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**Fujian Huadian Furui Energy
Development Co., Ltd.***

*(a company incorporated in the People's Republic
of China with limited liability)*



華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED

*(a joint stock limited company incorporated in the
People's Republic of China with limited liability)*

(Stock code: 816)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRE-CONDITIONAL PRIVATISATION OF
HUADIAN FUXIN BY FUJIAN HUADIAN FURUI BY WAY OF
MERGER BY ABSORPTION OF HUADIAN FUXIN**

**(2) PROPOSED WITHDRAWAL OF LISTING
AND**

(3) RESUMPTION OF TRADING



Financial Adviser to the Offeror

SUMMARY

1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on 1 June 2020, the Offeror and the Company entered into the Merger Agreement pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Condition and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED MERGER

Pursuant to the Merger Agreement, conditional upon, among others, the fulfilment (or waiver, as applicable) of the Pre-Condition and the Conditions, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.50 per H Share to the H Shareholders and (b) RMB2.29995 per Domestic Share, which is equivalent of the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders (other than Huadian and Huadian Engineering, being the parent of the Offeror and one of the parent's subsidiaries, respectively, as described below).

After the completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

The Offeror shall, as soon as possible and in any event no later than seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-Condition and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), pay the Cancellation Price to all H Shareholders and all Domestic Shareholders.

Huadian Overseas and Huadian have undertaken with the Offeror to pay on its behalf the total consideration for cancellation of the H Shares and the Domestic Shares (excluding those held by Huadian and Huadian Engineering as described below) respectively. The payment of the total consideration will be financed by external and/or intra-group borrowings from Huadian and its subsidiaries.

After payment of consideration is made to the H Shareholders and the Domestic Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled. The share certificates for H Shares and Domestic Shares will cease to have effect as documents or evidence of title.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

3. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Condition and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

4. SHAREHOLDING IN THE COMPANY

As at the date of this joint announcement, the relevant securities of the Company in issue are 8,407,961,520 Shares, which comprise 2,570,223,120 H Shares and 5,837,738,400 Domestic Shares.

As at the date of this joint announcement, the Offeror does not own any Share. Huadian, which directly and beneficially owns the entire equity interest of the Offeror, owns 5,008,785,336 Domestic Shares directly in the Company, 78,859,501 Domestic Shares through Huadian Engineering and 189,262,801 Domestic Shares through Wujiang Hydropower, together representing approximately 62.76% of the voting interests in the Company.

5. DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy form are expected to be despatched to H Shareholders within seven days after the satisfaction of the Pre-Condition. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above.

6. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 28 May 2020. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 2 June 2020.

The Pre-Condition and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Conditions or Pre-Condition can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

NOTICE TO U.S. HOLDERS OF SHARES

The Merger will involve the cancellation of the securities of a company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this joint announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Merger by a U.S. holder of Shares as consideration for the cancellation of its Shares pursuant to the Merger may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the implementation of the Merger.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, before or during the Offer Period. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.

1. INTRODUCTION

The Offeror and the Company are pleased to jointly announce that on 1 June 2020, the Offeror and the Company entered into the Merger Agreement pursuant to which the Offeror and the Company will implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Condition and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

2. PROPOSED MERGER

Pursuant to the Merger Agreement, conditional upon, among others, the fulfilment (or waiver, as applicable) of the Pre-Condition and the Conditions set out in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below, the Offeror will pay the Cancellation Price in the amount of:

- (a) HK\$2.50 per H Share to the H Shareholders; and

- (b) RMB2.29995 per Domestic Share, which is equivalent of the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders (other than Huadian and Huadian Engineering, being the parent of the Offeror and one of the parent's subsidiaries, respectively, as described in the section headed "3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*" below).

The amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders (other than Huadian and Huadian Engineering as described in the section headed "3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*" below) is HK\$6,425.56 million and RMB1,725.18 million respectively.

After the completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement include:

- Parties**
- (1) The Offeror; and
 - (2) the Company.

Overview of the Merger

Subject to the terms and conditions of the Merger Agreement, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption.

After the completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

Consideration

Pursuant to the Merger Agreement, conditional upon, among others, the fulfilment (or waiver, as applicable) of the Pre-Condition, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “*Pre-Condition to the Merger Agreement becoming effective*”, “*Conditions to effectiveness*” and “*Conditions to implementation*” below, the Offeror will pay the Cancellation Price in the amount of (a) HK\$2.50 per H Share to the H Shareholders and (b) RMB2.29995 per Domestic Share, which is equivalent of the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders (other than Huadian and Huadian Engineering, being the parent of the Offeror and one of the parent’s subsidiaries, as to which see below).

Pursuant to the Merger Agreement and subject to the same conditions as stated above, in consideration for the cancellation of their Domestic Shares:

- (1) Huadian will be issued with RMB2.29995 registered capital of the Offeror for each Domestic Share, which is equivalent to the Cancellation Price for each Domestic Share, subject to such adjustment which may arise from any difference between the Offeror’s net asset value (to be audited) and registered capital in order to ensure that for each Domestic Share it owns, it will receive an equivalent value to the Cancellation Price for each Domestic Share; and
- (2) Huadian Engineering will receive the consideration for the cancellation of its Domestic Shares in the same way as Huadian as described above.

Pre-Condition to the Merger Agreement becoming effective

The Merger Agreement is subject to the satisfaction of a pre-condition, being the filing, registration or approval, as applicable, with or by (a) the National Development and Reform Commission of the PRC, (b) Ministry of Commerce of the PRC and (c) the State Administration of Foreign Exchange of the PRC, or their respective local authorities, and such other applicable governmental approvals in respect of the Merger having been obtained or completed (the “**Pre-Condition**”). Save for the governmental approvals as mentioned in (a), (b) and (c) above, the Offeror is not currently aware of any other applicable governmental approvals which are required in respect of the Merger.

The above Pre-Condition is not waivable. If the Pre-Condition is not satisfied by the Long-stop Date, the Merger Agreement will not become effective and will be automatically terminated.

Upon fulfilment of the Pre-Condition, the Offeror and the Company will post the Composite Document within seven days thereof in accordance with the Takeovers Code and the EGM and H Shareholders’ Class Meeting will be convened pursuant to the respective notice to such meetings for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger.

Conditions to effectiveness

After the Pre-Condition is satisfied, the Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the “**Conditions to effectiveness**”):

- (1) the passing of special resolution(s) by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger under the Merger Agreement in accordance with the Articles and the PRC Laws;

- (2) the passing of special resolution(s) by way of poll approving the Merger under the Merger Agreement at the H Shareholders' Class Meeting to be convened for this purpose, provided that:
 - (a) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (b) the number of votes cast against the resolution is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

If the above Conditions to effectiveness are not satisfied by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed 'Termination' in this section.

**Conditions to
implementation**

After the Merger Agreement becomes effective upon satisfaction of the Pre-Condition and all the Conditions to effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied (the "**Conditions to implementation**", together with the Conditions to effectiveness, collectively, the "**Conditions**"):

- (1) there being no material breach of the representations, warranties or undertakings given by the Offeror in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger;
- (2) there being no material breach of the representations, warranties or undertakings given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger; and
- (3) there being no law, restriction or prohibition of any governmental authority or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or terminates the Merger.

The Company shall be entitled to waive Condition (1) above and the Offeror shall be entitled to waive Condition (2) above. Condition (3) above is not capable of being waived. If the above Conditions to implementation are not satisfied or if applicable, waived, by the Long-stop Date, the Merger Agreement will be automatically terminated.

Payment of consideration

The Offeror shall, as soon as possible and in any event no later than seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-Condition and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), pay the Cancellation Price to all H Shareholders and all Domestic Shareholders.

After payment of consideration is made to the H Shareholders and the Domestic Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled. The share certificates for H Shares and Domestic Shares will cease to have effect as documents or evidence of title.

Dividend

Unless with the prior written consent of the Offeror, the Company shall not declare, make or pay any dividend or other distribution (whether in cash or in kind) to the Shareholders since the date of the Merger Agreement (other than the final dividend of RMB0.540 per 10 Shares (tax inclusive) in cash to the Shareholders as declared by the Company on 20 March 2020, in respect of which no adjustment will be made to the Cancellation Price).

Right of a Dissenting Shareholder

According to the Articles, any Dissenting Shareholder may by written notice request the Company and/or other Shareholders who have approved the Merger (collectively, the “**Consenting Shareholders**”) to acquire its Shares at a “fair price”.

If any Dissenting Shareholder exercises its right, the Offeror will assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by that Dissenting Shareholder at a “fair price”.

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders' Class Meeting;
- (2) such Dissenting Shareholder having been validly registered as a shareholder on the share register of the Company since the record date for the EGM and (if applicable) the H Shareholders' Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

A Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Shareholder has undertaken to the Company to waive its right;
- (2) such Shareholder is prohibited from exercising its right in accordance with applicable laws; or
- (3) any Share held by such Shareholder is subject to pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval obtained from the relevant pledgee, third party or competent authority.

Termination

The Merger Agreement may be terminated in any of the following circumstances:

- (1) by either the Offeror or the Company, if

- (i) any competent governmental authority issues any order, decree, ruling or take any other actions which permanently restricts, impedes or otherwise prohibits the Merger and which is final, binding and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action prior to exercising any right of termination);
 - (ii) the Conditions to effectiveness not having been satisfied on or before the Long-stop Date; or
 - (iii) the Conditions to implementation not having been satisfied or if applicable waived on or before the Long-stop Date;
- (2) by the Offeror, if the Company commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement which has a material impact on the Merger and such breach is not remedied by the Company within 30 days following written notice from the Offeror; or
- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger Agreement which has a material impact on the Merger and such breach is not remedied by the Offeror within 30 days following written notice from the Company.

As at the date of this joint announcement, none of the Pre-Condition and the Conditions has been fulfilled or waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror and the Company may only invoke any or all of the conditions (1) to (3) set out in the paragraph headed “*Conditions to implementation*” in this section or terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to the Offeror or the Company in the context of the Merger.

4. CANCELLATION PRICE

Comparisons of value

The Cancellation Price is HK\$2.50 per H Share and RMB2.29995 per Domestic Share (equivalent to the Cancellation Price of HK\$2.50 per H Share based on the Exchange Rate).

The Cancellation Price per H Share represents:

- (a) a premium of approximately 65.56% over the closing price per H Share of HK\$1.51 on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 82.22% over the average closing price of HK\$1.37 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date;
- (c) a premium of approximately 85.87% over the average closing price of HK\$1.35 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 87.92% over the average closing price of HK\$1.33 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 89.27% over the average closing price of HK\$1.32 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date; and
- (f) a premium of approximately 85.34% over the average closing price of HK\$1.35 per H Share based on the average closing price of H Shares on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Date.

For the purpose of this joint announcement, unless the context requires otherwise, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1: RMB0.91998 which is the parity rate of RMB to Hong Kong Dollar as at the date of this joint announcement.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Day, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.63 on 7 January 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.19 on 24 March 2020.

Funding for the Proposal

On the basis of (i) the Cancellation Price of HK\$2.50 per H Share and RMB2.29995 per Domestic Share (equivalent to the Cancellation Price of HK\$2.50 per H Share based on the Exchange Rate), (ii) 2,570,223,120 H Shares and 5,837,738,400 Domestic Shares in issue as at the date of this joint announcement, and (iii) the Cancellation Price for 5,008,785,336 Domestic Shares held directly by Huadian and 78,859,501 Domestic Shares held directly by Huadian Engineering is to be satisfied through the issuance of the registered capital of the Offeror as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” above, the amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders (other than Huadian and Huadian Engineering as discussed above) is HK\$6,425.56 million and RMB1,725.18 million respectively.

Huadian Overseas and Huadian have undertaken with the Offeror to pay on its behalf the total consideration for cancellation of the H Shares and the Domestic Shares (excluding those held by Huadian and Huadian Engineering as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” above) respectively.

The payment of the total consideration will be financed by external and/or intra-group borrowings from Huadian and its subsidiaries.

The Offeror has appointed CICC as its financial adviser in connection with the Proposal. CICC, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror’s obligations in respect of the full implementation of the Merger (excluding the Cancellation Price payable to Huadian and Huadian Engineering in the form of registered capital of the Offeror).

5. REASONS AND BENEFITS OF THE MERGER

The reasons and benefits of the Merger include:

- (1) Equity financing is of great significance for the Company to maintain its market competitiveness and achieve long-term strategic goals, while the Company has not been able to access capital through equity financing. Without external equity financing capability, the Company has lost the main advantage of a listing platform.
- (2) Huadian is of the view that the privatisation of the Company will help enhance the flexibility and efficiency of the Company's future business development, and facilitate the integration of the business of the Company and Huadian.
- (3) During the period from 1 December 2019 (i.e. six months preceding the commencement of the offer period) up to and including 27 May 2020 (i.e. the Last Trading Day), the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.63 on 7 January 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.19 on 24 March 2020. The average daily trading volume of the Shares for the 180 trading days up to and including the Last Trading Day represents only approximately 0.33% of the issued H Shares. Huadian is of the view that the Merger, if implemented, offers all Shareholders (excluding Huadian and Huadian Engineering) an excellent opportunity to realise their investments in the Company with relatively low liquidity at a cash consideration which represents an attractive premium over the market price of H Shares.

The Board (other than members of the Independent Board Committee, whose views will be given after receiving the opinion of the Independent Financial Adviser) is of the view that the terms of the Merger are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. INFORMATION ON THE OFFEROR AND THE COMPANY

(1) Information on the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 18 May 2020. The Offeror is newly incorporated by Huadian for the purpose of the Merger and is mainly engaged in thermal power generation; hydropower generation; combined heat and power generation; wind power generation; solar power generation; other power production; power supply; power consulting services; investment in electricity, heat, gas and water production and supply; engineering supervision; environmental technology promotion services; environmental protection consulting; wholesale of coal and products (excluding hazardous chemicals).

The Offeror is wholly owned by Huadian which is in turn controlled by the SASAC.

(2) Information on the Company

The Company, a state-owned enterprise, is a joint stock company incorporated in the PRC with limited liability. The Group is primarily engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China.

The Company is owned directly and indirectly as to approximately 62.76% by Huadian, among which, approximately 59.57% is held by Huadian directly and approximately 2.25% by Wujiang Hydropower and approximately 0.94% by Huadian Engineering, both being subsidiaries of Huadian.

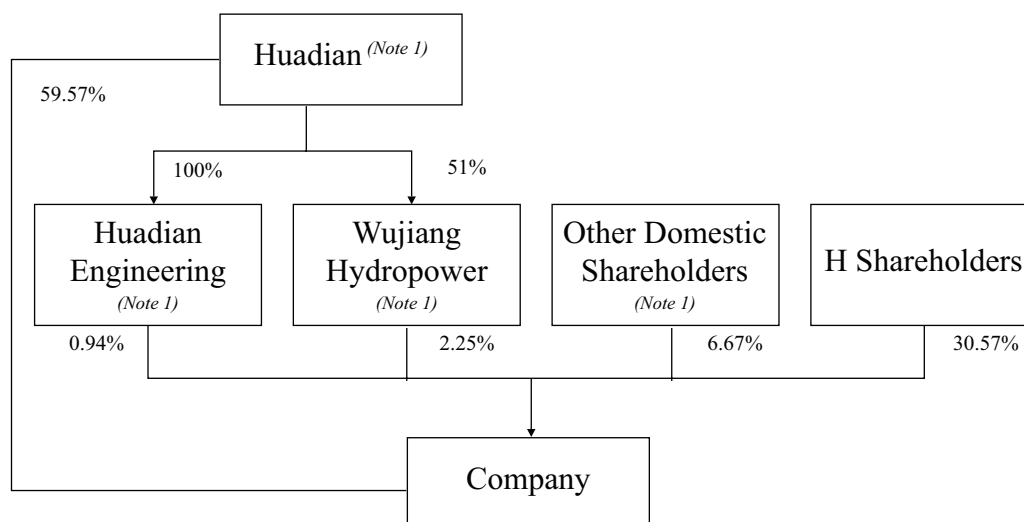
Set out below is the financial information of the Group (as extracted from the published financial statements of the Company prepared in accordance with International Financial Reporting Standards) for the two financial years ended 31 December 2018 and 2019.

	For the year ended 31 December 2019 (RMB'000) (audited)	For the year ended 31 December 2018 (RMB'000) (audited)
Total assets	112,210,643	108,303,575
Revenue	19,775,911	18,329,707
Profit for the year	2,691,496	2,472,716

(3) Shareholding in the Company

As at the date of this joint announcement, relevant securities of the Company in issue comprise 8,407,961,520 Shares, of which there are 2,570,223,120 H Shares and 5,837,738,400 Domestic Shares.

Set out below is the shareholding structure of the Company as at the date of this joint announcement:



Notes:

1. The Shares held by Huadian, Huadian Engineering, Wujiang Hydropower and other Domestic Shareholders are Domestic Shares.
2. The percentages in the diagram above are expressed as percentages of the total issued Shares of the Company.

As at the date of this joint announcement, the Offeror does not own any Share. Huadian, which directly and beneficially owns the entire equity interest of the Offeror, owns 5,008,785,336 Domestic Shares directly in the Company, 78,859,501 Domestic Shares through Huadian Engineering and 189,262,801 Domestic Shares through Wujiang Hydropower, representing approximately 59.57%, 0.94% and 2.25% of the voting interests in the Company respectively, and together representing approximately 62.76% of the voting interests in the Company.

As at the date of this joint announcement, there are no outstanding options, warrants or convertible securities issued by the Company.

(4) Rights and interests in the securities of the Offeror and Shares and respective derivatives

As at the date of this joint announcement, after having made reasonable enquiries:

- (i) save as disclosed in paragraph headed “*Shareholding in the Company*” in this section above, there is no existing holding of voting rights and rights over Shares which the Offeror or Huadian owns or over which either of them has control or direction;
- (ii) save as disclosed in paragraph headed “*Shareholding in the Company*” in this section above, there is no existing holding of voting rights and rights over Shares which is owned or controlled or directed by any person acting in concert with the Offeror or Huadian (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the CICC group);
- (iii) there is no existing holding of voting rights and rights over Shares in respect of which the Offeror, Huadian or any person acting in concert with either of them has received an irrevocable commitment in relation to the voting of the resolutions in respect of the Merger;
- (iv) there is no existing holding of voting rights and rights over Shares in respect of which the Offeror, Huadian or any person acting in concert with either of them holds convertible securities, warrants or options;
- (v) there is no outstanding derivative in respect of securities in the Company entered into by the Offeror, Huadian or any person acting in concert with either of them (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code);
- (vi) save for the Merger Agreement and the transactions contemplated thereunder, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the securities of the Offeror or the Shares and which might be material to the Merger;
- (vii) there is no agreement or arrangement (other than the Merger Agreement and the transactions contemplated thereunder) to which the Offeror or Huadian is a party which relates to the circumstances in which either of them may or may not invoke or seek to invoke a condition of the Merger; and

(viii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, Huadian or any person acting in concert with either of them has borrowed or lent.

After reasonable enquiries that could be made by the Offeror prior to the issue of this joint announcement, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror, Huadian and any person acting in concert with either of them or (b) the Company, its subsidiaries or associated companies.

7. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board approved the Merger and its related matters at its board meeting on 1 June 2020.

The Board has established the Independent Board Committee, consisting of all of the non-executive Directors (except Mr. TAO Yunpeng who is nominated by Huadian), being Mr. SHI Chongguang and Mr. WANG Bangyi and all of the independent non-executive Directors, being Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang. Such committee will advise the Independent Shareholders as to: (a) whether the terms of the Merger is fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting.

The Independent Financial Adviser will be appointed by the Independent Board Committee to provide advice to it in respect of the Merger. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser. The Independent Board Committee is evaluating the Merger and its views and recommendations will be set out in the Composite Document to be despatched to the H Shareholders.

8. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Condition and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

9. EGM AND H SHAREHOLDERS' CLASS MEETING AND THE COMPOSITE DOCUMENT

The Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger. The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy form are expected to be despatched to H Shareholders within seven days after the satisfaction of the Pre-Condition. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above.

10. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of the Offeror and the Company) of the Offeror and the Company are hereby reminded to disclose their dealings in any shares in the Offeror and the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

11. NUMBER OF RELEVANT SECURITIES IN ISSUE

As at the date of this joint announcement, the relevant securities of the Company in issue are 8,407,961,520 Shares, which comprise 2,570,223,120 H Shares and 5,837,738,400 Domestic Shares.

As at the date of this joint announcement, the relevant securities of the Offeror in issue are RMB10,000,000 in the registered capital of the Offeror, all of which are held by Huadian.

12. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 28 May 2020. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 2 June 2020.

13. WARNING

The Pre-Condition and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Conditions or Pre-Condition can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

14. DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Articles”	the articles of association of the Company (including the rules of procedures for shareholders’ general meetings and the rules of procedures for board meetings);
“Board”	board of directors of the Company;
“business day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Price”	the cancellation price of HK\$2.50 per H Share and RMB2.29995 per Domestic Share payable in cash by the Offeror to the Shareholders (other than Huadian and Huadian Engineering as described in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” above);
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities;
“Company” or “Huadian Fuxin”	Huadian Fuxin Energy Corporation Limited (華電福新能源股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange (Stock Code: 816);
“Composite Document”	the document to be issued by or on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, details of the Merger, as may be revised or supplemented as appropriate;

“Conditions”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Conditions to effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Conditions to implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Consenting Shareholders”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Declaration Period”	a period commencing on the Delisting Date and expiring on the fifth (5th) business day from (and including) the Delisting Date, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange has been withdrawn;
“Director(s)”	director(s) of the Company;
“Dissenting Shareholder”	a Shareholder who has validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting and has requested the Company or the Consenting Shareholders to acquire its Shares at a “fair price”;
“Domestic Share(s)”	the domestic shares of the Company, with a RMB denominated par value of RMB1.00 each, representing approximately 69.43% of the issued share capital of the Company as at the date of this joint announcement;
“Domestic Shareholder(s)”	the holder(s) of Domestic Share(s);

“EGM”	the extraordinary general meeting of the Company to be convened, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“Exchange Rate”	the exchange rate of HK\$1: RMB0.91998, which is the central parity rate of RMB to Hong Kong Dollar as at the date of this joint announcement as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Exercise Date”	the date on which the Company and/or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) pays cash consideration to Dissenting Shareholders who exercise their right to acquire the Shares held and effectively declared by them at “fair price”, which will be decided and announced by the Company;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the ordinary shares issued by the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and paid up in Hong Kong dollars and are listed and traded on the Stock Exchange, representing approximately 30.57% of the issued share capital of the Company as at the date of this joint announcement;
“H Shareholder(s)”	the holder(s) of H Shares;
“H Shareholders’ Class Meeting”	class meeting of the Company to be convened for H Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;

“Huadian”	China Huadian Corporation Ltd. (中國華電集團有限公司), a state-owned enterprise controlled by the SASAC, which directly and indirectly holds (i) 100% of the shares of the Offeror and (ii) approximately 62.76% of the Company’s issued share capital as at the date of this joint announcement;
“Huadian Engineering”	China Huadian Engineering Co., Ltd. (中國華電科工集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Huadian, which directly holds approximately 0.94% of the Company’s issued share capital as at the date of this joint announcement;
“Huadian Overseas”	China Huadian Overseas Asset Management Company Limited (中國華電海外資產管理有限公司), a wholly-owned subsidiary of Huadian;
“HK\$” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee established by the Company for the purposes of considering the Merger, which comprises all of the non-executive Directors (except Mr. TAO Yunpeng who is nominated by Huadian), being Mr. SHI Chongguang and Mr. WANG Bangyi and all of independent non-executive Directors, being Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang;
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of (among others) the Merger;

“Independent Shareholders”	Shareholders other than the Offeror, Huadian and their respective concert parties (including Huadian, Wujiang Hydropower and Huadian Engineering);
“Independent H Shareholders”	H Shareholders other than the Offeror, Huadian and their respective concert parties (including Huadian, Wujiang Hydropower and Huadian Engineering);
“Last Trading Date”	27 May 2020, the last trading day prior to the suspension of trading in the H Shares on the Stock Exchange respectively pending the issue of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long-stop Date”	1 June 2021, being the last date the Pre-Condition, the Conditions to effectiveness and the Conditions to implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the SFC;
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement;
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on 1 June 2020 in relation to the Merger;
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 1 June 2020 (the date of this joint announcement) and ending on the Delisting Date;
“Offeror” or “Fujian Huadian Furui”	福建華電福瑞能源發展有限公司 (Fujian Huadian Furui Energy Development Co., Ltd.*), a company incorporated in the PRC with limited liability which is wholly-owned by Huadian;

“PRC” or “China”	the People’s Republic of China, which for the purposes of this joint announcement does not include Hong Kong, the Macau Special Administrative Region and Taiwan unless the context otherwise specifies;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;
“PRC GAAP”	the generally accepted accounting principles in the PRC;
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time;
“Pre-Condition”	has the meaning given to it in the section headed “ <i>3. PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);
“Shareholders”	H Shareholders and Domestic Shareholders;
“Shares”	collectively, H Shares and Domestic Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Takeovers Code”	the Codes on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time);
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended;
“Wujiang Hydropower”	Guizhou Wujiang Hydropower Development Co., Ltd. (貴州烏江水電開發有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of Huadian, which directly holds approximately 2.25% of the Company’s issued share capital as at the date of this joint announcement; and
“%”	per cent.

By order of the sole director of
**Fujian Huadian Furui Energy
Development Co., Ltd.***

GOU Wei
Sole Director

By order of the board of
**Huadian Fuxin Energy Corporation
Limited**

HUANG Shaoxiong
Chairman

Beijing, China
1 June 2020

As at the date of this joint announcement, the Offeror’s sole director is Mr. *GOU Wei*. *The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.*

As at the date of this joint announcement, the board of directors of Huadian comprises Mr. WEN Shugang, Mr. YE Xiangdong, Mr. ZHENG Baosen, Mr. BOON Swan Foo, Mr. SUN Xiaomin, Ms. CHEN Ke, Mr. YU Wanyuan and Mr. FENG Haipeng. The directors of Huadian jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises Mr. HUANG Shaoxiong, Mr. WU Jianchun and Mr. DU Jiangwu as executive Directors, Mr. TAO Yunpeng, Mr. SHI Chongguang and Mr. WANG Bangyi as non-executive Directors, and Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Offeror and Huadian) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of Huadian) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

** For identification purposes only*