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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)

CONTINUING CONNECTED TRANSACTIONS

PROPOSED LEASE AGREEMENT ENTERED INTO BY THE COMPANY AND BEIJING HUABIN

On 5 December 2017, the Company entered into the Proposed Lease Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, with a term of three years commencing from 1 January 2018 to 31 December 2020.

Beijing Huabin is a wholly-owned subsidiary of Huadian Property, which is owned as to 43.4% by China Huadian, the controlling Shareholder of the Company. As such, according to the Hong Kong Listing Rules, Beijing Huabin is an associate of China Huadian and thus a connected person of the Company. The connected transactions under the Proposed Lease Agreement will constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Rentals of the continuing connected transactions under the Proposed Lease Agreement exceeds 0.1% but is lower than 5%, such transactions shall be subject to the reporting, announcement and annual review requirements under the Listing Rules but is exempt from the independent Shareholders' approval requirement.

BACKGROUND

Reference is made to the announcement of the Company dated 6 November 2014 in relation to, among others, entering into the Existing Lease Agreement by the Company and Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company. As the Existing Lease Agreement will expire on 31 December 2017, the Company intended to renew the Existing Lease Agreement with Beijing Huabin.

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PROPOSED LEASE AGREEMENT

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

Date:	5 December 2017
Parties:	(i). the Company (as tenant); and (ii). Beijing Huabin (as landlord)
Properties:	15/F, 16/F, Building B, Huadian Tower, No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC and certain other supporting facilities. The gross floor area amounted to 10,620.00 sq. m.
Purposes of the properties:	For office usage.
Term:	Commencing from 1 January 2018 to 31 December 2020.
Rentals:	The unit area rental is RMB11/day/ sq. m.
Payment:	The rentals shall be paid quarterly within the first 5 working days prior to the second month of the quarter.

The unit area rental is determined with reference to the current rental rate of certain properties with the same level and similar conditions in Beijing Xidan and its peripheral areas as well as the historical rentals and shall not be higher than the rental rate charged to other members of China Huadian by Beijing Huabin in respect of the lease of properties of Huadian Tower.

HISTORICAL AMOUNTS

During the three years from 1 January 2014 to 31 December 2017, the Company leased 12/F, 15/F and 16/F, Building B, Huadian Tower and some other supporting facilities under the Existing Lease Agreement, with a gross floor area of 15,084.30 sq. m. and the annual rentals of approximately RMB49,000,000 per annum.

PROPOSED ANNUAL CAPS

For the three years ending 31 December 2020, the Annual Rentals payable to Beijing Huabin by the Company will be RMB42,639,300.00 per annum. The Annual Rentals under the Proposed Lease Agreement are determined by multiplying the gross floor area by the unit area rental, while the gross floor area is determined in accordance with the office requirement of the Company and the unit area rental is determined with reference to the rental rate of certain properties of the same level and similar conditions in Beijing Xidan and its peripheral areas as well as the historical rentals.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPOSED LEASE AGREEMENT

Considering the long-term relationship between the Group and Beijing Huabin, the Company considers that it is beneficial to continue to enter into the Proposed Lease Agreement as such transactions have provided the Group a good working environment and will continue to facilitate the operation and growth of the Group's businesses.

The Board (including independent non-executive Directors) consider that the Proposed Lease Agreement is entered into (i) in the ordinary course and usual course of business of the Group; and (ii) on normal commercial terms or better; and the Proposed Lease Agreement and the Annual Rentals are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

Beijing Huabin is a wholly-owned subsidiary of Huadian Property, which is owned as to 43.4% by China Huadian, the controlling Shareholder of the Company. As such, according to the Hong Kong Listing Rules, Beijing Huabin is an associate of China Huadian and thus a connected person of the Company. The connected transactions under the Proposed Lease Agreement will constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Rentals of the continuing connected transaction under the Proposed Lease Agreement exceeds 0.1% but is lower than 5%, such transactions shall be subject to the reporting, announcement and annual review requirements under the Listing Rules but is exempt from the independent Shareholders' approval requirement. Three Directors, namely Zhao Jianguo, Gou Wei and Chu Yu, who serve in China Huadian and its subsidiaries, have abstained from voting on approving Board resolutions in respect of relevant transactions. Saved as disclosed above, as no other Directors have material interests in the above transactions, no Directors are required to abstain from voting on such Board resolutions.

INFORMATION ON THE PARTIES

Information relating to the Group

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

Information relating to Beijing Huabin

Beijing Huabin (formerly known as Beijing Anfu Real Estate Development Co., Ltd.*) is a wholly-owned subsidiary of Huadian Property, which in turn is a 43.4% non wholly-owned subsidiary of China Huadian. Beijing Huabin is mainly engaged in real estate development in Beijing.

DEFINITIONS

Unless the context requires otherwise, the following capitalised terms shall have the meanings as follow:

“Annual Rentals”	means the total amount of rentals payable by the Company to Beijing Huabin per annum pursuant to the Proposed Lease Agreement for the three years ended 31 December 2020;
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Beijing Huabin”	means 北京華濱投資有限公司 Beijing Huabin Investment Company Limited* (formerly known as 北京安福房地產開發有限公司 Beijing Anfu Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability;
“Board”	means the board of Directors of the Company;
“China Huadian”	means 中國華電集團公司 China Huadian Corporation*, a wholly PRC State-owned enterprise, and the controlling Shareholder of the Company, and where the context requires, means China Huadian and its subsidiaries and companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
“Company”	means 華電國際電力股份有限公司 Huadian Power International Corporation Limited*, a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
“Directors”	Means the directors of the Company;
“Existing Lease Agreement”	means the lease agreement entered into by Beijing Huabin (formerly known as 北京安福房地產開發有限公司 Beijing Anfu Real Estate Development Co., Ltd.*) and the Company on 6 November 2014 in respect of the leased properties leased by the Company;
“Group”	means the Company and its subsidiaries as at the date of this announcement;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Huadian Property”	means 華電置業有限公司 Huadian Property Co., Ltd*, a company established in the PRC with limited liability;
“Huadian Tower”	means 中國華電大廈 China Huadian Tower*, an office building located at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC, which is wholly-owned by Beijing Huabin;
“PRC”	means the People’s Republic of China;
“Proposed Lease Agreement”	means the lease agreement proposed to be entered into by Beijing Huabin and the Company on 5 December 2017 in respect of certain properties of Huadian Tower leased by the Company;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	means the shareholders of the Company; and
“%”	means per cent.

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

As at the date of this announcement, the board of Directors 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
5 December 2017

**For identification purposes only*