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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTEREST IN HUBEI POWER GENERATION FROM
CHINA HUADIAN;**

AND

**(2) CONTINUING CONNECTED TRANSACTIONS RESULTING FROM THE
ACQUISITION AND ADJUSTMENT OF ANNUAL CAPS**

THE ACQUISITION

On 15 May 2015, the Company entered into the Acquisition Agreement with China Huadian, pursuant to which, China Huadian has conditionally agreed to sell, and the Company has agreed to purchase, 82.5627% equity interest in Hubei Power Generation at a consideration of RMB3,845.21 million which will be paid by the Company in cash with its own funds. Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company.

China Huadian is the controlling shareholder of the Company and therefore a connected person of the Company for the purpose of the Hong Kong Listing Rules. The Acquisition contemplated under the Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the Acquisition exceed 5%, the Acquisition will be subject to annual reporting, announcement, circular and independent shareholders' approval requirements. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Hong Kong Listing Rules.

**CONTINUING CONNECTED TRANSACTIONS RESULTING FROM THE
ACQUISITION AND ADJUSTMENT OF ANNUAL CAPS**

Reference is made to the announcement of the Company dated 6 November 2014 and the circular of the Company dated 27 November 2014 in relation to the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement and the Existing

Financial Services Agreement.

Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement

Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company and the existing continuing transactions between the Enlarged Group on the one hand, and China Huadian and its associates on the other hand relating to the mutual provision of coal, equipments and other miscellaneous and related services constitute continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

Hubei Fuel is an associate of China Huadian and the continuing transactions between Hubei Fuel and the Group in relation to provision of coal constitute continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement. Upon completion of the Acquisition, Hubei Fuel (which is a member of the Target Group and is held as to 40% by Huadian Coal, a subsidiary of China Huadian) will continue to be an associate of China Huadian and will at the same time also become a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules, and the continuing transactions between Hubei Fuel and China Huadian and its associates and between Hubei Fuel and the Enlarged Group in relation to provision of coal remain continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

The Company has assessed the actual transaction amounts incurred for three months ended 31 March 2015 and considers that the Existing Annual Caps under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement will be sufficient to include the transactions between the Enlarged Group and China Huadian and its associates (including Hubei Fuel), and the Existing Annual Cap for the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement shall remain valid for the year ending 31 December 2015.

Existing Financial Services Agreement

Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company and the continuing transactions between the Enlarged Group and Huadian Finance relating to provision of financial services constitute continuing connected transactions under the Existing Financial Services Agreement. On 15 May 2015, the Company and Huadian Finance entered into the Supplemental Agreement to Financial Services Agreement.

In respect of the Existing Financial Services Agreement and the Supplemental Agreement to Financial Services Agreement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the proposed maximum daily balance of the deposit services of RMB7.5 billion, being the sum of the Existing Annual Cap of RMB 6.0 billion and the Cap Increment of RMB 1.5 billion, exceeds 5%, the provision of deposit services constitutes a non-exempt continuing connected transaction of the Company. Therefore, the Supplemental Agreement to Financial Services Agreement and the Cap Increment are subject to the applicable requirements including the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Shaanxi Coal Purchase Framework Agreement

Upon completion of the Acquisition, Xiangyang Power Generation (being a 60.1% owned subsidiary of Hubei Power Generation) will become a subsidiary of the Company. Since Shaanxi Coal and Chemical Group is a substantial shareholder of Xiangyang Power

Generation, Shaanxi Coal and Chemical Group will become a connected person of the Company at the subsidiary level for the purpose of Hong Kong Listing Rules. As Shaanxi Coal Transportation is a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, Shaanxi Coal Transportation will also become a connected person of the Company upon completion of the Acquisition for the purpose of the Hong Kong Listing Rules. On 15 May 2015, the Company and Shaanxi Coal Transportation entered into the Shaanxi Coal Purchase Framework Agreement. The continuing transactions between Shaanxi Coal Transportation and the Enlarged Group relating to supply of coal under the Shaanxi Coal Purchase Framework Agreement will constitute continuing connected transactions of the Company upon completion of the Acquisition.

In respect of the Shaanxi Coal Purchase Framework Agreement, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the Shaanxi Coal Purchase Framework Agreement and the Proposed Shaanxi Coal Annual Caps exceeds 1% but is below 5%, the supply of coal by Shaanxi Coal Transportation to the Enlarged Group pursuant to the Shaanxi Coal Purchase Framework Agreement will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

GENERAL INFORMATION

The Company will establish an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders on the Acquisition, the Supplemental Agreement to Financial Services Agreement and the Cap Increment. The Company has appointed China Investment Securities as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in relation to the Acquisition, the Supplemental Agreement to Financial Services Agreement and the Cap Increment.

The Company proposes to convene an EGM on 30 June 2015 to approve (i) the Acquisition Agreement and the transactions contemplated thereunder including the Acquisition; and (ii) the Supplemental Agreement to Financial Services Agreement and the transactions contemplated thereunder together with the Cap Increment. For the avoidance of doubt, in the event that the resolution to approve the Supplemental Agreement to Financial Services Agreement and the Cap Increment is not passed at the EGM, the Existing Financial Services Agreement and the Existing Annual Cap of RMB6.0 billion for each of the three years ending 31 December 2017 shall remain valid and continue to be in force.

A notice of EGM will be despatched on or around 15 May 2015. A circular containing, among others, details of (i) the Acquisition and the terms of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the terms of the Supplemental Agreement to Financial Services Agreement and the transactions contemplated thereunder; (iii) the Cap Increment for the transactions contemplated under the Supplemental Agreement to Financial Services Agreement; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (v) 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 around 8 June 2015.

I. ACQUISITION

On 15 May 2015, the Company entered into the Acquisition Agreement with China Huadian, pursuant to which, China Huadian has conditionally agreed to sell, and the Company has agreed to purchase, 82.5627% equity interest in Hubei Power Generation at a consideration of

RMB3,845.21 million which will be paid by the Company in cash with its own funds. Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company.

The principal terms of the Acquisition Agreement are set out as follows:

THE ACQUISITION AGREEMENT

Date

15 May 2015

Parties

Vendor: China Huadian

Purchaser: The Company

Equity interest in Hubei Power Generation to be acquired by the Company

- 82.5627% equity interest in Hubei Power Generation;

Consideration

The Consideration is approximately RMB3,845.21 million. The Consideration is determined with reference to the total appraised value of the Target Group (including the appraised value of the equity interest in Wuchang Thermal Power) as at 31 December 2014 at approximately RMB4,657.33 million in the aggregate, valued by the Valuer. In accordance with the valuation report issued by the Valuer, the results of the valuation determined through an assets-based approach was adopted to arrive at the overall valuation of the Target Group. The full details of the valuation report provided by the Valuer will be disclosed in the circular to be despatched to the Independent Shareholders.

Based on the valuation report issued by the Valuer, the appraised value of the 82.5627% equity interest in Hubei Power Generation as at 31 December 2014 is set out as follows:

Equity interests in Hubei Power Generation	Appraised value
82.5627% equity interest in Hubei Power Generation	Approximately RMB3,845.21 million

The Company will arrange for preparation of completion accounts for the Target Company as of the completion date. If the amount of the Target Company's net assets as shown by such completion accounts differs from the corresponding appraised value which has been considered by the parties in determining the Consideration, China Huadian will be entitled to or liable for an amount (the "variance") equal to a proportionate portion of such excess or shortfall, as the case may be. China Huadian has undertaken to operate the Target Group and its businesses in generally the same manner as they have been until completion; and based on information available about the Target Group, the Company anticipates that the variance, if any, should be of a relatively negligible or an insignificant amount when compared to the Consideration.

According to applicable laws, the valuation reports of the Target Group and Wuchang Thermal Power have been duly filed in compliance with state-owned asset appraisal procedure.

Major terms

Conditions precedent to the Acquisition

The completion of the Acquisition is conditional upon:

- (a) all necessary internal corporate approval procedures having been satisfied in accordance with the requirements of the articles of associations of China Huadian and the Company and applicable laws and regulations;
- (b) there being no laws, rules or regulations announced or promulgated by any competent governmental authorities or orders or injunctions issued by courts with jurisdiction that restrict the completion of the Acquisition;
- (c) all necessary approvals, consents, filings or certificates and consents from third parties of material importance having been obtained from the government or its designated institutions, except for such legal procedure that can only be proceeded after completion as required by applicable laws and regulations; and
- (d) the Acquisition Agreement and the Acquisition having been approved by the Independent Shareholders at the EGM as required under the rules and regulations of the relevant stock exchanges applicable to the Company.

Completion and payment of consideration

Subject to the conditions precedent mentioned above being fulfilled, the Acquisition will complete on the Completion Date or such other date as agreed in writing between the Company and China Huadian.

The Consideration will be payable by the Company in cash by way of transfer into the bank account as designated by China Huadian in the following manners:

- (a) Within five working days from the day when the Acquisition Agreement becomes effective, the Company shall pay the first instalment of the Consideration, being 51% of the Consideration, to China Huadian;
- (b) Within five working days from the completion of the change the PRC industry and commerce registration in respect of the Target Group that results from the Acquisition, the Company shall pay the second instalment of the Consideration, being 29% of the Consideration, to China Huadian; and
- (c) Within six months after the completion date of the Acquisition, the Company shall pay the last instalment of the Consideration (deducting relevant fees and expenses), being 20% of the Consideration, to China Huadian.

China Huadian and the Company will, as soon as practicable after the Completion Date, complete the necessary filing and registration in relation to the change of shareholder of Hubei Power Generation with the relevant authority under State Administration for Industry and Commerce (國家工商行政管理機關).

Representations, warranties and other provisions

The Acquisition Agreement contains representations, warranties, undertakings, indemnities and reimbursements' provisions about matters such as the Target Group and its operations or business affairs. Such provisions are generally customary for a transaction of this nature, and were agreed after arm's length negotiations between the parties.

Wuchang Thermal Power Carve-out

Wuchang Thermal Power has been a 94.26% subsidiary of Hubei Power Generation. Wuchang Thermal Power will be carved out of Hubei Power Generation and will not form part of the Target Group for the purpose of the Acquisition.

On 15 May 2015, China Huadian and Hubei Power Generation entered into a Carve-out Agreement, pursuant to which Hubei Power Generation agreed to transfer and China Huadian agreed to acquire the 94.26% equity interest in Wuchang Thermal Power at a consideration of RMB175,351,900, which was determined based on an appraised value of Wuchang Thermal Power.

The Company currently expects that completion of the Wuchang Thermal Power Carve-out will take place before the Completion Date.

INFORMATION ON THE TARGET GROUP

1. Installed capacity of the Target Group

Hubei Power Generation is principally engaged in generation of coal-fire power. Its general information is as follows:

	Total controlled installed capacity as at 31 March 2015	Nature of power plant	Province	Shareholding percentage of Hubei Power Generation after completion of the Acquisition
Target Group*	5,120MW	Coal-fired	Hubei	82.5627%

**The operating data of Wuchang Thermal Power has been discounted from operating data included in this announcement in relation to Hubei Power Generation to reflect the Wuchang Thermal Power Carve-out. For the avoidance of doubts, Hubei Fuel does not have power generation assets*

As at 31 March 2015, the Company's total controlled installed capacity was 38,093.3MW. It is estimated that upon completion of the Acquisition, the Company's total controlled installed capacity will increase to appropriately 43,213.3MW, representing an increase of approximately 13.44%.

2. Information on Hubei Power Generation, its subsidiaries and branch company

• Hubei Power Generation

Hubei Power Generation was incorporated on 6 December 1995 with a registered capital of RMB1,492,012,075. Before completion of the Acquisition, Hubei Power Generation is held as to 82.5627% by China Huadian and 17.4373% by other independent third party investors.

Hubei Power Generation is principally engaged in the development, investment, construction, operation and management of electric power, thermal power and new energy, the processing and sale of electric power equipments and materials, consultation for electric power technology and management, comprehensive application of electric power resources, environmental protection and other high and new technologies.

As of the date of this announcement, Hubei Power Generation held interest in the following companies and thermal power plants:

a. **Huangshi Thermal Power Plant**

Huangshi Thermal Power Plant is principally engaged in production, supply and comprehensive application of electric power (except for those prohibited by the PRC government); production and sale of thermal power; sale of coal ash, combined ash and desulphurized gypsum; lease on self-owned properties and lands; wholesale of coal. Huangshi Thermal Power Plant currently operates a coal-fired generator of 200 MW and a coal-fired generator of 330 MW.

Huangshi Thermal Power is a branch company of Hubei Power Generation.

b. **Xisaishan Power Generation**

Xisaishan Power Generation is held as to 50% by Hubei Power Generation and 50% by two independent third party investors. Xisaishan Power Generation is principally engaged in construction, possession, operation, and maintenance of two generators each with a capacity at 300 MW level and one generator with a capacity at 100 MW level; production and sale of electric power; comprehensive application and operation of wastes from the electric power plant; consultation and services for electric power technology, procurement of electric power materials and equipments, thermal supply, coal operation, and provision of relevant operation and services. Xisaishan Power Generation currently operates two coal-fired power generators each with a capacity of 330 MW.

Xisaishan Power Generation is a subsidiary of Hubei Power Generation.

c. **Huadian Xisaishan Power Generation**

Huadian Xisaishan Power Generation is held as to 50% by Hubei Power Generation and 50% by two independent third party investors. Huadian Xisaishan Power Generation is principally engaged in the construction, possession, operation and maintenance of supercritical coal-fired generators each with a capacity at 2*600 MW level, production and sale of electric power; comprehensive application and operation of wastes from the electric power plant; consultation and services for electric power technology, procurement of electric power materials and equipments, thermal supply, coal operation, and provision of relevant operation and services. Huadian Xisaishan Power Generation currently operates two coal-fired power generators each with a capacity of 680 MW.

Huadian Xisaishan Power Generation is a subsidiary of Hubei Power Generation.

d. **Xiangyang Power Generation**

Xiangyang Power Generation is held as to 60.1% by Hubei Power Generation and 39.9% by independent third party investors. Xiangyang Power Generation is principally engaged in development, investment, construction and operation of electric power projects; production and sale of electric power; comprehensive application and operation of wastes from the electric power plant; consultation and services for electric power technology, procurement of electric power materials and equipments. Xiangyang Power Generation currently operates one coal-fired power generator with a capacity of 300 MW,

three coal-fired power generators each with a capacity of 330 MW, and two coal-fired generators each with a capacity of 640 MW.

Xiangyang Power Generation is a subsidiary of Hubei Power Generation.

e. **Hubei Fuel**

Hubei Fuel is held as to 60% by Hubei Power Generation and 40% by Huadian Coal, a subsidiary of China Huadian. Huadian Coal is also held as to 12.72% by the Group.

Hubei Fuel is principally engaged in investment in coal and transportation industries (including import and export trading); sale of mineral products and environment-friendly electric and gas equipments; storage services; consultation and services on coal information; consultation on economy and trading; investment, research and development and application of new energy and environmental protection technology; high-efficient coal-fired technology and equipments; research and development and services of IT technology; wholesale of coal.

Currently, Hubei Fuel is a subsidiary of Hubei Power Generation. Previously, Hubei Fuel was held as to 49% by Hubei Power Generation and it became a subsidiary of Hubei Power Generation upon Hubei Power Generation completing an acquisition of an additional 11% equity interest in Hubei Fuel from Huadian Coal in January 2015. As such, historically, Hubei Fuel was not consolidated in the consolidated financial statements of Hubei Power Generation for the years ended 31 December 2013 and 31 December 2014.

f. **Jinyuan Hydroelectric**

Jinyuan Hydroelectric is held as to 65% by Hubei Power Generation and 35% by two independent third party investors. Jinyuan Hydroelectric is principally engaged in development of hydroelectric power of the province; investment, development and construction of electric power projects; introduction and trading of high new technology on electric power construction; consultation and services for electric power technology; wholesale and operation of building materials, decoration materials, electric power equipments, mechanical appliances, household appliances, travel products, daily goods, steel materials, non-edible local agricultural products; processing and sale of knitted garments; and lease of properties.

Jinyuan Hydroelectric is a subsidiary of Hubei Power Generation.

g. **Hubei Huadian Engineering**

Hubei Huadian Engineering is an indirect wholly owned subsidiary of Hubei Power Generation. Hubei Huadian Engineering is principally engaged in examination, maintenance, installation and testing of electric power equipments, technology upgrade, operation of electric power materials, supervision and management on electric power projects and provision of electric power technology services.

Hubei Huadian Engineering is a subsidiary of Hubei Power Generation.

3. *Financial information of the Hubei Power Generation*

Set out below is certain financial information extracted from the consolidated financial statements of Hubei Power Generation (including Wuchang Thermal Power) prepared in accordance with the PRC Accounting Standards and audited by KPMG Huazhen for the years ended 31 December 2013 and 31 December 2014:

	As of 31 December 2013	As of 31 December 2014
	(RMB'000)	(RMB'000)
Total assets	14,999,244	15,760,650
Total liabilities	10,439,528	10,863,693
Net assets	4,559,716	4,896,957
	For the year ended 31	For the year ended 31
	December 2013	December 2014
	(RMB'000)	(RMB'000)
Turnover	9,007,259	8,304,083
Operating profit	1,456,147	1,388,760
Profit before taxation	1,467,431	1,238,651
Net profit (after taxation)	1,281,803	965,939

As stated above, Wuchang Thermal Power will not form part of the Target Group. Set out below is certain financial information extracted from the financial statements of Wuchang Thermal Power prepared in accordance with the PRC Accounting Standards and audited by KPMG Huazhen for the years ended 31 December 2013 and 31 December 2014:

	As of 31 December 2013	As of 31 December 2014
	(RMB'000)	(RMB'000)
Total assets	789,577	1,137,636
Total liabilities	694,926	934,751
Net assets	94,651	202,885
	For the year ended 31	For the year ended 31
	December 2013	December 2014
	(RMB'000)	(RMB'000)
Turnover	451,730	530,130
Operating profit/(loss)	9,118	(3,775)
Profit/(loss) before taxation	9,118	(2,060)
Net profit / (loss) (after taxation)	9,393	(1,766)

As stated above historically, Hubei Fuel was not consolidated in the consolidated financial statements of Hubei Power Generation for the years ended 31 December 2013 and 31 December 2014.

Hubei Fuel was not consolidated as a subsidiary in the consolidated financial statements of Hubei Power Generation prior to January 2015. Based on the available financial information provided by Hubei Fuel, the net profit (after taxation) were approximately RMB1,857,000 and RMB 3,237,000 for each of the two years ended 31 December 2013 and 31 December 2014, respectively.

THE REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board refers to the announcement of the Company dated 29 August 2014 in relation to undertakings of relevant matters for avoidance of business competition by China Huadian in favour of the Company.

The Board considers that the Acquisition would support the sustainable and stable development of the business, integrate relevant quality assets and reduce business competition between China Huadian and the Group. The Company believes that the Acquisition is part of the measures being implemented by China Huadian to reduce potential business competition with the Group's business operations in Hubei Province, and to seek to position the Company as a core enterprise invested by China Huadian with a focus on the integrated platform for the conventional energy based electricity generation assets.

The assets of the Target Group are located in central China region with projects that have commenced production and projects under construction. The Acquisition will also contribute to expanding the production scale and geographic coverage of the Company, thereby enhancing the overall competitiveness of the Company so as to further improve the Company's profitability and enhance the Company's market position in the industry.

The terms of the Acquisition Agreements have been agreed upon arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole. The independent non-executive Directors as will be appointed at the forthcoming annual general meeting of the Company will provide their view in respect of the Acquisition Agreement in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course.

II. CONTINUING CONNECTED TRANSACTIONS RESULTING FROM THE ACQUISITION AND ADJUSTMENT OF ANNUAL CAPS

Reference is made to the announcement of the Company dated 6 November 2014 and the circular of the Company dated 27 November 2014 in relation to the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement and the Existing Financial Services Agreement.

A. THE EXISTING COAL, EQUIPMENTS AND SERVICES PURCHASE (SUPPLY) FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT TO FINANCIAL SERVICES AGREEMENT

On 6 November 2014, 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 2015 and expiring on 31 December 2015.

The principal terms of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement have been previously disclosed in the Company's announcement published on 6 November 2014 and circular published on 27 November 2014. The transactions contemplated thereunder and the Existing Annual Cap in respect of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement and the Existing Annual Caps were approved by the independent Shareholders at an extraordinary general meeting held on 23 December 2014.

Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company and the existing continuing transactions between the Enlarged Group (including the Target Group) on the one hand and China Huadian and its associates on the other hand relating to the mutual provision of coal, equipments and other miscellaneous and related services constitute continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

Hubei Fuel, is an associate of China Huadian and the continuing transactions between Hubei Fuel and the Group in relation to provision of coal constitute continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement. Upon completion of the Acquisition, Hubei Fuel, (which is a member of the Target Group and is held as to 40% by Huadian Coal, a subsidiary of China Huadian) will continue to be an associate of China Huadian and will at the same time also become a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules and the continuing transactions between Hubei Fuel and China Huadian and its associates and between Hubei Fuel and the Enlarged Group in relation to provision of coal remain continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

The Company has assessed the actual transaction amounts incurred for three months ended 31 March 2015 and considers that the Existing Annual Caps under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement will be sufficient to include the transactions between the Enlarged Group and China Huadian and its associates (including Hubei Fuel) and the Existing Annual Cap for the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement shall remain valid for the year ending 31 December 2015.

B. THE EXISTING FINANCIAL SERVICES AGREEMENT AND THE SUPPLEMENTAL AGREEMENT TO FINANCIAL SERVICES AGREEMENT

Existing Financial Services Agreement

On 6 November 2014, the Company entered into the Existing Financial Services Agreement with Huadian Finance for the provision of certain financial services by Huadian Finance to the Group on a non-exclusive basis. The Financial Services Agreement was for a term of three years from 1 January 2015 to 31 December 2017.

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: 6 November 2014

Parties:	Huadian Finance as financial services provider; the Company as service recipient
Existing Term:	Three years commencing from 1 January 2015 and expiring on 31 December 2017
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 and other principal terms:	The detailed price determination and other principal terms are set out in the announcement of the Company dated 6 November and circular of the Company dated 27 November 2014. Upon completion of the Acquisition, Huadian Finance will provide the deposit services and other financial services to the Enlarged Group in accordance with the terms and conditions of the Existing Financial Services Agreement and the Supplemental Agreement to Financial Services Agreement and therefore such transaction amounts will be subject to the Existing Annual Cap (RMB 6 billion as the maximum daily balance in respect of the deposit services) for each of the three years ending 31 December 2017.

Supplemental Agreement to Financial Services Agreement

On 15 May 2015, the Group and Huadian Finance conditionally entered into the Supplemental Agreement to Financial Services Agreement to (i) extend the services to be provided by Huadian Finance under the Existing Financial Services Agreement to all members of the Enlarged Group from time to time including the Target Group following completion of the Acquisition; and (ii) to adjust the associated annual caps in respect of deposit services provided by Huadian Finance to the Group as a result of the anticipated increase in transaction volume between the Enlarged Group and Huadian Finance after completion of the Acquisition until expiry of the Existing Finance Services Agreement as supplemented by the Supplemental Agreement to Financial Services Agreement. The principal terms of the Supplemental Agreement to Financial Services Agreement are set out in the follows:

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

Historical Amounts

Deposit services

Based on the information provided by Hubei Power Generation, the historical maximum daily balance of the deposits made by the Target Group with Huadian Finance are set out as follows:

Transactions	For the year ended 31 December 2012 <i>Aggregate transaction amount (RMB million)</i>	For the year ended 31 December 2013 <i>Aggregate transaction amount (RMB million)</i>	For the year ended 31 December 2014 <i>Aggregate transaction amount (RMB million)</i>	For the quarter ended 31 March 2015 <i>Aggregate transaction amount (RMB million)</i>
Target Group	687	629	1,275	891

Settlement services and other financial services

The historical amounts paid by the Target Group to Huadian Finance for the settlement services and other financial services for the three months ended 31 March 2015 were minimal. Having taken into account the historical amounts in respect of the settlement services and other financial services paid by the Target Group and the Group to Huadian Finance under the Existing Financial Services Agreement for the three months ended 31 March 2015, all the applicable percentage ratios of such transactions calculated based on such historical amounts were below 0.1%. The Company also expects that the related annual services fees payable by the Enlarged Group to Huadian Finance will remain insignificant after the completion of the Acquisition. 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 will be provided by Huadian Finance to the Enlarged 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 Enlarged Group on normal commercial terms (or better to the Enlarged Group) where no security over the Enlarged 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.

Adjustment of the annual caps for the continuing connected transactions contemplated under the Supplemental Agreement to Financial Services Agreement for each of the three years ending 31 December 2017

The Directors propose the following Cap Increment for the financial services provided by Huadian Finance to the Enlarged Group under the Supplemental Agreement to Financial Services Agreement for each of the three years ending 31 December 2017 as follows:

Transactions	For the financial year ending 31 December 2015		For the financial year ending 31 December 2016		For the financial year ending 31 December 2017	
	Original annual cap (RMB millions)	Cap Increment (RMB millions)	Original annual cap (RMB millions)	Cap Increment (RMB millions)	Original annual cap (RMB millions)	Cap Increment (RMB millions)
Deposit services	6,000	1,500*	6,000	1,500*	6,000	1,500*

In respect of the settlement services and other financial services under the Existing Financial Services Agreement, based on the historical amounts for the three months ended 31 March 2015 and the price determination basis of the fees for such settlement services, the Company estimates that the amounts to be paid by the Company to Huadian Finance to the Enlarged Group 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.

In respect of loan services, since such services are being provided by Huadian Finance to the Enlarged 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 Enlarged 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.

Proposed Cap Increment and rationale

Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company. The Company understands that the Existing Annual Cap(s) should be re-considered to take into account the additional need of the Target Group.

The Cap Increment is intended to reflect the expected increase in the maximum daily balance deposits of the Enlarged Group, which is determined mainly based on the estimated maximum amount of deposits involved, with reference to the historical transaction volumes and the estimated potential growth of the Enlarged Group.

The historical maximum daily balance of the Target Group with Huadian Finance had been increasing yearly from the year ended 31 December 2012 to the year ended 31 December 2014 and shows signs for a projected increase for the year ended 31 December 2015 based on the figures for the quarter ended 31 March 2015 due to (i) the continuous improvement of the business environment and (ii) the stable expansion of the scale of Target Group. The Company expects that the highest daily balance of deposits (including accrued interest) placed by the Enlarged Group with Huadian Finance pursuant to the Existing Financial Services Agreement and the Supplemental Agreement to the Financial Services Agreement will not exceed the average daily balance of the loan provided by Huadian Finance to the Enlarged Group or RMB7,500 million during the term of the Supplemental Agreement to the Financial Services Agreement. Therefore, the Company considers setting the Cap Increment based on the figures for the year ended 31 December 2014 reasonable and expects that the maximum daily balance would be less than RMB1,500 million in the next few years. The Company proposes to set the Cap Increment at RMB1,500 million taking into account the provision for buffer. The Directors consider the Cap Increment to be fair and reasonable.

Reasons for and benefits for entering into the Supplemental Agreement to the Financial Services Agreement and the adjustment of the Existing Annual Caps

Upon completion of the Acquisition, Hubei Power Generation will become a subsidiary of the Company and the existing continuing transactions between the Target Group, which will form part of the Enlarged Group, and Huadian Finance relating to provision of financial services will constitute continuing connected transactions under the Existing Financial Services Agreement.

Considering the established relationship between the Target Group and Huadian Finance, the Company considers that it is beneficial to the Enlarged Group and administratively convenient to continue using the financial services provided by Huadian Finance to the Enlarged Group. The Directors believe that it will also improve the efficiency of the Enlarged Group's capital and will continue to facilitate the operation and growth of the Enlarged Group's businesses.

The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement to Financial Services 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.

The Cap Increment for the continuing connected transactions under the Supplemental Agreement to Financial Services Agreement have been determined based on the estimated amount of transactions involved and with reference to the historical transaction volumes between the Target Group and Huadian Finance, the estimated potential growth of the Enlarged Group and the expected economic growth of China. The Directors (including the independent non-executive Directors) consider the Cap Increment to be fair and reasonable. The independent non-executive Directors as will be appointed at the forthcoming annual general meeting of the Company will provide their view in respect of the Cap Increment in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course.

C. THE SHAANXI COAL PURCHASE FRAMEWORK AGREEMENT

Shaanxi Coal Purchase Framework Agreement

On 15 May 2015, the Company entered into the Shaanxi Coal Purchase Framework Agreement with Shaanxi Coal Transportation for supply of coal by Shaanxi Coal Transportation to the Group. The Shaanxi Coal Purchase Framework Agreement is for a term up to 31 December 2017, conditional upon the completion of the Acquisition.

The principal terms of the Shaanxi Coal Purchase Framework Agreement with Shaanxi Coal Transportation are set out as follows:

Date:	15 May 2015
Parties:	Shaanxi Coal Transportation as supplier; the Company (for itself and on behalf of its subsidiaries) as buyer
Term:	Commencing from the Completion Date to 31 December 2017

Nature of transactions:	Supply of coal by Shaanxi Coal Transportation
Price determination principles (<i>note</i>)	The parties agreed that the coal will be supplied at the prevailing market price and the prevailing market price shall be determined with reference to the then market price and the price of coal (of the same category or same type and quality) Shaanxi Coal Transportation supplies to other independent third parties under normal business circumstances.
Other principal terms:	The parties will from time to time determine the quality and the transportation method of coal supplied to the Group with reference to the prevailing market circumstances, and subject to the parties' discussion and negotiations. The quality of coal to be supplied to the Group by Shaanxi Coal Transportation shall be in accordance with the Group's instruction to Shaanxi Coal Transportation from time to time.

Note: The then market price 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. The market price is also determined with reference to certain coal price index, such as the Bohai Bay Thermal Coal Price Index which is authorized and guided by National Development and Reform Committee.

Historical Amounts

The historical transaction amounts for the supply of coal by Shaanxi Coal Transportation to the Group together with the Target Group are set out as follows:

Transactions	For the year ended 31 December 2012 <i>Aggregate transaction amount (RMB million)</i>	For the year ended 31 December 2013 <i>Aggregate transaction amount (RMB million)</i>	For the year ended 31 December 2014 <i>Aggregate transaction amount (RMB million)</i>	For the quarter ended 31 March 2015 <i>Aggregate transaction amount (RMB million)</i>
Supply of Coal by Shaanxi Coal Transportation to the Group and the Target Group	1,681	1,655	1,310	135

Proposed Shaanxi Coal Annual Caps for the continuing connected transactions contemplated under the Shaanxi Coal Purchase Framework Agreement

The Directors propose the following annual caps for supply of coal by Shaanxi Coal Transportation to the Enlarged Group under the Shaanxi Coal Purchase Framework

Agreement for each of the three years ending 31 December 2017 as follows:

Transaction	For the period from the Completion Date to 31 December 2015 <i>Proposed Shaanxi Coal Annual Cap (RMB million)</i>	For the year ending 31 December 2016 <i>Proposed Shaanxi Coal Annual Cap (RMB million)</i>	For the year ending 31 December 2017 <i>Proposed Shaanxi Coal Annual Cap (RMB million)</i>
Supply of Coal by Shaanxi Coal Transportation to the Enlarged Group	1,200	2,500	2,500

Reasons for and benefits of entering into the Shaanxi Coal Purchase Framework Agreement and the Proposed Shaanxi Coal Annual Caps

Upon completion of the Acquisition, Xiangyang Power Generation (being a 60.1% owned subsidiary of Hubei Power Generation) will become a subsidiary of the Company. Since Shaanxi Coal and Chemical Group is a substantial shareholder of Xiangyang Power Generation, Shaanxi Coal and Chemical Group will become a connected person of the Company at the subsidiary level for the purpose of Hong Kong Listing Rules. As Shaanxi Coal Transportation is a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, Shaanxi Coal Transportation will also become a connected person of the Company upon completion of the Acquisition for the purpose of the Hong Kong Listing Rules. The continuing transactions between Shaanxi Coal Transportation and the Enlarged Group relating to supply of coal under the Shaanxi Coal Purchase Framework Agreement will constitute continuing connected transactions upon completion of the Acquisition.

Considering the established relationship between Shaanxi Coal Transportation and the Company, the Company considers that it is beneficial to the Enlarged Group and administratively convenient to continue the supply of coal by Shaanxi Coal Transportation to the Enlarged Group. The Directors believe that it will continue to facilitate the operation and growth of the Enlarged Group's businesses.

The Directors (including the existing independent non-executive Directors) consider that the Shaanxi Coal Purchase Framework Agreement is 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.

The Proposed Shaanxi Coal Annual Caps for the continuing connected transactions under the Shaanxi Coal Purchase Framework Agreement have been determined based on the estimated amount of transactions involved and with reference to the historical transaction volumes between the Group and Shaanxi Coal Transportation, the estimated potential growth of the Enlarged Group and the expected economic growth of China. The Directors consider the Proposed Shaanxi Coal Annual Caps to be fair and reasonable.

III. HONG KONG LISTING RULES IMPLICATION

China Huadian is the controlling shareholder of the Company and thus a connected person of the Company. Huadian Finance is associate of China Huadian, which is held as to 36.148% by China Huadian. Therefore, Huadian Finance is a connected person of the Company under the Hong Kong Listing Rules.

The Acquisition contemplated under the Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the Acquisition exceed 5%, the Acquisition will be subject to annual reporting, announcement, circular and independent shareholders' approval requirements. As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction pursuant to Chapter 14 of the Hong Kong Listing Rules.

The continuing connected transactions under (i) the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement and (ii) the Existing Financial Services Agreement and the Supplemental Agreement to Financial Services 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.

In respect of the Existing Financial Services Agreement and the Supplemental Agreement to Financial Services, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the proposed maximum daily balance of the deposit services of RMB7.5 billion, being the Existing Annual Cap of RMB 6.0 billion and the Cap Increment of RMB1.5 billion, exceeds 5%, the provision of deposit services constitutes non-exempt continuing connected transaction of the Company. Therefore, the Supplemental Agreement to Financial Services Agreement and the Cap Increment are subject to the all applicable requirements including the independent 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 Existing Financial Services Agreement and the Supplemental Agreement to Financial Services Agreement will continue to be minimal, they are expected to fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules and are fully exempt 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 Existing Financial Services Agreement and the Supplemental Agreement to Financial Services Agreement, since the services are being provided by Huadian Finance to the Enlarged 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 received by the Enlarged Group from Huadian Finance 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 fully exempt under Rule 14A.90 of the Hong Kong Listing Rules.

In respect of the Shaanxi Coal Purchase Framework Agreement, as each of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in relation to the Shaanxi Coal Purchase Framework Agreement and the Proposed Shaanxi Coal Annual Caps exceeds 1% but is below 5%, the supply of coal by Shaanxi Coal Transportation to the

Enlarged Group pursuant to the Shaanxi Coal Purchase Framework Agreement will be exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition to the continuing connected transactions under (i) the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement; (ii) the Existing Financial Services Agreement and the Supplemental Agreement to Financial Services Agreement; and (iii) Shaanxi Coal Purchase Framework Agreement, China Huadian currently provides guarantees in favour of the Target Group for certain existing borrowings. Upon completion of the Acquisition, such provision of guarantees by China Huadian in favour of the Enlarged Group will constitute financial assistances for the purpose of Chapter 14A of the Hong Kong Listing Rules. Based on the information provided by the Target Group, the financial assistances received by the Target Group from China Huadian are conducted on normal commercial terms or better and it is not secured by the assets of the Enlarged Group and therefore such financial assistances are fully exempt under Rule 14A.90 of the Hong Kong Listing Rules.

IV. GENERAL INFORMATION

As disclosed in the notice of annual general meeting of the Company dated 10 April 2015, the election of Mr. Wang Dashu, Mr. Wei Jian and Mr. Zong Wenlong as independent non-executive Directors will be considered and approved at the annual general meeting to be held on Tuesday, 26 May 2015. Upon the commencement of the term of office of the duly appointed independent non-executive Directors at the relevant time, the resignation of three of the existing independent non-executive Directors will take effect. As such, the Company will establish an Independent Board Committee, comprising all the independent non-executive Directors duly appointed at the relevant time, to advise the Independent Shareholders on the Acquisition, the Supplemental Agreement to Financial Services Agreement and the Cap Increment. The Company has appointed China Investment Securities as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in relation to the Acquisition, the Supplemental Agreement to Financial Services Agreement and the Cap Increment.

The Company proposes to convene an EGM on 30 June 2015 to approve (i) the Acquisition and the transactions contemplated thereunder; and (ii) the Supplemental Agreement to Financial Services Agreement and the transactions contemplated thereunder together with the Cap Increment. For the avoidance of doubt, in the event that the resolution to approve the Supplemental Agreement to Financial Services Agreement and the Cap Increment is not passed at the EGM, the Existing Financial Services Agreement and the Existing Annual Cap of RMB6.0 billion for each of the three years ending 31 December 2017 shall remain valid and continue to be in force.

China Huadian, which holds 4,321,061,853 issued A shares of the Company, and its wholly-owned subsidiary, China Huadian Hong Kong Company Limited, which holds 85,862,000 issued H shares of the Company, representing in total approximately 50.04% of the Company's total issued share capital, will abstain from voting for approving (i) the transactions contemplated under the Acquisition Agreement; and (ii) the Supplemental Agreement to Financial Services Agreement and the Cap Increment provided by Huadian Finance to the Enlarged Group. Four Directors, namely, Mr. Li Qingkui, Mr. Chen Jianhua, Mr. Gou Wei and Mr. Chu Yu, who hold positions in China Huadian. In respect of the Shaanxi Coal Purchase Framework Agreement, none of the Directors have abstained from voting on the Board resolutions approving such transactions.

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.

A notice of EGM will be despatched on or around 15 May 2015. A circular containing, among others, details of (i) the Acquisition and the terms of the Acquisition Agreement and the transactions contemplated thereunder; (ii) the terms of the Supplemental Agreement to Financial Services Agreement and the transactions contemplated thereunder; (iii) the Cap Increment for the transactions contemplated under the Supplemental Agreement to Financial Services Agreement; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (v) 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 8 June 2015.

Shareholders of the Company's H shares whose names appear on the Company's register of members at the close of business on Friday, 29 May 2015 (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 from Monday, 1 June 2015 to Tuesday, 30 June 2015, 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, Shareholders of H shares are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar, Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 29 May 2015.

V. INFORMATION OF THE PARTIES TO THE ACQUISITION AGREEMENT AND THE CONTINUING CONNECTED TRANSACTIONS

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 Shaanxi Coal Transportation

Shaanxi Coal Transportation, a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, principally engages in the specialized sale of coal, industrial chemical products and other related products, and the construction of high-level logistic system. Shaanxi Coal and Chemical Group is a coal company based in Xi'an, Shaanxi Province. Shaanxi Coal and Chemical Group's principal businesses include exploration, mining, development, sales and comprehensive utilization of coal, research and development, manufacturing and sales of coal chemical products, chemical fertilizer and delicate chemical products. It also provides survey, design, logistic and construction services.

DEFINITIONS

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

- “A Shares” means domestically listed domestic shares in the ordinary share capital of the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
- “Acquisition” means the acquisition of the 82.5627% equity interest in Hubei Power Generation by the Company from China Huadian, which is subject to the Independent Shareholders’ approval at the EGM;
- “Acquisition Agreement” means the acquisition agreement dated 15 May 2015 entered into between the Company and China Huadian in relation to the proposed acquisition of equity interest in Hubei Power Generation which is subject to the Independent Shareholders approval at the EGM;
- "Cap Increment" means the addition RMB1.5 billion increment (from RMB 6 billion to RMB 7.5 billion) to the Existing Annual Cap to the Existing Financial Services Agreement for each of the three years ending 31 December 2017 in respect of the deposit services provided by Huadian Finance to the Enlarged Group pursuant to the Supplemental Agreement to Financial Services Agreement, which is subject to the Independent Shareholders’ approval at the EGM;
- “associate” has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
- “Board” means the board of Directors constituted from time to time;
- "Carve-out Agreement" means the equity transfer agreement entered into between Hubei Power Generation and China Huadian on 15 May 2015 in respect of the Wuchang Thermal Power Carve-out;
- "CBRC" means China Banking Regulatory Commission;

“China Huadian”	means 中國華電集團公司(China Huadian Corporation*), a wholly state-owned enterprise in the PRC, and the controlling shareholder of the Company;
“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;
“Completion Date”	means the 1 st of the following calendar month after the Acquisition Agreement becoming effective upon obtaining the Independent Shareholders’ approval at the EGM in respect of the Acquisition;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Consideration”	means RMB3,845.21 million, the consideration payable by the Company to China Huadian for the Acquisition;
“controlled installed capacity”	means the aggregate installed capacity of a company and its subsidiaries;
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Directors”	means the director(s) of the Company duly appointed from time to time;
“EGM”	means the extraordinary general meeting of the Company to be convened to consider and approve the (i) the Acquisition and the Acquisition Agreement and (ii) the Supplemental Agreement to Financial Services Agreement and Cap Increment;
“Enlarged Group”	means the Company and, from time to time, its subsidiaries, including but not limited to Hubei Power Generation and its respective subsidiaries and branch company, if any, following completion of the Acquisition;
"Existing Annual Cap(s)"	means, as the case may be, (i) the annual cap for the year ended 31 December 2015 for the transactions contemplated under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement and/or (ii) the cap for each of the three years ending 31 December 2017 in respect of the transactions contemplated under the Existing Financial Services Agreement regarding deposit services provided by Huadian Finance, each approved by the independent Shareholders at an extraordinary general meeting held on 23 December 2014;
“Existing Coal,	means the coal, equipments and services purchase (supply)

Equipments and Services Purchase (Supply) Framework Agreement”	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, the principal terms of which have been announced in the Company’s announcement on 6 November 2014 and circular on 27 November 2014 and summarised in this circular;
“Existing Financial Services Agreement”	means the financial services framework agreement entered into between Huadian Finance and the Company on 6 November 2014 in relation to the provision of financial services by Huadian Finance, the principal terms of which have been announced in the Company’s announcement on 6 November 2014 and circular on 27 November 2014 and summarised in this circular;
"Group"	means the Company and its subsidiaries from time to time;
“H Shares”	means the overseas listed foreign shares in the ordinary share capital of the Company, with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on Hong Kong Stock Exchange;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Huadian Coal”	means 華電煤業集團有限公司(Huadian Coal Industry Group Company Limited*), a subsidiary of China Huadian and holding 40% equity interest in Hubei Fuel;
“Huadian 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, and an associate of China Huadian;
“Huadian Xisaishan Power Generation”	means 湖北華電西塞山發電有限公司 (Hubei Huadian Xisaishan Power Generation Company Limited*), a limited liability company incorporated on 15 August 2007 in the PRC;
“Huangshi Thermal Power Plant”	means 華電湖北發電有限公司黃石熱電廠 (Huangshi Thermal Power Plant of Huadian Hubei Power Generation Company Limited*), a branch of Hubei Power Generation established on 5 February 2010 in the PRC;
“Hubei Fuel”	means 華電湖北燃料有限公司(Huadian Hubei Fuel Company

	Limited*), a limited liability company incorporated on 7 April 2013 in the PRC;
“Hubei Huadian Engineering”	means 湖北華電電力工程有限公司(Hubei Huadian Electric Power Engineering Company Limited*), a limited liability company incorporated on 14 May 2009 in the PRC, a subsidiary of Hubei Power Generation;
“Hubei Power Generation” or the “Target Company”	means 華電湖北發電有限公司(Huadian Hubei Power Generation Company Limited*), a limited liability company incorporated in the PRC, being the target of the Acquisition;
“Independent Board Committee”	means the board committee to be established for the purpose of the Acquisition, the Supplemental Agreement to the Financial Services Agreement and the Cap Increment comprising the independent non-executive Directors, as appoint at the annual general meeting of the Company on 26 May 2015;
“Independent Financial Adviser” or “China Investment Securities”	means China Investment Securities International Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition the Supplemental Agreement to Financial Services Agreement and Cap Increment;
“Independent Shareholders”	means the Shareholders other than China Huadian and its associates, and all other Shareholders (if any) who are interested or involved in the Acquisition, the Supplemental Agreement to Financial Services Agreement and the Cap Increment;
“Jinyuan Hydroelectric”	means 湖北金源水電發展有限責任公司 (Hubei Jinyuan Hydroelectric Development Limited Liability Company*), a limited liability company incorporated on 7 April 1995 in the PRC;
"KPMG Huazhen"	KPMG Huazhen (Special General Partnership), Certified Public Accountants registered in the PRC, qualified to practise securities and futures related businesses;
“PBOC”	means the People’s Bank of China;
“PRC”	means the People’s Republic of China;
“PRC Accounting Standards”	means China Accounting Standards for Business Enterprises;
“Proposed Shaanxi Coal Annual Cap(s)”	means the annual caps for each of the three years ended 31 December 2017 for the transactions contemplated under the Shaanxi Coal Purchase Framework Agreement;

“RMB”	means Renminbi, the lawful currency of the PRC;
“SASAC”	means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
“Shaanxi Coal and Chemical Group”	means 陝西煤業化工集團有限責任公司(Shaanxi Coal and Chemical Group Industry Group Co., Ltd.*), a limited company incorporated in June 2006 in the PRC;
“Shaanxi Coal Purchase Framework Agreement”	means the coal purchase framework agreement entered into between Shaanxi Coal Transportation and the Company on 15 May 2015 in relation to supply of coal by Shaanxi Coal Transportation to the Enlarged Group;
“Shaanxi Coal Transportation”	means 陝西省煤炭運銷（集團）有限責任公司(Shaanxi Coal Selling and Transportation (Group) Corporation*), a limited company incorporated in August 1998 in the PRC, a wholly-owned subsidiary of Shaanxi Coal and Chemical Group;
“Share(s)”	means share(s) with a par value of RMB1.00 each in the share capital of the Company;
“Shareholders”	means shareholders of the Company;
“Supplemental Agreement to Financial Services Agreement”	means the supplemental agreement to the Existing Financial Services Agreement entered into between Huadian Finance and the Company on 15 May 2015, which is subject to the Independent Shareholders' approval at the EGM;
"Target Group"	means Hubei Power Generation, its subsidiaries and branch company, including Huangshi Thermal Power Plant, Xisaishan Power Generation, Huadian Xisaishan Power Generation, Xiangyang Power Generation, Hubei Fuel, Jinyan Hydroelectric and Hubei Huadian Engineering, excluding Wuchang Thermal Power;
“Valuer”	means China Enterprise Appraisals (北京中企華資產評估有限公司), a qualified State-owned assets valuer authorised by the State, which is appointed by China Huadian to appraise the equity interest in the Target Group;
“Wuchang Thermal Power”	means 湖北華武昌熱公司(Hubei Huadian Wuchang Termal Power Company Limited*), a limited company incorporated on 19 May 2006 in the PRC;
“Wuchang Thermal Power Carve-out”	means the carve-out of Wuchang Thermal Power from Hubei Power Generation pursuant to the Carve-out Agreement;
“Xiangyang Power Generation”	means 湖北華電襄陽發電有限公司 (Hubei Huadian (Xiangyang) Power Generation Company Limited*), a limited

company incorporated on 28 November 2003 in the PRC;

“Xisaishan Power Generation”

means 湖北西塞山發電有限公司 (Hubei Xisaishan Power Generation Company Limited*), a limited liability company incorporated on 18 October 2000 in the PRC.

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, Non-executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Geng Yuanzhu (Executive Director), Wang Yingli (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, PRC

15 May 2015

**For identification only*