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華電國際電力股份有限公司
Huadian Power International Corporation Limited*

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

(Stock Code: 1071)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

The Company intends to renew (i) the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian upon its expiry on 31 December 2014 for another term of one year until 31 December 2015, (ii) the Existing Financial Services Agreement with Huadian Finance upon its expiry on 31 December 2014 for another term of three years until 31 December 2017, and (iii) the Existing Lease Agreement with Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) upon its expiry on 31 December 2014 for another term of three years until 31 December 2017. The Company also proposes the caps in respect of the transactions under the Proposed Continuing Connected Transactions.

China Huadian is the controlling shareholder of the Company and thus a connected person of the Company. Huadian Finance is an associate of China Huadian, which is held as to 36.148% by China Huadian. Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) is a wholly-owned subsidiary of Huadian Property, which in turn is held as to 35% by China Huadian. Therefore, Huadian Finance and Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) are associates of China Huadian and are connected persons of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Lease Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to all applicable requirements including the shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in relation to the proposed maximum daily balance of the deposit services of RMB6.0 billion under the Proposed Financial Services Agreement exceeds 5%, the provision of deposit services constitute non-exempt continuing connected transaction of the Company and is subject to the all applicable requirements including the shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Since the amounts involved in settlement services and other financial services under the Proposed Financial Services Agreement will continue to be minimal, they fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules and are fully exempt requirements under chapter 14A the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with the relevant requirements under the Hong Kong Listing Rules as and when required.

In respect of the provision of loan services under the Proposed Financial Services Agreement, since the services are being provided by Huadian Finance to the Group at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transaction involves provision of financial assistance by Huadian Finance for the benefit of the Group on normal commercial terms or better to the Group where no security over the Group's assets is granted in respect of the financial assistance. Such loans are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules and are therefore fully exempt.

As none of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the transactions under the Proposed Lease Agreement exceeds 5%, the transactions thereunder are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Four Directors, namely, Li Qingkui, Chen Bin, Gou Wei and Chu Yu, who hold positions in China Huadian, have abstained from voting on the Board resolutions approving such transactions.

The Directors propose to put forward (i) the continuing connected transactions and the proposed annual caps contemplated under the Proposed Coal, Equipment and Services Purchase (Supply) Framework Agreement and (ii) the Proposed Financial Services Agreement and the proposed maximum daily balance of the deposits by the Group with Huadian Finance under the Proposed Financial Services Agreement for approval by the Independent Shareholders at the EGM to be convened for such purposes. The Directors will also put forward the Exempted Financial Assistance from China Huadian and Shandong International Trust for Independent Shareholders approval, according to the requirements of the relevant PRC laws as stated under the section headed "Exempted Financial Assistance".

A circular containing, among others: (i) details of the non-exempt continuing connected transactions under the relevant Proposed Continuing Connected Transaction Agreements, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and (iii) a letter of advice by an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched in accordance with the applicable laws and rules that apply to the Company on or before 27 November 2014.

I. CONTINUING CONNECTED TRANSACTIONS

1. BACKGROUND

Reference is made to (i) the announcements of the Company dated 9 November 2011, 22 November 2011 and 7 February 2012 and the circulars of the Company dated 12 December 2011 and 10 February 2012 in relation to the Existing Financial Services Agreement; (ii) the announcement of the Company dated 9 November 2011 in relation to the Existing Lease Agreement; and (iii) the announcements of the Company dated 6 November 2012 and 17 October 2013 and the circular of the Company dated 15 November 2013 in relation to the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

The Group has the following Existing Continuing Connected Transactions with China Huadian or its associates under the following continuing connected transaction agreements:

- (1) mutual supply of coal and provision of certain products and services between China Huadian and the Group under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement, which will expire on 31 December 2014;
- (2) the provision of financial services by Huadian Finance, a subsidiary of China Huadian, under the Existing Financial Services Agreement, which will expire on 31 December 2014; and
- (3) lease of certain properties in Huadian Tower from Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*), a subsidiary of Huadian Property, which in turn is a subsidiary of China Huadian, under the Existing Lease Agreement, which will expire on 31 December 2014.

The Company intends to continue the Existing Continuing Connected Transactions upon the respective expiry date of the above continuing connected transaction agreements and to renew such agreements upon their expiry.

2. THE EXISTING COAL, EQUIPMENTS AND SERVICES PURCHASE (SUPPLY) FRAMEWORK AGREEMENT

On 17 October 2013, the Company entered into the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian. The agreement is for a term of one year commencing from 1 January 2014 and expiring on 31 December 2014.

The principal terms of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement are set out as follows and have been disclosed in the Company's announcement published on 17 October 2013:

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|----------------|--|
| Date: | 17 October 2013 |
| Parties: | China Huadian;
the Company |
| Existing Term: | One (1) year commencing from 1 January 2014 and expiring on 31 December 2014 |
| Transactions: | <ol style="list-style-type: none"> (1) Mutual supply of coal between the Group and China Huadian; (2) Provision to the Group by China Huadian of engineering equipments (including but not limited to transducers, recycled water and desulphurisation systems), systems, products and engineering and construction contracting projects; (3) Provision to the Group by China Huadian of supplies procurement services and other miscellaneous and relevant services, including: (i) services in relation to the production and operation of the generating units of power plants, including overhauls and maintenance services, technological services such as testing of generating units and technology renovation and other services relating to production and operation; (ii) financial agency service and property transaction agency services in the process of capital operations; (iii) CDM registration services for the development and operation of clean energy projects; (iv) relevant quota (such as the quota on power generation rights and the quota of "replacing small units with larger units" on shutting down small generating units) services for the operation and project development of |

the Group; (v) property management services for the leasing of Huadian Tower, the office building of the headquarters of the Company (collectively “**Miscellaneous and Relevant Services**”); and

- (4) Provision to China Huadian by the Group of services of overhauls and maintenance of generating units of power plants and alternative power generation and relevant quota services.

Price determination principles: The consideration for the mutual provision or sale of coal, engineering equipments, systems, products and engineering and construction contracting projects, and of Miscellaneous and Relevant Services under the framework agreement is subject to mutual consent and confirmation by the parties to the agreement, as well as determinations after arm’s length negotiation with reference to the then market price and prevailing market conditions, and on transaction terms no less favourable than those with independent third parties. The then market price of the relevant coal, engineering equipments, systems, products and engineering and construction contracting projects, and of Miscellaneous and Relevant Services is generally determined by the local spot market price as at the time of the purchase order. The local spot market price is usually determined with reference to (i) the sales prices of local large-scale coal enterprises, which are published on various coal industry websites (if available); and/or (ii) quotation from a number of enterprises.

Furthermore, the consideration for provision of engineering equipments, systems, products and engineering and construction contracting projects will be determined by reference to the successful bidding price under the bidding process as required by the relevant PRC laws and regulations, and is subject to adjustment upon further arm's length negotiation with the successful bidders.

Historical Amounts

The actual amounts and the annual caps of the historical transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement for the twelve months ended 31 December 2012, twelve months ended 31 December 2013, and for the nine months ended 30 September 2014 are set out below:

Transactions	For the twelve months ended 31 December 2012	
	Actual amount (RMB millions)	Annual caps (RMB millions)
Purchase of coal from China Huadian	2,551	5,000
Provision of engineering equipments, systems, products and engineering and construction contracting projects by China Huadian	607	1,300

Provision of supplies procurement services and other Miscellaneous and Relevant Services by China Huadian	183	200
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Revenue

Sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian	97	2,000
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Transactions

	For the twelve months ended 31 December 2013		For the nine months ended 30 September 2014	
	Actual amount (RMB millions)	Annual caps (RMB millions)	Actual amount (RMB millions)	Annual caps (in respect of the entire financial year ending 31 December 2014) (RMB millions)
Expenditure				
Purchase of coal from China Huadian	1,761	6,000	2,749	6,000
Provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other Miscellaneous and Relevant Services by China Huadian	1,374	1,500	1,227	3,000

Revenue

Sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian	70	2,000	228	2,000
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3. THE EXISTING FINANCIAL SERVICES AGREEMENT

On 9 November 2011, the Company conditionally entered into the Existing Financial Services Agreement with Huadian Finance, which was further revised as disclosed in the announcements of the Company on 22 November 2011 and 7 February 2012, for the provision of certain financial services by Huadian Finance to the Group on a non-exclusive basis. The Existing Financial Services Agreement was for a term of three years from 1 January 2012 to 31 December 2014.

Huadian Finance was established pursuant to the relevant PRC laws and regulations relating to the establishment of “group finance company” to enhance the centralized management of funds among, and to improve the efficiency of fund utilization of the individual member companies of, China Huadian, including the Group. Huadian Finance is a non-banking financial institution approved and regulated by the PBOC and the CBRC. Huadian Finance only provides financial services to China Huadian and its member companies in the PRC.

The principal terms of the Existing Financial Services Agreement are as follows:

- Date : 9 November 2011 (as amended on 22 November 2011 and 7 February 2012)
- Parties : Huadian Finance as financial services provider;
the Company as service recipient
- Existing Term : Three (3) years commencing from 1 January 2012 and expiring on 31 December 2014
- Nature of Transactions: The financial services provided by Huadian Finance including deposit services, settlement services, loan services and other financial services to members of the Group.
- Price-determination: (1) Deposit services:
- (i) Interest rates for the Group’s deposits with Huadian Finance shall not be lower than the interest rates for deposits offered by the commercial banks in the PRC (such as Industrial and Commercial Bank of China, China Construction Bank, Bank of China and so on) ("**Major Commercial Banks in the PRC**") during the same period and shall not be lower than the interest rates for the same type of deposits by other member companies of China Huadian;
 - (ii) The average daily deposit amount placed by the Group with Huadian Finance shall not be more than the average daily loan balance from Huadian Finance to the Group and shall not be more than RMB4.8 billion; and
 - (iii) If Huadian Finance is unable to repay the Group’s deposits, the Company has the right to terminate the Financial Services Agreement and to set off the deposit amounts due to the Group from Huadian Finance against the loan amounts outstanding from the Group to Huadian Finance. In the event that the Group suffers financial loss by reason of the default of Huadian Finance, Huadian Finance shall compensate the Group for the full amount of the loss suffered by the Group and the Group is entitled to terminate the Financial Services Agreement.
- (2) Settlement services:
- (i) The settlement services include services provided by Huadian Finance to the Group in relation to effecting any payment out of any fund held by Huadian Finance or accepting payment of fund to the Company, in both cases on behalf of, or to the order of the Company; and
 - (ii) The fees charged by Huadian Finance for the provision of settlement

services shall comply with the relevant guidelines and regulations promulgated by the PBOC and shall not be higher than the fees charged by the Major Commercial Banks in the PRC and other financial institutions in the PRC for the same services or the fees for the same type of services by other member companies of China Huadian.

(3) Loan services and other financial services:

- (i) Huadian Finance would, in accordance with the Company's instructions and requests, provide to the Group loan services and other financial services. Before Huadian Finance provides to the Group loan services or other financial services, Huadian Finance and any relevant member of the Group are required to negotiate and enter into separate agreement(s); and
- (ii) The fees charged by Huadian Finance for the provision of loan services and other financial services shall not be higher than the fees charged by the Major Commercial Banks in the PRC and other financial institutions in the PRC for the same services or the fees for the same type of services by other member companies of China Huadian.

(4) The Group may obtain financial services from Major Commercial Banks in the PRC and other financial institutions in addition to those provided by Huadian Finance pursuant to the financial services agreement.

The service charges pursuant to the Existing Financial Services Agreement are payable by the Group in accordance with each specific use of the above services.

In respect of the deposit services, settlement services, loan services and other financial services, the interests on deposits and the expenses on loans are to be paid quarterly. In respect of the settlement services and other financial services, the service fees and charges are payable based on the actual amount of the payment arising from each transaction pursuant to the express provisions in the specific agreements to be entered into between the relevant member(s) of the Group and Huadian Finance in respect of such transaction. The payment terms are in line with market practice.

Regarding the deposit services, Huadian Finance would notify the Company's finance department the relevant interest rates of the respective services set by the PBOC and provide the Company with the cap value of the interest rates set by the relevant PRC governmental authorities at the time that the Group's deposits are being placed in Huadian Finance, which would be independently verified by the Company. In addition, the Company will consider the service quality provided by Huadian Finance and other third party banks or financial institutions when selecting the suppliers for settlement services and other financial services. Regarding the loan services, when the Group requires loan services, the Company's finance department will check the interest rates for similar services set by the PBOC and compare it with the interest rates offered by other commercial banks.

To further safeguard the Group's financial security, before actually placing the Company's deposit, the finance department of the Company will assess and review Huadian Finance's most recent audited annual report to assess the relevant risks. During the time which the Company's deposits are placed with Huadian Finance, the Company's finance department shall have access to review Huadian Finance's financial reports regularly to assess the Group's risks in depositing with Huadian Finance. In addition, Huadian Finance will, on a monthly basis, notify the Company's finance department regarding the balance of the deposits of the Group with Huadian Finance and the loan balance provided to the Group by Huadian Finance. The Company's finance department will assign specific

personnel to monitor the interest rates set by the PBOC relating to similar deposit services, loan services and other financial services and policy formulated by the PBOC to ensure that each transaction is carried out in accordance with the pricing policy under the Existing Financial Services Agreement.

Regarding the settlement services and other financial services, the Company's finance department will check the standard fees and charges regulated by the relevant PRC regulatory bodies and (if necessary) the fees and charges provided by the Major Commercial Banks in the PRC and brokerage firms in the PRC, and compare that with fees and charges offered by Huadian Finance pursuant to the specific agreements signed between the relevant member(s) of the Group and Huadian Finance to ensure that the service fees and charges payable by the Company are no less favourable than the terms provided by other Major Commercial Banks in the PRC or brokerage firms in the PRC. The Company shall obtain at least two quotations before deciding to select Huadian Finance or other commercial banks or financial institutions as services supplier(s).

Historical Amounts

Deposit services

Under the Existing Financial Services Agreement, the maximum average daily balance of deposits (including accrued interest) placed by the Group with Huadian Finance for the year ending 31 December 2014 is not to exceed the average daily balance of the loan provided by Huadian Finance to the Group and at the same time not to exceed RMB4.8 billion. Such maximum daily amount had been duly approved by the independent Shareholders at the extraordinary general meeting of the Company held on 27 March 2012. Further, under the Existing Financial Services Agreement, except for deposit services, the settlement services and loan services, etc. are exempt continuing connected transactions and no annual caps are required under the Hong Kong Listing Rules. For more information on the services provided and to be provided by Huadian Finance to the Company, please refer to the announcements of the Company dated 9 November 2011, 22 November 2011 and 7 February 2012 and the circulars of the Company dated 12 December 2011 and 10 February 2012.

When the deposits of the member(s) of the Group with Huadian Finance are not higher than RMB500,000, the present effective interest rate in respect of the historical interest income earned from deposits with Huadian Finance is 0.35%, which the Company believes in line with benchmark interest rate set by the PBOC; in relation to the fractions which are higher than RMB500,000, the current effective interest rate is the deposit interest rate specified in the implementation agreement, namely 1.15%.

The maximum average daily balance of deposits (including accrued interest) placed by the Group with Huadian Finance for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014 were approximately RMB4.171 billion, RMB4.796 billion and RMB4.711 billion respectively. The highest daily balance of deposits (including accrued interest) placed by the Group with Huadian Finance since the commencement of the term of the Existing Financial Services Agreement has not exceeded the average daily balance of the loan provided by Huadian Finance to the Group or RMB4.8 billion up to the date of this announcement.

To reduce risks of placing all cash with one financial institution, the Company has from time to time placed and will continue to place cash with other commercial banks in China, such as, Bank of China, China Construction Bank, Agricultural Bank of China and Industrial and Commercial Bank of China, although the amounts of deposits with such commercial banks are smaller as compared with the amounts of deposits with Huadian Finance.

Settlement services and other financial services

The historical amounts paid by the Company to Huadian Finance for the settlement services and other financial services under the Existing Financial Services Agreement for the financial years ended 31 December 2012 and 2013 and the nine months of ended 30 September 2014 were minimal and all the applicable percentage ratios of such transactions calculated based on such historical amounts were below 0.1%. Accordingly, such transactions are exempt continuing connected transactions under the Hong Kong Listing Rules and are not subject to the announcement, circular and shareholders' approval requirements.

Loan services

Since the services are being provided by Huadian Finance to the Group at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transaction involves provision of financial assistance by Huadian Finance for the benefit of the Group on normal commercial terms (or better to the Group) where no security over the Group's assets is granted in respect of the financial assistance. Such loans are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules which are not subject to the announcement, circular and shareholders' approval requirements and therefore no annual caps were required under the Hong Kong Listing Rules.

4. THE EXISTING LEASE AGREEMENT

On 9 November 2011, the Company entered into the Existing Lease Agreement with Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*), pursuant to which, the Company leased certain properties in Huadian Tower from Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) for a term of three years from 1 April 2012 to 31 December 2014 at an annual rental of approximately RMB49 million.

The principal terms of the Existing Lease Agreement are as follows:

- (1) the leased properties are 12/F, 15/F and 16/F in Section B of Huadian Tower and certain other ancillary facilities with a total area of 15,084.30 square meters for office use;
- (2) the annual rental for each of the three years from 1 April 2012 to 31 December 2014 is approximately RMB49 million;
- (3) the annual rental is to be paid on a quarterly basis, with each payment to be paid in arrears within the first five working days in the second month of each quarter.

The annual rental was determined with reference to the rental rates of a number of properties of the same standard and comparable conditions in Xidan and its surrounding areas in Beijing, and such rental is not higher than the rental rates that Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) charges other member companies of China Huadian for leasing Huadian Tower properties.

5. THE PROPOSED COAL, EQUIPMENTS AND SERVICES PURCHASE (SUPPLY) FRAMEWORK AGREEMENT

In accordance with the terms of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement, the agreement will expire on 31 December 2014. To continue to regulate the relevant terms of the transactions contemplated thereunder between the Group and China Huadian, on 6 November 2014, the Company conditionally entered into the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian, which will be for another term of one year commencing from 1 January 2015 and expiring on 31 December 2015.

Save for the above term of the contract agreed by both parties in the agreement, the principal terms of transactions (including the maximum annual transaction amounts (as set out below)) under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement are substantially the same as the above terms of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

Condition Precedent

The Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement is conditional upon Independent Shareholders' approval being obtained at the EGM.

Proposed Annual Caps

The Directors propose the proposed annual caps for the transactions contemplated under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement for the financial year ending 31 December 2015 (which are the same as the current annual caps under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement) as follows:

Transactions	Proposed annual caps for the financial year ending 31 December 2015 (RMB millions)
Expenditure	
Purchase of coal from China Huadian	6,000
Provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other Miscellaneous and Relevant Services by China Huadian (<i>Note 1</i>)	3,000
	Total: 9,000
Revenue	
Sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian (<i>Note 2</i>)	2,000
	Total: 2,000

Note 1: Of the estimated annual cap of RMB3.0 billion, it is estimated that based on the historical amounts and the needs of existing projects of the Company, approximately 85% is for provision of engineering equipments, systems, products and engineering and construction contracting projects, approximately 5% is for provision of the supplies procurement services and approximately 10% is for provision of other Miscellaneous and Relevant Services.

Note 2: Of the estimated annual cap of RMB2.0 billion, approximately 80% is for sale of coal, approximately 10% is for provision of overhauls and maintenance services and alternative power generation and approximately 10% is for provision of relevant quota services.

In the process of considering the proposed annual caps for the financial year ending 31 December 2015, when estimating the annual cap for the purchase of coal from China Huadian, the Company has considered the historical transaction amounts of such purchases under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014, and the demand for coal due to the Group's installation capacity, the growth in power generation and other factors, and factors such as the increase in coal supply capacity of China Huadian. When estimating the annual cap for provision of engineering equipments, systems, products and engineering and construction contracting projects,

supplies procurement services and other Miscellaneous and Relevant Services, the Company has mainly considered, among other things: (i) the historical transaction amounts of such services under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014, (ii) the fact that with the commencement of construction of its new generating units, the Group has been growing in size; (iii) the fact that the Chinese government has recently increased environmental requirements, pursuant to which, the Group's coal-fired generating units need to be further equipped with denitration equipments, and the original desulphurization and dust removal equipments also require upgrade; and (iv) the fact that China Huadian is a reputable supplier of relevant technological transformation projects. In view of the above, and that according to the historical amounts of the transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement, there is headroom before the existing annual caps are reached, the Group proposes that the annual caps for the purchase of coal from, and provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other Miscellaneous and Relevant Services by, China Huadian for the year ending 31 December 2015 remain the same as the current annual caps for the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

The payment under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement will be made separately (i) by the Company each time when China Huadian sells coal or provides engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other Miscellaneous and Relevant Services to the Company and (ii) by China Huadian each time when the Company sells coal and provides services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian.

The transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement constitute non-exempt continuing connected transactions of the Company subject to the announcement, circular and shareholders' approval requirements in accordance with the requirements of the Hong Kong Listing Rules. For good corporate governance purpose, the Company will put forward each category of the transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement and the proposed annual caps for Independent Shareholders' approval at the EGM.

6. THE PROPOSED FINANCIAL SERVICES AGREEMENT

The Existing Financial Services Agreement with Huadian Finance will expire on 31 December 2014. To continue to regulate the terms of the transactions contemplated thereunder between the Group and Huadian Finance, the Company proposes to enter into the Proposed Financial Services Agreement with Huadian Finance. The Existing Financial Services Agreement will be renewed for a term of three years commencing from 1 January 2015 and expiring on 31 December 2017.

Condition Precedent

The Proposed Financial Services Agreement is conditional upon Independent Shareholders' approval being obtained at the EGM.

Provision of deposit services

Proposed Annual Caps

Subject to the Independent Shareholders' approval, the Company proposes that the maximum average daily balance of deposits placed by the Group with Huadian Finance for the deposit services for each of the three years from 2015 to 2017 under the Proposed Financial Services Agreement be increased from RMB4.8 billion to RMB6.0 billion, and the average daily deposit balance placed by the Group

with Huadian Finance shall not be more than the average daily loan amount from Huadian Finance to the Group. Such increase was determined with reference to:

- (1) the historical amounts of the average daily deposit balance placed by the Group with Huadian Finance for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014, respectively;
- (2) the expected continuous increase in the amounts of deposit by the Group with Huadian Finance due to the anticipated increased business scope and expanded assets distribution of the Company; and
- (3) subject to approval by the relevant PRC regulatory authorities, the Company estimates that it may increase the amount of debt financing in the financial market, and that the deposit balance of the Company with Huadian Finance may be increased by the amount of such debt financing proceeds.

Provision of settlement and other financial services

Based on the historical amounts paid by the Company to Huadian Finance for the settlement services and other financial services under the Existing Financial Services Agreement for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014 and the price determination basis of the fees for such settlement services as described above, the Company estimates that the amounts to be paid by the Company to Huadian Finance for the provision of settlement services and other financial services by Huadian Finance for the three financial years ending 31 December 2015 to 2017 will continue to be minimal and such transactions will continue to remain as exempt continuing connected transactions under the Hong Kong Listing Rules.

Provision of loan services

Since the services are being provided by Huadian Finance to the Group at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transaction involves provision of financial assistance by Huadian Finance for the benefit of the Group on normal commercial terms or better to the Group where no security over the Group's assets is granted in respect of the financial assistance. Such loans are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules which are not subject to the announcement, circular and shareholders' approval requirements, and therefore no annual caps are required under the Hong Kong Listing Rules.

7. EXEMPTED FINANCIAL ASSISTANCE

Reference is made to the announcement of the Company dated 9 November 2011 and the circular of the Company dated 12 December 2011 on the exempted financial assistance from China Huadian and/or Shandong International Trust. The Company proposes to renew such provision of loan services.

On 28 December 2011, it was approved at the general meeting of the Company that the annual average loan balance provided by China Huadian to the Group shall not exceed RMB20 billion for each of the three years from 2012 to 2014. Based on the aggregate loan amounts provided by China Huadian to the Group for the financial years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014, there is headroom before the maximum annual average loan balance is reached. Accordingly, the Company proposes to maintain the existing cap of annual average loan balance from China Huadian at RMB20 billion for each of the three years from 2015 to 2017.

In addition, the annual average loan balance provided by Shandong International Trust to the Group shall not exceed RMB10 billion for each of the three years from 2012 to 2014. Based on the aggregate loan amounts provided by Shandong International Trust to the Group for the financial years ended 31

December 2012 and 2013 and the nine months ended 30 September 2014, there is headroom before the maximum annual average loan balance is reached. Accordingly, the Company proposes to maintain the existing cap of the annual average loan balance from Shandong International Trust at RMB 10 billion for the each of the three years from 2015 to 2017. Shandong International Trust is a Shareholder, which holds approximately 9.09% of the Company's total issued share capital. As Shandong International Trust is a substantial shareholder of certain subsidiaries of the Company, it is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

Such two loans, which constitute financial assistances by connected persons to the Group under the Hong Kong Listing Rules, are fully exempt from requirements under Chapter 14A of the Hong Kong Listing Rules as they constitute exempted financial assistances under Rule 14A.90, provided that: (i) the financing cost of the Group shall not be higher than that available to the Company from the commercial banks for the same financing products with the same term during the same period and the loans are conducted on normal commercial terms or better to the Group; and (ii) the loans are not secured by any of the Group's assets. However, according the requirements of the relevant Shanghai Listing Rules and PRC laws, the above loans constitute continuing connected transactions of the Company and are subject to approvals of the Independent Shareholders.

Details of the Exempted Financial Assistance are as follows:

- (1) China Huadian and its subsidiaries (excluding the Group) will provide to the Company and its subsidiaries an annual average loan balance not exceeding RMB20 billion for each of the financial years from 2015 to 2017; and authorize the general manager or the financial controller of the Company or their respective authorized person(s) to sign related agreements and documents including the relevant loan contracts as appropriate with China Huadian and its subsidiaries (excluding the Group) and determine the relevant loan amount, interest rates and the term thereof, in accordance with the approved financial statements and the capital demand of the production, operation and project construction of the Company; China Huadian and its associates will abstain from voting in respect of this resolution; and
- (2) Shandong International Trust will provide to the Company and its subsidiaries an annual average loan balance not exceeding RMB10 billion for the each of the financial years from 2015 to 2017; and authorize the general manager or the financial controller of the Company and their respective authorized person(s) to sign related agreements and documents including the relevant loan contracts as appropriate with Shandong International Trust and determine the relevant loan amount, interest rates and the term thereof, in accordance with the approved financial statements and the capital demand of the production, operation and project construction of the Company; Shandong International Trust and its associates will abstain from voting in respect of this resolution.

8. THE PROPOSED LEASE AGREEMENT

The Existing Lease Agreement with Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) will expire on 31 December 2014. To continue to regulate the terms of the lease transactions between the Company and Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*), the Company proposes to enter into the Proposed Lease Agreement with Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*). The Proposed Lease Agreement will be for a term commencing from 1 January 2015 and expiring on 31 December 2017.

Save for the above term of the contract agreed by both parties in the agreement, the principal terms of transactions (including the annual caps) under the Proposed Lease Agreement are substantially the same as the terms of the Existing Lease Agreement as summarised above.

Annual Caps

For the three years ending 31 December 2017, the annual rental is RMB49 million. After taking into account the rental of a number of properties of the same standard and comparable conditions in Xidan and its surrounding areas in Beijing the Company proposes the annual caps under the Proposed Lease Agreement for each of the three financial years ending 31 December 2015 to 2017 to remain the same as the existing annual caps for three years commencing from 1 April 2012 to 31 December 2014.

9. REASONS FOR AND BENEFITS FOR EXTENSION OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS

Considering the long-term relationship between the Group, China Huadian, Huadian Finance and Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*), the Company considers that it is beneficial to continue to enter into the the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Lease Agreement with China Huadian, Huadian Finance and Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) as these transactions have facilitated the Group's principal business and the growth of installation capacity, improved the efficiency of the Group's capital and provided the Group a good working environment and will continue to facilitate the operation and growth of the Group's businesses.

The annual caps for the continuing connected transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Lease Agreement have been determined based on the estimated amount of transactions involved and with reference to the historical transaction volumes, the estimated potential growth of the Group and the expected economic growth of China. The Directors consider the annual caps to be fair and reasonable.

The Directors (excluding, at present, the independent non-executive Directors who will provide their view in respect of the Proposed Coal, Equipments and Services (Purchase) Framework Agreement and the Proposed Financial Services Agreement in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Coal, Equipments and Services (Purchase) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Lease Agreement are entered into (i) in the ordinary course and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

10. HONG KONG LISTING RULES IMPLICATIONS

China Huadian is the controlling shareholder of the Company and thus a connected person of the Company. Huadian Finance is an associate of China Huadian, which is held as to 36.148% by China Huadian. Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) is a wholly-owned subsidiary of Huadian Property, which in turn is held as to 35% by China Huadian. Therefore, Huadian Finance and Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) are associates of China Huadian and are connected persons of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Lease Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the transactions under the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement exceed 5%, the transactions contemplated thereunder are

subject to all applicable requirements including the shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in relation to the proposed maximum daily balance of the deposit services of RMB6.0 billion under the Proposed Financial Services Agreement exceeds 5%, the provision of deposit services constitute non-exempt continuing connected transaction of the Company and is subject to the all applicable requirements including the shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Since the amounts involved in settlement services and other financial services under the Proposed Financial Services Agreement will continue to be minimal, they fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules and are fully exempt requirements under Chapter 14A the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with the relevant requirements under the Hong Kong Listing Rules as and when required.

In respect of the provision of loan services under the Proposed Financial Services Agreement, since the services are being provided by Huadian Finance to the Group at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transaction involves provision of financial assistance by Huadian Finance for the benefit of the Group on normal commercial terms or better to the Group where no security over the Group's assets is granted in respect of the financial assistance. Such loans are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules and are therefore fully exempt.

As none of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the transactions under the Proposed Lease Agreement exceeds 5%, the transactions thereunder are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Four Directors, namely, Li Qingkui, Chen Bin, Gou Wei and Chu Yu, who hold positions in China Huadian, have abstained from voting on the Board resolutions approving such transactions.

The Directors propose to put forward (i) the continuing connected transactions and the proposed annual caps contemplated under the Proposed Coal, Equipment and Services Purchase (Supply) Framework Agreement and (ii) the Proposed Financial Services Agreement and the proposed maximum daily balance of the deposits by the Group with Huadian Finance under the Proposed Financial Services Agreement for approval by the Independent Shareholders at the EGM to be convened for such purposes. The Directors will also put forward the Exempted Financial Assistance from China Huadian and Shandong International Trust for Independent Shareholders approval, according to the requirements of the relevant PRC laws as stated under the section headed "Exempted Financial Assistance" above.

China Huadian, which holds 4,321,061,853 issued A shares of the Company, representing approximately 49.06% of the Company's total issued share capital, and its wholly-owned subsidiary, China Huadian Hong Kong Company Limited, which holds 85,862,000 issued H shares of the Company representing approximately 0.97% of the Company's total issued share capital, will abstain from voting for approving (i) the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement and the related annual caps; (ii) the Proposed Financial Services Agreement and the proposed maximum daily balance not exceeding the average daily balance of the loan provided by Huadian Finance to the Group and at the same time not exceeding RMB6.0 billion; and (iii) the Exempted Financial Assistance from China Huadian. Four Directors, namely, Li Qingkui, Chen Bin, Gou Wei and Chu Yu, who hold positions in China Huadian, have abstained from voting on the Board resolutions approving such transactions.

Shandong International Trust, which holds 800,766,729 A shares of the Company, representing approximately 9.09% of the Company's total issued share capital, and its associates (if any) will abstain from voting on the resolution for approving the Exempted Financial Assistance from Shandong International Trust. Two Directors, namely Chen Dianlu and Wang Yingli, who hold positions in Shandong International Trust, have abstained from voting on the Board resolution for approving the transaction.

Save as mentioned above, none of the Directors has material interest in the above mentioned transactions and hence no other Director has abstained from voting on such Board resolutions.

An Independent Board Committee will, in accordance with the Hong Kong Listing Rules, advise the Independent Shareholders on the relevant Proposed Continuing Connected Transactions. Details of such advice will be included in the circular to be published by the Company in due course.

A circular containing, among others: (i) details of the non-exempt continuing connected transactions under the relevant Proposed Continuing Connected Transaction Agreements, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and (iii) a letter of advice by an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched in accordance with the applicable laws and rules that apply to the Company on or before 27 November 2014.

II INFORMATION ON THE PARTIES

Information relating to the Group

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

Information relating to China Huadian

China Huadian, the controlling shareholder of the Company, directly and indirectly holds approximately 50.04% of the Company's total issued share capital as at the date of this announcement. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services.

Information relating to Huadian Finance

Huadian Finance was established on 12 February 2004 as a limited liability company in Beijing, the PRC. It is licensed by the CBRC and is engaged in the provision of financial services which principally include deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment to member companies, arrangement of buyer's credit for member companies' products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency services and security to member companies, and other types of financial services as may be approved by the CBRC.

Information relating to Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd. *)

Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) is a wholly-owned subsidiary of Huadian Property, which in turn is a 35% non wholly-owned subsidiary of China Huadian. Beijing Huabin is mainly engaged in real estate development in Beijing.

III DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follow:

"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Beijing Huabin"	means 北京華濱投資有限公司 Beijing Huabin Investment Company Limited* (formerly known as 北京安福房地產開發有限公司 Beijing Anfu Real Estate Development Co., Ltd.*), a limited liability company established in the PRC;
"Board"	means the board of directors of the Company;
"CBRC"	means 中國銀行業監督管理委員會 China Banking Regulatory Commission;
"China Huadian"	means 中國華電集團公司 China Huadian Corporation*, a wholly PRC State-owned enterprise, and the controlling shareholder of the Company, and where the context requires, means China Huadian and its subsidiaries and 30%-controlled companies (as defined in Rule 14A.06 of the Hong Kong Listing Rules);
"Company"	means 華電國際電力股份有限公司 Huadian Power International Corporation Limited*, a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Directors"	means the directors of the Company;
"EGM"	means the extraordinary general meeting of the Company to be convened to consider and to approve, among other things, the non-exempt continuing connected transactions contemplated under the relevant Proposed Continuing Connected Transaction Agreements and the related proposed annual caps;
"Exempted Financial Assistance"	means the loans to be provided by China Huadian and Shandong International Trust to the Group;
"Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement"	means the coal, equipments and services purchase (supply) framework agreement entered into between China Huadian and the Company on 6 November 2012 in relation to the mutual supply of coal and provision of products and services between

	China Huadian and the Group, the principal terms of which have been summarised or referred to above;
"Existing Continuing Connected Transactions"	means the continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Existing Financial Services Agreement and the Existing Lease Agreement;
"Existing Financial Services Agreement"	means the financial services framework agreement entered into between Huadian Finance and the Company on 9 November 2011, and further revised on 22 November 2011 and 7 February 2012 in relation to the provision of financial services by Huadian Finance, the principal terms of which have been summarised or referred to above;
"Existing Lease Agreement"	means the lease agreement entered into between Beijing Huabin and the Company on 9 November 2011 in relation to the lease of the leased properties by the Company, the principal terms of which have been summarised or referred to above;
"Group"	means the Company and its subsidiaries as at the date of this announcement;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Huainan Finance"	means 中國華電集團財務有限公司 China Huadian Corporation Finance Company Limited*, a limited liability company established in the PRC;
"Huadian Property"	means 華電置業有限公司 Huadian Property Co., Ltd.*, a limited liability company established in the PRC;
"Huadian Tower"	means 中國華電大廈China Huadian Tower*, an office building located at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC, which is 100% owned by Beijing Huabin;
"Independent Board Committee"	means the independent committee of the Board to advise the Independent Shareholders on the relevant Proposed Continuing Connected Transaction Agreements and related matters pursuant to the requirements of the Hong Kong Listing Rules;
"Independent Shareholders"	means the Shareholders who are not required to abstain from voting the resolutions for approving the relevant Proposed Continuing Connected Transactions Agreements together with the proposed annual caps and the related continuing connected transactions under the Hong Kong Listing Rules;
"Miscellaneous and Relevant Services"	has the meaning ascribed to it under paragraph (3) under section I.2 above;

"PBOC"	means the People's Bank of China;
"PRC"	means the People's Republic of China;
"Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement"	means the coal, equipments and services purchase (supply) framework agreement entered into between China Huadian and the Company on 6 November 2014 in relation to the mutual supply of coal and provision of products and services between China Huadian and the Group, which is subject to the Independent Shareholders' approval at the EGM;
"Proposed Financial Services Agreement"	means the financial services framework agreement conditionally entered into between Huadian Financial and the Company on 6 November 2014 in relation to the provision of financial services by Huadian Finance, which is subject to the Independent Shareholders' approval at the EGM;
"Proposed Lease Agreement"	means the lease agreement entered into between Beijing Huabin and the Company on 6 November 2014 in relation to the lease of certain leased properties at Huadian Tower by the Company;
"Proposed Continuing Connected Transaction Agreements"	means the Proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement, and, if and to the extent applicable, the Proposed Lease Agreement;
"Proposed Continuing Connected Transactions"	means continuing connected transactions under the Proposed Continuing Connected Transaction Agreements;
"RMB"	means Renminbi, the lawful currency of the PRC;
"Shandong International Trust"	means 山東省國際信託有限公司 Shandong International Trust Corporation*, a company incorporated in the PRC with limited liability, holding approximately 9.09% of the Company's total issued share capital as at the date of this announcement;
"Shareholder(s)"	means the shareholders of the Company;
"substantial shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"%"	means per cent.

By order of the Board
Huadian Power International Corporation Limited*
Zhou Lianqing
Secretary to the Board

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

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

Beijing, the PRC
6 November 2014

* For identification purposes only