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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 (i) enter into the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement upon the expiry of the term of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian to renew the relevant continuing connected transactions under the existing agreement for another term of one year until 31 December 2018; (ii) renew the Existing Financial Services Agreement with Huadian Finance upon the expiry of its term for another term of three years until 31 December 2020; (iii) renew the Existing Coal Purchase Framework Agreement with Shaanxi Coal Transportation upon the expiry of its term for another term of three years until 31 December 2020; and (iv) renew the Existing Loan Framework Agreement with China Huadian upon the expiry of its term for another term of three years until 31 December 2020. The Company also proposes the annual caps in respect of the continuing connected transactions under the above agreements.

Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

China Huadian is the controlling shareholder of the Company and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework 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 Fuel, Equipments and Services Purchase (Supply) Framework Agreement exceed 5%, the transactions

contemplated thereunder are subject to all applicable requirements including the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Proposed Financial Services Agreement with Huadian Finance

Huadian Finance is an associate of China Huadian, which is held as to 36.148% by China Huadian. Therefore, Huadian Finance is an associate of China Huadian and a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Financial Services Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of businesses 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 in relation to the maximum average daily balance of RMB6.8 billion of the deposit services under the Proposed Financial Services Agreement exceeds 5%, the transactions of providing deposit services to the Group by Huadian Finance constitute discloseable transactions and non-exempt continuing connected transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Since the amount of the settlement services and other financial services under the Proposed Financial Services Agreement will continue to be very small, they fall within the de minimis threshold as stipulated under Rule 14A.76 of the Hong Kong Listing Rules and are fully exempted from the requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with 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 provided by Huadian Finance to the Group are at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transactions involving provision of financial assistance by Huadian Finance to the Group are 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 exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules.

Proposed Coal Purchase Framework Agreement with Shaanxi Coal Transportation

Shaanxi Coal Transportation is a connected person of the Company at the subsidiary level. The continuing transactions between Shaanxi Coal Transportation and the Group under the Proposed Coal Purchase Framework Agreement constitute continuing connected transactions.

As the Directors have approved the transactions under the Proposed Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Proposed Loan Framework Agreement with China Huadian

According to the requirements of the Hong Kong Listing Rules, the Proposed Loan Framework Agreement entered into between the Company and China Huadian constitutes financial assistance of connected persons to the Company. 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 assets of the Group, such loans are exempted financial assistance under Rule 14A.90 of the Hong Kong Listing Rules and are not subject to the reporting, announcement and relevant Independent Shareholder's approval requirements under the Hong Kong Listing Rules. However, the above loans constitute continuing related party transactions of the Company and shall be subject to Independent Shareholders' approval pursuant to the relevant requirements of the Shanghai Listing Rules and the PRC law.

General Information

The Directors propose to put forward (i) the continuing connected transactions and the proposed annual caps contemplated under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement, and (ii) the provision of deposit services by Huadian Finance to the Group under the Proposed Financial Services Agreement and the proposed maximum average daily balance of deposit by the Group with Huadian Finance under the Proposed Financial Services Agreement for approval by the Independent Shareholders at the EGM. The Directors will also put forward the Proposed Loan Framework Agreement in accordance with the requirements of the Shanghai Listing Rules and the PRC law for approval by the Independent Shareholders.

A circular containing, among others: (i) details of the non-exempt continuing connected transactions under relevant Proposed Continuing Connected Transactions Agreements and details of the exempted continuing connected transactions under the Proposed Loan Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and (iii) a letter of advice by Gram Capital to the Independent Board Committee and the Independent Shareholders will be despatched on or before 13 December 2017 in accordance with the applicable laws and rules that apply to the Company.

I. INTRODUCTION

The Board is pleased to announce that the Company intends to:

- A. enter into the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement upon the expiry of the term of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian to renew the relevant continuing connected transactions under the existing agreement for another term of one year until 31 December 2018;
- B. renew the Existing Financial Services Agreement with Huadian Finance upon the expiry of its term for another term of three years until 31 December 2020;

- C. renew the Existing Coal Purchase Framework Agreement with Shaanxi Coal Transportation upon the expiry of its term for another term of three years until 31 December 2020; and
- D. renew the Existing Loan Framework Agreement with China Huadian upon the expiry of its term for another term of three years until 31 December 2020.

II. CONTINUING CONNECTED TRANSACTIONS

A. Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

Reference is made to the announcement of the Company dated 7 November 2016 and the circular of the Company dated 12 December 2016 in relation to the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

The continuing connected transactions under the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement between the Group and China Huadian are in relation to the mutual supply of coal and provision of certain products and services between China Huadian and the Group, which will expire on 31 December 2017.

The Company intends to enter into the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement upon the expiry of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement to continue the existing continuing connected transactions.

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

Background

On 7 November 2016, 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 2017 and expiring on 31 December 2017.

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 announcement of the Company dated 7 November 2016:

Date: 7 November 2016

Parties: China Huadian;
the Company

Existing Term: One (1) year commencing from 1 January 2017 and expiring on 31 December 2017

Transactions: (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 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 (the above (i) to (v), collectively “**Miscellaneous and Relevant Services**”); and
- (4) Provision to China Huadian by the Group of services such as 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 Existing Coal, Equipments and Services Purchase (Supply) 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.

In practice, the then market price of the purchase and sale of coal 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 the following principles:

- (1) relevant quotations from two or more independent large-scale PRC coal enterprises; and
- (2) if there are no relevant quotations, the coal price shall be

determined by reference to certain independent coal price index, including but not limited to, the Bohai Bay Thermal Coal Price Index, published on various coal industry websites including CQ Coal (秦皇島煤炭網) (<http://www.cqcoal.com>) and SX Coal (中國煤炭資源網) (<http://www.sxcoal.com>). According to the Notice on the Commissioning Operation of the Bohai Bay Thermal Coal Price Index (關於開展環渤海動力煤價格指數試運行工作的通知) issued by the National Development and Reform Commission in 2010, Bohai Bay Thermal Coal Price Index is authorized and guided by the National Development and Reform Committee and its data collected and periodically published by Qinquangdao Seaborne Coal Market Co., Ltd.. It is an index system which reflects the Free on Board price and price volatility of Bohai Bay thermal coal.

Regarding the internal procedure for the purchase of coal by the Group, the safety and operation management department of the Company shall assess the relevant quotations based on factors such as quality, locality and market conditions, in order to determine the appropriate price for the purchase of coal. If the transaction concerned is a connected transaction, the finance assets department and the securities and compliance department of the Company shall also review such price based on the same assessment criteria to ensure the fairness of the prices of connected transactions.

In addition, the then market price of the sale of coal by the Group is also generally determined with reference to the local spot market price as at the time of the sales order. The local spot market price is usually determined with reference to the price for the sale of coal as set by the largest supplier of coal by production output in the relevant locality (such price is industry knowledge and a practice followed by other suppliers of coal, which the Company believes is reliable, and may be obtained through quotations for the purchase of coal as discussed above or through the network of the Company). Regarding the internal procedure for the sale of coal by the Group, the safety and operation management department of the Company shall assess the sales price set by the above largest supplier of coal with reference to such factors as quality, the cost for the Company in producing or obtaining coal as well as the supply and demand of coal in the market, in order to determine the price for the sale of coal. If the transaction concerned is a connected transaction, the finance assets department and the securities and compliance department of the Company shall also review such price based on the same assessment criteria, with the final approval being made by the deputy general manager of the Company.

Furthermore, in practice, the consideration for mutual provision of the various 4 categories of main services as contemplated under the Existing

Coal, Equipments and Services Purchase (Supply) Framework Agreement shall be determined by reference to the following pricing principles:

- (1) pricing shall be determined through a bidding process. The bidding process will adhere to the relevant laws and regulations including the Law of the PRC on Tenders and Bids (《中華人民共和國招標投標法》). A number of factors will be considered in selecting the successful bidder, including technicality, quality, pricing, reputation and after-sale services; and
- (2) the successful bidding price under the bidding process is subject to further arm's length negotiation with the successful bidder, in such case, the Company would make reference to the historical prices and price trends of the relevant services and products and ensure that such price would be fair and reasonable to the Company and its Shareholders as a whole.

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 2015, twelve months ended 31 December 2016, and for the nine months ended 30 September 2017 are set out below:

Transactions	For the twelve months ended 31 December 2015		For the twelve months ended 31 December 2016		For the nine months ended 30 September 2017	
	<i>Actual amount (RMB millions)</i>	<i>Annual caps (RMB millions)</i>	<i>Actual amount (RMB millions)</i>	<i>Annual caps (RMB millions)</i>	<i>Actual amount (RMB millions)</i>	<i>Annual caps (in respect of the entire financial year ending 31 December 2017) (RMB millions)</i>
<u><i>Expenditure</i></u>						
(a) Purchase of coal from China Huadian	3,942	6,000	2,790	6,000	3,314	6,000
(b) Provision of engineering equipments, systems, products						

and engineering and construction contracting projects, supplies procurement services and Miscellaneous and Relevant Services by China Huadian	2,194	3,000	3,401	4,500	2,314	5,000
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Revenue

(c) 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	226	2,000	619	2,000	7,695	12,000
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2. The Proposed Fuel, 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 2017. To continue to regulate the relevant terms of the transactions contemplated thereunder between the Group and China Huadian, on 9 November 2017, the Company entered into the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian, which will be for another term of one year commencing from 1 January 2018 and expiring on 31 December 2018.

Save for the above term of the contract and the maximum annual transaction amounts (as set out below) agreed by both parties in the agreement and except for that the content of the agreement is changed from purchase of coal to purchase of fuel, the principal terms of transactions under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement are substantially the same as the terms of the Existing Coal, Equipments and Services Purchase (Supply) Framework Agreement.

Regarding the purchase of fuel, except for coal, the Group also purchases natural gas from China Huadian to supply the fuel needed for the gas-fired generating units of the Group. The

price of natural gas is currently prescribed by the Chinese government uniformly. The gas-fired power generation enterprises under the Group purchase the natural gas required for power generation at the prices stipulated by the provincial Development and Reform Commission. If the Chinese government implements relevant policies, regulations or guidelines on changing such price, the price of natural gas purchased by the Group shall be adjusted accordingly from the implementation date of such policies, regulations or guidelines.

Condition Precedent

The Proposed Fuel, 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 Fuel, Equipments and Services Purchase (Supply) Framework Agreement for the financial year ending 31 December 2018 as follows:

Transactions	Proposed annual caps for the financial year ending 31 December 2018 (RMB millions)
<u>Expenditure</u>	
(a) Purchase of fuel from China Huadian	7,000
(b) Provision of engineering equipments, systems, products and engineering and construction contracting, environmental protection system renovation project and Miscellaneous and Relevant Services by China Huadian (<i>Note 1</i>)	7,000
	Total: 14,000
<u>Revenue</u>	
(c) Sale of fuel and relevant services to China Huadian (<i>Note 2</i>)	13,000
	Total: 13,000

Note 1: Of the estimated annual cap of RMB7 billion, it is estimated that based on the historical amounts and the needs of existing projects of the Company, approximately 70% is for provision of engineering equipments, systems, products and engineering and construction contracting projects and approximately 30% is for provision of environmental protection system renovation project and Miscellaneous and Relevant Services other Miscellaneous and Relevant Services.

Note 2: Of the estimated annual cap of RMB13 billion, approximately 97% is for sale of fuel and approximately 3% is for provision of relevant services.

In the process of considering the proposed annual caps for the financial year ending 31 December 2018, when estimating the annual cap for the purchase of fuel, engineering equipments and relevant services from China Huadian, the Company has considered (i) 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 2015 and 2016 and the nine months ended 30 September 2017; (ii) the possible change in the current status of supply and demand in the PRC fuel market and the expected fluctuation in fuel price; (iii) the stable supply of natural gas needed for the newly installed gas-fired generating units of the Group; (iv) the demand for fuel due to the normal operation of coal-fired generating units with a capacity of 38,540 MW, gas-fired generating units with a capacity of 4,426.5 MW operated by the Group as at the date of this announcement and generating units to be operated in the future by the Group, and (v) the need for concentrated construction of a large number of wind power and photovoltaic power generation projects of the Group as at the date of this announcement, and the unit construction cost of these units is much higher than the construction cost of ordinary coal-fired power generating units.

B. Proposed Financial Services Agreement with Huadian Finance

Reference is made to the announcements of the Company dated 6 November 2014 and 15 May 2015 and the circulars of the Company dated 26 November 2014 and 8 June 2015 in relation to the Existing Financial Services Agreement and Supplemental Agreement to Financial Services Agreement.

Huadian Finance, a subsidiary of China Huadian, provides financial services to the Group pursuant to the Existing Financial Services Agreement and the agreement will expire on 31 December 2017.

The Company proposes to continue the existing continuing connected transactions upon the expiry of the above continuing connected transactions and renew such agreements upon its expiry.

1. Existing Financial Services Agreement and Supplemental Agreement to Financial Services Agreement

Background

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 Existing 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.

On 15 May 2015, the Group and Huadian Finance entered into the Supplemental Agreement to Financial Services Agreement to, among others, adjust the relevant annual caps in respect of deposit services provided by Huadian Finance to the Group until expiry of the Existing Finance Services Agreement as supplemented by the Supplemental Agreement to Financial Services Agreement.

The principal terms of the Existing Finance Services Agreement as supplemented by the Supplemental Agreement to Financial Services Agreement are set out as follows:

Date: 6 November 2014

Parties: Huadian Finance as financial services provider;
the Company as financial services recipient

Existing Term: Three (3) 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: (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 ICBC, CCB and Bank of China) ("**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 balance 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 RMB7.5 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 Major Commercial Banks in the PRC and other financial institutions for the same services or the fees charged to other member companies of China Huadian for the same services.

(3) Loan services and other financial services:

- (i) Huadian Finance will, 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 Major Commercial Banks in the PRC and other financial institutions for the same services or the fees charged to other member companies of China Huadian for the same services.

- (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 Group shall pay the service fees under the Existing Financial Services Agreement in accordance with the specific use of each service.

In terms of deposit services, settlement services and loan services as well as other financial services, deposit interest and loan costs shall be paid quarterly. In terms of settlement services and other financial services, service fees and charges shall be paid in accordance with the actual amounts incurred in each transaction explicitly stipulated in specific agreements entered into by relevant member companies of the Group and Huadian Finance in respect of relevant transactions. The payment terms are in line with the market practice.

In terms of deposit services, before the deposits are placed by the Group with Huadian Finance, Huadian Finance will inform the finance department of the Company the relevant interest rate determined by PBOC in respect of similar services and provide to the Company the cap of interest rate determined by relevant government authorities, and relevant interest rate shall be independently verified by the Company. In addition, the Company will also take into consideration the service quality provided by Huadian Finance and other third-party banks or financial institutions when selecting the providers of settlement services and other

financial services. In terms of loan services, when the Group is in need of loan services, the finance department of the Company will verify the relevant interest rate determined by PBOC in respect of similar services and compare with the interest rates provided by other commercial banks.

To further ensure the security of the Group's funds, the finance department of the Company will get access to and review the latest audited annual report of Huadian Finance to assess relevant risks before any deposit placement. During the period when the deposits are placed with Huadian Finance, the finance department of the Company is entitled to get access to and review the financial reports of Huadian Finance on a regular basis to assess the risks of the deposits placed by the Group with Huadian Finance. In addition, Huadian Finance will monthly inform the finance department of the Company the balance of the deposits placed by the Group with Huadian Finance and the balance of loans provided by Huadian Finance to the Group. The finance department of the Company will appoint a designated person to monitor the relevant interest rates determined by PBOC in respect of similar deposit services and loan services as well as other financial services, and the policies formulated by PBOC to ensure that each transaction is conducted in accordance with the aforesaid pricing policies of the Financial Service Agreement.

In terms of settlement services and other financial services, the finance department of the Company will verify the standard fees and charges stipulated by relevant regulatory authorities in the PRC and (if necessary) the fees and charges provided by Major Commercial Banks in the PRC or brokerage companies, and compare with the fees and charges provided by Huadian Finance in accordance with the specific agreements entered into by relevant member companies of the Group and Huadian Finance to ensure that the fees and charges of the Company are no less favourable than the terms provided by other Major Commercial Banks in the PRC or brokerage companies. The Company will obtain at least more than two quotations before deciding on the selection of Huadian Finance or other commercial banks or financial institutions as the service provider.

Historical Amounts

(a) Deposit services

Pursuant to the Existing Financial Services Agreement as supplemented by the Supplemental Agreement to Financial Services Agreement, the highest average daily deposit balance placed by the Group with Huadian Finance for the year ended 31 December 2017 (inclusive of accrued interests) was no more than the average daily loan balance provided by Huadian Finance to the Group and shall not be more than RMB7.5 billion. Such highest average daily deposit balance has been officially approved by Independent Shareholders at the EGM of the Company held on 30 June 2015. In addition, pursuant to the Existing Financial Services Agreement, settlements services and loan services (except for deposit services) are exempted continuing connected transactions in accordance with the Hong Kong Listing Rules and no annual caps are required. For further details in respect of the services have been or will be provided by Huadian Finance to the Company, please refer to the announcements of the Company dated 9 November 2011, 22 November 2011, 7 February 2012, 6 November 2014 and 15 May 2015 and the circulars of the Company dated 12 December 2011, 10 February 2012, 27 November 2014 and 8 June 2015.

If the deposits placed by each of the subsidiaries of the Group with Huadian Finance are no more than RMB500,000, the prevailing actual interest rate of the historical interest income of Huadian Finance is 0.35%, which is in line with the benchmark interest rate set by PBOC; the prevailing actual interest rate for the portion exceeding RMB500,000 is 1.15%, being the agreed deposit rate, which is not lower than the interest rates for the same type of deposits by major commercial banks.

The highest average daily deposit balance placed by the Group with Huadian Finance (inclusive of the accrued interests) for the financial years ended 31 December 2015 and 2016 and for the nine months ended 30 September 2017 were RMB6.536 billion, RMB7.051 billion and RMB7.009 billion, respectively. From the commencement date of the Existing Financial Services Agreement to the date of this announcement, the highest average daily deposit balance placed by the Group with Huadian Finance (inclusive of the accrued interests) did not exceed the average daily loan balance provided by Huadian Finance to the Group or RMB7.5 billion.

Although the deposits placed by the Company with other commercial banks in the PRC are less than those placed with Huadian Finance, for the purpose of lowering the risks of placing all cash with the same financial institution, the Company has placed and will continue to place cash from time to time with other commercial banks in the PRC, such as the Bank of China, CCB, the Agricultural Bank of China and ICBC.

(b) Settlement services and other financial services

All the applicable percentage ratios of 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 2015 and 2016 and the nine months ended 30 September 2017 were below 0.1%. Accordingly, such transactions are exempt continuing connected transactions under the Hong Kong Listing Rules and are not subject to announcement, circular and Independent Shareholders' approval requirements.

(c) Loan services

Since the services will be provided by Huadian Finance to the Group at fees not higher than the fees charged by Major Commercial Banks in the PRC and other financial institutions 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 Independent Shareholders' approval requirements and therefore no annual caps were required under the Hong Kong Listing Rules.

2. The Proposed Financial Services Agreement

The Existing Financial Services Agreement will expire on 31 December 2017. To continue to regulate the relevant terms of the transactions contemplated thereunder between the Group and Huadian Finance, on 9 November 2017, the Company renewed the Existing Financial

Services Agreement with Huadian Finance, which will be renewed for another term of three years commencing from 1 January 2018 and expiring on 31 December 2020.

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

Condition Precedent

The provision of deposit services by Huadian Finance to the Group under the Proposed Financial Services Agreement is conditional upon Independent Shareholders' approval being obtained at the EGM.

Proposed Annual Caps

(a) Deposit services

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 2018 to 2020 under the Proposed Financial Services Agreement be adjusted from RMB7.5 billion to RMB6.8 billion, and the average daily deposit balance placed by the Group with Huadian Finance shall not be more than the average daily loan balance from Huadian Finance to the Group. Related adjustment is made due to the Group's average deposit level in Huadian Finance and the balance of cash and cash equivalents of the Group as at 31 December 2016 and 30 June 2017 after proper consideration of factors including the amount receivables of the Company according to the business development plan and financial requirements of the Group.

(b) Settlement services 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 2015 and 2016 and the nine months ended 30 September 2017 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 2018 to 2020 will continue to be minimal and such transactions will continue to remain as exempt continuing connected transactions under the Hong Kong Listing Rules.

(c) Loan services

Since the loan services are provided by Huadian Finance to the Group at fees not higher than the fees charged by Major Commercial Banks in the PRC and other financial institutions 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 transactions are exempt continuing connected transactions under Rule 14A.90 of the

Hong Kong Listing Rules which are not subject to the announcement, circular and Independent Shareholders' approval requirements, and therefore no annual caps are required under the Hong Kong Listing Rules.

C. The Proposed Coal Purchase Framework Agreement with Shaanxi Coal Transportation

Reference is made to the announcement of the Company dated 15 May 2015 and the circular of the Company dated 8 June 2015 in relation to the Existing Coal Purchase Framework Agreement.

Shaanxi Coal Transportation provides coal products and services to the Group pursuant to the Existing Coal Purchase Framework Agreement, which will expire on 31 December 2017.

The Company proposes to continue the existing continuing connected transactions upon the expiry of the Existing Coal Purchase Framework Agreement entered into with Shaanxi Coal Transportation and renew this agreement.

1. The Existing Coal Purchase Framework Agreement

On 15 May 2015, the Company entered into the Existing Coal Purchase Framework Agreement with Shaanxi Coal Transportation. The principal terms of the Existing Coal Purchase Framework Agreement 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 1 July 2015 to 31 December 2017
Nature of Transaction	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 major 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 are set out as follows:

Transactions	For the year ended 31 December 2015 <i>Aggregate transaction amount (RMB million)</i>	For the year ended 31 December 2016 <i>Aggregate transaction amount (RMB million)</i>	For the nine months ended 30 September 2017 <i>Aggregate transaction amount (RMB million)</i>
Supply of Coal by Shaanxi Coal Transportation to the Group	175	141	3.16

2. The Proposed Coal Purchase Framework Agreement

The Existing Coal Purchase Framework Agreement entered into between the Company and Shaanxi Coal Transportation will expire on 31 December 2017. To continue to regulate the relevant terms of the transactions contemplated thereunder between the Group and Shaanxi Coal Transportation, on 9 November 2017, the Company entered into the Proposed Coal Purchase Framework Agreement with Shaanxi Coal Transportation for a term of three years commencing from 1 January 2018 and expiring on 31 December 2020.

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

Proposed Annual Caps

The Directors propose the following annual caps for supply of coal by Shaanxi Coal Transportation to the Group under the Proposed Coal Purchase Framework Agreement from 1 January 2018 to each of the three years ending 31 December 2020 as follows:

Transactions	For the year ending 31 December 2018 <i>Proposed annual cap (RMB million)</i>	For the year ending 31 December 2019 <i>Proposed annual cap (RMB million)</i>	For the year ending 31 December 2020 <i>Proposed annual cap (RMB million)</i>
Supply of Coal by Shaanxi Coal Transportation to the Group (<i>Note</i>)	2,500	2,500	2,500

Note: In considering the proposed annual caps for the financial year ended 31 December 2020, the Company has taken into account: (i) the historical transaction amounts for the purchase under the Existing Coal Purchase Framework Agreement for the financial years ended 31 December 2015 and 2016 and the nine months ended 30 September 2017, (ii) the possible variation of supply and demand in the prevailing coal market of the PRC as well as the expected fluctuation in coal price.

D. The Loan Framework Agreement with China Huadian

Reference is made to the announcement of the Company dated 6 November 2014 and the circular of the Company dated 26 November 2014 on the exempted financial assistance from China Huadian. The Company proposes to continue the existing continuing connected transactions upon the expiry of the above continuing connected transactions and renew the agreement upon expiry.

On 23 December 2014, it was approved at the EGM 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 2015 to 2017. Based on the aggregate loan amounts provided by China Huadian to the Group for the financial years ended 31 December 2015 and 2016 and the nine months ended 30 September 2017, there is headroom of more than RMB10 billion 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 2018 to 2020.

Details of the Proposed Loan Framework Agreement entered into with China Huadian are as follows:

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 2018 to 2020; the loan rate shall not be higher than that available to the Group from commercial banks during the same period and the Group shall not be required to provide any mortgages, pledges, third party guarantees or other forms of guarantee. China

Huadian guaranteed that the loans under the agreement will be provided through trusted loans or other forms as permitted by national laws and regulations.

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

A. The Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

The coal mines of the Group and China Huadian are in different localities in which the mutual provision of coal may reduce the overall cost for the procurement of coal. In addition, a subsidiary of the Group is primarily engaged in coal trading services, through which the Group is able to enhance its bargaining power in the process of coal procurement by way of bulk procurement and sales, and reduce the overall cost for coal procurement of the Group accordingly. The mutual provision of relevant services between China Huadian and the Group provides more efficient allocation of labour (in that the timing for the needs of the relevant services which are generally of a maintenance nature may differ). Considering the long-term relationship between the Group and China Huadian, the Company considers that it is beneficial to continue to enter into the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian as such transactions have facilitated the growth of the principal business and installation capacity of the Group.

B. The Proposed Financial Services Agreement with Huadian Finance

Considering the long-term relationship between the Group and Huadian Finance, the Company considers that it is beneficial to continue to enter into the Proposed Financial Services Agreement with Huadian Finance as such transaction has facilitated the growth of the principal business and installation capacity of the Group, improved the utilization efficiency of the capital of the Group, and enabled the Group to gain desirable profits. The transactions will also continue to facilitate the operation and growth of the businesses of the Group.

C. The Proposed Coal Purchase Framework Agreement with Shaanxi Coal Transportation

Considering the established relationship between Shaanxi Coal Transportation and the Company, the Company considers that it is beneficial to the Group to continue the supply of coal by Shaanxi Coal Transportation to the Group as such transaction ensures the stable supply of coal required for the power generation business of the Group, and also for management purposes. The Directors believe that it will continue to facilitate the operation and development of the businesses of the Group.

D. The Loan Framework Agreement with China Huadian

Considering the established relationship between China Huadian and the Company, the Company considers that it is beneficial to the Group to receive financial assistance from China Huadian as such transaction ensures the stable supply of funds required for the Group as well as facilitates the development of all businesses of the Group.

The proposed annual caps for the continuing connected transactions under the Proposed Continuing Connected Transaction Agreements have been determined based on the estimated amount of transactions involved and with reference to the historical transaction amounts, the estimated potential growth of the Group and the expected economic growth of China. The Directors consider the proposed annual caps to be fair and reasonable. The Board (including independent non-executive Directors) considers that the Proposed Continuing Connected Transactions Agreements are entered into (i) in the ordinary 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.

IV. HONG KONG LISTING RULES IMPLICATIONS

A. Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

China Huadian is the controlling shareholder of the Company and thus a connected person of the Company. The connected transactions under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework 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 Fuel, Equipments and Services Purchase (Supply) Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to all applicable requirements including the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. .

B. Proposed Financial Services Agreement with Huadian Finance

Huadian Finance is an associate of China Huadian, which is held as to 36.148% by China Huadian. Therefore, Huadian Finance is an associate of China Huadian and a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Financial Services Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of businesses 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 in relation to the maximum daily balance of RMB6.8 billion of the Deposit Services under the Proposed Financial Services exceed 5%, the provision of deposit services to the Group by Huadian Finance constitutes discloseable transactions and non-exempt continuing connected transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Since the amount of the settlement services, and other financial services under the Proposed Financial Services Agreement will continue to be very small, they fall within the de minimis threshold as stipulated under Rule 14A.76 of the Hong Kong Listing Rules and are fully exempted from the requirements under Chapter 14A of the Hong Kong Listing Rules. The

Company will monitor the transaction amounts of such financial services and will comply with 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 provided by Huadian Finance to the Group are at fees not higher than the fees charged by other commercial banks and financial institutions in the PRC for the same services, the transactions involving provision of financial assistance by Huadian Finance are 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 exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules.

C. Proposed Coal Purchase Framework Agreement with Shaanxi Coal Transportation

Shaanxi Coal Transportation is a wholly-owned subsidiary of Shaanxi Coal and Chemical Group. Since Shaanxi Coal Transportation is a substantial shareholder of a subsidiary of the Company, Shaanxi Coal and Chemical Group is a connected person of the Company at the subsidiary level pursuant to the Hong Kong Listing Rules. Shaanxi Coal Transportation is also a connected person of the Company at the subsidiary level pursuant to the Hong Kong Listing Rules. The continuing transactions between Shaanxi Coal Transportation and the Group under Proposed Coal Purchase Framework Agreement constitute continuing connected transactions.

As the Directors have approved the transactions under the Proposed Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

D. The Loan Framework Agreement with China Huadian

According to the requirements of the Hong Kong Listing Rules, the Proposed Loan Framework Agreement constitutes financial assistance of connected persons to the Company. 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 assets of the Group, such loans are exempted financial assistance under Rule 14A.90 of the Hong Kong Listing Rules and are not subject to the reporting, announcement and relevant Independent Shareholder's approval requirements under the Hong Kong Listing Rules. However, the above loans constitute continuing related party transactions of the Company and shall be subject to Independent Shareholders' approval pursuant to the relevant requirements of the Shanghai Listing Rules and the PRC law.

The Directors propose to put forward (i) the continuing connected transactions and the proposed annual caps contemplated under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement, and (ii) the provision of deposit services by Huadian Finance to the Group under the Proposed Financial Services Agreement and the

proposed maximum average daily balance of deposit by the Group with Huadian Finance for approval by the Independent Shareholders at the EGM. The Directors will also put forward the Proposed Loan Framework Agreement as mentioned above in III and IV in accordance with the requirements of the PRC law for approval by the Independent Shareholders.

China Huadian, which holds 4,534,199,224 issued A shares of the Company, representing approximately 45.97% of total issued share capital of the Company, and China Huadian Hong Kong Company Limited, its wholly-owned subsidiary, which holds 85,862,000 issued H shares of the Company, representing approximately 0.87% of total issued share capital of the Company, will abstain from voting for approving (i) the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement and the relevant annual caps; (ii) the provision of deposit services by Huadian Finance to the Group under the Proposed Financial Services Agreement and the proposed maximum average daily balance of the deposit with Huadian Finance by the Group; and (iii) the Exempted Financial Assistance from China Huadian. Three Directors, namely, Zhao Jianguo, Gou Wei and Chu Yu, who hold positions in China Huadian or its subsidiaries, have abstained from voting on the Board resolutions approving such transactions.

Save as disclosed above, none of the Directors has material interest in the above 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 non-exempt continuing connected transactions under relevant Proposed Continuing Connected Transaction Agreements. For details, please refer to 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 relevant Proposed Continuing Connected Transactions Agreements and details of the exempted continuing connected transactions under the Proposed Loan Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and (iii) a letter of advice by Gram Capital to the Independent Board Committee and the Independent Shareholders will be despatched on or before 13 December 2017 in accordance with the applicable laws and rules that apply to the Company.

V. INFORMATION ON THE PARTIES

Information relating to the Group

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

Information relating to China Huadian

China Huadian, the controlling shareholder of the Company, directly and indirectly holds approximately 46.84% of total issued share capital of the Company 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, interbank 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 approved by the CBRC.

Information relating to Shaanxi Coal Transportation

Shaanxi Coal Transportation, a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, is principally engaged 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. The principal businesses of Shaanxi Coal and Chemical Group 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.

VI. DEFINITIONS

“associate”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Board”	means the board of directors of the Company;
“CBRC”	means China Banking Regulatory Commission;
“China Huadian”	means China Huadian Corporation* (中國華電集團公司), a wholly PRC State-owned enterprise, and the controlling shareholder of the Company, and where the context requires, means China Huadian and its subsidiaries and companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
“Company”	means Huadian Power International Corporation Limited* (華電國際電力股份有限公司), a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the 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 others, non-exempt continuing connected transactions under relevant Proposed Continuing Connected Transaction Agreements and the exempted continuing connected transactions under the Proposed Loan Framework Agreement and the relevant proposed annual caps;
“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 7 November 2016 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 disclosed in the announcement of the Company dated 7 November 2016 and its circular dated 12 December 2016;
“Existing 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 the supply of coal by Shaanxi Coal Transportation to the Group, the principal terms of which have been disclosed in the announcement of the Company dated 15 May 2015;
“Existing Financial Services Agreement”	means the financial services 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 disclosed in the announcement of the Company dated 6 November 2014 and its circular dated 26 November 2014;
“Existing Loan Framework Agreement”	means the loan framework agreement entered into between the Company and China Huadian on 6 November 2014;
“Group”	means the Company and its subsidiaries as of 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;
“Huadian Finance”	means China Huadian Corporation Finance Company Limited* (中國華電集團財務有限公司), a limited liability company established in the PRC;
“Independent Board Committee”	means the independent committee of the Board appointed to advise the Independent Shareholders on the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and related matters pursuant to the requirements of the Hong Kong Listing Rules;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and will be appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement and the deposit services under the Proposed Financial Services Agreement
“Independent Shareholders”	means the Shareholders who are not required to abstain from voting the resolutions for approving the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement and the Proposed Financial Services Agreement, together with the proposed annual caps and the relevant continuing connected transactions, under the Hong Kong Listing Rules;
“Miscellaneous and Relevant Services”	has the meaning ascribed to it under section II above;
“PBOC”	means the People's Bank of China;
“PRC”	means the People’s Republic of China;
“Proposed Coal Purchase Framework Agreement”	means the coal purchase framework agreement entered into between Shaanxi Coal Transportation and the Company on 9 November 2017 in relation to the supply of coal by Shaanxi Coal Transportation to the Group;
“Proposed Continuing Connected Transactions Agreements”	means the Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement, the Proposed Financial Services Agreement and the Proposed Coal Purchase Framework Agreement (if applicable);
“Proposed Financial	means the financial services agreement entered into between

Services Agreement”	Huadian Finance and the Company on 9 November 2017 in relation to the provision of financial services by Huadian Finance, which is subject to the Independent Shareholders’ approval at the EGM;
“Proposed Fuel, Equipments and Services Purchase (Supply) Framework Agreement”	means the fuel, equipments and services purchase (supply) framework agreement entered into between China Huadian and the Company on 9 November 2017 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 Loan Framework Agreement”	means the loan framework agreement entered into between the Company and China Huadian on 9 November 2017;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shaanxi Coal Transportation”	means Shaanxi Coal Selling and Transportation (Group) Corporation* (陝西省煤炭運銷（集團）有限責任公司), a limited company incorporated in August 1998 in the PRC, a wholly-owned subsidiary of Shaanxi Coal and Chemical Group;
“Shaanxi Coal and Chemical Group”	means Shaanxi Coal and Chemical Group Industry Group Co., Ltd.* (陝西煤業化工集團有限責任公司), a limited company incorporated in June 2006 in the PRC;
“Share(s)”	means share(s) with a par value of RMB1.00 each in the share capital of the Company;
“Shareholder(s)”	means the shareholders of the Company;
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company; and
“Supplemental Agreement to Financial Services Agreement”	means the supplemental agreement to the financial services agreement entered into between Huadian Finance and the Company on 15 May 2015, the principal terms of which have been disclosed in the announcement of the Company dated 15 May 2015 and its circular dated 8 June 2015;
“%”	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:

Zhao Jianguo (Chairman, Non-executive Director), Chen Bin (Vice Chairman, Executive Director), Wang Yingli (Vice Chairman, Non-executive Director), Tian Hongbao (Executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Zhang Ke (Non-executive Director), Ding Huiping (Independent Non-executive Director), Wang Dashu (Independent Non-executive Director), Wang Chuanshun (Independent Non-executive Director) and Zong Wenlong (Independent Non-executive Director).

Beijing, the PRC
9 November 2017

** For identification purposes only*