 3.22% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.00% of the existing issued A Shares. Immediately after completion of the China Huadian A Shares Subscription, assuming that the number of A Shares issuable under the Non-Public Issuance is 1,418,000,000 Shares, that China Huadian will subscribe for the minimum number of A Shares issuable under the China Huadian A Shares Subscription Agreement and that there will be no other issue or transfer of Shares from the date of this announcement to completion of the Non-Public Issuance, immediately upon completion of the Non-Public Issuance, China Huadian and its associates, as ultimate beneficial owner, will hold in aggregate 4,690,523,853 Shares, representing approximately 45.87% of the then enlarged total issued share capital of the Company and will hold in aggregate 4,604,661,853 A Shares, representing approximately 54.12% of the enlarged total issued A Shares.

Subject to the regulatory approvals as described in the paragraph headed "Conditions Precedent" in section 1 of the announcement which may or may not be obtained, it is possible that China Huadian, under the Non Public Issuance, may take up all the new A Shares to be issued pursuant to the Non-Public Issuance. If that is the case, assuming that the number of A Shares issuable under the Non-Public Issuance is 1,418,000,000 Shares, and that there will be no other issue or transfer of Shares from the date of this announcement to completion of the Non-Public Issuance, immediately upon completion of the Non-Public Issuance, China Huadian and its associates, as ultimate beneficial owner, will hold in aggregate 5,824,923,853 Shares, representing approximately 56.97% of the then enlarged total issued share capital of the Company and will hold in aggregate 5,739,061,853 A Shares, representing approximately 67.45% of the enlarged total issued A Shares.

#### **(3) Subscription price**

The subscription price of the new A Shares to be issued under the China Huadian A Shares Subscription shall be the same as the issue price of the Non-Public Issuance.

The subscription price will, pursuant to the terms of the China Huadian A Shares Subscription Agreement, be paid in cash into the special savings account as designated by the lead underwriter when the Company issues the new A Shares to China Huadian after the Company obtains, among others, the approval of CSRC for the proposed China Huadian A Shares Subscription.

#### **(4) Conditions precedent**

The China Huadian A Shares Subscription is conditional upon (i) the execution of the China Huadian A Shares Subscription Agreement by the Company and China Huadian; (ii) the Independent Shareholders approving the China Huadian A Shares Subscription Agreement and the China Huadian A Shares Subscription by poll at the EGM; and (iii) the relevant governmental and regulatory authorities, including but not limited to SASAC and CSRC, approving the China Huadian A Shares Subscription.

No conditions are waivable under the China Huadian A Shares Subscription Agreement.

#### **(5) Lock-up arrangement**

Pursuant to the relevant rules of CSRC, China Huadian shall not transfer any of the new A Shares it will subscribe for pursuant to the China Huadian A Shares Subscription Agreement within 36 months from the date of completion of the China Huadian A Shares Subscription. Except for this lock-up arrangement, there is no restriction on the subsequent sale of the new A Shares that China Huadian will subscribe for pursuant to the China Huadian A Shares Subscription Agreement.

#### ***Implications under the Hong Kong Listing Rules***

Since China Huadian is the controlling shareholder of the Company, and hence a connected person of the Company, the placing and issue of new A Shares to China Huadian pursuant to the China Huadian A Shares Subscription Agreement constitutes a connected transaction of the Company and is subject to announcement, circular and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The proposal relating to the China Huadian A Shares Subscription will be proposed by way of a special resolution at the EGM for the Independent Shareholders to approve. As required by the Hong Kong Listing Rules, as at the date of this announcement, China Huadian, which holds 4,321,061,853 issued A Shares representing approximately 49.06% of the Company's total issued share capital, and its wholly-owned subsidiary, China Huadian Hong Kong, which holds 85,862,000 issued H Shares representing approximately 0.97% of the Company's total issued share capital, will abstain from voting on the resolutions to be proposed at the EGM for approving the China Huadian A Shares Subscription.

Four non-executive Directors, namely, Mr. Li Qingkui, Mr. Chen Bin, Mr. Gou Wei and Mr. Chu Yu (who are currently employees of China Huadian), have abstained from voting on the Board resolutions approving the transactions contemplated under the China Huadian A Shares Subscription Agreement. Save as mentioned above, none of the other Directors has a material interest in the China Huadian A Shares Subscription and hence no other Director has abstained from voting on such Board resolutions.

An independent Board committee (comprising all the independent non-executive Directors) has, in accordance with the Hong Kong Listing Rules, been formed to advise the Independent Shareholders on the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement. In this connection, an independent financial adviser will be appointed with the approval of the independent Board committee to advise such committee and the Independent Shareholders as to whether the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement are fair and reasonable and make recommendation on voting. For details of such advice, please refer to the circular to be published by the Company in due course.

The Directors are of the opinion that the terms of the China Huadian A Shares Subscription (including the proposed issue price) are on normal commercial terms and are fair and reasonable taking into

consideration the prevailing market conditions and are in the interests of the Company and Shareholders as a whole.

A circular containing, among others: (i) details of the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement, (ii) a letter of recommendation from the independent Board committee to the Independent Shareholders on the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement, and (iii) a letter of advice by an independent financial adviser to the independent Board committee and the Independent Shareholders on the China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement will be despatched in accordance with the Hong Kong Listing Rules that apply to the Company in due course. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

**Shareholders and potential investors should be aware that the China Huadian A Shares Subscription is subject to the conditions precedent set out above, and consequently the China Huadian A Shares Subscription may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.**

### **3. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

Set out below is the information on the Company's shareholding structure as at the date of this announcement and immediately after the completion of the Non-Public Issuance:

#### ***As at the date of this announcement***

| <b>Shareholders</b>                                                                                    | <b>Number of Shares held</b> | <b>Approximate percentage of the total issued shares of the Company</b> |
|--------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------|
| China Huadian                                                                                          | 4,321,061,853 A Shares       | 49.06%                                                                  |
| China Huadian Hong Kong (a wholly-owned subsidiary of China Huadian and an associate of China Huadian) | 85,862,000 H Shares          | 0.97%                                                                   |
| Sub-total of shareholding interests held by China Huadian and its associate                            | 4,406,923,853                | 50.04%                                                                  |
| Public                                                                                                 | 2,768,994,347 A Shares       | 31.44%                                                                  |
|                                                                                                        | 1,631,371,600 H Shares       | 18.52%                                                                  |
| Total                                                                                                  | 8,807,289,800                | 100%                                                                    |

***Assuming that (i) 20% of new A Shares currently anticipated to be issued under the Non-Public Issuance, i.e. a total of 283,600,000 new A Shares, are fully subscribed for by China Huadian; and (ii) no other Shares will be issued or transferred after the date of this announcement until completion of the Non-Public Issuance:***

| <b>Shareholders</b> | <b>Number of Shares held</b> | <b>Approximate percentage of the total issued shares of the Company</b> |
|---------------------|------------------------------|-------------------------------------------------------------------------|
| China Huadian       | 4,604,661,853 A Shares       | 45.03%                                                                  |

|                                                                                                        |                        |        |
|--------------------------------------------------------------------------------------------------------|------------------------|--------|
| China Huadian Hong Kong (a wholly-owned subsidiary of China Huadian and an associate of China Huadian) | 85,862,000 H Shares    | 0.84%  |
| Sub-total of shareholding interests held by China Huadian and its associate                            | 4,690,523,853          | 45.87% |
| Public                                                                                                 | 3,903,394,347 A Shares | 38.18% |
|                                                                                                        | 1,631,371,600 H Shares | 15.95% |
| Total                                                                                                  | 10,225,289,800         | 100%   |

***Assuming that (i) all the new A Shares currently anticipated to be issued under the Non-Public Issuance, i.e. a total of 1,418,000,000 are fully subscribed for by China Huadian; and (ii) no other Shares will be issued or transferred after the date of this announcement until completion of the Non-Public Issuance:***

| <b>Shareholders</b>                                                                                    | <b>Number of Shares held</b> | <b>Approximate percentage of the total issued shares of the Company</b> |
|--------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------|
| China Huadian                                                                                          | 5,739,061,853 A Shares       | 56.13%                                                                  |
| China Huadian Hong Kong (a wholly-owned subsidiary of China Huadian and an associate of China Huadian) | 85,862,000 H Shares          | 0.84%                                                                   |
| Sub-total of shareholding interests held by China Huadian and its associate                            | 5,824,923,853                | 56.97%                                                                  |
| Public                                                                                                 | 2,768,994,347 A Shares       | 27.08%                                                                  |
|                                                                                                        | 1,631,371,600 H Shares       | 15.95%                                                                  |
| Total                                                                                                  | 10,225,289,800               | 100%                                                                    |

*The percentage figures above have been rounded off to the nearest second decimal place, leading to minor discrepancy between 100% and the sum of all shares.*

#### **4. REFRESHMENT OF GENERAL MANDATE**

At the annual general meeting of the Company held on 30 May 2014, the Shareholders approved, among other things, the grant of the general mandate to the Directors to allot, issue and deal with no more than 286,205,600 H Shares and 1,188,011,240 A Shares in the share capital of the Company, representing 20% of each of the then existing total number of H Shares and A Shares as at the date of passing of the relevant resolution (the “**Existing General Mandate**”).

Upon the completion of the placing of H Shares on 30 July 2014, the Existing General Mandate in respect of the H Shares has been fully used. As at the date of this announcement, the Company has not made any refreshment of the Existing General Mandate since the annual general meeting of the Company on 30 May 2014.

As at the date of this announcement, there are 7,090,056,200 A Shares and 1,717,233,600 H Shares in issue. In this regard, the Board proposes that the Existing General Mandate be refreshed to authorise the Directors to issue and allot up to new 1,418,011,240 A Shares and 343,446,720 H Shares, representing 20% of each of the existing total number of A Shares and H Shares as at the date of passing of the proposed resolution at the EGM of the Company (assuming no Shares will be issued or repurchased by the Company prior to the date of the EGM) (the “**Refreshed General Mandate**”). The Refreshed General Mandate will, if granted at the EGM, remain effective until the earliest of: (a) the conclusion of the first annual general meeting of the Company immediately after the passing of the resolutions of the EGM; or (b) the end of the period within which such annual general meeting of the Company is required by the articles of the Company or any applicable laws to be held; or (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The refreshment of the Existing General Mandate before the next annual general meeting of the Company is subject to the approval of the Independent Shareholders at the EGM, pursuant to rule 13.36(4) of the Hong Kong Listing Rules. China Huadian (being the Company's controlling shareholder) and China Huadian Hong Kong (being the associate of the Company's controlling shareholder) are required to and shall abstain from voting in favour of the proposed resolution approving the refreshment of the Existing General Mandate. The Company will comply with the requirements specified under Rule 13.39(4).

If the Refreshed General Mandate is granted by the Independent Shareholders at the EGM, it will refresh and replace the Existing General Mandate which will thereby, and starting from the conclusion of the EGM, cease to be in force. If however the Refreshed General Mandate is not granted by the Independent Shareholders at the EGM, the Existing General Mandate, to the extent unsued, will continue to be valid, effective and in force according to the terms of the Existing General Mandate as approved by the Shareholders at the Company's annual general meeting on 30 May 2014.

A circular containing, among others: (i) details of the refreshment of the Existing General Mandate, (ii) a letter of recommendation from the independent Board committee to the Independent Shareholders on the refreshment of the Existing General Mandate, and (iii) a letter of advice by an independent financial adviser to the independent Board committee and the Independent Shareholders on the refreshment of the Existing General Mandate will be despatched in accordance with the Hong Kong Listing Rules that apply to the Company in due course. Currently, the Company is making preparations with an aim to issuing the circular on or before 20 January 2015. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, further announcement(s) will be made by the Company as appropriate.

The Directors believe that the Refreshed General Mandate will allow financial flexibility for the Company to raise further funds for its future business development and expansion. Accordingly, the Directors and the independent non-executive Directors consider that the approval of the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

## **5. RESUMPTION OF TRADING**

Trading in H Shares of the Company has been suspended with effect from 9:00 a.m. on 23 December 2014 pending the publication of this announcement by the Company. The Company has applied to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 30 December 2014.

## **6. INFORMATION ON THE PARTIES**

### ***Information relating to the Group***

The Group is one of the largest comprehensive energy companies in the PRC, and primarily engages 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 coalmines.

### ***Information relating to China Huadian***

China Huadian, a wholly PRC State-owned enterprise and the controlling shareholder of the Company, directly and indirectly through China Huadian Hong Kong, holds approximately 50.04% equity interests in the Company. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services.

## **7. DEFINITIONS**

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

|                                                 |                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "A Shares"                                      | means the listed domestic shares in the ordinary share capital of the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;                                                                                                                                                                                         |
| "associate"                                     | has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;                                                                                                                                                                                                                                                               |
| "Board"                                         | means the board of directors of the Company                                                                                                                                                                                                                                                                                                               |
| "China Huadian"                                 | means 中國華電集團公司 China Huadian Corporation*, a wholly PRC State-owned enterprise, and the controlling shareholder of the Company;                                                                                                                                                                                                                           |
| "China Huadian A Shares Subscription"           | means the proposed subscription of new A Shares by China Huadian pursuant to the China Huadian A Share Subscription Agreement;                                                                                                                                                                                                                            |
| "China Huadian A Shares Subscription Agreement" | means the conditional subscription agreement entered into between China Huadian and the Company on 29 December, 2014, under which, China Huadian agrees to subscribe for, and the Company agrees to issue, not less than 20% of the new A Shares to be issued under the Non-Public Issuance at the subscription price of not less than RMB5.04 per share; |
| "China Huadian Hong Kong"                       | means 中國華電香港有限公司 China Huadian Hong Kong Company Limited*, a wholly-owned subsidiary of China Huadian;                                                                                                                                                                                                                                                    |
| "Company"                                       | means 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 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;                                                                                                                                                                                                                    |
| "CSRC"                     | means 中國證券監督管理委員會 (China Securities Regulatory Commission);                                                                                                                                                                                                                                                    |
| "Director"                 | means the directors of the Company;                                                                                                                                                                                                                                                                            |
| "EGM"                      | means the extraordinary general meeting of the Company to be convened on 13 February 2015 to consider and to approve, among other things, the Non-Public Issuance, the China Huadian A Shares Subscription, the China Huadian A Shares Subscription Agreement and the refreshment of Existing General Mandate; |
| "Existing General Mandate" | has the meaning as defined in section 4 headed "Refreshment of General Mandate" in this announcement;                                                                                                                                                                                                          |
| "Fengjie Project"          | means the 2×600 MW power generating units project of Fengjie Power Plant of Huadian Power International Corporation Limited*, a branch of the Company;                                                                                                                                                         |
| "Group"                    | means the Company and its subsidiaries 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;                                                                                                                                                                                                                                                                 |
| "H Shares"                 | means the overseas listed foreign shares in the ordinary share capital of the Company, with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;                                                                                                                                     |
| "Independent Shareholders" | means Shareholders other than: (i) China Huadian and its associates including China Huadian Hong Kong; and (ii) all other parties (if any) who are interested or involved in the                                                                                                                               |

|                              |                                                                                                                                                                                                                                                               |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | China Huadian A Shares Subscription and the China Huadian A Shares Subscription Agreement;                                                                                                                                                                    |
| "Non-Public Issuance"        | the proposed non-public issuance of not more than 1,418,000,000 A Shares of the Company to not more than 10 target investors, including China Huadian;                                                                                                        |
| "PRC"                        | means the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;                                                                                               |
| "Price Determination Date"   | means 30 December 2014, i.e., the date of the announcement in the PRC of the Board's resolutions in respect of the Non-Public Issuance;                                                                                                                       |
| "Price Determination Period" | means the period of 20 trading days prior to the Price Determination Date, i.e. from 25 November 2014 to 22 December 2014, and for this purpose, "trading day" means a day on which the Shanghai Stock Exchange is open for dealing or trading in securities; |
| "RMB"                        | Renminbi, the lawful currency of the PRC;                                                                                                                                                                                                                     |
| "Refreshed General Mandate"  | has the meaning as defined in section 4 headed "Refreshment of General Mandate" in this announcement;                                                                                                                                                         |
| "SASAC"                      | means 中國國務院國有資產監督管理委員* (State-owned Assets Supervision and Administration Commission of the State Council of the PRC);                                                                                                                                        |
| "Share(s)"                   | the share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, including A Share(s) and H Share(s);                                                                                                                         |
| "Shareholder(s)"             | means the shareholders of the Company;                                                                                                                                                                                                                        |
| "Shiliquan Project"          | means the 1×600 MW power generating unit project of Shiliquan Power Plant of Huadian Power International Corporation Limited*, a branch of the Company; and                                                                                                   |
| "%"                          | means per cent.                                                                                                                                                                                                                                               |

By order of the board of directors

**Huadian Power International Corporation Limited\***

**Zhou Lianqing**

*Secretary to Board*

As at the date of this announcement, the board of directors comprises:

*Li Qingkui (Chairman, Non-executive Director), Chen Jianhua (Vice Chairman, Executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), GengYuanzhu (Executive Director), Wang Yingli (Non-executive Director), Chen Bin (Non-executive Director), Gou Wei (Non-Executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), NingJiming (Independent Non-executive Director), Yang Jinguan (Independent Non-executive Director) and Ding Huiping (Independent Non-executive Director).*

Beijing, the PRC

29 December 2014

*\* For identification purposes only*