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If you have sold or transferred all your shares in **Huadian Power International Corporation Limited*** (the “Company”), you should at once hand this circular and the proxy form (which was despatched on 6 May 2021) to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**SHARE TRANSACTIONS:
PROPOSED ISSUANCE OF A SHARES AND
A SHARE CONVERTIBLE BONDS
FOR THE PROPOSED ACQUISITIONS
AND
NOTICE OF THE EGM**

A letter from the Board is set out on pages 6 to 24 of this circular.

The notice convening the EGM to be held at 2:00 p.m. on Friday, 28 May 2021 at Badaguan Hotel, No. 19 Shanhaiguan Road, Shinan District, Qingdao, Shandong Province, the PRC is set out on pages 63 to 68 of this circular.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM (i.e. before 2:00 p.m. on Thursday, 27 May 2021) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish.

* For identification purpose only

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DEFINITIONS

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

- “A Share(s)” means the domestic share(s) issued by the Company and subscribed for in RMB, which are listed on the SSE;
- “Board” means the board of directors of the Company;
- “BOC Financial” means BOC Financial Assets Investment Co., Ltd.* (中銀金融資產投資有限公司), a limited liability company incorporated in the PRC;
- “CCB Financial” means CCB Financial Asset Investment Company Limited* (建信金融資產投資有限公司), a limited liability company incorporated in the PRC;
- “China Alliance” means Beijing China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司), a qualified independent valuer in the PRC;
- “China Huadian” means China Huadian Corporation Limited* (中國華電集團有限公司), a wholly PRC State-owned enterprise and the controlling Shareholder of the Company, and where the context requires, means China Huadian and its subsidiaries as well as the companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
- “Company” means Huadian Power International Corporation Limited* (華電國際電力股份有限公司), a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the SSE, respectively;
- “Completion Auditing Benchmark Date” means the date on which the Consideration Shares are registered under the securities account opened by the Transferors with China Securities Depository and Clearing Corporation Limited, or the date on which the Consideration Convertible Bonds are registered under the name of the Transferors (whichever is later);

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“Completion Date”	means the date on which the change of industry and commercial registration of the Target Subsidiaries in connection with the Proposed Acquisitions is completed;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Consideration Convertible Bonds”	means the convertible bonds to be issued by the Company to the Transferors in accordance with the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) for payment of the consideration for Target Equity, which are convertible into new A Shares;
“Consideration Shares”	means the new A Shares to be issued by the Company to the Transferors in accordance with the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) for payment of the consideration for Target Equity;
“Conversion Shares”	means the new A Shares to be issued by the Company upon exercise of the conversion right attaching to the Consideration Convertible Bonds;
“CSRC”	means China Securities Regulatory Commission;
“Director(s)”	means the director(s) of the Company;
“EGM”	means the extraordinary general meeting of the Company to be held at 2:00 p.m. on Friday, 28 May 2021 at Badaguan Hotel, No. 19 Shanhaiguan Road, Shinan District, Qingdao, Shandong Province, the PRC;
“Equity Acquisition Agreements”	means Mengdong Energy Equity Acquisition Agreement and Fuyuan Thermal Equity Acquisition Agreement;
“Equity Acquisition Supplemental Agreements”	means Mengdong Energy Equity Acquisition Supplemental Agreement and Fuyuan Thermal Equity Acquisition Supplemental Agreement;

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“Fuyuan Thermal”	means Tianjin Huadian Fuyuan Thermal Power Company Limited* (天津華電福源熱電有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company as at the Latest Practicable Date;
“Fuyuan Thermal Equity Acquisition Agreement”	means the equity acquisition agreement entered into between the Company and BOC Financial on 25 March 2021, in relation to the proposed issuance of Consideration Shares and Consideration Convertible Bonds by the Company to BOC Financial for acquisition of its 36.86% equity interest in Fuyuan Thermal;
“Fuyuan Thermal Equity Acquisition Supplemental Agreement”	means the supplemental agreement to the Fuyuan Thermal Equity Acquisition Agreement dated 29 April 2021;
“General Mandate”	means the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 30 June 2020, which authorized the Directors to allot, issue or otherwise deal with up to 1,629,148,610 A Shares, representing 20% of the total number of A Shares of the Company in issue as at the date of the annual general meeting;
“Group”	means the Company and its subsidiaries as at the Latest Practicable Date;
“H Share(s)”	means overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“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;
“insignificant subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;

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“Latest Practicable Date”	means 30 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Mengdong Energy”	means Inner Mongolia Huadian Mengdong Energy Company Limited* (內蒙古華電蒙東能源有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company as at the Latest Practicable Date;
“Mengdong Energy Equity Acquisition Agreement”	means the equity acquisition agreement entered into between the Company and CCB Financial on 25 March 2021, in relation to the proposed issuance of Consideration Shares and Consideration Convertible Bonds by the Company to CCB Financial for acquisition of its 45.15% equity interest in Mengdong Energy;
“Mengdong Energy Equity Acquisition Supplemental Agreement”	means the supplemental agreement to the Mengdong Energy Equity Acquisition Agreement dated 29 April 2021;
“PRC”	means the People’s Republic of China;
“Previous Capital Contribution”	means the capital contribution of RMB1,000 million made by CCB Financial to Mengdong Energy under the Mengdong Energy Capital Contribution Agreement dated 27 December 2019 and the capital contribution of RMB500 million made by BOC Financial to Fuyuan Thermal under the Fuyuan Thermal Capital Contribution Agreement dated 21 May 2020;
“Proposed Acquisitions”	means the acquisitions of the equity interest in the Target Subsidiaries by the Company from the Transferors in accordance with the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements);
“RMB”	means Renminbi, the lawful currency of the PRC;
“Share(s)”	means A Share(s) and H Share(s);
“Shareholder(s)”	means the shareholder(s) of the Company;
“SSE”	means the Shanghai Stock Exchange;

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“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Target Equity”	means the equity interest held by each of the Transferors in the Target Subsidiaries before the completion of the Proposed Acquisitions;
“Target Subsidiaries”	means Mengdong Energy and Fuyuan Thermal;
“Transferor(s)”	means CCB Financial and BOC Financial, or any of the above transferor, subject to specific equity acquisition agreement; and
“%”	per cent.

Note: Certain figures included in this circular have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Directors:

Ding Huande (*Chairman, Executive Director*)
Ni Shoumin (*Vice Chairman, Non-executive Director*)
Peng Xingyu (*Non-executive Director*)
Luo Xiaoqian (*Executive Director*)
Zhang Zhiqiang (*Non-executive Director*)
Li Pengyun (*Non-executive Director*)
Wang Xiaobo (*Non-executive Director*)
Feng Rong (*Executive Director*)
Wang Dashu (*Independent Non-executive Director*)
Zong Wenlong (*Independent Non-executive Director*)
Feng Zhenping (*Independent Non-executive Director*)
Li Xingchun (*Independent Non-executive Director*)

Office address:

No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC

Place of business in Hong Kong:

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

6 May 2021

To the Shareholders,

Dear Sir/Madam,

**SHARE TRANSACTIONS:
PROPOSED ISSUANCE OF A SHARES AND
A SHARE CONVERTIBLE BONDS
FOR THE PROPOSED ACQUISITIONS
AND
NOTICE OF THE EGM**

I. INTRODUCTION

References are made to the announcements of the Company dated 25 March 2021 and 29 April 2021 in relation to the proposed issuance of A Shares and A Share Convertible Bonds for the Proposed Acquisitions.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions in relation to the proposed issuance of A Shares and A Share Convertible Bonds for the Proposed Acquisitions to be proposed at the EGM to enable the Shareholders to make their informed decisions as to how to vote at the EGM.

II. PROPOSED ISSUANCE OF A SHARES AND A SHARE CONVERTIBLE BONDS FOR THE PROPOSED ACQUISITIONS

1. Background

On 25 March 2021 and 29 April 2021, the Company and the Transferors entered into the Equity Acquisition Agreements and the Equity Acquisition Supplemental Agreements, respectively, pursuant to which the Company has agreed to acquire, and the Transferors has agreed to sell, the Target Equity at a consideration of RMB1,500.1626 million, which will be paid by the Company through (i) the issuance of 6,508,376 Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB1,470.1590 million to the Transferors.

Upon completion of the Proposed Acquisitions, the Target Subsidiaries will become wholly-owned subsidiaries of the Company and the Transferors will hold a total of 3.19% equity interest in the Company (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share).

2. Major Terms

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

- Date:** 25 March 2021 (as supplemented by the Equity Acquisition Supplemental Agreements dated 29 April 2021)
- Parties:** (1) **Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement)**
- (i) the Company (as the purchaser); and
 - (ii) CCB Financial (as the seller)

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Mengdong Energy is an insignificant subsidiary of the Company under Rule 14A.09 of Hong Kong Listing Rules. CCB Financial, holding 45.15% equity interest in Mengdong Energy, is therefore not a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CCB Financial and its ultimate controlling shareholder do not have any connected relationship with the Group and its connected persons.

(2) Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement)

- (i) the Company (as the purchaser); and
- (ii) BOC Financial (as the seller)

Fuyuan Thermal is an insignificant subsidiary of the Company under Rule 14A.09 of Hong Kong Listing Rules. BOC Financial, holding 36.86% equity interest in Fuyuan Thermal, is therefore not a connected person of the Company at the subsidiary level. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BOC Financial and its ultimate controlling shareholder do not have any connected relationship with the Group and its connected persons.

Consideration: (1) Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement)

Pursuant to the Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement), the Company has agreed to acquire, and CCB Financial has agreed to sell its 45.15% equity interest in Mengdong Energy at a consideration of RMB1,000.0103 million, which will be paid by the Company through (i) the issuance of 4,338,468 Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB980.0100 million to CCB Financial.

LETTER FROM THE BOARD

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

(2) Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement)

Pursuant to the Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement), the Company has agreed to acquire, and BOC Financial has agreed to sell its 36.86% equity interest in Fuyuan Thermal at a consideration of RMB500.1523 million, which will be paid by the Company through (i) the issuance of 2,169,908 Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB490.1490 million to BOC Financial.

The consideration under the Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement) was determined by the parties after arm's length negotiations with reference to the appraised value of 100% equity interest in Fuyuan Thermal of RMB1,357.0555 million as set out in the assets valuation report prepared by China Alliance using asset-based approach.

Conditions precedent:

The Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement) shall become effective upon satisfaction of the following conditions precedent:

- (1) the transactions under the agreement being approved by the Board;
- (2) the transactions under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) being approved by the Shareholders at the EGM;

LETTER FROM THE BOARD

- (3) the transactions under the agreement being approved by CCB Financial in accordance with its articles of association and other internal rules;
- (4) the transactions under the agreement being approved by the State-owned Assets Supervision and Administration Commission of the State Council or its authority (if necessary);
and
- (5) the transactions under the agreement being approved by the CSRC.

As at the Latest Practicable Date, the transactions under the agreement have been approved by the Board and CCB Financial. Save for the above, none of the other conditions precedent has been satisfied.

The Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement) shall become effective upon satisfaction of the following conditions precedent:

- (1) the transactions under the agreement being approved by the Board;
- (2) the transactions under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) being approved by the Shareholders at the EGM;
- (3) the transactions under the agreement being approved by BOC Financial in accordance with its articles of association and other internal rules;
- (4) the assets valuation report of Fuyuan Thermal being filed with China Huadian;
- (5) the transactions under the agreement being approved by China Huadian;
- (6) the transactions under the agreement being approved by the State-owned Assets Supervision and Administration Commission of the State Council or its authority (if necessary);
and

LETTER FROM THE BOARD

(7) the transactions under the agreement being approved by the CSRC.

As at the Latest Practicable Date, the transactions under the agreement have been approved by the Board and BOC Financial and in principle approved by China Huadian. The assets valuation report of Fuyuan Thermal has been filed with China Huadian. Save for the above, none of the other conditions precedent has been satisfied.

Payment:

The total consideration under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) amounts to RMB1,500.1626 million, which will be paid by the Company through (i) the issuance of 6,508,376 Consideration Shares at an issue price of RMB4.61 per Consideration Share, and (ii) the issuance of Consideration Convertible Bonds in the total amount of RMB1,470.1590 million to the Transferors.

**Profit or loss
during the
transition
period:**

From the valuation benchmark date (exclusive) to the Completion Auditing Benchmark Date (inclusive) (the “**transition period**”), the profit or loss of the Target Subsidiaries and any change in equity (subject to the total comprehensive income attributable to owners of the parent of the Target Subsidiaries during the transition period), shall be enjoyed or borne by the existing shareholders of the Target Subsidiaries in proportion to their respective shareholdings before the Completion Auditing Benchmark Date, provided that: (i) the profit in excess of the amount equal to a yield of a simple interest of 6% per annum on the capital contribution made by the Transferors to the Target Subsidiaries shall be enjoyed by the Company; and (ii) the loss of the Target Equity during the transition period shall be borne by the Company. The final amount will be determined by the qualified accounting firm engaged by the Company after the Completion Date based on its audit report on the Target Subsidiaries as at the Completion Auditing Benchmark Date.

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Completion: The completion shall take place on the date when the change of industry and commercial registration is completed by the parties (in any event no later than three months from the effective date of the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements)).

Upon being approved by the CSRC, (i) the parties shall procure and cooperate with each of the Target Subsidiaries to submit documents in connection with the change of industry and commercial registration to local administration of the State Administration for Market Regulation and complete the procedures as soon as practicable; and (ii) the Company shall submit the application in connection with registration of the Consideration Shares and Consideration Convertible Bonds to China Securities Depository and Clearing Corporation Limited Shanghai Branch and issue the Consideration Shares and Consideration Convertible Bonds to the Transferors.

3. Issuance of the Consideration Shares

Type, nominal value and listing place of the Consideration Shares

The Consideration Shares to be issued by the Company are domestically listed RMB denominated ordinary shares (A Shares) with a nominal value of RMB1.00 per share. The Consideration Shares shall be listed for trading on the SSE.

Way and target subscriber of the issuance

The issuance of Consideration Shares will be made to each of the Transferors in a non-public way.

Pricing benchmark date and issue price

(1) Pricing benchmark date

The pricing benchmark date of the issuance of Consideration Shares is 26 March 2021 (i.e. the date of the announcement on resolutions approving the Proposed Acquisitions at the 10th meeting of the ninth session of the Board).

(2) Issue price

According to the relevant provisions of the Administrative Measures of Major Assets Reorganization of Listed Companies, the issue price of shares of a listed company shall be not less than 90% of the market reference price, being one of the average trading prices of the A shares for the preceding 20 trading days, 60 trading days or 120 trading

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days prior to the pricing benchmark date. The average trading prices of the A Shares for the preceding 20 trading days, 60 trading days and 120 trading days prior to the pricing benchmark date are set out as follows:

Period of the days for calculation of the average trading price	Average trading price (RMB per A Share)	90% of the average trading price (RMB per A Share)
Preceding 20 trading days	3.41	3.07
Preceding 60 trading days	3.34	3.00
Preceding 120 trading days	3.41	3.07

The issue price is fixed at RMB4.61 per Consideration Share after arm's length negotiations between the parties, which is not less than 90% of the average trading price of the A Shares for the preceding 20 trading days prior to the pricing benchmark date.

The issue price per Consideration Share represents a premium of approximately 160.00% over the closing price of HK\$2.11 per H Share on the Hong Kong Stock Exchange on the date of the Equity Acquisition Agreements.

During the period from the pricing benchmark date to the completion date of the issuance of Consideration Shares, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the issue price of Consideration Shares shall be adjusted using the following formulas (subject to the applicable rules of the CSRC and the SSE) and rounded up to the nearest hundredth.

Distribution of share dividend or conversion of capital reserve into share capital:
 $P1 = P0/(1+n)$;

Rights issue: $P1 = (P0+A \times k)/(1+k)$;

Where the two events above occur concurrently: $P1 = (P0+A \times k)/(1+n+k)$;

Distribution of cash dividend: $P1 = P0-D$;

Where the three events above occur concurrently: $P1 = (P0-D+A \times k)/(1+n+k)$.

Wherein: (i) P0 represents the effective issue price of Consideration Shares before adjustment; (ii) n represents the ratio of share dividend or conversion into share capital; (iii) k represents the ratio of the rights issue; (iv) A represents the price of the rights issue; (v) D represents the cash dividend payable per Share; and (vi) P1 represents the effective issue price of the Consideration Shares after adjustment.

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Number of A Shares to be issued

The number of A Shares to be issued will be determined based on the consideration to be paid through the issuance of Consideration Shares under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) and the issue price of Consideration Shares. The formula is set out as follows:

$$\text{Total number of A Shares to be issued} = \text{the number of A Shares issued to CCB Financial} + \text{the number of A Shares issued to BOC Financial}$$

Number of A Shares to be issued to CCB Financial = the consideration to be paid through the issuance of Consideration Shares under the Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement)/the issue price of Consideration Shares (wherein: the number of A Shares to be issued shall be an integer and rounded down to the nearest integer).

Number of A Shares to be issued to BOC Financial = the consideration to be paid through the issuance of Consideration Shares under the Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement)/the issue price of Consideration Shares (wherein: the number of A Shares to be issued shall be an integer and rounded down to the nearest integer).

Based on the abovementioned issue price and the consideration to be paid through the issuance of Consideration Shares under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements), the number of Consideration Shares to be issued by the Company to the Transferors for acquisition of the Target Equity is 6,508,376 A Shares in aggregate, representing (i) approximately 0.07% of the total issued share capital of the Company as at the Latest Practicable Date, and (ii) approximately 0.07% of the enlarged total issued share capital of the Company upon completion of the issuance of Consideration Shares, assuming that there is no other change in the issued share capital of the Company. The table below sets out details of the issuance of Consideration Shares to the Transferors:

Transferors	Consideration to be paid through the issuance of Consideration Shares (RMB0'000)	Issue price (RMB per Consideration Share)	Number of Consideration Shares to be issued (share)
CCB Financial	2,000.03	4.61	4,338,468
BOC Financial	1,000.33	4.61	2,169,908
Total	3,000.36	4.61	6,508,376

LETTER FROM THE BOARD

During the period from the pricing benchmark date to the completion date of the issuance of the Consideration Shares, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the number of A Shares to be issued will be adjusted in accordance with the adjustment of the issue price.

The final number of the Consideration Shares to be issued shall be subject to the approvals by the Shareholders at the EGM and the CSRC. The Company will apply for the A Shares as Consideration Shares to be listed for trading on the SSE.

Arrangement for accumulated undistributed profit

Upon completion of the Proposed Acquisitions, the accumulated undistributed profit of the Company shall be shared by the new and existing Shareholders in proportion to their respective shareholdings in the Company after the issuance of Consideration Shares.

Lock-up period of the Consideration Shares

Upon completion of the issuance of Consideration Shares, (i) if the Target Equity has been held by the Transferors for more than twelve months, the Consideration Shares shall not be transferred within twelve months from the completion date of the issuance of Consideration Shares; and (ii) if the Target Equity has been held by the Transferors for less than twelve months, the Consideration Shares shall not be transferred within 36 months from the completion date of the issuance of Consideration Shares by way of agreement, sale on the stock exchange or other means, unless otherwise permitted by applicable laws.

The abovementioned lock-up period arrangement shall also apply to the additional Shares to which the Transferors are entitled as a result of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital, rights issue, etc.

Upon expiry of the abovementioned lock-up period, the transfer of the Shares that have been obtained under the Proposed Acquisitions shall be subject to the provisions of the Company Law, the Securities Law, the Rules for the Listing of Stocks on the SSE, the Articles of Association of the Company and other applicable laws, regulations and rules.

4. Issuance of the Consideration Convertible Bonds

Type of the Consideration Convertible Bonds

The Consideration Convertible Bonds to be issued by the Company can be converted into A Shares. Such A Shares to be converted shall be listed for trading on the SSE.

LETTER FROM THE BOARD

Way and target subscriber of the issuance

The issuance of Consideration Convertible Bonds will be made to each of the Transferors in a non-public way.

Par value

The Consideration Convertible Bonds will be issued at par with a nominal value of RMB100 each.

Number of Consideration Convertible Bonds to be issued

The number of Consideration Convertible Bonds to be issued will be determined based on the consideration to be paid through the issuance of Consideration Convertible Bonds under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements). The formula is set out as follows:

Total number of Consideration Convertible Bonds to be issued = the number of
Consideration Convertible Bonds issued to CCB Financial + the number of
Consideration Convertible Bonds issued to BOC Financial

Number of Consideration Convertible Bonds to be issued to CCB Financial = the consideration to be paid through the issuance of Consideration Convertible Bonds under the Mengdong Energy Equity Acquisition Agreement (as supplemented by the Mengdong Energy Equity Acquisition Supplemental Agreement)/the par value of Consideration Convertible Bonds (wherein: the number of Consideration Convertible Bonds to be issued shall be an integer and rounded down to the nearest integer).

Number of Consideration Convertible Bonds to be issued to BOC Financial = the consideration to be paid through the issuance of Consideration Convertible Bonds under the Fuyuan Thermal Equity Acquisition Agreement (as supplemented by the Fuyuan Thermal Equity Acquisition Supplemental Agreement)/the par value of Consideration Convertible Bonds (wherein: the number of Consideration Convertible Bonds to be issued shall be an integer and rounded down to the nearest integer).

The final number of Consideration Convertible Bonds to be issued shall be subject to the approvals by the Shareholders at the EGM and the CSRC. The Company will apply for the A Shares to be converted by Consideration Convertible Bonds to be listed for trading on the SSE.

Conversion price and adjustment mechanism

The initial conversion price of Consideration Convertible Bonds shall be equal to the issue price of Consideration Shares, i.e. RMB4.61 per Conversion Share.

LETTER FROM THE BOARD

Based on the abovementioned initial conversion price and the consideration to be paid through the issuance of Consideration Convertible Bonds under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements), a total of 318,906,507 Conversion Shares will be issued upon full conversion of the Consideration Convertible Bonds, representing (i) approximately 3.23% of the total issued share capital of the Company as at the Latest Practicable Date, and (ii) approximately 3.13% of the enlarged total issued share capital of the Company upon completion of the issuance of Conversion Shares, assuming that there is no other change in the issued share capital of the Company. The table below sets out details of the issuance of Consideration Convertible Bonds to the Transferors:

Transferors	Consideration to be paid through the issuance of Consideration Convertible Bonds (RMB0'000)	Amount of Consideration Convertible Bonds to be issued to the Transferors (RMB0'000)	Initial conversion price (RMB per Conversion Share)	Number of Conversion Shares to be issued (share)
CCB Financial	98,001.00	98,001.00	4.61	212,583,514
BOC Financial	49,014.90	49,014.90	4.61	106,322,993
Total	147,015.90	147,015.90	4.61	318,906,507

During the period from the pricing benchmark date (i.e. 26 March 2021) to the maturity date of the Consideration Convertible Bonds, in case of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital and rights issue, etc., the initial conversion price will be adjusted using the following formulas (subject to the applicable rules of the CSRC and the SSE) and rounded up to the nearest hundredth.

Distribution of share dividend or conversion of capital reserve into share capital:
 $P1 = P0/(1+n)$;

Rights issue: $P1 = (P0+A \times k)/(1+k)$;

Where the two events above occur concurrently: $P1 = (P0+A \times k)/(1+n+k)$;

Distribution of cash dividend: $P1 = P0-D$;

Where the three events above occur concurrently: $P1 = (P0-D+A \times k)/(1+n+k)$.

LETTER FROM THE BOARD

Wherein: (i) P0 represents the effective conversion price of Consideration Convertible Bonds before adjustment; (ii) n represents the ratio of share dividend or transfer to share capital; (iii) k represents the ratio of the rights issue; (iv) A represents the price of the rights issue; (v) D represents the cash dividend payable per Share; and (vi) P1 represents the effective conversion price of Consideration Convertible Bonds after adjustment.

Term of the Consideration Convertible Bonds

The term of the Consideration Convertible Bonds is three years commencing from the completion date of the issuance of Consideration Convertible Bonds.

Conversion period

The conversion period of the Consideration Convertible Bonds shall commence on the first trading day (inclusive) immediately following the expiry of the twelve-month period after the completion date of the issuance of Consideration Convertible Bonds and end on the maturity date (inclusive) of the Consideration Convertible Bonds.

Lock-up period of the Consideration Convertible Bonds

Upon completion of issuance of Consideration Convertible Bonds, (i) if the Target Equity has been held by the Transferors for more than twelve months, the Consideration Convertible Bonds shall not be transferred within twelve months from the completion date of the issuance of Consideration Convertible Bonds; and (ii) if the Target Equity has been held by the Transferors for less than twelve months, the Consideration Convertible Bonds shall not be transferred within 36 months from the completion date of the issuance of Consideration Convertible Bonds by way of agreement, sale on the stock exchange or other means, unless otherwise permitted by applicable laws.

The Conversion Shares shall not be transferred within eighteen months from the completion date of the issuance of Consideration Convertible Bonds. The abovementioned lock-up period arrangement shall also apply to the additional Shares to which the Transferors are entitled as a result of any ex-rights or ex-dividends events including distribution of cash or share dividends, conversion of capital reserve into share capital, rights issue, etc.

Number of the Conversion Shares

Where a holder of the Consideration Convertible Bonds applies to convert the Consideration Convertible Bonds during the conversion period, the number of Conversion Shares shall be calculated using the following formula and rounded down to the nearest integer:

$$Q = V/P$$

LETTER FROM THE BOARD

Wherein: (i) Q represents the number of Conversion Shares; (ii) V represents the aggregate nominal value of the Consideration Convertible Bonds in respect of which the holder of the Consideration Convertible Bond applies for conversion; and (iii) P represents the prevailing conversion price as at the date of application for conversion.

Interest rate and calculation of interest

The Consideration Convertible Bonds bear interest at 2% per annum, 3% per annum and 3% per annum for each year from the day following the issuance of Consideration Convertible Bonds, respectively. The interest will be paid annually on the trading day following each anniversary of the issuance of Consideration Convertible Bonds.

Redemption upon maturity

Unless previously converted, the Company will redeem the outstanding Consideration Convertible Bonds at a price of 104% of its nominal value (excluding the interest rate during the term of the Consideration Convertible Bonds).

Mandatory conversion

During the period commencing from first trading day (inclusive) immediately following the expiry of the eighteen-month period after the completion date of the issuance of Consideration Convertible Bonds and ending on the maturity date (inclusive) of the Consideration Convertible Bonds, if the closing price of the A Shares for any 30 consecutive trading days is no less than the initial conversion price of RMB4.61 per Conversion Share, the Company is entitled to exercise mandatory conversion right. The holders of the Consideration Convertible Bonds shall convert the Consideration Convertible Bonds at the prevailing conversion price.

Source of Conversion Shares

The Conversion Shares will be the new A Shares to be issued by the Company.

LETTER FROM THE BOARD

5. Effects on the Shareholding Structure of the Company upon Completion of the Proposed Acquisitions and the Issuance

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares (assuming that no Consideration Convertible Bonds is converted); and (iii) immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Conversion Shares (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share):

Shareholder	As at the Latest Practicable Date		Immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares (assuming that no Consideration Convertible Bonds is converted)		Immediately after the completion of the Proposed Acquisitions and the issuance of Consideration Shares and Conversion Shares (assuming that the Consideration Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of RMB4.61 per Conversion Share)	
	Number of shares (share)	Percentage in the total issued share capital of the Company	Number of shares (share)	Percentage in the total issued share capital of the Company	Number of shares (share)	Percentage in the total issued share capital of the Company
<i>Non-public</i>						
– China Huadian	4,534,199,224	45.97%	4,534,199,224	45.94%	4,534,199,224	44.50%
<i>Public</i>						
– Shandong Development Investment Holding Group Co., Ltd.	757,226,729	7.68%	757,226,729	7.67%	757,226,729	7.43%
– CCB Financial	0	0	4,338,468	0.04%	216,921,982	2.13%
– BOC Financial	0	0	2,169,908	0.02%	108,492,901	1.06%
– Other public A Shareholders	2,854,317,100	28.94%	2,854,317,100	28.92%	2,854,317,100	28.02%
Subtotal – A Shares	8,145,743,053	82.59%	8,152,251,429	82.60%	8,471,157,936	83.15%
<i>Non-public</i>						
– China Huadian ^(Note)	85,862,000	0.87%	85,862,000	0.87%	85,862,000	0.84%
<i>Public</i>						
– Brown Brothers Harriman & Co.	86,462,341	0.88%	86,462,341	0.88%	86,462,341	0.85%
– Other public H Shareholders	1,544,909,259	15.66%	1,544,909,259	15.65%	1,544,909,259	15.16%
Subtotal – H Shares	1,717,233,600	17.41%	1,717,233,600	17.40%	1,717,233,600	16.85%
Total	9,862,976,653	100%	9,869,485,029	100%	10,188,391,536	100%

Note: These H Shares were held directly by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited, through CCASS in the name of HKSCC Nominees Limited.

LETTER FROM THE BOARD

6. Reasons for and Benefits of the Transactions

Through the implementation of market-oriented debt-to-equity swap, the Group can reduce the gearing ratio of Target Subsidiaries and consolidate its ability to resist risks. The pricing of the Consideration Shares to be issued and the initial conversion price of the Consideration Convertible Bonds are relatively higher than the current share price of the Company, which fully protects the interests of the public Shareholders. Until the Consideration Convertible Bonds are successfully converted, the Company will pay interest on Consideration Convertible Bonds at an average annual rate of 2%-3%, the financing costs of which are relatively low. Upon completion of the Proposed Acquisitions, the Group can further optimize its equity structure and strengthen its corporate governance through the introduction of two strategic investors.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) are conducted on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole, but are not in the ordinary or usual course of business of the Company due to the nature of such transactions.

7. Information on the Target Subsidiaries

(1) Information on Mengdong Energy

Mengdong Energy is a limited liability company incorporated in the PRC in May 2008. As at the Latest Practicable Date, it is owned as to 45.15% by CCB Financial and 54.85% by the Company. Mengdong Energy is principally engaged in the investment, development, operation and management of wind power projects.

According to the audited financial report prepared by Mengdong Energy based on the Chinese Accounting Standards for Business Enterprises, the total assets value of Mengdong Energy as at 31 December 2020 is RMB2,308.708 million, and the net assets value of Mengdong Energy as at 31 December 2020 is RMB2,267.212 million. The net profit (before and after taxation and extraordinary items) for the years ended 31 December 2019 and 2020 is set out as below:

	For the year ended 31 December 2019 (RMB thousand)	For the year ended 31 December 2020 (RMB thousand)
Net profit (before taxation and extraordinary items)	94,344	148,587
Net profit (after taxation and extraordinary items)	79,710	124,795

LETTER FROM THE BOARD

(2) Information on Fuyuan Thermal

Fuyuan Thermal is a limited liability company incorporated in the PRC in March 2012. As at the Latest Practicable Date, it is owned as to 36.86% by BOC Financial and 63.14% by the Company. Fuyuan Thermal is principally engaged in the investment, development and management of projects of gas turbine and thermoelectricity cogeneration.

According to the audited financial report prepared by Fuyuan Thermal based on the Chinese Accounting Standards for Business Enterprises, the total assets value of Fuyuan Thermal as at 31 December 2020 is RMB1,639.557 million, and the net assets value of Fuyuan Thermal as at 31 December 2020 is RMB1,088.385 million. The net profit (before and after taxation and extraordinary items) for the years ended 31 December 2019 and 2020 is set out as below:

	For the year ended 31 December 2019 (RMB thousand)	For the year ended 31 December 2020 (RMB thousand)
Net profit (before taxation and extraordinary items)	101,581	90,069
Net profit (after taxation and extraordinary items)	71,417	64,144

8. General Information

(1) Information on the Group

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

(2) Information on CCB Financial

CCB Financial is a limited liability company incorporated in the PRC, and is a wholly-owned subsidiary of China Construction Bank Corporation (A shares of which are listed on the SSE, Stock code: 601939; H shares of which are listed on the Hong Kong Stock Exchange, Stock code: 00939). CCB Financial is principally engaged in the market-oriented debt-to-equity swap business. China Construction Bank Corporation is principally engaged in the comprehensive financial services including individual bank business, corporate bank business, and investment and wealth management.

LETTER FROM THE BOARD

(3) Information on BOC Financial

BOC Financial is a limited liability company incorporated in the PRC, and is a wholly-owned subsidiary of Bank of China Limited (A shares of which are listed on the SSE, Stock code: 601988; H shares of which are listed on the Hong Kong Stock Exchange, Stock code: 03988). BOC Financial is principally engaged in the market-oriented debt-to-equity swap business. Bank of China Limited is principally engaged in the commercial banking business including corporate financing, individual financing and financial market.

9. Hong Kong Listing Rules Implications

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the Proposed Acquisitions is less than 5% and the considerations under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Proposed Acquisitions constitute share transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and are therefore subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement.

Although the Proposed Acquisitions are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules, the Proposed Acquisitions in consideration of the issuance of Consideration Shares and Consideration Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting of the Company pursuant to the Administrative Measures for the Major Asset Restructuring of Listed Companies issued by the CSRC.

None of the Directors has any material interests in the Proposed Acquisitions and thus shall abstain from voting on the Board resolutions concerning the abovementioned transactions.

10. General Mandate

The Consideration Shares and the Conversion Shares will be issued pursuant to the General Mandate, subject to the limit of up to 1,629,148,610 A Shares (representing 20% of the total number of A Share of the Company in issue on the date on which the General Mandate was granted). As at the Latest Practicable Date, the Company has not issued any A Shares pursuant to the General Mandate.

The Company has not engaged in any other fund raising activities involving issuance of the Company's equity securities in the past 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

III. EGM

The Directors propose to put forward the proposed issuance of A Shares and A Share Convertible Bonds for the Proposed Acquisitions for the Shareholders' approval at the EGM.

To the best of the Directors' knowledge, information and belief, none of the Shareholders has any material interest in the abovementioned transactions and therefore will be required to abstain from voting on the relevant resolutions at the EGM.

IV. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) are conducted on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole, but are not in the ordinary or usual course of business of the Company due to the nature of such transactions. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

V. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

For and on behalf of the Board

Huadian Power International Corporation Limited*

Ding Huande

Chairman

* *For identification purpose only*

Upon entrustment, Beijing China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) valued the market value of the entire shareholders' interest in Inner Mongolia Huadian Mengdong Energy Company Limited involved in the proposed acquisition of assets through issuance of shares and convertible bonds by Huadian Power International Corporation Limited as of the valuation benchmark date by adopting the recognized valuation methods, pursuant to relevant laws, administrative regulations and assets valuation standards under necessary valuation procedures. The summary of the valuation report is as follows:

I. CLIENT

Huadian Power International Corporation Limited

II. VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: it is assumed that all assets to be valued are in the course of transaction and the assets valuer carries out the valuation with reference to simulated market based on the conditions for transaction of the assets to be valued.
2. Open market assumption: it is assumed that both parties to the transaction of the assets to be traded or proposed to be traded in the market are in equal positions, and have opportunities and time to acquire adequate market information so as to make rational judgments on the functions, purposes and considerations of the assets.
3. Going concern assumption: it is assumed that the appraised entity is in full compliance with all relevant laws and regulations, and will operate continually in the foreseeable future.

(II) Specific Assumptions

1. This valuation takes the specific valuation purposes set out in this asset valuation report as its basic assumption premises;
2. There is no material change in the relevant existing laws and regulations of the country, or in the macroeconomic conditions of the country, and there is no unforeseeable and material change in external economic environment such as interest rate, exchange rate, tax basis and tax rate, as well as policy-related levies;

3. This valuation assumes the appraised entity's operation and management team in the future will be accountable, and will maintain the existing operation and management mode. The scope and mode of operation will be consistent with the current direction;
4. This valuation assumes the appraised assets are in continuous use according to the current purposes and way of use, size, frequency and environment, without taking into account the respective optimal use of each asset;
5. It is assumed that there will be no material adverse impact on the enterprise arising from other force majeure and unforeseeable factors based on the current management method and standard of the enterprise;
6. The relevant basic information and financial information provided by the appraised entity and the principal are true, accurate and complete;
7. The financial report and transaction data of the comparable company relied by the valuer are true and reliable;
8. The scope of valuation is only based on the declaration form for valuation provided by the principal and the appraised entity, without taking into account the possible contingent assets and contingent liabilities out of the list provided by the principal and the appraised entity;
9. This valuation assumes the enterprise has balanced net cash flows in the year;
10. According to the Reply regarding the Approval of On-Grid Tariff for Certain Wind Power Projects in Tongliao City (《關於核定通遼市部份風力發電項目上網電價的批覆》) and the Reply regarding the Approval of On-Grid Tariff of Kailu Yihetala (West) Phase II 49.5 MW Wind Farm Project of Huadian Inner Mongolia Kailu Wind Power Company Limited (《關於核定華電內蒙古開魯風電有限公司開魯義和塔拉(西)風電場二期49.5MW風力發電項目上網電價的批覆》) issued by the Inner Mongolia Autonomous Region Development and Reform Commission (內蒙古自治區發展改革委員會), Yihetala Wind Farm Phase I and Phase II implements the on-grid tariff of RMB0.54/KWh (tax-inclusive), including the benchmark electricity price of RMB0.3035 and the new energy subsidy of RMB0.2365; according to relevant agreements under the Concession Agreement of the 300MW Wind Power Concession Project of Beiqinghe Wind Farm in Tongliao City, Inner Mongolia (《內蒙古通遼市北清河風電場300兆瓦風電特許權項目特許權協議》), Beiqinghe Wind Farm implements the on-grid tariff of RMB0.5216/KWh (tax-inclusive), including the benchmark electricity price of RMB0.3035 and the new energy subsidy of RMB0.2181, and it is assumed that this electricity price remains the same during the operation period.

11. This valuation assumes that the existing preferential tax policy will remain unchanged in the future: (1) the policy of 50% VAT refund upon collection will remain unchanged; (2) the preferential tax policy for the Western Development (西部大開發) (the corporate income tax rate will be 15% by the end of 2030) will remain unchanged.
12. This report assumes that the enterprise could resolve its interest-bearing debts which will fall due soon through renewing loans and repaying loans with its own funds according to its funding arrangements, without affecting its capabilities relating to continuous operation.
13. The power generation project of Mengdong Energy has been included in the national subsidies catalog. This valuation assumes that the outstanding national subsidies of the enterprise at the end of each year during the forecast period are the increase in the national subsidies receivable for the current year and the previous year, namely that the collection cycle of national subsidies receivable on the account during the forecast period is 2 years.

The valuation conclusion of this report is based on the aforesaid assumptions and limitations. When events that are inconsistent with the aforesaid assumptions and limitations occur, this valuation result will generally be invalid.

III. RELEVANT INFORMATION ON ASSET VALUATION

(I) Appraised Entity

Inner Mongolia Huadian Mengdong Energy Company Limited

(II) Valuation Target

The value of the entire shareholders' interest in Inner Mongolia Huadian Mengdong Energy Company Limited

(III) Valuation Scope

All audited assets and liabilities of Inner Mongolia Huadian Mengdong Energy Company Limited. The specific asset type and audited book value are set out in the following table:

Unit: RMB

Item	Carrying value
I. Total current assets	531,768,592.82
Monetary capital	90,258,269.76
Bills receivable	44,297,844.00
Trade receivable	372,219,027.64
Prepayments	941,218.82
Other receivables	24,043,006.58
Other current assets	9,226.02
	<hr/>
II. Total non-current assets	1,753,876,617.23
Fixed assets	450,624,441.45
Including: Buildings	26,426,715.18
Equipment	424,197,726.27
Construction in progress	28,603,913.84
Intangible assets	1,266,876,979.22
Including: Land use rights	27,482,901.73
Other intangible assets	1,239,394,077.49
Deferred income tax assets	7,771,282.72
	<hr/>
III. Total assets	2,285,645,210.05
	<hr/>
IV. Total current liabilities	38,955,804.22
Trade payable	17,905,066.42
Salaries payable	509,682.56
Taxes payable	4,305,007.81
Other payables	5,336,047.43
Non-current liabilities due within one year	10,900,000.00
	<hr/>
V. Total non-current liabilities	42,096,799.78
Long-term borrowings	41,950,000.00
Deferred income	146,799.78
	<hr/>
VI. Total liabilities	81,052,604.00
	<hr/> <hr/>
VII. Net assets (Equity attributable to owners)	2,204,592,606.05
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Note: The above financial data has been audited by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership), who issued audit report with standard unqualified audit opinion (Xin Kuai Shi Bao Zi [2020] No. ZG213760).

(IV) Type of Value

The type of value is the market value

(V) Valuation Benchmark Date

The valuation benchmark date is 30 June 2020

(VI) Valuation Method

The asset-based approach and the income approach

(VII) Valuation Conclusion

This assets valuation report adopts the valuation result under the asset-based approach as the valuation conclusion, namely, the audited carrying value and the appraised value of the net assets of Inner Mongolia Huadian Mengdong Energy Company Limited is RMB2,204,592,600 and RMB2,215,022,900, respectively, representing a value-added rate of 0.47%.

(VIII) Validity Period of Valuation Conclusion

The validity period of the valuation conclusion is one year from the valuation benchmark date in principle. Should there be any material change to the status of the assets and market conditions as compared to those as at the valuation benchmark date, the client shall engage the valuation agency to appraise the updated business or conduct re-evaluation.

Upon entrustment, Beijing China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) valued the market value of the entire shareholders' interest in Tianjin Huadian Fuyuan Thermal Power Company Limited involved in the proposed acquisition of assets through issuance of shares and convertible bonds by Huadian Power International Corporation Limited as of the valuation benchmark date by adopting the recognized valuation methods, pursuant to relevant laws, administrative regulations and assets valuation standards under necessary valuation procedures. The summary of the valuation report is as follows:

I. CLIENT

Huadian Power International Corporation Limited

II. VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: it is assumed that all assets to be valued are in the course of transaction and the assets valuer carries out the valuation with reference to simulated market based on the conditions for transaction of the assets to be valued.
2. Open market assumption: it is assumed that both parties to the transaction of the assets to be traded or proposed to be traded in the market are in equal positions, and have opportunities and time to acquire adequate market information so as to make rational judgments on the functions, purposes and considerations of the assets.
3. Going concern assumption: it is assumed that the appraised entity is in full compliance with all relevant laws and regulations, and will operate continually in the foreseeable future.

(II) Specific Assumptions

1. This valuation takes the specific valuation purposes set out in this asset valuation report as its basic assumption premises;
2. There is no material change in the relevant existing laws and regulations of the country, or in the macroeconomic conditions of the country, and there is no unforeseeable and material change in external economic environment such as interest rate, exchange rate, tax basis and tax rate, as well as policy-related levies;
3. This valuation assumes the appraised entity's operation and management team in the future will be accountable, and will maintain the existing operation and management mode. The scope and mode of operation will be consistent with the current direction;

4. This valuation assumes the appraised assets are in continuous use according to the current purposes and way of use, size, frequency and environment, without taking into account the respective optimal use of each asset;
5. It is assumed that there will be no material adverse impact on the enterprise arising from other force majeure and unforeseeable factors based on the current management method and standard of the enterprise;
6. It is assumed that the exemption policies on value-added tax, property tax and land use tax for residential heating are sustainable;
7. It is assumed that the appraised entity can still obtain financial subsidies from the local government for heating in advance or extension of heating every year;
8. It is assumed that the technical transformation and information technology projects reflected in the construction in process will be completed and put into operation by the end of 2020 as expected;
9. The relevant basic information and financial information provided by the appraised entity and the principal are true, accurate and complete;
10. The financial report and transaction data of the comparable company relied by the valuer are true and reliable;
11. The scope of valuation is only based on the declaration form for valuation provided by the principal and the appraised entity, without taking into account the possible contingent assets and contingent liabilities out of the list provided by the principal and the appraised entity;
12. This valuation assumes the enterprise has balanced net cash flows in the year;
13. This report assumes that the enterprise could resolve its interest-bearing debts which will fall due soon through renewing loans and repaying loans with its own funds according to its funding arrangements, without affecting its capabilities relating to continuous operation.

When events that are inconsistent with the aforesaid assumptions and limitations occur, this valuation result will generally be invalid.

III. RELEVANT INFORMATION ON ASSET VALUATION**(I) Appraised Entity**

Tianjin Huadian Fuyuan Thermal Power Company Limited

(II) Valuation Target

The value of the entire shareholders' interest in Tianjin Huadian Fuyuan Thermal Power Company Limited

(III) Valuation Scope

All assets and liabilities of Tianjin Huadian Fuyuan Thermal Power Company Limited. The specific asset type and audited book value are set out in the following table:

Unit: RMB

Item	Carrying value
I. Total current assets	264,361,042.30
Monetary capital	164,409,144.51
Bills receivable	50,000,000.00
Trade receivable	6,823,367.57
Prepayments	36,131,657.15
Other receivables	173,000.59
Inventories	6,823,872.48
II. Total non-current assets	1,305,863,658.21
Debt investment	86,592,506.94
Fixed assets	1,175,336,117.30
Including: Buildings	178,447,544.89
Equipment	996,888,572.41
Construction in progress	6,080,848.46
Intangible assets	33,222,613.71
Including: Land use rights	32,069,774.00
Other intangible assets	1,152,839.71
Other non-current assets	4,631,571.80
III. Total assets	1,570,224,700.51

Item	Carrying value
IV. Total current liabilities	167,475,597.85
Short-term borrowings	14,509,150.63
Trade payable	58,140,255.06
Contractual liabilities	24,391,309.37
Salaries payable	1,545,124.26
Taxes payable	3,308,490.89
Other payables	65,581,267.64
V. Total non-current liabilities	328,392,293.25
Deferred income tax liabilities	5,767,386.98
Other non-current liabilities	322,624,906.27
VI. Total liabilities	495,867,891.10
VII. Net assets (Equity attributable to owners)	1,074,356,809.41

Note: The above financial data has been audited by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership), who issued audit report with standard unqualified audit opinion (Xin Kuai Shi Bao Zi [2020] No. ZG213764).

(IV) Type of Value

The type of value is the market value

(V) Valuation Benchmark Date

The valuation benchmark date is 30 June 2020

(VI) Valuation Method

The asset-based approach and the income approach

(VII) Valuation Conclusion

This assets valuation report adopts the valuation result under the asset-based approach as the valuation conclusion. As at the valuation benchmark date (being 30 June 2020), the audited carrying value and the appraised value of the net assets of Tianjin Huadian Fuyuan Thermal Power Company Limited is RMB1,074,356,800 and RMB1,357,055,500, respectively, representing a value-added rate of 26.31%.

(VIII) Validity Period of Valuation Conclusion

The validity period of the valuation conclusion is one year from the valuation benchmark date in principle. Should there be any material change to the status of the assets and market conditions as compared to those as at the valuation benchmark date, the client shall engage the valuation agency to appraise the updated business or conduct re-evaluation.

I. AUDITED FINANCIAL DATA OF MENGdong ENERGY

Pursuant to the “Accounting Standards for Business Enterprises – Basic Principles” promulgated by the Ministry of Finance of the PRC and the specific accounting standards, application guidance, notes and other relevant regulations as subsequently promulgated and amended, Mengdong Energy has prepared the financial statements and notes thereto for the years 2019 and 2020, which have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) (“**BDO China**”), and BDO China has issued audit report with standard unqualified audit opinion (Xin Kuai Shi Bao Zi [2021] No. ZG25351). The condensed financial statements are set out as follows:

(I) Condensed Balance Sheet*Unit: RMB'000*

Item	31 December 2020	31 December 2019
Current assets	607,906	371,128
Non-current assets	1,700,802	2,707,712
Total assets	2,308,708	3,078,840
Current liabilities	41,496	252,220
Non-current liabilities	–	616,275
Total liabilities	<u>41,496</u>	<u>868,495</u>
Total shareholders' equity	<u><u>2,267,212</u></u>	<u><u>2,210,345</u></u>

(II) Condensed Income Statement*Unit: RMB'000*

Item	2020	2019
Operating revenue	338,997	309,819
Operating costs	193,060	180,607
Operating profit	147,153	94,268
Total profit	<u>148,587</u>	<u>94,344</u>
Net profit	<u><u>125,532</u></u>	<u><u>79,874</u></u>

(III) Condensed Cash Flow Statement*Unit: RMB'000*

Item	2020	2019
Net cash flows from operating activities	118,802	269,131
Net cash flows from investing activities	882,104	-906,662
Net cash flows from financing activities	-919,256	649,944
Net increase in cash and cash equivalents	<u>81,650</u>	<u>12,414</u>
Balance of cash and cash equivalents at the end of period	<u><u>136,212</u></u>	<u><u>54,561</u></u>

II. AUDITED FINANCIAL DATA OF FUYUAN THERMAL

Pursuant to the “Accounting Standards for Business Enterprises – Basic Principles” promulgated by the Ministry of Finance of the PRC and the specific accounting standards, application guidance, notes and other relevant regulations as subsequently promulgated and amended, Fuyuan Thermal has prepared the financial statements and notes thereto for the years 2019 and 2020, which have been audited by BDO China, and BDO China has issued audit report with standard unqualified audit opinion (Xin Kuai Shi Bao Zi [2021] No. ZG25352). The condensed financial statements are set out as follows:

(I) Condensed Balance Sheet*Unit: RMB'000*

Item	31 December 2020	31 December 2019
Current assets	331,458	166,779
Non-current assets	1,308,099	1,252,817
Total assets	1,639,557	1,419,596
Current liabilities	231,888	373,792
Non-current liabilities	319,284	461,423
Total liabilities	<u>551,172</u>	<u>835,215</u>
Total shareholders' equity	<u><u>1,088,385</u></u>	<u><u>584,381</u></u>

(II) Condensed Income Statement*Unit: RMB'000*

Item	2020	2019
Operating revenue	862,528	895,502
Operating costs	791,946	798,016
Operating profit	89,865	101,568
Total profit	<u>90,069</u>	<u>101,581</u>
Net profit	<u><u>67,088</u></u>	<u><u>75,773</u></u>

(III) Condensed Cash Flow Statement*Unit: RMB'000*

Item	2020	2019
Net cash flows from operating activities	183,981	123,951
Net cash flows from investing activities	-139,005	-39,093
Net cash flows from financing activities	108,708	-116,531
Net increase in cash and cash equivalents	<u>153,684</u>	<u>-31,673</u>
Balance of cash and cash equivalents at the end of period	<u><u>171,712</u></u>	<u><u>18,028</u></u>

III. PRO FORMA FINANCIAL STATEMENTS OF THE COMPANY**1. Basic Information on Proposed Issuance of Convertible Bonds and Shares and Acquisition of Assets***(1) Basic information on the transaction*

In 2019 and 2020, the Company introduced CCB Financial Asset Investment Company Limited (“**CCB Financial**”) and BOC Financial Assets Investment Co., Ltd. (“**BOC Financial**”) to make capital contribution to Inner Mongolia Huadian Mengdong Energy Company Limited (“**Mengdong Energy**”) and Tianjin Huadian Fuyuan Thermal Power Company Limited (“**Fuyuan Thermal**”), subsidiaries of the Company, with an aggregate amount of RMB1.5 billion.

After the completion of the capital contribution, CCB Financial and BOC Financial obtained 45.15% equity interest in Mengdong Energy and 36.86% equity interest in Fuyuan Thermal, respectively.

(2) Acquisition of assets through issuance of convertible bonds and shares

On 25 March 2021, the Resolution on the Transaction Plan on Acquisition of Assets through Issuance of Ordinary Shares and Convertible Corporate Bonds by Huadian Power International Corporation Limited was considered and approved at the tenth meeting of the ninth session of the Board of the Company. The Company proposed to purchase the 45.15% equity interest in Mengdong Energy and the 36.86% equity interest in Fuyuan Thermal held by the abovementioned investors introduced by way of acquisition of assets through issuance of convertible bonds and shares.

2. Basis of Preparation of the Pro Forma Consolidated Financial Statements

In accordance with the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 – Application Documents for the Material Asset Reorganizations of Listed Companies issued by the CSRC, the Company prepared the Pro Forma Consolidated Financial Statements on the Transaction for the special purpose of reporting to the CSRC as described in the abovementioned III. 1.

The Pro Forma Consolidated Financial Statements assume that the transaction on the acquisition of equity interest through proposed issuance of convertible bonds and shares described in the abovementioned III. 1 hereto had been completed on 1 January 2019 and are prepared based on the structure after the completion of the acquisition of assets and on the following major assumptions.

Major assumptions include:

- (a) The resolution on the transaction on the acquisition of equity interest through proposed issuance of convertible bonds and shares as described in the notes to the Pro Forma Consolidated Financial Statements can obtain the approval from China Huadian and the general meeting and the approval of the CSRC;
- (b) It is assumed that investors have completed the capital contribution to Mengdong Energy and Fuyuan Thermal in cash on 1 January 2019 with an aggregate amount of RMB1.5 billion and the amount of the capital contribution has been used to repay the existing borrowings of the Group on 1 January 2019.
- (c) It is assumed that the transaction on the acquisition of assets through issuance of convertible bonds and shares by the Company had been completed on 1 January 2019.
- (d) The Pro Forma Consolidated Financial Statements do not consider the impacts of possible transaction fees, interest income, turnover tax and other taxes in the abovementioned acquisition of assets through issuance of convertible bonds and shares.

BDO China has reviewed the Pro Forma Financial Statements of the Company and issued the Review Report on the Pro Forma Consolidated Financial Statements (Xin Kuai Shi Bao Zi [2021] No. ZG24228). The condensed financial statements are set out as follows:

(I) Condensed Pro Forma Consolidated Balance Sheet

Unit: RMB'000

Item	31 December 2020	31 December 2019
Current assets	24,938,656	26,669,150
Non-current assets	209,755,177	203,276,084
Total assets	234,693,833	229,945,234
Current liabilities	59,215,024	67,057,266
Non-current liabilities	83,974,728	84,749,248
Total liabilities	143,189,752	151,806,514
Total equity attributable to shareholders of the parent company	72,052,893	61,592,047
Total shareholders' equity	91,504,081	78,138,720

(II) Condensed Pro Forma Consolidated Income Statement

Unit: RMB'000

Item	2020	2019
Operating revenue	90,744,016	93,654,431
Operating profit	6,721,855	5,508,066
Total profit	7,001,295	5,551,369
Net profit	<u>5,732,110</u>	<u>4,443,113</u>
Net profit attributable to shareholders of the parent company	<u><u>4,198,628</u></u>	<u><u>3,411,489</u></u>

According to the requirements of the Opinions on Further Strengthening the Protection of Legitimate Rights and Interests of Minority Investors in the Capital Market and the Guidance on Matters in relation to Dilution of Immediate Return due to Initial Offering, Refinancing and Major Asset Restructuring issued by China Securities Regulatory Commission (the “CSRC”) and other relevant laws, regulations and normative documents, and in order to safeguard the legitimate rights and interests of the Company and its shareholders, the dilution of immediate return of the acquisition of assets through issuance of the shares and convertible corporate bonds (the “Transaction”) and the remedial measures taken are explained as follows:

I. IMPACT OF THE TRANSACTION ON IMMEDIATE RETURN OF THE COMPANY

Based on the financial reports and pro forma financial report of the Company, the changes in earnings per share of the Company before and after the completion of the Transaction are as follows:

Unit: RMB/share

Items	2020		2019	
	Before the Transaction (Actual amount)	After the Transaction (Pro forma amount)	Before the Transaction (Actual amount)	After the Transaction (Pro forma amount)
Basic earnings per share	0.331	0.332	0.290	0.291
Diluted earnings per share	0.331	0.327	0.290	0.287

Note: The Transaction consists of the issuance of shares and convertible corporate bonds. The basic earnings per share after the Transaction refers to the changes in the earnings per share of the Company immediately after the completion of the Transaction (with no convertible corporate bonds converted into shares) and the diluted earnings per share after the Transaction refers to the changes in the earnings per share of the Company on the assumption that all of the convertible corporate bonds issued have been converted into shares. For the basis of the preparation of the Pro Forma Consolidated Financial Statements, please refer to the Pro Forma Review Report “Xin Kuai Shi Bao Zi [2021] No. ZG24228” issued by BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership).

II. CONCLUSION ON DILUTION OF IMMEDIATE RETURN OF THE TRANSACTION AND RISK WARNING

According to the Pro Forma Review Report of the Transaction, upon completion of the Transaction, the basic earnings per share of the Company will increase, but the diluted earnings per share will decrease. In order to respond to the risk of dilution of the Company’s earnings per share caused by the Transaction, the Company has formulated remedial measures based on its owned operating conditions, but such remedial measures do not represent the guarantee of future profits made by the Company, and investors are reminded to pay attention to the risk of dilution of immediate return of the Company as a result of the Transaction.

III. NECESSITY AND REASONABLENESS OF THE TRANSACTION**(i) To facilitate the Company's transformation and development and meet its needs of "reducing leverage and debt" under the general trend of energy revolution**

Under the general trend of energy revolution, the Company needs to carry out transformation and development and "reduce leverage and debt". Through market-oriented debt-to-equity swap, the Company introduced external investors in the previous capital contribution to substantially reduce the interest-bearing liabilities of the Target Subsidiaries, reduce the gearing ratio, alleviate the financial burden, enhance quality and efficiency, and release the operating vitality and potential of the Target Subsidiaries. The optimization of the Target Subsidiaries' asset and liability structure is conducive to the Company in strengthening the control and management of transformation and development and consolidating its operating strength and risk resistance.

(ii) To enhance the sustainable profitability of the Company and safeguard the interests of all shareholders

Mengdong Energy and Fuyuan Thermal are high-quality assets of new energy power generation and thermoelectricity cogeneration, respectively, with mature production technology and good profitability. Through the Transaction, the Company will hold 100% equity interest in the Target Subsidiaries, which will increase the equity installed capacity attributable to the Company and the proportion of installed capacity of clean energy and lay a solid foundation for the long-term sustainable and healthy development of the Company. In addition, with the effective relief of financial burden of the Target Subsidiaries through the previous capital contribution and the gradual conversion of convertible corporate bonds of the Transaction, the endogenous growth of the Company can be stimulated, which is conducive to the Company to deepen the reform of state-owned enterprise, enhance the sustainable profitability and competitiveness, strengthen the leading position in the industry, continuously improve the value of the Company and safeguard the interests of all shareholders.

(iii) To optimize the shareholding structure of the Company

In recent years, the Company has been exploring and implementing measures to optimize its shareholding structure. The purchase of minority equity interest in the Target Subsidiaries held by the investors through this Transaction and the subsequent conversion of convertible corporate bonds, and the eventual introduction of institutional investors can further promote the diversification of equity structure of the Company and strengthen the role of institutional investors in corporate governance of the Company.

IV. MEASURES TO BE TAKEN BY THE COMPANY TO REMEDIATE THE EFFECT OF DILUTION AND ENHANCE THE COMPANY'S ABILITY TO PROVIDE SUSTAINABLE RETURNS

In order to protect the interests of investors, prevent the risk of dilution of immediate return and improve the return ability to the Company's shareholders, the Company intends to take the following specific measures to reduce the impact of possible dilution of immediate return from the Transaction:

(i) Deepen strategic leadership and promote high-quality development

To further consolidate the effectiveness of the market-oriented debt-to-equity swap, the Company will actively capture the opportunities from China's policies of vigorous promotion of supply-side structural reform, focus on its main business, and thoroughly implement the decisions and general plans of the CPC Central Committee and the State Council and the national energy strategy. As one of the largest listed power generation companies in China in terms of installed capacity, the Company has advanced energy-saving and environment-friendly power generation equipment and rich experience in power generation management, which lay a solid foundation for the development of conventional energy of the Company. The Company will focus on quality and efficiency enhancement, adhere to the idea of ecological and environmental protection and cooperation and win-win development, make every effort to promote the development of clean energy, selectively develop high-quality pumped storage projects, prudently promote the development of gas projects after securing gas sources and determining the tariff, deeply explore the potential of existing thermal power units in heat supply, further enhance the profitability of the Company's thermal power units, carry out flexible transformation based on local conditions, attach importance to energy saving efficiency and improve energy efficiency, steadily facilitate the development of new business such as internet data center, energy storage and geothermal energy to comprehensively expand the development dimension of the Company.

(ii) Strengthen operational management and control and improve quality and efficiency in all aspects

The Company will increase marketing efforts, deeply explore the base power policy, prioritize power generation topics, focus on signing medium and long-term transactions, and actively participate in spot transactions, strengthen fuel cost control, continue to improve the centralized procurement system and mechanism, accelerate the construction of fuel logistics system, and make every effort to control and reduce fuel price, carry out research and development of carbon peaking plans, attach great importance to carbon emissions trading, participate in the design of trading mechanisms, and effectively support the key task of

pollution prevention and control, actively promote modern information technology such as big data, cloud computing and artificial intelligence to transform traditional thermal power units, and accelerate the energy-saving transformation of existing coal-fired generating assets to improve energy efficiency.

(iii) Strengthen compliance management and improve corporate governance

In strict accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other laws, regulations and normative documents, the Company will continuously improve the corporate governance structure, continuously standardize the management of "Board meetings, meetings of supervisory committee and general meetings", strengthen the training of directors and supervisors, enhance the ability to perform their duties, optimize the governance system and enhance the effectiveness of corporate governance. The Company will also further strengthen process monitoring and control to prevent and mitigate regulatory risks, make efforts to improve investor relations and respond to market concerns in a timely manner. The Company will strengthen internal control management, accelerate system optimization, form the closed-loop management of the whole process of internal control assessment – feedback – rectification, and continuously improve the overall internal control management of the Company.

(iv) Implement positive profit distribution policy and focus on returns and protection of rights and interests of investors

In order to improve the profit distribution policy of the Company and maintain the continuity and stability of the profit distribution policy, the Company has formulated specific requirements on profit distribution policy in the articles of association of the Company according to relevant requirements of the Notice on Further Implementation of Matters in Relation to Cash Dividends of Listed Companies and Guideline No. 3 on Supervision of Listed Companies – Cash Dividends of Listed Companies issued by the CSRC and other laws and regulations, and taking into account the actual situation of the Company. The Company implements a positive profit distribution policy by prioritizing cash dividends and focusing on providing reasonable investment returns to investors.

In addition, based on the principle of focusing on providing reasonable investment returns to shareholders and taking into account the overall interests of all shareholders, long-term interests and reasonable capital needs of the Company, the Company has formulated the Shareholders' Return Plan of Huadian Power International Corporation Limited for Years 2020-2022, pursuant to which during 2020 to 2022, the Company shall distribute in cash not less than 50% of the distributable profit as presented in the consolidated financial statements of the year, and the dividend per share shall be no less than RMB0.2.

The Company will strictly implement the dividend policy, protect the interests of the Company's shareholders and improve the Company's ability in providing return in the future.

V. UNDERTAKINGS MADE BY THE CONTROLLING SHAREHOLDER, DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY IN RESPECT OF THE REMEDIAL MEASURES TO BE TAKEN BY THE COMPANY FOR DILUTION OF IMMEDIATE RETURN OF THE TRANSACTION

(i) Undertakings Made by the Controlling Shareholder of the Company in respect of the Remedial Measures for Dilution of Immediate Return of the Transaction

China Huadian, the controlling shareholder of the Company, undertakes that:

1. It will not interfere with the operation and management activities of the Company beyond its authority and encroach on the interests of the Company.
2. During the period from the date of issuance of this undertaking and until the completion of the Transaction, if CSRC or the Shanghai Stock Exchange updates the regulatory requirements in relation to the return remedial measures and undertakings, and the above undertakings cannot satisfy such requirements of CSRC and the Shanghai Stock Exchange, the covenanter will make additional undertakings in accordance with the relevant requirements of CSRC and the Shanghai Stock Exchange.
3. The covenanter will faithfully perform the above statements and undertakings and bear the corresponding legal responsibilities. For any failure to perform the obligations and responsibilities conferred by this statement and undertaking, the covenanter will bear the corresponding legal responsibilities in accordance with the relevant laws, rules, regulations and normative documents.

(ii) Undertakings Made by the Directors and Senior Management of the Company in respect of the Remedial Measures for Dilution of Immediate Return of the Transaction

The Directors and senior management of the Company undertake that:

1. I undertake not to offer benefits to other entities or individuals without consideration or on unfair terms, or to use other means to jeopardize the interests of the Company.
2. I undertake to restrain my spending for performance of duties.
3. I undertake not to use the Company's assets to engage in investment or spending activities that are not related to the performance of my duties.

4. I undertake to support the Board or the remuneration and appraisal committee in formulating the remuneration system, which shall be linked with the implementation of the Company's return remedial measures.

5. If the Company implements equity incentive scheme in the future, I undertake to support the linkage between the exercise conditions of the Company's equity incentive scheme and the implementation of the Company's return remedial measures.

During the period from the date of issuance of this undertaking and until the completion of the Transaction, if CSRC or the Shanghai Stock Exchange updates the regulatory requirements in relation to the return remedial measures and undertakings, and the above undertakings cannot satisfy such requirements of CSRC and the Shanghai Stock Exchange, I will make additional undertakings in accordance with the relevant requirements of the CSRC and the Shanghai Stock Exchange.

I undertake to effectively implement relevant return remedial measures formulated by the Company and any undertaking I made in respect of such return remedial measures. If I breach such undertakings and cause losses to the Company or investors, I am willing to bear the compensation responsibility to the Company or investors in accordance with relevant laws.

As one of the responsible subjects in relation to the return remedial measures, if I breach the above undertakings or refuse to fulfill such undertakings, I agree to be subject to punishment or relevant administrative actions in accordance with the relevant regulations and rules formulated or issued by CSRC, the Shanghai Stock Exchange and other securities regulatory authorities.

Huadian Power International Corporation Limited* (the “**Company**”) has always attached importance to the reasonable return of investors and maintained the consistency and stability of profit distribution policy. According to the Notice on Further Implementing Relevant Matters Concerning Cash Dividends of Listed Companies (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)), the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (Zheng Jian Hui Gong Gao [2013] No. 43) (《上市公司監管指引第3號—上市公司現金分紅》(證監會公告[2013]43號)) issued by China Securities Regulatory Commission (the “**CSRC**”) and relevant provisions under the Article of Association of Huadian Power International Corporation Limited* (the “**Articles of Association**”), while taking into consideration of its future operations and development conditions, the Company formulated the Shareholders’ Return Plan of Huadian Power International Corporation Limited* in the Years 2020-2022 (the “**Plan**”). Details of the Plan are as follows:

I. CONSIDERATIONS FOR FORMULATING THE PLAN

With an aim to establish a sustainable, stable and scientific return plan and mechanism for investors, the Company, by fully taking into account its operating situation, development strategies and industry development trends, proposed to make institutional arrangements of the profit distribution to ensure the consistency and stability of profit distribution policy.

II. PRINCIPLES FOR FORMULATING THE PLAN

Subject to the relevant laws and regulations and the relevant provisions on profit distribution in the Articles of Association, by fully considering the opinions of independent directors, supervisors and public shareholders, the Company shall establish a consistent, stable and positive profit distribution policy, to ensure reasonable returns of investment for the shareholders while taking into account the interests of all the shareholders as a whole, the long-term interests of the Company and the reasonable funding requirements.

III. SPECIFIC SHAREHOLDERS’ RETURN PLAN IN THE YEARS 2020-2022

(1) Form of profit distribution

The cash dividend distribution shall take priority over shares dividend in terms of the dividend distribution.

(2) Specific conditions and proportion of Company’s cash dividends

During 2020 to 2022, the profits to be distributed by the Company in cash shall, in principle, not be less than 50% of the distributable profits realized in that year as indicated in the consolidated statements and the dividend per Share shall not be less than RMB0.2.

(3) Review procedures of the Company's profit distribution plan

The annual profit distribution plan of the Company shall be prepared by the management and submitted to the board of directors and the supervisory committee for approval. The board of directors shall fully discuss the reasonableness of the plan and submit its resolution to the general meeting for approval after the independent directors expressed their opinions. Where the Company decides not to pay cash dividends under special circumstances, the board of directors shall explain the specific reasons for not paying cash dividends and clarify the use of the Company's retained earnings, its anticipated investment income, etc. Such clarification and explanation, along with the opinions on them from the independent directors, shall be submitted to the general meeting for approval.

After the resolution in respect of the profit distribution plan is approved at the general meeting, the board of directors of the Company shall complete the distribution within two months after the general meeting.

IV. FORMULATION CYCLE OF THE SHAREHOLDERS' RETURN PLAN

The board of directors of the Company shall specifically study and discuss matters relating to the returns for shareholders, set out a specific and clear shareholders' return plan with a cycle of three years, and submit to the general meeting for consideration and approval.

V. EFFECTIVE MECHANISM OF THE PLAN

1. The Plan shall come into force on the date when it is approved by the general meeting.
2. The provisions in relevant laws and regulations, normative documents and the Articles of Association shall be implemented for matters not covered by the Plan.
3. The plan shall be interpreted by the board of directors of the Company.

CHAPTER I GENERAL PROVISIONS

Article 1 In order to regulate the organisation and behaviour of meetings of holders of the Convertible Corporate Bonds of Huadian Power International Corporation Limited* (the “Company”, or the “Issuer”), specify the rights and obligations and protect the legitimate rights and interests of the holders of the Convertible Corporate Bonds, the Rules for the Non-Public Issuance of A Share Convertible Corporate Bondholders’ Meetings have been formulated pursuant to the relevant requirements under the laws and regulations, including the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Administration Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Administrative Measures on the Issuance and Transaction of Corporate Bonds (《公司債券發行與交易管理辦法》), the Administrative Measures for Convertible Corporate Bonds (《可轉換公司債券管理辦法》) and the Articles of Association and other normative documents with reference to the actual conditions of the Company.

Article 2 The Convertible Corporate Bonds under the Rules shall be the convertible corporate bonds as agreed to be issued by the Company (the “Convertible Bonds”) pursuant to the Proposal for Acquisition of Assets by the Issuance of Ordinary Shares and Convertible Corporate Bonds of Huadian Power International Corporation Limited* (《華電國際電力股份有限公司發行普通股和可轉換公司債券購買資產預案》) (the “Proposal”). Bondholders shall be the investors who acquire the Convertible Bonds through subscription, purchase or other legitimate means.

Article 3 The Bondholders’ Meetings shall be composed of all Bondholders under the Rules and shall be convened and held according to the procedures stipulated in the Rules to consider and vote for the matters within the authority stipulated in the Rules according to laws.

Article 4 The resolutions passed at the Bondholders’ Meetings under the Rules shall be equally binding and enforceable on all Bondholders (including Bondholders present at the meetings, those not present at the meetings, those voting against the resolutions or abstaining from voting and those assigned with the Convertible Bonds after passing the relevant resolutions, the same below).

Article 5 Investors who subscribe for, hold or are granted the Convertible Bonds are deemed to agree all the articles under the Rules and shall be bound by the Rules.

CHAPTER II RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS**Article 6** Rights of the Convertible Bondholders

1. to receive agreed interest in accordance with the amount of the Convertible Bonds held by them;
2. to convert the Convertible Bonds held by them into the shares of the Company according to the agreed conditions stipulated in the Proposal;
3. to assign, bestow or pledge the Convertible Bonds held by them in accordance with the laws, administrative regulations and the Articles of Association;
4. to receive relevant information in accordance with the laws and the Articles of Association;
5. to request the Company to repay the principal and interest of the Convertible Bonds within the agreed period and by the agreed manner stipulated in the Proposal;
6. to attend the Bondholders' Meetings, either in person or by proxy, and vote in accordance with relevant requirements under the laws and administrative regulations;
7. other rights as creditors of the Company prescribed by applicable laws, administrative regulations and the Articles of Association.

Article 7 Obligations of the Convertible Bondholders

1. to comply with the relevant terms of the issuance of the Convertible Bonds by the Company;
2. to abide by the effective resolutions approved at the Bondholders' Meetings;
3. not to request the Company to make prepayment of the principal and interest of the Convertible Bonds, unless otherwise required by applicable laws and regulations, or otherwise agreed in the Proposal;
4. to perform other obligations of the Bondholders prescribed by applicable laws, administrative regulations and the Articles of Association.

CHAPTER III EXTENTS OF AUTHORITY OF THE BONDHOLDERS' MEETINGS

Article 8 The extents of authority of the Bondholders' Meetings are as follows

1. to resolve whether to approve the Company's proposal of modifying the plan contained in the Proposal, despite of the fact that the Bondholders' Meetings shall not resolve to agree the Company in not paying the principal and interest of the Convertible Bonds, modifying the interest rate and term of the Convertible Bonds or cancelling the term of mandatory conversion set out in the Proposal;
2. to resolve whether to approve the solutions to the failure to pay the principal and interest of the Convertible Bonds on time by the Company, to resolve on the enforcement of repaying the principal and interest of the Convertible Bonds by the Company and the guarantors (if any) through litigation and other procedures, to resolve whether to participate in the legal procedures of the Company including rectification, settlement, reorganisation or bankruptcy;
3. to resolve whether to accept the Company's proposal in relation to a capital reduction (other than a capital reduction caused by employee stock ownership scheme, equity incentives, or a necessary share repurchase made by the Company to maintain its value and the rights and interests of the shareholders), merger, division, dissolution or filings for bankruptcy and to resolve on the plan of exercising the rights entitled to the Bondholders according to the laws;
4. to resolve on the plan of exercising the rights entitled to the Bondholders according to the laws in case any material adverse change arises from the guarantors of the Convertible Bonds or the collateral (if any);
5. to resolve on the plan of exercising the rights entitled to the Bondholders according to the laws in case any event having a material impact on the interests of Bondholders happens;
6. to resolve on the amendments to the Rules as permitted by the laws;
7. to resolve on the proposed change or dismissal of the trustees (if any) of the Convertible Bonds;
8. other circumstances which are required to resolve at the Bondholders' Meetings in accordance with the laws, administrative regulations and normative documents.

CHAPTER IV CONVENING OF THE BONDHOLDERS' MEETINGS

Article 9 The Bondholders' Meetings shall be convened and chaired by the Board of the Company. The Board of the Company shall, within 30 days after the proposal of convening a Bondholders' Meeting has been raised or received by the Board, convene the Bondholders' Meeting. The Board shall publish a notice to all of the Bondholders and relevant attendees at least 15 days prior to the meeting.

Article 10 During the term of the Convertible Bonds, a Bondholders' Meeting shall be convened upon the occurrence of any of the following events:

1. the Company proposes to change the terms under the Proposal;
2. the Company fails to pay the principal and interest of the Convertible Bonds on time;
3. the Company undertakes a capital reduction (other than a capital reduction caused by employee stock ownership scheme, equity incentives, or a necessary share repurchase made by the Company to maintain its value and the rights and interests of the shareholders), merger, division, dissolution or filings for bankruptcy;
4. there are material changes in the guarantors of the Convertible Bonds, collaterals (if any) or other debt repayment guarantee measures (if any);
5. the Company proposes to change or dismiss the trustee (if any) for the Convertible Bonds or amend the principal terms of the management entrustment agreement (if any);
6. the Company proposes to amend the Rules for Bondholders' Meetings;
7. measures shall be taken in accordance with laws when the Issuer's capability of solvency of its debt faces material uncertainties due to the failure of the Issuer's management to fulfill its responsibilities and duties;
8. the Company proposes a debt restructuring scheme;
9. the Issuer and the Bondholders who individually or jointly hold more than 10% of the total amount of the Convertible Bonds propose to convene a meeting in writing;
10. other matters which may materially affect the substantial interests of the Bondholders;
11. other matters that shall be reviewed and resolved by the Bondholders' Meetings pursuant to the requirements under the laws, administrative regulations, China Securities Regulatory Commission (the "CSRC"), Shanghai Stock Exchange and the Rules.

The following entities or persons may propose a Bondholders' Meeting in writing:

- (1) the Board of the Company;
- (2) the Bondholders that individually or jointly hold 10% or more of the total par value of the outstanding Convertible Bonds;
- (3) other entities or persons prescribed by the laws, administrative regulations or CSRC.

Article 11 Within 15 days after the occurrence of events mentioned in Article 10 under the Rules, in the event that the Board of the Company fails to perform its duties under the Rules, the Bondholder that individually or jointly hold 10% or more of the total par value of the outstanding Convertible Bonds are entitled to issue a notice of convening a Bondholders' Meeting in the form of an announcement.

Article 12 After a notice of the Bondholders' Meeting is given, no change shall be made to the meeting time or the proposals stated in the notice and the meeting shall not be cancelled due to a reason other than force majeure. In the event that there is a change in the meeting time or the proposals stated in the notice or the meeting is cancelled due to force majeure, the convener shall notify all Bondholders with reasons provided in the form of an announcement within at least 5 trading days prior to the original date of convening such meeting. No change shall be made to the record date of the holders of the Convertible Bonds. The supplemental notice of the Bondholders' Meeting shall be issued on the same designated media in which the notice of meeting was published.

After a notice of Bondholders' Meeting is given, in the event that the proposals to be resolved at such meeting are cancelled, the convener may cancel such meeting with reasons provided in the form of an announcement.

Article 13 The convener of the Bondholders' Meeting shall publish the notice of the meeting in the media designated by CSRC. A notice of the Bondholders' Meeting shall comprise the following contents:

1. the time, venue, convener and way of voting of the meeting;
2. matters to be considered at the meeting;
3. explicit text stating that all Bondholders are entitled to attend and vote at the Bondholders' Meeting, either in person or by proxy;
4. the record date on which to determine Bondholders who are entitled to attend the Bondholders' Meeting;

5. necessary documents and formalities required for attending the meeting, including but not limited to the power of attorney authorising the proxy to attend the meeting on behalf of the Bondholders;
6. the name of the convenor and the names and telephone numbers of the contact persons for the affairs of the meeting;
7. other matters required to be notified by the convenor.

Article 14 The record date of the Bondholders' Meeting shall be the third trading day before the date of convening the meeting. The holders of the outstanding Convertible Bonds whose names appear in the depository register of China Securities Depository and Clearing Corporation Limited or of other institutions approved under applicable laws at the close of the record date will be entitled to attend the Bondholders' Meeting.

Article 15 On-site Bondholders' Meeting shall in principle be held at the office address of the Company. The venue shall be provided by the Company or the convenor of the Bondholders' Meeting.

Article 16 An entity or a person who issues the notice of Bondholders' Meeting under the Rules is the convenor of such meeting.

Article 17 When convening the Bondholders' Meeting, the convenor shall engage lawyers to issue legal opinions in relation to the following matters:

1. whether or not the procedures for convening and holding the meeting are in compliance with laws, regulations and the Rules;
2. whether or not the qualifications of the persons present at the meeting, and of the convenor are lawful and valid;
3. whether or not the voting procedures at the meeting and the voting results are lawful and valid;
4. other legal opinions to be issued in relation to other relevant matters at the request of the convenor.

CHAPTER V PROPOSALS OF THE BONDHOLDERS' MEETINGS, ATTENDEES AND THEIR RIGHTS

Article 18 The proposal to be proposed at the Bondholders' Meetings for consideration shall be drafted by the convenor. Its contents shall be in compliance with the laws and regulations as permitted within the authority of the Bondholders' Meeting with clear subject matters and specific items to be resolved.

Article 19 The matters to be considered at the Bondholders' Meeting shall be decided by the convenor pursuant to requirements of the Article 8 and Article 10 under the Rules.

Bondholders that individually or jointly hold 10% or more of the par value of the outstanding Convertible Bonds may bring forward a provisional proposal to the Bondholders' Meeting. The Company and its related parties may attend the Bondholders' Meeting and bring forward a provisional proposal. The provisional proposal, with complete details, shall be submitted to the convenor no later than 10 days prior to the date of convening the Bondholders' Meeting. The convenor shall issue a supplemental notice of the Bondholders' Meeting within 5 days after receiving the provisional proposal and publish an announcement containing the name of, the percentage of the bonds held by the Bondholders who proposed such proposal, and the particulars of such proposal. The supplemental notice shall be published on the same designated media on which the notice of the meeting was published.

Unless otherwise provided in the above articles, the convenor shall not amend the proposals set out in the notice of the Bondholders' Meeting, or add new proposals after the notice of the meeting is given. No voting shall take place and no resolutions shall be made at the Bondholders' Meeting on the proposals which are not set out in the notice of the meeting (including the supplemental notice of adding provisional proposals) or do not meet the requirements under the Rules.

Article 20 Bondholders may attend and vote at a Bondholders' Meeting in person, and may also appoint a proxy to attend and vote on their behalves. The travelling, catering and accommodation expenses incurred by the Bondholders and their proxies for attending the Bondholders' Meeting shall be borne by themselves.

Bondholders who are shareholders holding more than 5% of the shares of the Company, or the related parties of the guarantors (if any) of the Convertible Bonds or the Company, may express their opinions at the Bondholders' Meeting, but have no voting rights, and the number of Convertible Bonds held by them shall not be included in the total number of the Convertible Bonds with voting rights when passing a resolution at the Bondholders' Meeting. The record date of determining the aforementioned shareholders of the Issuer shall be the record date of the Bondholders' Meeting. Upon approval of the chairman of the meeting, other key relevant parties of the Convertible Bonds may attend the Bondholders' Meeting and have the right to explain relevant matters but have no voting rights.

Article 21 A Bondholder who attends the Bondholders' Meeting shall present his/her own identity document and stock account card holding the outstanding Convertible Bonds or other supporting documents as required by the applicable laws. A legal representative or responsible person who attends a Bondholders' Meeting on behalf of the Bondholder shall present his/her own identity document, valid proof of his/her qualification as a legal representative or responsible person and stock account card holding the outstanding Convertible Bonds or other supporting documents as required by the applicable laws.

A proxy who attends a Bondholders' Meeting on behalf of the Bondholder shall present his/her own identity document, power of attorney issued by such Bondholder (or his/her legal representative or responsible person) according to the laws, identity document of such Bondholder, stock account card holding the outstanding Convertible Bonds of such Bondholder or other supporting documents as required by the applicable laws.

Article 22 The power of attorney issued by a Bondholder to appoint another person to attend the Bondholders' Meeting shall specify the following particulars:

1. the name and identity card number of the proxy;
2. the extents of authority of the proxy, including but not limited to the right to vote;
3. the instructions to vote for or against, or to abstain from voting on, each matter set out on the agenda of the Bondholders' Meeting;
4. the date and validity of the power of attorney;
5. the signature or seal of such Bondholder.

The power of attorney shall contain a statement that, in the absence of specific instructions from the Bondholder, the proxy may or may not vote at his/her discretion. The power of attorney shall be made available to the convener of the Bondholders' Meeting at least 24 hours prior to the meeting.

Article 23 The convener and the lawyer shall jointly verify the qualifications and legitimacy of Bondholders attending the meeting based on the register of the Bondholders provided by the securities registration and clearing institution at the close of the record date, and record the names of Bondholders and their proxies attending the Bondholders' Meeting and the number of Convertible Bonds held by them with voting rights.

The aforementioned register of Bondholders shall be acquired by the Company from the securities registration and clearing institution and shall be provided to the convener free of charge.

CHAPTER VI CONVENING OF THE BONDHOLDERS' MEETINGS

Article 24 The Bondholders' Meetings may be convened on site, and also convened in the forms of internet or telecommunication or other means.

Article 25 The chairman of a Bondholders' Meeting shall be an authorised representative of the Board, who shall preside the Bondholders' Meeting. In the event that the Board cannot fulfill its duty, a Bondholder (or a proxy of the Bondholder) elected by the Bondholders representing more than 50% of voting rights of the Convertible Bonds shall be the chairman of the meeting and preside the meeting. If the chairman of the meeting cannot be nominated in accordance with the aforementioned provisions within 1 hour after the commencement of the meeting, a Bondholder (or his/her proxy) with the largest total number of voting rights of the outstanding Convertible Bonds present at the meeting shall be the chairman of the meeting and preside the meeting.

The chairman of the Bondholders' Meeting shall announce the rules of procedure and important notice of the meeting, nominate and announce scrutineers, and present the proposals. Voting will be commenced after discussion of the proposals. The resolution at the meeting will be effective upon witness by a lawyer.

Article 26 As requested by Bondholders that individually or jointly hold 10% or more of the total voting rights of the Convertible Bonds, the Company shall appoint a director or senior management to attend the Bondholders' Meeting. Save for the trade secrets of the Company or those as restricted by the applicable laws and the information disclosure requirements of the listed companies, the director or senior management of the Company who attend the meeting shall answer to or explain for the enquiries and suggestions from the Bondholders.

Article 27 The Bondholders' Meeting can be convened only by the attendance of Bondholders (or his/her proxy) who individually or jointly hold more than 50% of the total voting rights of the Convertible Bonds.

Article 28 The convenor of the meeting shall produce a signature book of persons attending the meeting. The signature book shall contain the names of the Bondholders or the proxies attending the meeting, identity card numbers, the aggregate par value of the Convertible Bonds with voting rights held or represented by them and their stock account card numbers or the relevant information of other supporting documents as required by the applicable laws.

Meeting registration shall be terminated before the chairman of the meeting announces the number of Bondholders and proxies physically present at the meeting as well as the total number of Convertible Bonds held or represented.

Article 29 The following institutions and persons may attend the Bondholders' Meetings: the bonds issuer (being the Company or its authorised representatives), the directors, supervisors and senior management of the Company, the bond trustee (if any), and other key relevant parties of the Convertible Bonds approved by the chairman of the meeting. The above persons or relevant parties have the right to explain relevant matters at the Bondholders' Meetings. Except for those who have voting rights due to the Convertible Bonds of the Company, these persons or relevant parties have no voting rights when attending the Bondholders' Meetings.

Article 30 As agreed at the meeting, the chairman of the meeting has the right to adjourn and resume the meeting or change the venue of the meeting. As requested at the meeting by way of resolution, the chairman of the meeting shall change the time and venue of the meeting based on the resolution. The resumed meeting after adjournment shall not make a resolution to the matters beyond the extents of the proposals at the original meeting.

CHAPTER VII VOTING, RESOLUTION AND MINUTES OF THE BONDHOLDERS' MEETINGS

Article 31 Every proposal submitted to the meeting shall be voted by the Bondholders who have the right to attend the Bondholders' Meetings or their duly appointed proxies at the meeting. Every outstanding Convertible Bonds (with a par value of RMB100 each) shall have one vote.

Article 32 Different matters to be considered or different proposals on the same matter to be considered as set forth in the notice of the meeting in the announcement shall be considered and voted separately. Except for special reasons such as force majeure that result in suspending a meeting or failing to make any resolution, no proposal set forth in the notice of the meeting may be shelved or may not be voted at the meeting. In the event that there are different proposals on the same matter, they shall be voted and resolved in chronological order of proposing such proposals. No voting shall take place for the matters not announced at the Bondholders' Meetings. When considering the matters to be considered at the Bondholders' Meetings, no change shall be made to the matters to be considered. Any change to the matters to be considered shall be deemed as a new matter to be considered and shall not be voted at such meeting.

Article 33 Voting at the Bondholders' Meetings shall take place by way of open ballot. When the Bondholders or their proxies vote for the matters to be considered, they shall only vote for or against or abstain. The un-filled, wrongly-filled, illegible votes shall be considered as spoilt votes and shall not be included in the voting results. Un-voted votes shall be deemed as the voters' waiver of voting rights and shall not be included in the voting results.

Article 34 The following Bondholders may express opinions thereon but have no voting rights, and the number of the Convertible Bonds represented by them shall not be included in the number of the Convertible Bonds in the attendance of the Bondholders' Meetings:

1. Bondholders holding 5% or more of the shares of the Company;
2. the related parties of the above shareholders of the Company, the Company and the guarantors (if any).

Article 35 There shall be one person responsible for counting votes and one person for scrutinising voting. The scrutineers shall be recommended by the chairman of the meeting and shall be served by Bondholders (or proxies of Bondholders) attending the meeting. Bondholders who have related party relationships with the Company and their proxies shall not serve as scrutineers. When voting for each of the matters for consideration, the votes shall be counted by at least two Bondholders (or proxies of Bondholders) and an authorised representative of the Company, who shall announce the voting results on the spot. The lawyer shall be responsible for witnessing the voting procedures.

Article 36 The chairman of the meeting shall confirm whether the resolutions at the Bondholders' Meeting are passed based on the voting results and announce the voting results at the meeting. The voting results for the resolution shall be included in the minutes of the meeting.

Article 37 In the event that the chairman of the meeting has any doubt to the results of the resolution submitted for voting, he/she may recount the casted votes. In the event that the chairman of the meeting does not propose to recount the votes, Bondholders (or proxies of Bondholders) attending the meeting and disagreeing on the results announced by the chairman of the meeting shall have the right to demand for recounting the votes immediately upon announcement of voting results, and the chairman of the meeting shall arrange recounting of the votes immediately.

Article 38 Unless otherwise required under the Rules, in order to be valid, the resolutions passed at Bondholders' Meetings shall be agreed by Bondholders (or proxies of Bondholders) holding more than a half of the total par value of the outstanding Convertible Bonds with voting rights attending the meeting. However, in order to be valid, the resolutions to exempt or reduce the Issuer's obligations under the Convertible Bonds (within the authorisation of the Bondholders' Meeting) shall be agreed by Bondholders representing (or proxies of the Bondholders) more than two-thirds of the voting rights of the Convertible Bonds.

Article 39 The resolutions passed at the Bondholders' Meetings shall be effective from the date of passing the resolutions. Those needed to be approved by the authorities shall be effective from the date of approval or the date otherwise determined by the relevant approval. Pursuant to the relevant laws, regulations, the Proposal and the Rules, the resolutions passed at the Bondholders' Meetings by voting shall be legally binding on all Bondholders (including those who do not attend the meeting or hold different views towards the results).

In the event that any resolution in relation to the Convertible Bonds causes any change in the rights and obligations between the Issuer and the Bondholders, in addition to those made by the Bondholders being binding on the Company as clearly stated in laws, regulations, rules and the Proposal:

1. If such resolution is made based on a proposal from the Bondholders, it shall be legally binding on the Company and all Bondholders (including those who did not attend the meeting or express disagreement) after being passed at the Bondholders' Meetings by voting and obtaining a written consent of the Issuer;
2. If such resolution is made based on a proposal from the Issuer, it shall be legally binding on the Company and all Bondholders after being passed at the Bondholders' Meetings by voting.

Article 40 The convenor of the Bondholders' Meeting shall make an announcement of the resolutions within 2 trading days after the resolutions being passed at the meeting on media designated by the regulatory authorities.

Article 41 Minutes shall be prepared for the Bondholders' Meetings and shall contain the following particulars:

1. time, venue and agenda of the meeting and the name of convenor;
2. names of the chairman of the meeting, persons who attend and be present at the meeting and witnessing lawyer, scrutineers and vote counters of the meeting;
3. number of Bondholders and proxies attending the meeting, the number of Convertible Bonds with voting rights represented by them and its percentage to the total number of Convertible Bonds;
4. the main points for each of the matters to be considered;
5. the voting results of each of the matters voted for;
6. the enquiries and suggestions from the Bondholders and the reply and explanation from the directors, supervisors or senior management of the Company;
7. any other particulars considered to be necessary to be included in the minutes of the Bondholders' Meetings according to the laws, regulations and regulatory documents.

Article 42 The convenor and chairman of the meeting shall guarantee the truthfulness, accuracy and completeness of the minutes of the Bondholders' Meetings. The minutes shall be signed by the chairman, convenor (or his/her representative), recorder and scrutineers who attend the meeting. The Board of the Company shall keep the minutes, casted votes, signature books, power of attorney, legal opinions issued by lawyers and other documents and information in relation to the Bondholders' Meetings for ten years.

Article 43 The convenor shall guarantee the proceeding of the Bondholders' Meetings until a final resolution is formed. In the event that the meeting is interrupted, cannot proceed normally or fails to make a resolution due to special reasons such as force majeure and unexpected events, necessary measures shall be taken to resume or directly terminate the meeting as soon as possible and an announcement shall be made for such circumstances.

Article 44 The Board of the Company shall execute the resolutions passed at the Bondholders' Meetings in a strict manner, communicate with the relevant parties on behalf of the Bondholders with respect to the relevant resolutions in a timely manner and facilitate the concrete implementation of the resolutions passed at the Bondholders' Meetings.

CHAPTER VIII SUPPLEMENTAL PROVISIONS

Article 45 If there is any specific provision on the Rules for Convertible Bondholders' Meetings in the laws, regulations, rules and regulatory documents, such provision shall be complied with, otherwise, no change shall be made to the Rules.

Article 46 The matters to be announced under the Rules shall be announced on the website of the Shanghai Stock Exchange and the information disclosure media designated by the Company.

Article 47 In the Rules, the expressions of "above" and "within" shall be inclusive of the stated figures while the expressions of "over", "lower than" and "more than" shall be exclusive of the stated figures.

Article 48 The "outstanding bonds" mentioned in the Rules refers to all issued Convertible Bonds other than the following:

1. the bonds for which principal and interest have been repaid;
2. the bonds which fall due for principal and interest with such payment being paid by the Issuer to the payment agent and becoming available to pay principal and interest to the Bondholders. The payment shall comprise any interest and principal of such bonds payable under the terms of the Convertible Bonds as at the date of payment;
3. the bonds which have been repurchased and cancelled by the Company as agreed;
4. the bonds which have been converted to the shares of the Company.

Article 49 Any dispute arising from the legitimacy of the convening, holding, voting procedures and resolution of Bondholders' Meetings shall be resolved through litigation at the people's court having the right of jurisdiction where the Rules are formulated (Xicheng District, Beijing).

Article 50 The Rules shall be effective from the date of issuance of the Convertible Bonds upon consideration and approval at a shareholders' general meeting of the Company. The Board of the Company is responsible for the interpretation of the Rules.

NOTICE OF THE EGM



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "EGM") of Huadian Power International Corporation Limited* (the "**Company**") will be held at 2:00 p.m. on Friday, 28 May 2021 at Badaguan Hotel, No. 19 Shanhaiguan Road, Shinan District, Qingdao, Shandong Province, the PRC, for the purpose of considering and, if appropriate, by way of polls, approving the following resolutions. Save as otherwise indicated, the terms herein shall have the same meaning as those defined in the circular of the Company dated 6 May 2021 (the "**Circular**").

SPECIAL RESOLUTIONS

1. To consider the resolution in relation to the compliance with relevant laws, regulations and conditions for the acquisition of assets by issuance of ordinary shares and convertible bonds.
2. To consider the resolution in relation to the acquisition of assets by issuance of ordinary shares and convertible bonds (items under this resolution shall be considered separately).

The overall plan of the transactions

2.1 Target of the transactions

2.2 Pricing method of the target of the transactions

2.3 Payment of the consideration for the target assets of the transactions

2.4 Profit or loss during the transition period and arrangement for accumulated undistributed profit

NOTICE OF THE EGM

Acquisition of assets by issuance of ordinary shares

2.5 Type, nominal value and listing place of the ordinary shares to be issued

2.6 Target subscriber of the issuance

2.7 Pricing benchmark date and issue price

2.8 Number of shares to be issued

2.9 Lock-up period arrangement

Acquisition of assets by issuance of convertible bonds

2.10 Subject and type of convertible bonds to be issued

2.11 Target subscriber of the issuance

2.12 Par value

2.13 Number of convertible bonds to be issued

2.14 Term of convertible bonds

2.15 Conversion period

2.16 Lock-up period arrangement

2.17 Number of conversion shares

2.18 Conversion price and adjustment mechanism

2.19 Interest rate of the convertible bonds and calculation of interest

2.20 Redemption upon maturity of the convertible bonds

2.21 Mandatory conversion

2.22 Source of conversion shares

NOTICE OF THE EGM

3. To consider the resolution in relation to the execution of the Equity Acquisition Agreements between the Company and the Transferors.
4. To consider the resolution in relation to the execution of the Equity Acquisition Supplemental Agreements between the Company and the Transferors.
5. To consider the resolution that the acquisition of assets by issuance of ordinary shares and convertible bonds does not constitute related-party transactions.
6. To consider the resolution in relation to the statement of completeness and compliance of statutory procedures performed and the validity of the submission of legal documents regarding the acquisition of assets by issuance of ordinary shares and convertible bonds.
7. To consider the resolution in relation to the compliance of the acquisition of assets by issuance of ordinary shares and convertible bonds with Article 4 of the “Regulations on Certain Issues Concerning the Regulation of Major Asset Restructuring of Listed Companies”.
8. To consider the resolution in relation to the compliance of the acquisition of assets by issuance of ordinary shares and convertible bonds with Article 11 of the “Administrative Measures for the Major Asset Restructuring of Listed Companies”.
9. To consider the resolution in relation to the compliance of the acquisition of assets by issuance of ordinary shares and convertible bonds with Article 43 of the “Administrative Measures for the Major Asset Restructuring of Listed Companies”.
10. To consider the resolution that the acquisition of assets by issuance of ordinary shares and convertible bonds does not constitute a major asset restructuring and restructuring for listing.
11. To consider the resolution in relation to the Company’s share price fluctuation not reaching the relevant benchmark under Article 5 of the “Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties”.
12. To consider the resolution in relation to the “Report on the Acquisition of Assets by Issuance of Ordinary Shares and Convertible Bonds (Draft)” and its summary (*Note 1*).
13. To consider the resolution in relation to the independence of the valuer, the reasonableness of valuation assumptions, the relevance between valuation methods and valuation purpose, and the fairness of pricing of the valuation.
14. To consider the resolution in relation to the relevant audit reports, pro forma review report and assets valuation reports regarding the acquisition of assets by issuance of ordinary shares and convertible bonds (*Note 2*).

NOTICE OF THE EGM

15. To consider the resolution in relation to the remedial measures and relevant undertakings in respect of dilution on returns for the current period regarding the acquisition of assets by issuance of ordinary shares and convertible bonds.
16. To consider the resolution in relation to the grant of authorization to the Board at the general meeting to deal with matters relating to the acquisition of assets by issuance of ordinary shares and convertible bonds.
17. To consider the resolution in relation to the Rules for the Holders' Meetings of A Share Convertible Corporate Bonds through Non-public Issuance.

ORDINARY RESOLUTION

18. To consider the resolution in relation to the Shareholders' Return Plan for the Years 2020-2022.

By order of the Board
Huadian Power International Corporation Limited*
Zhang Gelin
Secretary to the Board

As at the date of this notice, the Board comprises:

Ding Huande (Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Peng Xingyu (Non-executive Director), Luo Xiaoqian (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Pengyun (Non-executive Director), Wang Xiaobo (Non-executive Director), Feng Rong (Executive Director), Wang Dashu (Independent Non-executive Director), Zong Wenlong (Independent Non-executive Director), Feng Zhenping (Independent Non-executive Director) and Li Xingchun (Independent Non-executive Director).

Beijing, the PRC
6 May 2021

** For identification purpose only*

NOTICE OF THE EGM

Notes:

1. For the full text of the Report on the Acquisition of Assets by Issuance of Ordinary Shares and Convertible Bonds (Draft) and its summary, please refer to the relevant overseas regulatory announcements of the Company dated 29 April 2021.
2. The summary of the relevant audit reports, pro forma review report and assets valuation reports regarding the acquisition of assets by issuance of ordinary shares and convertible bonds have been set out in the appendices to the Circular. Please refer to the relevant overseas regulatory announcements of the Company dated 29 April 2021 for the full text.
3. **ELIGIBILITY OF ATTENDING THE EGM AND CLOSURE OF THE H SHARE REGISTER OF MEMBERS**

Shareholders of the Company whose names appear on the Company's H share register of members at the close of business on Friday, 21 May 2021 (the "**Registered Shareholder(s)**") are entitled to attend the EGM conditional upon completion of the necessary registration procedures. The register of members of H shares will be closed by the Company from Saturday, 22 May 2021 to Friday, 28 May 2021, both days inclusive, for the purpose of determining H Shareholders' entitlement to attend the EGM, during which period no transfer of the H shares will be registered.

In order to be entitled to attend the EGM, H Shareholders of the Company whose transfer documents have not been registered are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 21 May 2021.

4. **REGISTRATION PROCEDURES FOR ATTENDING THE EGM**

Registered Shareholders may deliver the necessary registration documents to the Company in person, by post or by facsimile. Upon receipt of the above documents, the Company shall complete the registration procedures in respect of attending the EGM.

5. **PROXIES**

Registered Shareholder is entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf by completing the "Proxy Form For Use at the Extraordinary General Meeting" (the "**Proxy Form**") or by completing a duplicate copy thereof. A proxy need not be a Shareholder of the Company. Should more than one proxy be appointed, such proxies shall only exercise his/her voting rights on a poll. The Proxy Form shall be signed by a Registered Shareholder or his/her attorney duly authorised in writing. If the Proxy Form is signed by the attorney of a Registered Shareholder, the power of attorney or other documents of authorisation authorising the attorney to appoint the proxy shall be notarised. If the Registered Shareholder is a corporation, the Proxy Form shall be executed under seal or shall be executed by its director or a duly authorised person. The notarised power of attorney or other authorization documents and the completed Proxy Form shall be delivered to the Hong Kong Registrars Limited not less than 24 hours before the time designated for convening the EGM or any adjourn meeting thereof (as case may be).

6. **MISCELLANEOUS**

- (1) Each of the Shareholders (or his/her proxy) shall exercise his/her voting rights according to the number of shares with voting rights represented by him/her and shall be entitled to one vote for each share held.
- (2) The EGM is expected to take about half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.

NOTICE OF THE EGM

- (3) The office address of the Company and the contact details of the Secretarial Office of the Board are as follows:

No. 2 Xuanwumennei Street, Xicheng District, Beijing, the People's Republic of China
Tel No.: (86)10 8356 7903
Fax No.: (86)10 8356 7963

- (4) The address and contact details of Hong Kong Registrars Limited are as follows:

Shops 1712-1716, 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel No.: (852) 2862 8628
Fax No.: (852) 2865 0990/2529 6087

7. PRECAUTIONS ON COVID-19

Shareholders who attend the meeting on-site must pay attention in advance and abide by the regulations and requirements of health status declaration, quarantine and observation as required by relevant government department of the venue where the meeting is held during the epidemic containment period. The Company will strictly follow the epidemic containment requirements of relevant government departments and take epidemic containment measures such as body temperature monitoring for the Shareholders who attend the meeting on-site under the guidance and supervision of relevant government departments. Shareholders who have fever and other symptoms or are not wearing masks as required or do not comply with the relevant epidemic containment regulations and requirements may not be admitted to the venue of the meeting. If the number of Shareholders who attend the meeting on-site reached the upper limit stipulated under the epidemic containment requirements of the relevant government departments on the date of the meeting, Shareholders present at the venue will have to enter into the venue on a "first sign in, first enter" basis, and Shareholders who sign in later may not be able to enter into the venue of the meeting. Shareholders who may not enter the site will participate in the meeting through the remote conference system provided by the Company.