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If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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華電國際電力股份有限公司

Huadian Power International Corporation Limited*

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

(Stock Code: 1071)

- (1) CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF PURCHASE (SUPPLY) OF FUEL, EQUIPMENT AND
SERVICES FRAMEWORK AGREEMENT;**
- (2) RELATED PARTY TRANSACTIONS: RENEWAL OF FINANCE
LEASE SERVICE FRAMEWORK AGREEMENT;**
- (3) GOVERNMENT’S EXPROPRIATION OF SOME LANDS OF
A SUBSIDIARY OF THE COMPANY WITH COMPENSATION; AND**
- (4) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND ITS APPENDIX**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 33 of this circular. A letter from the Independent Board Committee in relation to the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement is set out on page 34 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement, is set out on pages 35 to 52 of this circular.

The EGM, the A Share Class Meeting and the H Share Class Meeting of the Company will be held at 2:00 p.m., 3:00 p.m. (or immediately after the conclusion of the EGM) and 4:00 p.m. (or immediately after the conclusion of the EGM and the A Share Class Meeting) on Thursday, 30 November 2023 at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC, respectively. A notice convening the EGM and a notice convening the H Share Class Meeting of the Company are set out on pages 64 to 68 of this circular.

Shareholders who intend to appoint a proxy to attend the EGM and/or H Share Class Meeting shall complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM and/or H Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and/or H Share Class Meeting and voting in person if you so wish.

14 November 2023

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DEFINITIONS

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

“A Share Class Meeting”	means the first A Share class meeting of the Company for 2023 to be held at 3:00 p.m. on Thursday, 30 November or immediately after the conclusion of the extraordinary general meeting of the Company at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC;
“Board”	means the board of directors of the Company;
“China Huadian”	means China Huadian Corporation Limited* (中國華電集團有限公司), a wholly PRC state-owned enterprise, and the controlling Shareholder of the Company, and where the context requires, means China Huadian and its subsidiaries and companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
“Class Meetings”	means collectively, the A Share class meeting and the H Share class meeting;
“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 first extraordinary general meeting for 2023 of the Company to be held at 2:00 p.m. on Thursday, 30 November 2023 at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC;

DEFINITIONS

“Existing Finance Lease Service Framework Agreement”	means the finance lease service framework agreement (from 1 July 2023 to 30 June 2024) entered into between Huadian Financial Leasing and the Company on 29 March 2023 in respect of the Finance Leases, the principal terms of which have been disclosed in the announcement of the Company dated 29 March 2023 and its circular dated 28 April 2023;
“Existing 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 11 September 2020 in relation to the mutual supply of fuel and provision of products and services between China Huadian and the Group, the principal terms of which have been disclosed in the announcements of the Company dated 11 September 2020, 26 October 2021 and its circulars dated 9 October 2020, 24 November 2021;
“Finance Leases”	means the finance lease services provided by Huadian Financial Leasing to members of the Group pursuant to the Existing Finance Lease Service Framework Agreement and/or the Proposed Finance Lease Service Framework Agreement;
“Group”	means the Company and its subsidiaries;
“H Share Class Meeting”	means the first H Share class meeting of the Company for 2023 to be held at 4:00 p.m. on Thursday, 30 November or immediately after the conclusion of the extraordinary general meeting and the A Share class meeting of the Company at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC;
“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;

DEFINITIONS

“Huadian Financial Leasing”	means Huadian Financial Leasing Company Limited* (華電融資租賃有限公司), a subsidiary of China Huadian as at the Latest Practicable Date;
“Independent Board Committee”	means the independent committee of the Board, comprising independent non-executive Directors, namely Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling, appointed to advise the Independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and related matters pursuant to the requirements of the Hong Kong Listing Rules;
“Independent Financial Adviser” or “Gram Capital”	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement;
“Independent Shareholders”	means the Shareholders who are not required to abstain from voting for approving (i) the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder; and (ii) the Proposed Finance Lease Service Framework Agreement and the proposed annual caps thereunder;
“Latest Practicable Date”	means 10 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Miscellaneous and Relevant Services”	has the meaning ascribed to it under section II in the Letter from the Board of this circular;
“PRC”	means the People’s Republic of China;
“Proposed Finance Lease Service Framework Agreement”	means the finance lease service framework agreement entered into between Huadian Financial Leasing and the Company on 30 August 2023 in respect of the Finance Leases;

DEFINITIONS

“Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement”	means the fuel, equipments and services purchase (supply) framework agreement entered into between China Huadian and the Company on 11 September 2023 in relation to the mutual supply of fuel and provision of products and services between China Huadian and the Group;
“RMB”	means Renminbi, the lawful currency of the PRC;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“share(s)”	means the share(s) with a par value of RMB1.00 each in the share capital of the Company;
“Shareholder(s)”	means the shareholder(s) of the Company;
“SSE Listing Rules”	means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange;
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company; and
“%”	means per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



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

(A Sino-foreign investment joint stock company limited by shares incorporated in the
People's Republic of China (the "PRC"))
(Stock Code: 1071)

Directors:

Dai Jun (*Chairman, Executive Director*)
Zhao Bing (*Vice Chairman, Non-executive Director*)
Chen Bin (*Executive Director*)
Zhang Zhiqiang (*Non-executive Director*)
Li Qiangde (*Non-executive Director*)
Cao Min (*Non-executive Director*)
Wang Xiaobo (*Non-executive Director*)
Li Guoming (*Executive Director*)
Feng Zhenping (*Independent Non-executive Director*)
Li Xingchun (*Independent Non-executive Director*)
Wang Yuesheng (*Independent Non-executive Director*)
Shen Ling (*Independent Non-executive Director*)

Office address:

No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC

Place of business in Hong Kong:

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

14 November 2023

To the Shareholders,

Dear Sir/Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF PURCHASE (SUPPLY) OF FUEL, EQUIPMENT AND
SERVICES FRAMEWORK AGREEMENT;**
- (2) RELATED PARTY TRANSACTIONS: RENEWAL OF FINANCE
LEASE SERVICE FRAMEWORK AGREEMENT;**
- (3) GOVERNMENT'S EXPROPRIATION OF SOME LANDS OF
A SUBSIDIARY OF THE COMPANY WITH COMPENSATION; AND**
- (4) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
AND ITS APPENDIX**

I. INTRODUCTION

References are made to: (i) the announcements of the Company dated 30 August 2023 and 11 September 2023 in relation to the continuing connected transactions; (ii) the announcements of the Company dated 30 August 2023 and 30 October 2023 in relation to the government's expropriation of some land of a subsidiary of the Company with compensation; and (iii) the announcement of the Company dated 30 October 2023 in relation to the proposed amendments to Articles of Association and its appendix.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions regarding the following matters to be proposed at the EGM and (if applicable) Class Meetings to enable the Shareholders to make their informed decisions as to how to vote at the EGM and (if applicable) Class Meetings:

- (i) the continuing connected transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder;
- (ii) the continuing connected transactions under the Proposed Finance Lease Service Framework Agreement and the proposed annual caps thereunder;
- (iii) the government of Gongshu District in Hangzhou City's expropriation of some land of a subsidiary of the Company with compensation;
- (iv) the government of Qiantang District in Hangzhou City's expropriation of some land of a subsidiary of the Company with compensation; and
- (v) proposed amendments to Articles of Association and its appendix.

II. PROPOSED PURCHASE (SUPPLY) OF FUEL, EQUIPMENT AND SERVICES FRAMEWORK AGREEMENT

1. Background

References are made to the announcements of the Company dated 11 September 2020, 26 October 2021 and the circulars of the Company dated 9 October 2020, 24 November 2021 in relation to, among other things, the continuing connected transactions between the Group and China Huadian under the Existing Fuel, Equipments and Services Purchase (Supply) Framework Agreement, which will expire on 31 December 2023.

On 11 September 2023, the Company entered into the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian to renew the relevant continuing connected transactions under the Existing Fuel, Equipments and Services Purchase (Supply) Framework Agreement with a term of three years from 1 January 2024 to 31 December 2026.

2. Major Terms

The major terms of the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement are set out below:

Date:	11 September 2023
Parties:	the Company; and China Huadian
Term:	Three years commencing from 1 January 2024 and expiring on 31 December 2026

LETTER FROM THE BOARD

Transactions:

Products and services provided by China Huadian to the Group

- (1) supply of fuel by China Huadian to the Group;
- (2) provision of engineering equipment (including but not limited to transducers, recycled water and desulphurisation systems), systems, products, engineering and construction contracting projects and environmental protection system renovation projects by China Huadian to the Group;
- (3) provision of supplies procurement services and miscellaneous and relevant services by China Huadian to the Group, 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) Clean Development Mechanism registration services (清潔發展機制註冊服務) for the development and operation of clean energy projects;
 - (iv) carbon emission management and operation services;
 - (v) relevant quota (such as the quota on power generation rights, 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; and
 - (vi) properties management services for the leasing of Huadian Tower, the office building of the headquarters of the Company (the above (i) to (vi), collectively “**Miscellaneous and Relevant Services**”).

LETTER FROM THE BOARD

Products and services provided by the Group to China Huadian

- (1) supply of fuel by the Group to China Huadian; and
- (2) provision of services such as overhauls and maintenance of generating units of power plants and substitutive power generation and relevant quota services by the Group to China Huadian.

Price determination principles and internal procedures:

The consideration of the transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be 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. The Company has adopted appropriate internal procedures to ensure that (i) for transactions involving the provision of the products and services by China Huadian to the Group, the terms of such transactions will be fair and reasonable and no less favourable to the Group than those provided by independent third parties; and (ii) for transactions involving the provision of the products and services by the Group to China Huadian, the terms of such transactions will be fair and reasonable and no more favourable to China Huadian than those provided to independent third parties.

Mutual supply of fuel

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

LETTER FROM THE BOARD

- (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 is data collected and periodically published by Qinhuangdao 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, the Group primarily conducts consolidated and large-scale coal procurement through Huadian Group Beijing Fuel Logistics Co, Ltd.* (“**Beijing Fuel Logistics**”), a subsidiary it held as to 91%. Based on fuel demand, and with reference to China Coal Transportation and Distribution Association (中國煤炭運銷協會) and other market pricing and annual long-term negotiated prices for coal purchases, Beijing Fuel Logistics determines the maximum purchase price limit with the Group’s regional companies and power plants and obtains reference prices from market coal suppliers on the fuel bidding platform. In the case that there are insufficient suppliers, the implementation of price negotiation is also adopted to finalize the specific purchase price of coal. The coal branches of Beijing Fuel Logistics will complete the online approval process for coal purchase contracts through the fuel purchase information management system based on the coal purchase prices determined by the results of the most recent bidding. If the transaction concerned is a connected transaction, the securities management department of the Company shall also be responsible for collecting the transaction amounts and exercise supervision functions to ensure the fairness of the prices of the connected transaction.

LETTER FROM THE BOARD

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 channels 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 securities management department of the Company shall also be responsible for collecting the transaction amounts and exercise supervision functions to ensure the fairness of the prices of the connected transaction.

In terms of purchasing natural gas, 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.

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Other products and services provided by China Huadian to the Group

The consideration for the provision of products and main services by China Huadian to the Group as contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be determined by reference to the following pricing principles:

- (1) pricing will 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》). The Company will refer to the Management Measures for Bidding of Power Production Engineering of Huadian Power International Corporation Limited*. As set out in the Management Measures for Bidding, the Company will make bid initiations setting out, among other things, the specifications and requirements (including technicality, quality and pricing) of the relevant projects of provision of services, the criteria for assessing the contractors, and the requirements for the bid price. The entire bidding process will be controlled by the leading group for the production engineering bidding, which is led by the deputy general manager in charge and consists of the safety and operation management department, the finance and assets department and the securities management department. The leading group for the production engineering bidding is the decision-making body of the company for production engineering bidding and is responsible for (i) ensuring the adherence to the procedures as set out in the Law of the PRC on Tenders and Bids; (ii) establishing the guiding principles and policies of the company's system production engineering bidding, and making decisions on major issues during the bidding; (iii) examining the rules and regulations and normative documents of the company's production engineering bidding; and (iv) examining the bidding applications, bid evaluation results and the non-bidding applications for the projects that must be tendered for various reasons; and

LETTER FROM THE BOARD

- (2) the bid price offered by the successful bidder under the abovementioned bidding process is subject to further arm's length negotiation between the Company and the successful bidder. Under such circumstances, the Company would make reference to the historical prices and pricing trends of the relevant services and products and ensure that the bid price offered by the successful bidder would be fair and reasonable to the Company and its Shareholders as a whole.

Services provided by the Group to China Huadian

The consideration for the provision of services by the Group to China Huadian as contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be determined with reference to (i) the costs incurred by the Group in providing such services; and (ii) the service fees charged by the Group to independent third parties in providing similar services. With reference to the range of historical profit margin for such services, the pricing process will typically involve an increase by 8% to 20% based on the cost price, and the Company will make corresponding adjustments within the range of profit margin of 8% to 20% based on the type of services and the chance of bidding success. For the overhauls and maintenance services of generating units of power plants, the estimated bidding price will be provided based on historical experience, taking into account the size and the depreciation of the units; for substitutive power generation services, whether to participate in the bidding will be mainly based on the market price set by the local government and the abovementioned reference factors.

LETTER FROM THE BOARD

Regarding the internal procedure for the provision of services by the Group to China Huadian, the relevant business department of the Company providing the relevant services shall propose service fees for the provision of such services with reference to the abovementioned factors, and the safety and operation management department of the Company shall comprehensively assess whether the quotations set for the projects are reasonable and do not prejudice the interests of the Company with reference to the amount of the various costs and expenses of the projects and the service quotations. As the transactions concerned constitute connected transactions of the Company, the securities management department of the Company shall also be responsible for computing the transaction amounts and exercise supervision functions to ensure the fairness of the prices of the connected transactions. The finance and assets department of the Company shall also review such service fees based on the same assessment criteria, with the final approval made by the deputy general manager of the Company responsible for the relevant services.

The Company's independent non-executive Directors will conduct annual reviews of the transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement to ensure compliance with our internal approval procedures, the terms of the relevant agreements and the relevant listing rules.

The Company's auditors will also conduct annual reviews of the continuing connected transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement.

Condition precedent:

The Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement is conditional upon Independent Shareholders' approval at the general meeting.

LETTER FROM THE BOARD

3. Historical Amounts

The actual amounts and the annual caps of the historical transactions under the Existing Fuel, Equipment and Services Purchase (Supply) Framework Agreement for the two years ended 31 December 2022 and for the six months ended 30 June 2023 are set out below:

	For the year ended 31 December 2021		For the year ended 31 December 2022		Actual amount for the six months ended 30 June 2023	Annual cap for the year ending 31 December 2023
	Actual amount (RMB millions)	Annual cap (RMB millions)	Actual amount (RMB millions)	Annual cap (RMB millions)	(RMB millions)	(RMB millions)
Transactions						
<i>Expenditure</i>						
(a) Purchase of fuel from China Huadian	10,081	14,000	10,191	14,000	4,283	14,000
(b) Provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and Miscellaneous and Relevant Services by China Huadian	3,273	8,000	3,284	8,000	624	8,000
<i>Revenue</i>						
(c) Sale of fuel and relevant services to China Huadian	12,490	13,000	1,559 ^{Note}	13,000	5,844	13,000

Note: In 2022, the actual amounts of fuel and relevant services sold by the Group to China Huadian was relatively small, mainly due to (i) the severe impact of the COVID epidemic in 2022 increased the difficulties of unified transportation and sales of coal, and therefore most of the power plants of China Huadian adopted local coal supply channels for coal purchases; and (ii) during the COVID epidemic period, in accordance with the requirements of the national power supply guarantee in 2022, the coal sales companies of the Group mainly increased their supply of coal to the internal power plants of the Group and reduced the volume of coal sales to China Huadian. For the abovementioned reasons combined, the coal sales companies of the Group reduced their coal supply to the power plants of China Huadian, resulting in a decline in the volume of coal sold in 2022. In 2023, the coal sales have resumed normal operation and the size of the coal sales has also returned to normal.

LETTER FROM THE BOARD

4. Proposed Annual Caps

The Directors propose the annual caps for the transactions contemplated under Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement for the three years ending 31 December 2026 as follows:

Transactions	Proposed annual caps for the year ending 31 December 2024 (RMB millions)	Proposed annual caps for the year ending 31 December 2025 (RMB millions)	Proposed annual caps for the year ending 31 December 2026 (RMB millions)
<i>Expenditure</i>			
(a) Purchase of fuel from China Huadian	18,000	18,000	18,000
(b) Provision of engineering equipments, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and Miscellaneous and Relevant Services by China Huadian	8,000	8,000	8,000
<i>Revenue</i>			
(c) Sale of fuel and relevant services to China Huadian	13,000	13,000	13,000

In the process of estimating the annual caps for the purchase of fuel services from China Huadian for the three years ending 31 December 2026, the Company has considered the following factors:

- (i) the amount of purchases of fuel under the Existing Fuel, Equipment and Services Purchase (Supply) Framework Agreement for the half year ended 30 June 2023 of RMB4,283 million, and the estimation that the actual transaction amount will climb close to the annual cap during the fourth quarter of 2023 due to the large amount of settlement, which is in line with the Group's previous practice that the majority of historical transaction amounts were recorded in the fourth quarter of the financial year;
- (ii) the coal price will remain in a relative high level;
- (iii) the growth of the Group's new coal-fired generating units and the increase in power generation volume, resulting in a further increase in the demand on coals; and
- (iv) considering more coal mines of China Huadian will begin commercial operation, the Group's expected increasing purchase amount of thermal coal from China Huadian with fair price to ensure the safe and stable supply attributable to China Huadian's continuously enlarged production capacity of its coal mines and strengthened supply capacity of thermal coal in the following three years.

LETTER FROM THE BOARD

In the process of estimating the annual caps for provision of engineering equipments, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and miscellaneous and relevant services by China Huadian for the three years ending 31 December 2026, the Company has considered the following factors:

- (i) the historical transaction amounts for the three years ending 31 December 2023 as well as the expected transaction amounts; and
- (ii) the Company's estimated demand growth for engineering equipments, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and miscellaneous and relevant services for the three years ending 31 December 2026.

In the process of estimating the annual caps for the sale of fuel and related services to China Huadian for the three years ending 31 December 2026, the Company has considered the following factors:

- (i) the historical transaction amounts for the three years ending 31 December 2023 as well as the expected transaction amounts; and
- (ii) China Huadian's estimated stable demand on fuel and related services for the three years ending 31 December 2026.

5. Reasons for and Benefits of Extension of the Existing Continuing Connected Transactions

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 enter into the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian as such transactions have facilitated the growth of the principal business and installation capacity of the Group.

6. Hong Kong Listing Rules Implications

China Huadian is the controlling Shareholder of the Company (which directly and indirectly holds approximately 45.17% of the total issued share capital of the Company as at the Latest Practicable Date) and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services 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.

LETTER FROM THE BOARD

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 Purchase (Supply) of Fuel, Equipment and Services Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee has been established pursuant to the Hong Kong Listing Rules to advise the Independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and relevant matters. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the same matters.

III. PROPOSED FINANCE LEASE SERVICE FRAMEWORK AGREEMENT

1. Background

On 30 August 2023, the Company entered into the Proposed Finance Lease Service Framework Agreement with Huadian Financial Leasing to renew the relevant continuing connected transactions with a term from 1 January 2024 (if the date of approval by the general meeting is later than that date, effective from the date of approval by the general meeting) to 31 December 2026. On the date of the commencement of the agreement period, the Existing Finance Lease Service Framework Agreement will automatically terminate. As disclosed in the announcement of the Company dated 30 August 2023, the transactions under the Proposed Finance Lease Service Framework Agreement 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 Finance Lease Service Framework Agreement exceeds 0.1% but is less than 5%, 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.

Although the Proposed Finance Lease Service Framework Agreement and the transactions contemplated thereunder are exempt from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions (as related party transactions) are subject to the approval by the Independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

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2. Major Terms

The major terms of the Proposed Finance Lease Service Framework Agreement are set out below:

- Date: 30 August 2023
- Parties: the Company; and Huadian Financial Leasing
- Term: From 1 January 2024 (if the date of approval by the general meeting is later than that date, effective from the date of approval by the general meeting) and up to 31 December 2026. On the date of the commencement of the agreement period, the Existing Finance Lease Service Framework Agreement will automatically terminate.
- Transactions:
- (1) provision of direct lease services (the “**Direct Lease**”) to the Group by Huadian Financial Leasing, among which Huadian Financial Leasing will acquire equipment from supplier(s) according to the choice and requirements of the Group and then lease the equipment as leased property to the Group; the Group shall purchase the relevant equipment under each Direct Lease at a nominal consideration of RMB1 upon the expiry of the lease period of each Direct Lease; and
 - (2) provision of sale and leaseback services (the “**Sale and Leaseback**”) to the Group by Huadian Financial Leasing, among which Huadian Financial Leasing will acquire equipment from the Group and then lease the same equipment back to the Group; the Group shall purchase the relevant equipment under each Sale and Leaseback at a nominal consideration of RMB1 upon the expiry of the lease period of each Sale and Leaseback.

The maximum daily balance of financing that the Group may obtain from Huadian Financial Leasing during the period of the Proposed Finance Lease Service Framework Agreement is RMB6,000 million.

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Price determination principles:

The consideration for the finance lease services under the Proposed Finance Lease Service Framework Agreement was determined at a rate which was (i) not higher than the finance costs for comparable finance lease services available from other financial leasing companies in the PRC; and (ii) not higher than the finance costs for similar finance lease services offered by Huadian Financial Leasing to other member companies of China Huadian.

In respect of each specific agreement to be entered into between the relevant member(s) of the Group and Huadian Financial Leasing, the following factors will be considered in determining the principal and interest payable for the finance lease services:

- (1) the value of the assets expected to be subject to finance leasing; and
- (2) the prevailing interest costs in the market (including but not limited to finance cost of the Group and borrowing cost of PRC banks offered to customers).

In practice, the consideration is subject to mutual consent and confirmation by the parties to the agreement, as well as determination after arm's length negotiation with reference to the then market price and prevailing market conditions, and on terms no less favourable than those with independent third parties.

In addition, the Company would make reference to the historical prices and price trends of the relevant finance lease services and ensure that such price would be fair and reasonable to the Company and its Shareholders as a whole.

Condition precedent:

The Proposed Finance Lease Service Framework Agreement is conditional upon Independent Shareholders' approval at the general meeting.

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3. Internal Control Measures

Before entering into any specific agreements pursuant to the Proposed Finance Lease Service Framework Agreement, the Company will follow the following procedures to ensure that the terms offered by the relevant connected persons of the Company are no less favourable than those available to or from independent third parties (as the case may be):

- (1) the relevant executives of the relevant department (such as finance and assets department) of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons of the Company are fair and reasonable and compare the terms to those offered by independent third parties; and in case where the offers made by independent third parties are more favourable to the Company, the Company will take up those offers; and only upon the approval by relevant deputy general manager in charge of such matter, the specific agreements can be entered into;
- (2) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions for assessing whether the transactions under each specific agreement are conducted in accordance with the terms thereof;
- (3) the Company's independent non-executive Directors will conduct annual reviews of the transactions under the Proposed Finance Lease Service Framework Agreement to ensure compliance with our internal approval procedures, the terms of the relevant agreements and the relevant listing rules; and
- (4) the Company's auditors will also conduct annual reviews of the continuing connected transactions under the Proposed Finance Lease Service Framework Agreement.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure the pricing basis of each specific agreement to be entered into pursuant to the Proposed Finance Lease Service Framework Agreement will be on normal commercial terms, fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and its Shareholders as a whole.

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4. Proposed Annual Caps

For the purpose of the Hong Kong Listing Rules, the Direct Lease involves “acquisition”, while the Sale and Leaseback constitutes “disposal”. The Directors propose the annual caps for each of the Direct Lease and the Sale and Leaseback under the Proposed Finance Lease Service Framework Agreement for the three years ending 31 December 2026 as follows:

Transactions	Proposed annual cap for the year ending 31 December 2024 <i>(RMB millions)</i>	Proposed annual cap for the year ending 31 December 2025 <i>(RMB millions)</i>	Proposed annual cap for the year ending 31 December 2026 <i>(RMB millions)</i>
Direct Lease	1,500	1,500	1,500
Sale and Leaseback	500	500	500

When estimating the abovementioned annual caps, the Company has principally considered the following factors: (i) the Group’s future development plans and its demand for the finance lease services by Huadian Financial Leasing arising from the Group’s daily operation and development (in the case of Direct Lease, the total value of right-of-use assets as to be recognised by the Company, and in the case of the Sale and Leaseback, the estimated amounts of the assets subject to finance leasing arrangement); (ii) the nature, value and expected use life of the equipment to be leased to the Group; (iii) the capability and flexibility of Huadian Financial Leasing in providing finance lease services to the Group; and (iv) the historic transaction amounts.

In determining the proposed annual caps for the Direct Lease, the Company has taken into account the total value of right-of-use assets in connection with our expected new Direct Leases for the agreement period. It is expected that the Group’s capital needs for the Direct Lease for the agreement period are mainly from the coal-fired power generation and gas-fired power generation projects under construction, which mainly include the coal-fired power generation projects in Guangdong and the coal-fired power generation and gas-fired power generation projects in Shandong. With the capital needs of these projects taken into account, the Company had calculated the total value of right-of-use assets and set the annual caps as RMB1,500 million, which will be able to ensure that the Proposed Finance Lease Service Framework Agreement will provide sufficient funds for the financing of the projects of the Group.

The two concepts of “maximum daily balance” and “total value of right-of-use assets” are generally irrelevant, as the “maximum daily balance” is calculated in terms of the accumulative balance of all ongoing financial leasing by the Group from Huadian Financial Leasing as required by, and for the purpose of complying with, the applicable regulatory requirements under the SSE Listing Rules, while the “total value of right-of-use assets” is calculated and set as the annual cap for the Direct Lease under the Proposed Financial Lease Service Framework Agreement pursuant to the Hong Kong Listing Rules.

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In accordance with the requirements under the SSE Listing Rules, the Company's maximum daily balance has been set based on the latest financing balance and the expected capital needs for the agreement period, including: (i) the maximum daily balance of financing by the Group from Huadian Financial Leasing as at the end of 2021 and 2022 is RMB788 million and RMB956 million, respectively; (ii) the expected capital needs of the Group's major project companies for the agreement period are mainly from the existing coal-fired power generation and gas-fired power generation projects; and (iii) the Company needs to have some buffer space for the financing for new Direct Lease and Sale and Leaseback projects that may emerge during the agreement period. Setting the maximum daily balance at RMB6,000 million will ensure that the Group's existing and new projects will receive sufficient financing to meet the Group's needs for development.

Based on the data on the length of lease periods of the Group's finance leases, the Direct Leases have an average lease period of approximately 14.75 years, and the Sale and Leasebacks have an average lease period of approximately 6 years. The Group's operation is rather stable and the paces of our project construction is orderly and gradual, and as a result, there will not be significant fluctuation in the length of lease periods of our Direct Leases and Sale and Leasebacks.

5. Reasons for and Benefits of Renewing and Entering into the Proposed Finance Lease Service Framework Agreement

As the fiscal year in Mainland China starts from 1 January to 31 December of each year, considering the factors such as the convenience of cap control and the accuracy of statistics, it is of the benefit of the Company's operation management to align the agreement period of the Proposed Finance Lease Service Framework Agreement with the fiscal year in Mainland China.

The Finance Leases contemplated under the Proposed Finance Lease Service Framework Agreement are expected to reduce the Company's finance costs, improve its capital utilization rate and thereby promote its business development. Additionally, the Finance Leases can provide stable, reliable and low-cost financial support for the Group's power generation projects and lay a solid foundation for the Group's future daily operations.

IV. INFORMATION ON THE PARTIES

Information relating to the Group

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

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Information relating to China Huadian

As at the Latest Practicable Date, China Huadian, the controlling Shareholder of the Company, directly and indirectly holds approximately 45.17% of the total issued share capital of the Company. 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. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.

Information relating to Huadian Financial Leasing

Huadian Financial Leasing is a financial leasing company established with the approval by Tianjin Commission of Commerce in the PRC. Huadian Financial Leasing may provide direct lease, sublease, sale and leaseback, leveraged lease, trust lease, joint lease and different types of finance lease services to China Huadian and its member companies. Huadian Financial Leasing is a subsidiary of China Huadian, and its equity interest is indirectly owned as to 55.01% by China Huadian as at the Latest Practicable Date.

V. GOVERNMENT OF GONGSHU DISTRICT IN HANGZHOU CITY'S EXPROPRIATION OF SOME LAND OF A SUBSIDIARY OF THE COMPANY WITH COMPENSATION

For promoting the construction of the Grand Canal National Cultural Park, the Government of Gongshu District in Hangzhou City intends to expropriate the land use rights and overground assets of No. 1 and No. 2 Ash Warehouses of Hangzhou Huadian Banshan Power Generation Co., Ltd. (杭州華電半山發電有限公司, hereinafter referred to as “**Banshan Company**”), a majority owned subsidiary of the Company) and a green belt, which are respectively located at Kangqiao Street and the west side at Gongkang Road in Gongshu District (hereinafter referred to as the “**Expropriation in Gongshu District**”). The Expropriation involves a land area of 39,281 square meters and a house area of 235.58 square meters. Specifically, the land use rights and overground assets within the occupied area of No. 1 and No. 2 Ash Warehouses shall be compensated with a total of RMB54,450,200, and Banshan Company's overground appendages, including the enclosing wall, which are attached to the green belt at the west side of Gongkang Road, shall be compensated with a total of RMB1,151,500. Therefore, the total compensation amount for the Expropriation in Gongshu District shall be RMB55,601,700.

As the Company has no discretion to act in any opposite manner, the Expropriation in Gongshu District does not constitute a transaction under Chapter 14 of the Hong Kong Listing Rules.

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1. Overview of the Basic Information

(1) Situation of No. 1 and No. 2 Ash Warehouses

No. 1 and No. 2 Ash Warehouses to be expropriated this time are located at Kangqiao Street in Gongshu District, with a land area of 59,239 square meters, and the land belongs to allocated industrial land. The land area in Gongshu District to be expropriated this time is 39,281 square meters, the house area is 235.58 square meters, and the remaining land in Gongshu District, the area of which is 19,958 square meters, will be used continuously by the ancillary production facilities of Banshan Company's gas turbines. As Banshan Company's coal machines have been removed, the Ash Warehouses are no longer used, and there are no assets in use on the land to be expropriated, the expropriation of No. 1 and No. 2 Ash Warehouses will not affect the normal production and operation of Banshan Company. As of 31 May 2023, the original book value of the above assets was RMB505,700 and the net value was nil.

(2) Situation of the green belt at the west side of Gongkang Road

As some of the state-owned land to be expropriated (referring to the land planned for municipal administration, road, landscaping and other usages to be managed by administrative units such as the Department of Municipal Administration, the Transport Department and the landscaping Administrative Department, and met the following conditions: the scope of land shall be determined by the Urban planning Department; the collectively-owned land shall be expropriated or the formalities for the allocation of the right to use of the state-owned land shall be gone through by the construction unit in place of the urban people's government; the construction unit shall be responsible for removing the existing overground structures and helping the existing residents settle down and finding suitable places for units) at the east side of No. 203 Gongkang Road (i.e. the green belt at the west side of Gongkang Road) involves Banshan Company's appendages, such as the enclosing wall, which shall be pulled down, Banshan Company will be compensated. Because of the long history, the above assets are not separately presented in the accounts of Banshan Company.

2. Expropriation Plan

(1) The Expropriation plan of No. 1 and No. 2 Ash Warehouses

On 9 October 2022, the "Letter on the Requirement to Cooperate in the Expropriation of the Ash Warehouses of Hangzhou Huadian Banshan Power Generation Co., Ltd." was issued by the Comprehensive Improvement, Protection and Development Command of Beijing-Hangzhou Grand Canal in Gongshu District of Hangzhou City (hereinafter referred to as the "**Command**"), which requires cooperation in the expropriation of the houses and land belonging to the Ash Warehouses of Banshan Company located in Yiqiao Village, Kangqiao Town, Hangzhou City. Such land and houses have been evaluated by Zhejiang Zhongcheng Real Estate Evaluation Co., Ltd. (浙江眾誠房地產評估有限公司, hereinafter referred to as "**Zhongcheng Real Estate Evaluation Company**") and Zhejiang Zhengda Asset Appraisal Co., Ltd. (浙江正大資產評估有限公司, hereinafter referred to as "**Zhengda Asset Appraisal Company**"), which are engaged by the Command. According to the relevant policies and

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regulations and the actual evaluation, the total compensation for the expropriation of No. 1 and No. 2 Ash Warehouses shall be RMB54,450,200 after full negotiation. Banshan Company and the Command will sign the Compensation Agreement on Enterprise Expropriation, and the compensation will be paid in two installments after such agreement is signed and takes effect, i.e. 50% of the compensation will be paid within 10 working days after Banshan Company transfers all of the land, houses and non-removable equipment and facilities within the expropriation scope to the Command, and the remaining compensation will be paid in a lump sum within 10 working days after relevant title certificates are changed.

(2) The Expropriation plan of the green belt at the Gongkang Road

On 14 February 2022, the “Letter on the Requirement to Cooperate in the Expropriation of the green belt at Gongkang Road of Hangzhou Huadian Banshan Power Generation Co., Ltd.” was issued by Hangzhou Canal Group Construction Management Co., Ltd. (杭州運河集團建設管理有限公司, hereinafter referred to as the “**Hangzhou Canal Group**”), which requires cooperation in the expropriation of the green belt at the west side of Gongkang Road. These land appendages have been evaluated by Zhongcheng Real Estate Evaluation Company engaged by the Command, and the equipment and facilities have been evaluated by Zhengda Asset Appraisal Company engaged by Hangzhou Canal Group. According to the relevant policies and regulations and the actual evaluation, the total compensation for the expropriation of the green belt at Gongkang Road shall be RMB1,151,500 after full negotiation. Banshan Company and Hangzhou Canal Group will sign the Compensation Agreement on Enterprise Expropriation, and the compensation will be paid in one lump sum within 7 working days after such agreement is signed and becomes effective.

3. Main Contents of the Compensation Agreements on Expropriation

(1) The Compensation Agreement on the Expropriation of No. 1 and No. 2 Ash Warehouses

(i) Parties

Party A: the Comprehensive Improvement, Protection and Development Command of Beijing-Hangzhou Grand Canal in Gongshu District of Hangzhou City

Party B: Hangzhou Huadian Banshan Power Generation Co., Ltd.

(ii) Compensation amount

Party B’s land, houses, decoration and equipment within the expropriation scope of No. 1 and No. 2 Ash Warehouses have been evaluated by Zhongcheng Real Estate Evaluation Company and Zhengda Asset Appraisal Company, and the evaluated total compensation amount is RMB49,736,357 (in words: say RMB four hundred and ninety million seven hundred and thirty-six thousand three hundred and fifty-seven), of which

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RMB46,542,092 is for land compensation, RMB96,872 is for house compensation, RMB110,936 is for decoration compensation and RMB1,286,891 is for appendage compensation and RMB1,699,566 is for the equipment compensation.

According to Hang Zheng Ban Han [2004] No. 250, Hang Zheng Han [2020] No. 105, Hang Zheng Han [2015] No. 125 and other documents, Banshan Company was granted relocation subsidies of RMB18,846, transition subsidies of RMB31,097 and subsidies for production and business suspension of RMB4,663,896, totaling RMB4,713,839.

In summary, due to the expropriation of Party B's land, houses and related equipment and facilities, Party A shall actually compensate Party B a total of RMB54,450,196 (in words: say RMB fifty-four million four hundred and fifty thousand one hundred and ninety-six).

(iii) The payment method of the compensation amount

After Party B transfers all of the land, houses and non-removable equipment and facilities within the expropriation scope of No. 1 and No. 2 Ash Warehouses to Party A, Party A shall pay RMB27,225,098 to Party B within 10 working days; Party A shall cooperate with Party B on changing the relevant title certificates, and Party A shall make the final payment of RMB27,225,098 in a lump sum to Party B within 10 working days after the completion of the change registration.

(iv) Responsibility of Default

Both Party A and Party B must fulfill all the terms in this agreement, otherwise, they shall bear the corresponding responsibility of default, and the default party shall bear the legal liability in accordance with the provisions of relevant laws and regulations.

(v) The conditions for the agreement to take effect

The agreement will become effective after it is signed and affixed with seals by the authorized representatives of both parties and considered and approved at the general meeting of shareholders of the Company.

(2) *The Compensation Agreement on the Expropriation of the Green Belt at the Gongkang Road*

(i) Parties

Party A: Hangzhou Canal Group Construction Management Co., Ltd.

Party B: Hangzhou Huadian Banshan Power Generation Co., Ltd.

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(ii) Compensation amount

As Party B's appendages of certain state-owned land to be expropriated at the east side of No. 203 Gongkang Road in Hangzhou City fall within the expropriation scope of the green belt at Gongkang Road, the compensation amount for such appendages shall be RMB1,095,294, which has been evaluated by Zhejiang Zhongcheng Real Estate Evaluation Firm Co., Ltd., and the compensation amount of the equipment and facilities shall be RMB56,178, which has been evaluated by Zhejiang Zhengda Asset Appraisal Co., Ltd.. In summary, the total compensation amount of Party B's overground appendages and other properties falling within the expropriation scope of the green belt at Gongkang Road shall be RMB1,151,472 (in words: say RMB one million one hundred and fifty-one thousand four hundred and seventy-two).

(iii) The payment method of the compensation amount

Party A shall pay the compensation amount of RMB1,151,472 in a lump sum to Party B within 7 working days following the date on which the agreement is signed and takes effect.

(iv) Responsibility of Default

Both Party A and Party B must fulfill all the terms in this agreement, otherwise, they shall bear the corresponding responsibility of default. The default party shall bear the legal liability in accordance with the provisions of the Civil Code of the People's Republic of China.

(v) The conditions for the agreement to take effect

The agreement will become effective after it is signed and affixed with seals by the authorized representatives of both parties and considered and approved at the general meeting of shareholders of the Company.

4. The Impact of the Land and Related Asset Expropriation on the Company

The land use rights and overground assets within the occupied area of No. 1 and No. 2 Ash Warehouses of Banshan Company and Banshan Company's overground appendages, including the enclosing wall, which are attached to the green belt at the west side of Gongkang Road fall within the expropriation scope. The normal production and operation of Banshan Company will not be affected. Meanwhile, the Expropriation in Gongshu District can revitalize Banshan Company's ineffective stock assets and increase the proceeds from the disposal of its assets. The proceeds from the Expropriation in Gongshu District account for 55.71% of the audited net profit of the Company for the latest financial year, and the Company will carry out accounting treatment in accordance with the relevant requirements of the Accounting Standards for Business Enterprises.

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5. Procedures for Considering the Land and Related Asset Expropriation

The Proposal on the Government's Expropriation of Some Land of Hangzhou Huadian Banshan Power Generation Co., Ltd. has been considered and approved at the Second Meeting of the Tenth Session of the Board of Directors of the Company convened on 30 August 2023, and has been resolved to be submitted as an ordinary resolution to the EGM for consideration and approval.

VI. GOVERNMENT OF QIANTANG DISTRICT IN HANGZHOU CITY'S EXPROPRIATION OF SOME LAND OF A SUBSIDIARY OF THE COMPANY WITH COMPENSATION

For the construction of the East Bay Metro of Qiantang District in Hangzhou City, the People's Government of Qiantang District in Hangzhou City intends to expropriate the former ash warehouse of coal-fired generating units accident in Xiasha Economic Development Zone of Banshan Company (hereinafter referred to as the "**Expropriation in Qiantang District**"). The Expropriation in Qiantang District involves a land area of 347,824 square meters, and the total compensation amount of Banshan Company for this land resumption shall be RMB331,118,200.

As the Company has no discretion to act in any opposite manner, the Expropriation in Qiantang District does not constitute a transaction under Chapter 14 of the Hong Kong Listing Rules.

1. Overview of the Basic Information of the Land to be expropriated

The land to be expropriated are located at Xiasha Economic Development Zone of Qiantang District in Hangzhou City, east to Anlan Road, south to Yin Hai Street, west to Wenhai North Road, north to Haining Boundary. The land belongs to state-owned land and the use of land is VIII agricultural land, and there is no agreed tenure of land use. The land area of the expropriation stated on certificate is 347,824 square meters.

On 11 July 2000, Banshan Company officially obtained the Land Use Right Certificate for ash warehouse of coal-fired generating units accident. Since the cessation of Banshan Company's coal machines in 2015, the land has been retained for development as existing land, and there are no assets in use on the land to be expropriated. The Expropriation in Qiantang District will not affect the normal production and operation of Banshan Company. As of 30 October 2023, the book value of the above assets was nil.

2. Expropriation Plan

Since the People's Government of Qiantang District in Hangzhou City (hereinafter referred to as the "**Government**") initiated the matter of land resumption in 2017, Banshan Company continuously adhered to the principle of maximizing the interests of the enterprise, and has conducted prolonged and multiple rounds of negotiation with each function department

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of the Government in relation to the price of resumption, and the Government finally agreed a total compensation amount of approximately RMB331 million for the land resumption, which is an increase of approximately RMB219 million as the appraised value.

Banshan Company entered into the Compensation Agreement for the Resumption of State-owned Land Use Right with City Organic Renewal Development Center of Qiantang District of Hangzhou City (hereinafter referred to as the “**Development Center**”), which was established by the Government to assist in land resumption. The compensation shall be paid in full and in one lump sum within 6 months after the effective date of the agreement, and Hangzhou Qiantang New Area Construction and Investment Group Co., Ltd. (hereinafter referred to as the “**CIG**”) provided mortgage guarantee for the obligation of the Development Center to pay the compensation with the properties in its name located in Building 11, Building 4 and part of Building 5 of Zhiyong East Lake Science and Technology Innovation Center, Yipeng Street, Qiantang New Area, Hangzhou (with a total gross floor area of 21,968.41 square meters and 200 ancillary parking spaces). Within one month after the effective date of the compensation agreement, Banshan Company and CIG will complete the signing of the mortgage contract and the mortgage registration. Banshan Company will deliver the land to the Development Center after completing the mortgage procedures.

3. Contents of the Compensation Agreement on Expropriation

(i) Parties

Party A: City Organic Renewal Development Center of Qiantang District of Hangzhou City

Party B: Hangzhou Huadian Banshan Power Generation Co., Ltd.

(ii) Compensation method and amount

Party B agreed on the recovery of land use rights by Party A with a payment. After negotiation, the recovery of the land will be carried out with the principle of equal value and by means of monetary compensation, and Party A shall recover the land use right of the above state-owned land. The recovery of the land use right of the above state-owned land shall grant Party B a total compensation amount of RMB331,118,200 (in words: say RMB three hundred and thirty-one million one hundred and eighteen thousand two hundred).

(iii) The payment method of the compensation amount

Party A shall pay all the compensation amount of RMB331,118,200 (in words: say RMB three hundred and thirty-one million one hundred and eighteen thousand two hundred) in a lump sum to Party B within 6 months following the date on which the agreement takes effect.

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(iv) Compensation guarantee

Both Party A and Party B agree that CIG, with its Real Estate located in Buildings 11, 4, and part of Building 5, Zhiyong East Lake Science and Technology Innovation Center, Yipeng Street, Qiantang New Area, Hangzhou City (hereinafter referred to as the “**Guaranteed Real Estate**”, with a total certified gross floor area of 2,077.72 square meters for Building 11, a gross floor area of 19,890.69 square meters for Building 4 and part of Building 5, aggregated gross floor area of 21,968.41 square meters, and 200 ancillary car parks), will provide pledge guarantee to Party A to guarantee its obligation to make compensation payments under this agreement. Prior to Party B’s delivery of the land, Party A shall coordinate the Construction and Investment Group with Party B to enter into a pledge contract with B and go through the pledge procedures.

Evaluated by Zhejiang Zhengheng Real Estate Land Assets Appraisal and Consulting Co., Ltd., of the Guaranteed Real Estate, the value for Real Estate of Building 11, Building 4 and part of Building 5 shall be RMB307,102,200 (in words: say RMB three hundred and seven million one hundred and two thousand two hundred), the value for the car parks shall be RMB24,016,000 (in words: say RMB twenty-four million and sixteen thousand), and the aggregate value for the Guaranteed Real Estate shall be RMB331,118,200 (in words: say RMB three hundred and thirty-one million one hundred and eighteen thousand two hundred), which are recognized by both Party A and Party B.

If the compensation payment stipulated in the Agreement shall be delayed over three months, Party B shall be entitled to obtain priority over the Guaranteed Real Estate. The method of repayment shall prioritize setting off the debt by pledge utilizing the valuation result of RMB331,118,200 (in words: say RMB three hundred and thirty-one million one hundred and eighteen thousand two hundred) for the Guaranteed Real Estate as the value for the Guaranteed Real Estate, to offset all of the compensation payment payable by Party A to Party B. At this time, Party A and Party B shall enter into a separate agreement for the settlement of debts by pledge.

(v) Default provision

If either of Party A, Party B or the guarantor, makes false statements or engages in other actions resulting in the inability to cancel the land ownership certificates, the inability to mortgage the Guaranteed Real Estate (including the ancillary car parks), or the inability to process the registration of the change in property right, the innocent party is entitled to terminate this agreement. If the agreement is temporarily unable to fulfilled due to policy, force majeure, or reasons beyond the Parties, it shall not be deemed as default, and the corresponding term shall be extended.

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(vi) *The conditions for the agreement to take effect*

The agreement will become effective after it is signed and affixed with seals by the authorized representatives of both parties and considered and approved at the general meeting of shareholders of the Company.

4. The Impact of the Expropriation on the Company

The normal production and operation of Banshan Company will not be affected by the expropriation. Meanwhile the expropriation will effectively mitigate the risk of the land being recovered without compensation, further reducing the safety management risk while revitalizing ineffective stock assets, thus increasing the proceeds from the disposal of asset. The Company will carry out accounting treatment in accordance with the relevant requirements of the Accounting Standards for Business Enterprises for the proceeds from the Expropriation in Qiantang District.

5. Procedures for Considering the Expropriation

The Proposal on the Government's Expropriation of Stock Land at Xiasha of Hangzhou Huadian Banshan Power Generation Co., Ltd. has been considered and approved at the Third Meeting of the Tenth Session of the Board of Directors of the Company convened on 30 October 2023, and has been resolved to be submitted as an ordinary resolution to the EGM for consideration and approval.

VII. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION AND ITS APPENDIX

The third meeting of the tenth session of the Board of the Company considered and approved the resolution in relation to the amendments to the articles in the Articles of Association of Huadian Power International Corporation Limited* (the "**Articles of Association**") and its appendix and agreed to submit such resolution to the EGM and the Class Meetings of the Company for consideration and approval.

On 14 February 2023, the State Council of the People's Republic of China (the "**PRC**") (the "**State Council**") issued the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents" (《國務院關於廢止部分行政法規和文件的決定》), and on 17 February 2023, the China Securities Regulatory Commission (the "**CSRC**") issued the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises" (《境內企業境外發行證券和上市管理試行辦法》) and relevant guidance (collectively, the "**New Regulations**"), which came into effect on 31 March 2023. On the same day when the New Regulations became effective, the "Mandatory Provisions for Articles of Association of Companies Listed Overseas" (《到境外上市公司章程必備條款》) (the "**Mandatory Provisions**") and the "State Council's Special Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies" (《國務院關於股份有限公司境外募集股份及上市的特別規定》) were repealed. Additionally, holders of A Shares and

LETTER FROM THE BOARD

H Shares are no longer regarded as different classes of shareholders, and therefore, the class meeting requirement applicable to holders of A Shares and H Shares are no longer necessary. In light of the above, the Hong Kong Stock Exchange has adopted certain consequential amendments to the Hong Kong Listing Rules, which became effective on 1 August 2023.

The Board believes that the removal of the provisions relating to the class meeting in the Articles of Association of the Company will not compromise the protection of H Shareholders and will not have a significant impact on shareholder protection measures, as A Shares and H Shares are considered as the same class of ordinary shares under the PRC law and the substantive rights attached thereto, including voting rights, dividends, and distribution of assets upon liquidation, are the same.

Accordingly, the Board proposed amendments to relevant provisions in the Articles of Association and its Appendix (as part of the Articles of Association) (the “**Amendments**”). Please refer to appendix II for details of the Amendments. The Amendments shall be subject to the consideration and approval at the EGM and the Class Meetings by way of special resolutions.

Upon the Amendments becoming effective, the Company will continue to comply with the Hong Kong Listing Rules, meet the core shareholder protection standards by adhering to the PRC laws in combination with its constitutional documents pursuant to Appendix 3 to the Hong Kong Listing Rules, and will further ensure its ongoing compliance with the above standards.

VIII. EGM AND CLASS MEETINGS

The Directors proposed to put forward the aforesaid resolutions for consideration and approval by the Shareholders or the Independent Shareholders (as the case may be) at the EGM, and put forward the resolution on the proposed amendments to articles of association and its appendix at the Class Meetings.

As at the Latest Practicable Date, China Huadian, which holds 4,534,199,224 issued A shares of the Company, representing approximately 44.33% of the 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 0.84% of the total issued share capital of the Company, will abstain from voting for approving (i) the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder; and (ii) the Proposed Finance Lease Service Framework Agreement and the annual caps thereunder. Save as mentioned above, to the best of the Directors’ knowledge, information and belief, none of the other Shareholders has any material interest in the matters contained in this circular and therefore will be required to abstain from voting on the relevant resolutions at the EGM and Class Meetings.

LETTER FROM THE BOARD

IX. RECOMMENDATIONS

Given that Mr. Dai Jun, Mr. Zhang Zhiqiang, Mr. Li Qiangde and Ms. Cao Min, the Directors of the Company, held positions in China Huadian, they have abstained from voting on the resolutions regarding the above mentioned continuing connected transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement at the second meeting of the tenth session of the Board. Save as mentioned above, no other Directors have any material interest in the matters contained in this circular and therefore no other Directors have abstained from voting on relevant Board resolutions.

The Board (including the independent non-executive Directors) are of the opinion that the aforesaid resolutions are in the interests of the Company and its Shareholders as a whole; the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group; and the proposed annual caps under such agreements are fair and reasonable.

Accordingly, the Directors recommend the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to be proposed at the EGM and Class Meetings.

X. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Gram Capital and the additional information set out in the appendix to this circular.

Yours faithfully,

For and on behalf of the Board

Huadian Power International Corporation Limited*

Dai Jun

Chairman

* *For identification purpose only*



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)

14 November 2023

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed to form the Independent Board Committee to consider and advise whether the terms of the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the continuing connected transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the related proposed annual caps. Terms used herein shall have the same meanings as those defined in this circular unless the context otherwise requires.

We wish to draw the attention of the Independent Shareholders to the letter from the Board, the letter from the Independent Board Committee and the letter of advice from Gram Capital, set out on pages 5 to 33, page 34 and pages 35 to 52 of this circular, respectively.

Having considered the information contained in the letter from the Board and taking into account the advice and recommendation given by Gram Capital, we are of the view that (i) the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the continuing connected transactions contemplated thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the related proposed annual caps under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement are fair and reasonable.

Accordingly, we recommend the Independent Shareholders to vote in favour of the aforementioned agreement, the transactions contemplated thereunder and the related proposed annual caps at the EGM.

Yours faithfully,
Independent Board Committee of
Huadian Power International Corporation Limited*
Feng Zhenping, Li Xingchun, Wang Yuesheng, Shen Ling
Independent Non-executive Directors

* *For identification purpose only*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

14 November 2023

*To: The independent board committee and the independent shareholders
of Huadian Power International Corporation Limited**

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 November 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As announced by the Company on 30 August 2023 (the “**Announcement Date**”), the continuing connected transactions between the Group and China Huadian under the Existing Fuel, Equipments and Services Purchase (Supply) Framework Agreement will expire on 31 December 2023.

On 11 September 2023, the Company entered into the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian to renew the relevant continuing connected transactions under the Existing Fuel, Equipments and Services Purchase (Supply) Framework Agreement with a term of three years from 1 January 2024 to 31 December 2026.

Pursuant to the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement, China Huadian will (i) supply fuel to the Group (the “**Fuel Purchase Transactions**”); and (ii) provide engineering equipment (including but not limited to transducer, recycled water and desulphurisation systems), systems, products, engineering and construction contracting projects and environmental protection system renovation projects by China Huadian to the Group; and (iii) provide Miscellaneous and Relevant Services to the

LETTER FROM GRAM CAPITAL

Group (together with (ii), the “**Product and Service Transactions**”), and the Group will sell fuel and provide services such as overhauls and maintenance of generating units of power plants and alternative power generation and relevant quota services to China Huadian (the “**Sale Transactions**”).

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company, and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the EGM.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to the discloseable and connection transactions of the Company, details of which are set out in the Company’s circular dated 27 October 2021. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date. Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital’s independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful

LETTER FROM GRAM CAPITAL

consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Huadian and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Group is one of the largest comprehensive energy companies in the PRC, which is principally engaged in the construction and operation of power plants, including large-scale efficient coal or gas-fired generating units and various hydropower projects.

Set out below are the financial information of the Group for the two years ended 31 December 2022 and for the six months ended 30 June 2023 (together with comparative figures), as extracted from the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the Company's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"), respectively:

	For the six months ended 30 June 2023 ("1H2023") RMB'000 (<i>unaudited</i>)	For the six months ended 30 June 2022 ("1H2022") RMB'000 (<i>unaudited</i>)	Change from 1H2022 to 1H2023 %	For the year ended 31 December 2022 ("FY2022") RMB'000 (<i>audited</i>)	For the year ended 31 December 2021 ("FY2021") RMB'000 (<i>audited</i>)	Change from FY2021 to FY2022 %
Turnover	59,053,025	48,945,471	20.65	105,960,339	101,168,876	4.74
– Sale of electricity	47,129,670	43,015,885	9.56	95,495,823	82,047,326	16.39
– Sale of heat	5,482,148	4,899,666	11.89	8,970,609	7,504,897	19.53
– Sale of coal	6,441,207	1,029,920	525.41	1,493,907	11,616,653	(87.14)
Operating profit/(loss)	2,186,102	(872,236)	N/A	(4,183,994)	(14,441,483)	(71.03)
Profit/(loss) for the period/year attributable to the equity holders of the Company	2,876,840	1,590,517	80.62	(30,791)	(3,255,963)	(99.05)

As illustrated in the above table, the Group's turnover increased from approximately RMB101.2 billion for FY2021 to approximately RMB106.0 billion for FY2022, representing an increase of approximately 4.74%. With reference to the 2022 Annual Report, such increase was mainly due to rising on-grid price of coal-fired generation units.

LETTER FROM GRAM CAPITAL

The Group's operating loss and loss attributable to equity holders of the Company for FY2022 decreased by approximately 71.03% and approximately 99.05% respectively, as compared to that for FY2021. With reference to the 2022 Annual Report, such decreases were mainly due to the combined impact of the Group's full implementation of the national energy supply assurance policy, the implementation of multiple measures to deepen quality and efficiency improvement, the gradual implementation of the policy of rising on-grid price of coal-fired generation units and the year-on-year increase in earnings from equity investment.

The Group's turnover for 1H2023 also increased by approximately 20.65% as compared to that for 1H2022. With reference to the 2023 Interim Report, such increase was mainly due to the increase in power generation and unit price of the sale of electricity. As a result of the foregoing and the decrease in coal prices, the Group turnaround from operating loss for 1H2022 to operating profit for 1H2023, and there was significant increase in the Group's profit attributable to the equity holders of the Company for 1H2023 as compared to that for 1H2022.

Information on China Huadian

With reference to the Board Letter, 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. As at the Latest Practicable Date, China Huadian directly and indirectly holds approximately 45.17% of total issued share capital of the Company, China Huadian is the controlling Shareholder of the Company.

Reasons for and benefits of the Transactions

With reference to the Board Letter, 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. Considering the long-term relationship between the Group and China Huadian, the Company considers that it is beneficial to enter into the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian as such transactions have facilitated the growth of the principal business and installation capacity of the Group. Upon our enquiry, the Directors advised us that China Huadian Group and the Group had mutually supplied fuel (excluding natural gas) to each other for over 10 years.

LETTER FROM GRAM CAPITAL

With reference to the 2023 Interim Report, as at 30 August 2023, the Group had a total of 45 controlled power generation enterprises which have commenced operations involving a total of approximately 57,284.24 MW controlled installed capacity, primarily including approximately 46,230 MW attributable to coal-fired generating units, approximately 8,589.05 MW attributable to gas-fired generating units and 2,459 MW attributable to hydropower generating units. The Directors advised us that coal is the major raw material of the Group for coal-fired power generation.

As advised by the Directors, the Group's services providers relating to the provision of general contracting, operation and maintenance services and equipment are determined through a competitive bidding process, with China Huadian or its subsidiaries (the "**China Huadian Group**") as potential bidders. Taking into account that (i) China Huadian Group had built up extensive experience and kept reputable records in the market of project contracting, operation and maintenance services; (ii) historically, China Huadian Group provided project contracting services and sold power generation equipment to the Group. Compared with other independent third party service providers, China Huadian Group has established service network and long-term cooperation with the Group, China Huadian Group is more familiar with and has better understanding in the Group's needs, which could provide better services to the Group; and (iii) China Huadian Group provided customized project contracting, operation and maintenance services and sold power generation equipment to the Group at competitive prices, which help the Group to reduce its cost for the Group, the Directors consider that the Product and Service Transactions are beneficial to the Group.

As confirmed by the Directors, as the Transactions have been entered into in the ordinary and usual course of business of the Group and on a frequent and regular basis, (i) it would be costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders as required by the Hong Kong Listing Rules, if necessary; and (ii) service provider under the Product and Service Transactions will be selected through a bidding process, by which all bidders (including the China Huadian Group) have to bid in accordance with the specific timetable, it may be impracticable to seek Independent Shareholders' approval upon confirmation of China Huadian Group's successful bidding. Accordingly, the Directors are of the view that the Transactions will be beneficial to the Company and the Shareholders as a whole.

Having considered the above factors, we consider the Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

Principal terms of the Transactions

Set out below are the principal terms of the Transactions, details of which are set out in the section headed “II. PROPOSED PURCHASE (SUPPLY) OF FUEL, EQUIPMENT AND SERVICES FRAMEWORK AGREEMENT” of the Board Letter:

Date

11 September 2023

Parties

The Company; and China Huadian

Term

Three years commencing from 1 January 2024 and expiring on 31 December 2026

Nature of the Transactions

Products and services provided by China Huadian to the Group

- (1) supply of fuel by China Huadian to the Group;
- (2) provision of engineering equipment (including but not limited to transducers, recycled water and desulphurisation systems), systems, products, engineering and construction contracting projects and environmental protection system renovation projects by China Huadian to the Group; and
- (3) provision of Miscellaneous and Relevant Services by China Huadian to the Group.

Products and services provided by the Group to China Huadian

- (1) supply of fuel by the Group to China Huadian; and
- (2) provision of services such as overhauls and maintenance of generating units of power plants and substitutive power generation and relevant quota services by the Group to China Huadian.

Price determination principles and internal procedures

The consideration of the transactions under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be 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.

LETTER FROM GRAM CAPITAL

Mutual supply of fuel

As advised by the Directors, the subject fuels under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement include coal and natural gas.

As set out in the Board Letter, in practice, the 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 is data collected and periodically published by Qinhuangdao 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.

For our due diligence purpose, we obtained (i) three sets of invoices for the purchase of coal by the Group from (a) China Huadian Group; and (b) independent third parties; and (ii) three sets of invoices for the sale of coal by the Group to China Huadian Group, together with the then prevailing market coal price records as quoted from CQ Coal. We noted from the above that (i) the prices of coal offered by members of China Huadian Group were not higher than those offered by independent third parties to the Group; and (ii) the prices of coal offered by the Group to members of China Huadian Group were not lower than the then equivalent prevailing market prices of coal as quoted from CQ Coal.

With reference to the Board Letter, in terms of purchasing natural gas, the price of natural gas is currently prescribed by the PRC 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 PRC 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.

LETTER FROM GRAM CAPITAL

Other products and services

With reference to the Board Letter, the consideration for the Product and Service Transactions will be determined by reference to the following pricing principles:

- (1) pricing will 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》). The Company will refer to the Management Measures for Bidding of Power Production Engineering of Huadian Power International Corporation Limited*. As set out in the Management Measures for Bidding, the Company will make bid initiations setting out, among other things, the specifications and requirements (including technicality, quality and pricing) of the relevant projects of provision of services, the criteria for assessing the contractors, and the requirements for the bid price. The entire bidding process will be controlled by the leading group for the production engineering bidding, which is led by the deputy general manager in charge and consists of the safety and operation management department, the finance and assets department and the securities management department. The leading group for the production engineering bidding is the decision-making body of the company for production engineering bidding and is responsible for (i) ensuring the adherence to the procedures as set out in the Law of the PRC on Tenders and Bids; (ii) establishing the guiding principles and policies of the company's system production engineering bidding, and making decisions on major issues during the bidding; (iii) examining the rules and regulations and normative documents of the company's production engineering bidding; and (iv) examining the bidding applications, bid evaluation results and the non-bidding applications for the projects that must be tendered for various reasons; and
- (2) the bid price offered by the successful bidder under the abovementioned bidding process is subject to further arm's length negotiation between the Company and the successful bidder. Under such circumstances, the Company would make reference to the historical prices and pricing trends of the relevant services and products and ensure that the bid price offered by the successful bidder would be fair and reasonable to the Company and its Shareholders as a whole.

Upon our request, we obtained three sets of bidding documents relating to the Product and Service Transactions (the “**Individual Contracts**”). We noted from the Individual Contracts and the respective bidding documents that (i) major pricing terms of the Individual Contracts are in line with those of the respective bidding documents; (ii) price offered by China Huadian Group is in compliance with its quotation in bidding documents; and (iii) the Individual Contracts were awarded based on winning bid basis.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the consideration for the provision of services by the Group to China Huadian as contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be determined with reference to (i) the costs incurred by the Group in providing such services; and (ii) the service fees charged by the Group to independent third parties in providing similar services. With reference to the range of historical profit margin for such services, the pricing process will typically involve an increase by 8% to 20% based on the cost price, and the Company will make corresponding adjustments within the range of profit margin of 8% to 20% based on the type of services and the chance of bidding success. For the overhauls and maintenance services of generating units of power plants, the estimated bidding price will be provided based on historical experience, taking into account the size and the depreciation of the units; for substitutive power generation services, whether to participate in the bidding will be mainly based on the market price set by the local government and the abovementioned reference factors.

Upon our enquiry, the Directors advised us that the Company did not provide any service to China Huadian Group under the Existing Fuel, Equipments and Services Purchase (Supply) Framework Agreement during the two years ended 31 December 2022 and the six months ended 30 June 2023.

Internal procedures

With reference to the Board Letter, the Group adopted various measures to ensure the fair pricing of the Transactions, in particular, the Group's various departments will be involved in the Transactions before the entering into of the Transactions. Details of which are set out under the section headed "Price determination principles and internal procedures" of the Board Letter. We consider that the effectiveness of implementation of the measures will ensure the fair pricing of the Transactions.

With reference to the 2022 Annual Report, the Company's auditor was engaged to report on the continuing connected transactions (including the Transactions) for FY2022. The Company's auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules (the "**Auditor's Confirmation**"). The independent non-executive Directors also reviewed the continuing connected transactions (including the Transactions) for FY2022 and confirmed that these transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole (the "**INEDs' Confirmation**").

LETTER FROM GRAM CAPITAL

Proposed annual caps

Set out below are (i) the historical transaction amounts of the Transactions for the three years ended 31 December 2022, together with the historical/existing annual caps; and (ii) the proposed annual caps for the three years ending 31 December 2026:

	For the year ended 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2022 <i>RMB million</i>	For the year ending 31 December 2023 <i>RMB million</i>
<i>Fuel Purchase Transactions</i>			
Historical transaction amounts	10,081	10,191	4,283 (<i>Note</i>)
Historical/existing annual caps	14,000	14,000	14,000
Utilisation rate	72.01%	72.79%	N/A
<i>Product and Service Transactions</i>			
Historical transaction amounts	3,273	3,284	624 (<i>Note</i>)
Historical/existing annual caps	8,000	8,000	8,000
Utilisation rate	40.91%	41.05%	N/A
<i>Sale Transactions</i>			
Historical transaction amounts	12,490	1,559	5,844 (<i>Note</i>)
Historical/existing annual caps	13,000	13,000	13,000
Utilisation rate	96.08%	11.99%	N/A
	For the year ending 31 December 2024 ("FY2024") <i>RMB million</i>	For the year ending 31 December 2025 ("FY2025") <i>RMB million</i>	For the year ending 31 December 2026 ("FY2026") <i>RMB million</i>
<i>Proposed annual caps for:</i>			
– Fuel Purchase Transactions ("Fuel Purchase Caps")	18,000	18,000	18,000
– Product and Service Transactions ("Product and Service Caps")	8,000	8,000	8,000
– Sale Transactions ("Sale Caps")	13,000	13,000	13,000

Note: the figure was for the six months ended 30 June 2023.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, when determining the proposed annual caps for each of the Fuel Purchase Transactions, Product and Service Transactions and Sale Transactions for the three years ending 31 December 2026, the Directors took into account of certain factors, details of which are set out in the sub-section headed “4. Proposed Annual Caps” under the section headed “II. PROPOSED PURCHASE (SUPPLY) OF FUEL, EQUIPMENT AND SERVICES FRAMEWORK AGREEMENT” of the Board Letter.

According to the above table, utilisation rates of the historical annual caps for (i) Fuel Purchase Transactions were approximately 72.01% and 72.79% for FY2021 and FY2022 respectively; (ii) Product and Service Transactions were approximately 40.91% and 41.05% for FY2021 and FY2022 respectively; and (iii) Sale Transactions were approximately 96.08% and 11.99% for FY2021 and FY2022 respectively.

In addition, the proposed annual caps for Fuel Purchase Transactions for each of the three years ending 31 December 2026 represents an increase of approximately 28.6% as compared to the existing annual cap of Fuel Purchase Transactions for the year ending 31 December 2023; while the proposed annual caps for Product and Service Transactions and Sale Transactions for each of the three years ending 31 December 2026 are the same as their respective existing annual caps for the year ending 31 December 2023.

Fuel Purchase Caps

We understood from the Directors that the Fuel Purchase Caps were formulated based on (i) the estimated demand for coal ranging from approximately 20 million tonnes to 22 million tonnes for each of the three years ending 31 December 2026; (ii) the estimated coal price of RMB800 per tonne for the three years ending 31 December 2026; and (iii) a top-up buffer.

Estimated demand for coal

For our due diligence purpose, we enquired into the Directors the total quantity of coal purchased by the Group (in tonnes) for FY2021 and FY2022. We noted that (i) the Group’s coal purchase volume (in tonnes) from China Huadian Group for FY2021 and FY2022 accounted for approximately 15.7% and 17.7% of the Group’s total purchase of coal, respectively, while the estimated quantity of coals to be purchased from China Huadian Group accounted for approximately 22.22% to 23.91% to the estimated total quantity of coal to be purchased by the Group for the three years ending 31 December 2026; (ii) the total quantity of coal purchased by the Group (in tonnes) increased by approximately 2.44% for FY2022 as compared to that for FY2021; and (iii) the estimated quantity of coals to be purchased (in tonnes) for the three year ending 31 December 2026 represented increases of approximately 5.79% to 8.14% as compared to the total quantity of coal purchased by the Group (in tonnes) for FY2022.

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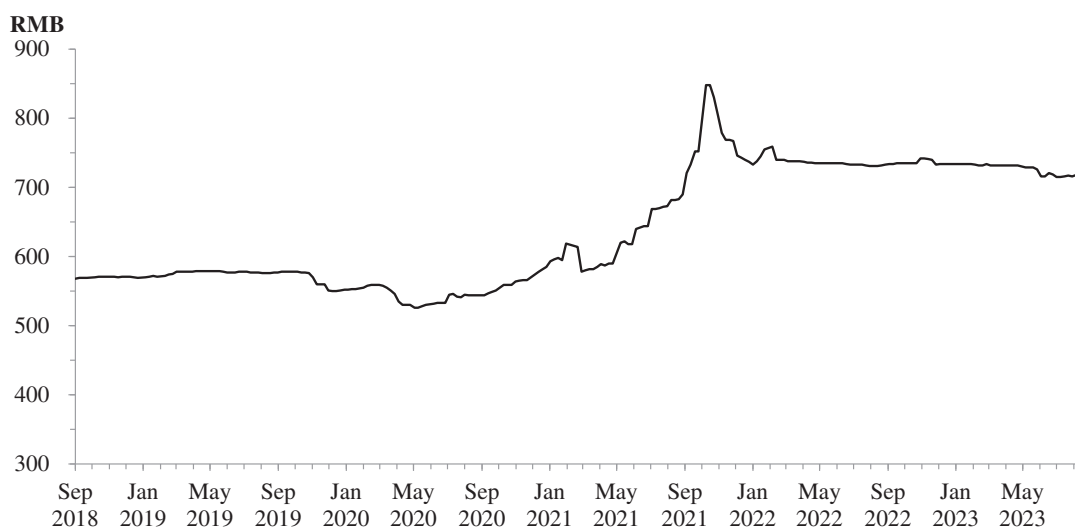
With reference to the 2023 Interim Report, (i) from 1 January 2023 up to 30 August 2023, the aggregated installed capacity of the Group’s newly-added coal-fired generating units was 2,530 MW (“**Newly-added Coal-fired Capacity**”); and (ii) as at 30 August 2023, the aggregated planned installed capacity of the Group’s coal-fired generating units approved and under construction was 3,320 MW (“**Planned Coal-fired Capacity**”). Based on the average utilisation hour of coal-fired generating units of 4,508 hours for FY2022 and the coal consumption for power supply of 287.11g/KWh as set out in the 2022 Annual Report, the Newly-added Coal-fired Capacity and the Planned Coal-fired Capacity shall result in additional demand for coal of approximately 7.6 million tonnes.

With reference to the Board Letter, as more coal mines of China Huadian will begin commercial operation, the Group’s expected increasing purchase amount of thermal coal from China Huadian with fair price shall ensure the safe and stable supply attributable to China Huadian’s continuously enlarged production capacity of its coal mines and strengthened supply capacity of thermal coal in the following three years.

Based on the aforesaid, we do not doubt the reasonableness of the estimated demand for coal (in tonnes) under the Fuel Purchase Transactions for the three years ending 31 December 2026.

Estimated coal price

As aforementioned, the estimated coal price of RMB800 per tonne was adopted in formulating the Fuel Purchase Caps. To assess the fairness and reasonableness of the estimated coal price adopted in formulating the Fuel Purchase Caps, we searched for the weekly Bohai-Rim Steam-Coal Price Index for 5,500kcal/kg (“**BSPI**”) for approximately 5-year period commencing from 5 September 2018 up to and including the Announcement Date (the “**Review Period**”).



Source: Wind Financial Terminal

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The BSPI fluctuated between RMB526 per tonne and RMB585 per tonne during the period from 5 September 2018 to 30 December 2020, before the BSPI formed an increasing trend and reached the highest of RMB848 per tonne as recorded on 13 October 2021 and 20 October 2021. Thereafter, the BSPI formed a decreasing trend from 27 October 2021 to 29 December 2021. From the start of 2022 up to and including the Announcement Date, the BSPI fluctuated between RMB715 per tonne and RMB759 per tonne.

Despite the estimated coal price of RMB800 per tonne is higher than the recent BSPI, given that (i) the Company expected the coal price to remain at relatively high level, as substantiated by the BSPI since the start of 2022 up to and including the Announcement Date; and (ii) the estimated coal price of RMB800 per tonne is within the range of BSPI during the Review Period, we consider the estimated coal price of RMB800 per tonne adopting in formulating the Fuel Purchase Caps to be justifiable.

Top-up buffer

As mentioned above, the Company included a top-up buffer to the estimated transaction amount of Fuel Purchase Transactions to cover the possible demand of fuel by the Group under unexpected circumstances, such as (i) the unexpected increase of demand of fuel (in volume); and (ii) the substantial increase in price of fuel, we are of the view that the buffer to be acceptable.

In light of the above, we are of the view that the Fuel Purchase Caps for the three years ending 31 December 2026 are fair and reasonable.

Product and Service Caps

As advised by the Directors, the majority of the Group's total estimated demand for the Product and Service Transactions for the three years ending 31 December 2026 is the possible demand for engineering and construction contracting services to be provided by China Huadian Group.

With reference to the 2023 Interim Report, as at 30 August 2023, the Group's major generating units approved and under construction are (i) gas-fired generating units with planned installed capacity of 2,881.08 MW in aggregate; (ii) coal-fired generating units with planned installed capacity of 3,320 MW in aggregate; and (iii) pumped storage generating unit with planned installed capacity of 298 MW.

For our due diligence purpose, we enquired into the Directors the average cost unit per KW for construction of the aforesaid power generating units and we noted that the estimated average cost unit per KW is in line with historical average cost unit per KW. Based on the aforesaid, we noted that the Product and Service Caps for three years ending 31 December 2026 in aggregate is less than implied total cost of aforesaid under construction projects.

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We noted from the Company’s annual reports the following information, which the Directors advised us that they had considered the same in formulating the Product and Service Caps:

	2022	2021	2020	2019	2018
Historical transaction amounts for Product and Service Transactions (I) (<i>RMB million</i>)	3,284	3,273	5,422	4,282	5,287
Additions to the Group’s construction in progress (II) (<i>RMB million</i>)	11,633	9,418 (<i>Note</i>)	18,311	13,506	16,917
Percentage of (I) over (II) Average	28.23%	34.75%	29.61%	31.70%	31.25%
			31.11%		

Note: the figure was adjusted and restated in the 2022 Annual Report upon effective of the amendments to the applicable financial reporting standards.

According to the above table, the historical transaction amounts of Product and Service Transactions for the five years ended 31 December 2022 from China Huadian Group ranged from approximately RMB3.3 billion to RMB5.4 billion, representing approximately 28.23% to approximately 34.75% of the Group’s additions to construction in progress (“**Additions to CIP**”) for the respective year, with an average of 31.11% (“**Average Percentage**”).

As noted from the Company’s past annual reports, the Group’s past investment plans for the construction of various projects ranged from RMB13 billion to RMB17 billion for each of the five years ending 31 December 2023. In particular, according to the actual progress of each project, in 2023, the Group plans to invest approximately RMB13 billion to be used for the construction of power source projects, environmental protection and energy-saving technology transformation projects, and other projects (the “**2023 Construction Plan**”). Based on the 2023 Construction Plan and the Average Percentage, the estimated annual demand for Product and Service Transactions would be approximately RMB4.0 billion (the “**Estimated Annual Demand**”).

Furthermore, as also illustrated in the above table, the highest Additions to CIP represents additional investment amounts of approximately RMB5.3 billion over the 2023 Construction Plan (the “**Possible Additional Demand**”). In the event that the intended investment amount for any of the three years ending 31 December 2026 exceeds the investment amount for 2023 Construction Plan (i.e. RMB13 billion) and reached the highest Additions to CIP (i.e. approximately RMB18.3 billion); and on the assumption that such additional construction services would be provided by China Huadian Group under the Product and Service Transactions, the implied possible demand for Product and Service Transactions for the each of the three years ending 31 December 2026 (i.e. RMB9.3 billion, being the sum of Estimated Annual Demand and Possible Additional Demand) would be higher than the Product and Service Caps, which suggested the Product and Service Caps were not overestimated.

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In light of the above factors, we are of the view that the Product and Service Caps for the three years ending 31 December 2026 to be fair and reasonable.

Sale Caps

As illustrated above, the utilisation of the historical annual cap for Sale Transaction for FY2022 was exceptionally low (i.e. 11.99%) as compared to that for FY2021 (i.e. 96.08%). With reference to the Board Letter, such low utilisation was due to (i) the severe impact of the COVID-19 pandemic in 2022 increased the difficulties of unified transportation and sale of coal, and therefore most of the power plants of China Huadian Group adopted local coal supply channels for coal purchases; and (ii) during the COVID-19 pandemic period, in accordance with the requirements of the national power supply guarantee in 2022, the coal sales companies of the Group mainly increased their supply of coal to the internal power plants of the Group and reduced the volume of coal sales to China Huadian Group. We further understood from the Directors that the Group's sale of coal to external customers (including China Huadian Group) resumed normal in 2023.

As illustrated in the section headed "Information on the Group" above, the Group's turnover from sale of coal decreased from approximately RMB11.6 billion for FY2021 to approximately RMB1.5 billion for FY2022, and increased to approximately RMB6.4 billion for 1H2023.

As advised by the Directors, the Sale Caps were formulated based on (i) estimated quantity of coals to be sold to China Huadian Group from approximately 15 million tonnes to 16 million tonnes during each of the three years ending 31 December 2026; (ii) estimated coal price of RMB800 per tonne; and (iii) a top-up buffer. We understood from the Directors that the provision of relevant services by the Group under the Sale Transactions was minimal and was not a principal factor considered in formulating the Sale Caps.

We further enquired into the Directors the historical quantity of coals sold to Huadian Group for the two years ended 31 December 2022 and for 1H2023 and we noted that the estimated quantity of coals to be sold to China Huadian Group for each of the three years ending 31 December 2026 was less than (i) the historical quantity of coals sold to China Huadian Group for FY2021 (where the supply of coal was under normal condition); and (ii) the annualised quantity of coals to be sold to China Huadian Group for the year ending 31 December 2023, based on the quantity of coals sold to China Huadian Group for 1H2023. Accordingly, we consider the estimated quantity of coal to be sold to China Huadian Group during each of the three years ending 31 December 2026 to be justifiable.

We also noted that the estimated coal price under the Sale Transactions is the same as that used in formulating the Fuel Purchase Caps, which was justifiable as analysed above.

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Top-up buffer

As mentioned above, the Company included a top-up buffer to the estimated transaction amount of the Sale Transactions to cover the possible demand for Sale Transactions by China Huadian Group under unexpected circumstances, such as (i) unexpected increase of demand of fuel (in volume); (ii) unexpected increase in fuel price; and (iii) the unexpected demand for relevant services to be provided by the Group, we are of the view that the buffer to be acceptable.

In light of the above, we are of the view that the Sale Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and it does not represent forecasts of revenue to be generated or cost to be incurred from the Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated or cost to be incurred from the Transactions will correspond with the respective proposed annual caps.

Having considered the principal terms of the Transactions as set out above, we are of the view that the terms of Transactions (including the proposed annual caps) are fair and reasonable.

Hong Kong Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the respective annual caps for the period concerned under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement; (ii) the terms of the Transactions (including the proposed annual caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) has not been approved by the Board; (ii) was not, in all material respects, in accordance with the relevant agreement governing the transaction; and (iii) has exceeded the proposed annual caps. In the event that the total amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transaction.

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Given the above stipulated requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT

As at the Latest Practicable Date, so far as the Company is aware, none of the Directors, supervisors, chief executive or members of the senior management of the Company and their respective associates had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, supervisor, chief executive or member of senior management was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the Directors).

Mr. Dai Jun, Mr. Zhang Zhiqiang, Mr. Li Qiangde and Ms. Cao Min, the Directors of the Company, held positions in China Huadian; Mr. Zhao Bing and Mr. Wang Xiaobo, the Directors of the Company, and Mr. Liu Shujun, the supervisor of the Company, held positions in Shandong Development Investment Holding Group Co., Ltd.. Save as disclosed above, as at the Latest Practicable Date, none of the other Directors or supervisors of the Company was also a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. CONSENT AND QUALIFICATION OF EXPERT

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with its letter of advice included in the form and context in which it appears.

The following sets out the qualification of Gram Capital:

Name	Qualification	Date on which the advice is expressed
Gram Capital Limited	Type 6 (advising on corporate finance) regulated activity as defined under the SFO	14 November 2023

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had entered into or was proposing to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, proposed Directors or supervisors or their respective close associates (as defined under the Hong Kong Listing Rules) had any interest in other business which competes or is likely to compete with the business of the Group as if each of them was treated as a controlling Shareholder of the Company under Rule 8.10 of the Hong Kong Listing Rules.

7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors, proposed Directors or supervisors of the Company had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at No. 14800, Jingshi Road, Jinan City, Shandong Province, the PRC.
- (b) The business office of the Company is situated at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.
- (c) The Hong Kong H share registrar and H share transfer office of the Company is Hong Kong Registrars Limited situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) None of the websites appearing in or referred to in this circular or any of the information contained on any such websites forms part of this circular. Neither the Company nor any Director take any responsibility for any information contained on such websites or its accuracy.
- (e) The English text of this circular shall prevail over its Chinese text in the case of inconsistency.

9. DOCUMENTS ON DISPLAY

A copy of the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement is published on the Hong Kong Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular.

	Existing Articles	Amended Articles
	Details of the amendments to the Articles of Association	
1	<p>Article 15</p> <p>Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.</p> <p>The foreign investors referred to in the preceding paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries or the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for shares issued by the Company and who are located within the territory of the PRC other than the abovementioned regions.</p> <p>Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares or simply referred to as “H Shares”.</p> <p>The domestic-invested shares of the Company are deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The overseas-listed foreign-invested shares of the Company are principally placed in the custody of Hong Kong Securities Clearing Company Limited.</p>	<p>Article 15</p> <p>Subject to the approvalregistration or filing of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors in accordance with the laws.</p> <p>The foreign investors referred to in the preceding paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries or the regions of Hong Kong, Macau and Taiwan. Domestic investors mean those investors who subscribe for shares issued by the Company and who are located within the territory of the PRC other than the abovementioned regions.</p> <p>Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign-invested shares. Foreign-invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares or simply referred to as “H Shares”. The domestic-invested shares and the foreign-invested shares are not regarded as different classes of shares unless otherwise provided for in the applicable laws and regulations and/or the relevant Listing Rules.</p> <p>The domestic-invested shares of the Company are deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The overseas-listed foreign-invested shares of the Company are principally placed in the custody of Hong Kong Securities Clearing Company Limited.</p>

	Existing Articles	Amended Articles
		The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights. Shares of the same class and the same issuance shall issue on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it or he or she subscribes for.
2	<p>Article 17</p> <p>Upon the Company's plan for issue of overseas-listed foreign-invested shares and domestic-invested shares being approved by the securities regulatory authority of the State Council, the board of directors of the Company may arrange for implementation of such plan by means of separate issues.</p> <p>The plan for the issue of overseas-listed foreign-invested shares and domestic-invested shares may be implemented respectively by the Company pursuant to the provisions as aforesaid within fifteen (15) months upon the approval of the securities regulatory authority of the State Council.</p>	Deleted
3	<p>Article 18</p> <p>Where the Company issues overseas-listed foreign-invested shares and domestic-invested shares respectively within the total number of shares as stated in the issue plan, the respective shares shall be subscribed for in full at one time. If the shares cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.</p>	Deleted

	Existing Articles	Amended Articles
4	<p>Article 70</p> <p>Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:</p> <p>.....</p> <p>Where that shareholder is a recognised clearing house within the meaning of any applicable rules governing the listing of securities or any other applicable securities laws and regulations, such person or persons authorised by the shareholder as it thinks fit or the corporate representative may act as its representative at any general meeting or any meeting of any class of shareholders or any creditors meeting; but if more than one person is so authorised, the power of attorney must specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the rights on behalf of the recognized clearing house (or its agent) as if such shareholder were an individual shareholder of the Company.</p>	<p>Article 68</p> <p>Any shareholder who is entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:</p> <p>.....</p> <p>Where that shareholder is a recognised clearing house within the meaning of any applicable rules governing the listing of securities or any other applicable securities laws and regulations, such person or persons authorised by the shareholder as it thinks fit or the corporate representative may act as its representative at any general meeting or any meeting of any class of shareholders or any creditors meeting; but if more than one person is so authorised, the power of attorney must specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the rights on behalf of the recognized clearing house (or its agent) as if such shareholder were an individual shareholder of the Company.</p>
5	<p>Article 85</p> <p>The independent directors of a sufficient number, the supervisory committee or shareholders individually or jointly holding 10% or more of shares of the Company may request the convening of an extraordinary general meeting or a class meeting, subject to the following procedures:</p> <p>.....</p>	<p>Article 83</p> <p>The independent directors of a sufficient number, the supervisory committee or shareholders individually or jointly holding 10% or more of shares of the Company may request the convening of an extraordinary general meeting or a class meeting, subject to the following procedures:</p> <p>.....</p>
6	<p>Chapter 9 Special Procedures for Voting by Class Shareholders</p>	<p>Deleted</p>

	Existing Articles	Amended Articles
Details of the amendments to the Rules of Procedures for General Meetings as the Appendix to the Articles of Association		
1	<p>Article 9</p> <p>General meetings can be classified as annual general meetings (the “AGM”) and extraordinary general meetings.</p> <p>All shareholders of the Company are entitled to attend AGMs and extraordinary general meetings.</p> <p>In cases as stipulated in the Articles of Association, the Company shall convene class shareholders’ meetings. Class shareholders are classified in according to different classes of shares held by them. Apart from holders of other classes of shares, holders of domestic-invested shares and overseas-listed foreign-invested shares shall be regarded as different classes of shareholders.</p>	<p>Article 9</p> <p>General meetings can be classified as annual general meetings (the “AGM”) and extraordinary general meetings.</p> <p>All shareholders of the Company are entitled to attend AGMs and extraordinary general meetings.</p> <p>In cases as stipulated in the Articles of Association, the Company shall convene class shareholders’ meetings. Class shareholders are classified in according to different classes of shares held by them. Apart from holders of other classes of shares, holders of domestic-invested shares and overseas-listed foreign-invested shares shall be regarded as different classes of shareholders.</p>
2	<p>Article 12</p> <p>If the Company intends to alter or annul the rights of any class of shareholders, it shall have such alteration or annulment approved by a special resolution at the general meeting and by the shareholders of the affected class at a meeting separately convened for such purpose in accordance with the provisions of the Articles of Association.</p>	<p>Deleted</p>
3	<p>Article 22</p> <p>Shareholders individually or jointly holding 10% or more of the shares may propose to convene an extraordinary general meeting or a class meeting by signing and submitting one or several written requests with the same format and contents in which the agenda of the meeting shall be set out clearly, and submit to the Board proposals which meet the requirements of these Rules.</p>	<p>Article 21</p> <p>Shareholders individually or jointly holding 10% or more of the shares may propose to convene an extraordinary general meeting or a class meeting by signing and submitting one or several written requests with the same format and contents in which the agenda of the meeting shall be set out clearly, and submit to the Board proposals which meet the requirements of these Rules.</p>

	Existing Articles	Amended Articles
4	<p>Article 23</p> <p>Proposals submitted at a general meeting involving any of the following circumstances are deemed as alteration or annulment of the rights of shareholders of a certain class, and the Board shall submit such proposals to a class meeting for consideration:</p> <ol style="list-style-type: none"> (1) to increase or decrease the number of shares of that class, or increase or decrease the number of shares of another class having voting rights, distribution rights or other privileges equal or superior to those of the shares of that class; (2) To convert all or part of the shares of such class into another class, or convert all or part of the shares of other classes into shares of such class, or grant rights to effect such conversion; (3) To cancel or reduce the rights in respect of accrued dividends or cumulative dividends attached to shares of such class; (4) to reduce or cancel the priority to dividends or to distribution of assets (in the event of liquidation of the Company) attached to shares of such class; (5) to increase, cancel or reduce the right of conversion, options, voting rights, the right to transfer, priority in placement and the right to acquire securities of the Company attached to shares of such class; (6) to cancel or reduce the right to receive payables in specific currencies from the Company attached to shares of such class; 	<p>Deleted</p>

	Existing Articles	Amended Articles
	<p>(7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;</p> <p>(8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;</p> <p>(9) to issue the right to subscribe for, or convert into, shares of such or another class of shares;</p> <p>(10) to increase the rights and privileges attached to shares of other classes;</p> <p>(11) to conduct the proposed restructuring of the Company in such a way that may result in the holders of different classes of shares having to assume disproportionate liabilities;</p> <p>(12) to alter or repeal the provisions in Chapter 9 “Special Procedures for Voting by Class Shareholders” of the Articles of Association.</p>	
5	<p>Article 26</p> <p>A notice of a class meeting shall be delivered exclusively to shareholders entitled to vote at such meeting.</p>	<p>Deleted</p>

	Existing Articles	Amended Articles
6	<p>Article 62</p> <p>Shareholders of the affected class, whether or not having the right to vote at general meetings, shall have the right to vote at the relevant class meeting in relation to any of the matters under Articles 23(2) to (8) and Articles 23(11) to (12) of these Rules, but interested shareholders shall not be entitled to vote at the relevant class meeting.</p> <p>Interested shareholders mentioned in the preceding paragraph shall have the following meanings:</p> <p>(1) in the case of an offer by the Company to repurchase its own shares to all shareholders on a pro rata basis or a repurchase by the Company of its own shares on a stock exchange in accordance with the provisions in Article 27 of the Articles of Association, “interested shareholder” shall mean the controlling shareholder as defined in Article 56 of the Articles of Association;</p> <p>(2) in the case of a repurchase by the Company of its own shares by an off-market agreement in accordance with the provisions in Article 27 of the Articles of Association, “interested shareholders” shall mean the shareholders connected with such agreement;</p> <p>(3) in the case of a proposed restructuring of the Company, “interested shareholder” shall mean a shareholder of a class assuming a smaller proportion of liabilities than the other shareholders of that class or who has interests different from those of the other shareholders of the same class.</p>	<p>Deleted</p>

	Existing Articles	Amended Articles
7	<p>Article 63</p> <p>A resolution of a class meeting shall be passed in accordance with Article 62 of these Rules by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting.</p> <p>The special procedures for voting by class shareholders shall not apply in the following circumstances:</p> <p>(1) where the Company issues, subject to approval by a special resolution of a general meeting, domestic-invested shares and overseas-listed foreign-invested shares once every 12 months, either separately or concurrently, and the numbers of domestic-invested shares and overseas-listed foreign-invested shares proposed to be issued do not exceed 20% of its issued domestic-invested shares and overseas-listed foreign-invested shares respectively;</p> <p>(2) where the Company’s plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of incorporation is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council.</p>	<p>Deleted</p>

Note: As the Amendment involves additions and deletions of articles and adjustment of the order of articles, references to articles in the Articles of Association shall be re-numbered accordingly. For the cross-referencing by article number in the original Articles of Association, corresponding changes shall be made to this revised Articles of Association.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2023

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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

(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC"))
(Stock Code: 1071)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2023

NOTICE IS HEREBY GIVEN THAT the first extraordinary general meeting for 2023 (the “EGM”) of Huadian Power International Corporation Limited* (the “Company”) will be held at 2:00 p.m. on Thursday, 30 November 2023 at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC for the purpose of considering and, if appropriate, by way of polls, approving the following resolutions. For details of each resolution, please refer to the circular of the Company dated 14 November 2023. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular.

SPECIAL RESOLUTION

1. To consider and approve the resolution on the proposed amendments to Articles of Association and its appendix.

ORDINARY RESOLUTIONS

2. To consider and approve, by way of separate ordinary resolutions, the entering into by the Company of the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian for a term of three years from 1 January 2024 to 31 December 2026 and the following continuing connected transactions between the Group and China Huadian contemplated thereunder and their respective annual caps; and to authorize the Chairman, the general manager or chief financial officer and his authorized person(s) to make the necessary amendments to the agreement at his/their discretion in accordance with relevant domestic and overseas regulatory requirements and execute the agreement once a consensus is reached, and to complete other necessary procedures and formalities according to the relevant requirements:
 - a. the purchase of fuel by the Group from China Huadian and the annual cap for each of the three financial years ending 31 December 2026;

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2023

- b. the provision of engineering equipments, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, and Miscellaneous and Relevant Services to the Group by China Huadian and the annual cap for each of the three financial years ending 31 December 2026; and
 - c. the sales of fuel and provision of relevant services by the Group to China Huadian and the annual cap for each of the three financial years ending 31 December 2026.
3. To consider and approve the Proposed Finance Lease Service Framework Agreement entered into between the Company and Huadian Financial Leasing Company Limited and the annual caps under the agreement; and authorize the Chairman, the general manager or chief financial officer and his authorized person(s) to make the necessary amendments to the agreement at his/their discretion in accordance with relevant domestic and overseas regulatory requirements, execute the agreement once a consensus is reached, and complete other necessary procedures and formalities according to the relevant requirements.
 4. To consider and approve the resolution in relation to the expropriation of some land of Hangzhou Huadian Banshan Power Generation Co., Ltd. by the government of Gongshu District in Hangzhou City, Zhejiang Province.
 5. To consider and approve the resolution in relation to the expropriation of some land of Hangzhou Huadian Banshan Power Generation Co., Ltd. by the government of Qiantang District in Hangzhou City, Zhejiang Province.

By order of the Board
Huadian Power International Corporation Limited*
Qin Jiehai
Secretary to the Board

As at the date of this notice, the board of directors of the Company comprises:

Dai Jun (Chairman, Executive Director), Zhao Bing (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Qiangde (Non-executive Director), Cao Min (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Wang Yuesheng (Independent Non-executive Director) and Shen Ling (Independent Non-executive Director).

Beijing, the PRC
14 November 2023

* For identification purpose only

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2023

Notes:

1. ELIGIBILITY OF ATTENDING THE EGM AND CLOSURE OF THE H SHARE REGISTER OF MEMBERS

H Shareholders of the Company whose names appear on the Company's register of members at the close of business on Tuesday, 28 November 2023 (the "**Registered Shareholder(s)**") are entitled to attend the EGM conditional upon completion of the necessary registration procedures. The register of members of H shares will be closed by the Company from Wednesday, 29 November 2023 to Thursday, 30 November 2023, both days inclusive, for the purpose of determining H Shareholders' entitlement to attend the EGM, during which period no transfer of the H shares will be registered.

In order to be entitled to attend the EGM, H Shareholders of the Company are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 28 November 2023.

2. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

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

3. PROXIES

Registered Shareholder is entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf by completing the "Proxy Form For Use at the Extraordinary General Meeting" (the "**Proxy Form**") or by completing a duplicate copy thereof. A proxy need not be a Shareholder of the Company. Should more than one proxy be appointed, such proxies shall only exercise his/her voting rights on a poll. The Proxy Form shall be signed by a Registered Shareholder or his/her attorney duly authorized in writing. If the Proxy Form is signed by the attorney of a Registered Shareholder, the power of attorney or other documents of authorization authorizing the attorney to appoint the proxy shall be notarized. If the Registered Shareholder is a corporation, the Proxy Form shall be executed under seal or shall be executed by its director or a duly authorized person.

The notarized power of attorney or other authorization documents and the completed Proxy Form shall be delivered to the Secretarial Office of the Board of the Company or Hong Kong Registrars Limited not less than 24 hours before the time designated for convening the EGM (being by 2:00 p.m. on Wednesday, 29 November 2023).

4. MISCELLANEOUS

- (1) Each of the Shareholders (or his/her proxy) shall exercise his/her voting rights according to the number of shares with voting rights represented by him/her and shall be entitled to one vote for each share held.
- (2) The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.
- (3) The office address of the Company and the contact details of the Secretarial Office of the Board are as follows:

No. 2 Xuanwumennei Street, Xicheng District, Beijing, the People's Republic of China
Tel No.: (86)10 8356 7909
Fax No.: (86)10 8356 7963

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

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel No.: (852) 2862 8555
Fax No.: (852) 2865 0990

NOTICE OF THE FIRST H SHARE CLASS MEETING FOR 2023

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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)

NOTICE OF THE FIRST H SHARE CLASS MEETING FOR 2023

NOTICE IS HEREBY GIVEN THAT the First H Share Class Meeting for 2023 (the "**H Share Class Meeting**") of Huadian Power International Corporation Limited* (the "**Company**") will be held at 4 p.m. on Thursday, 30 November 2023 or immediately after the conclusion of the First Extraordinary General Meeting for 2023 and the First A Share Class Meeting for 2023 of the Company at Huabin International Hotel, No. 4 Xuanwumennei Street, Xicheng District, Beijing, the PRC for the purpose of considering and, if appropriate, by way of polls, approving the following resolution. For details of the resolution, please refer to the circular of the Company dated 14 November 2023. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular.

SPECIAL RESOLUTION

1. To consider and approve the resolution on the proposed amendments to the Articles of Association and its appendix.

By order of the Board
Huadian Power International Corporation Limited*
Qin Jiehai
Secretary to the Board

As at the date of this notice, the board of directors of the Company comprises:

Dai Jun (Chairman, Executive Director), Zhao Bing (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Qiangde (Non-executive Director), Cao Min (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Wang Yuesheng (Independent Non-executive Director) and Shen Ling (Independent Non-executive Director).

Beijing, the PRC
14 November 2023

* For identification purpose only

NOTICE OF THE FIRST H SHARE CLASS MEETING FOR 2023

Notes:

1. ELIGIBILITY OF ATTENDING THE H SHARE CLASS MEETING AND CLOSURE OF THE H SHARE REGISTER OF MEMBERS

H Shareholders of the Company whose names appear on the Company's register of members at the close of business on Tuesday, 28 November 2023 (the "**Registered Shareholder(s)**") are entitled to attend the H Share Class Meeting conditional upon completion of the necessary registration procedures. The register of members of H shares will be closed by the Company from Wednesday, 29 November 2023 to Thursday, 30 November 2023, both days inclusive, for the purpose of determining H Shareholders' entitlement to attend the H Share Class Meeting.

In order to be entitled to attend the H Share Class Meeting, H Shareholders of the Company are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 28 November 2023.

2. REGISTRATION PROCEDURES FOR ATTENDING THE H SHARE CLASS MEETING

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

3. PROXIES

Registered Shareholder is entitled to appoint one or more proxies to attend and vote at the H Share Class Meeting on his/her behalf by completing the "Proxy Form For Use at the H Share Class Meeting" (the "**Proxy Form for the H Share Class Meeting**") or by completing a duplicate copy thereof. A proxy need not be a Shareholder of the Company. Should more than one proxy be appointed, such proxies shall only exercise his/her voting rights on a poll. The Proxy Form for the H Share Class Meeting shall be signed by a Registered Shareholder or his/her attorney duly authorized in writing. If the Proxy Form for the H Share Class Meeting is signed by the attorney of a Registered Shareholder, the power of attorney or other documents of authorization authorizing the attorney to appoint the proxy shall be notarized. If the Registered Shareholder is a corporation, the Proxy Form for the H Share Class Meeting shall be executed under seal or shall be executed by its director or a duly authorized person.

The notarized power of attorney or other authorization documents and the completed Proxy Form for the H Share Class Meeting shall be delivered to the Secretarial Office of the Board of the Company or Hong Kong Registrars Limited not less than 24 hours before the time designated for convening the H Share Class Meeting.

4. MISCELLANEOUS

- (1) Each of the H Shareholders (or his/her proxy) shall exercise his/her voting rights according to the number of shares with voting rights represented by him/her and shall be entitled to one vote for each share held.
- (2) The H Share Class Meeting is expected to take not to exceed half a day. Shareholders who attend the H Share Class Meeting shall be responsible for their own travel and accommodation expenses.
- (3) The office address of the Company and the contact details of the Secretarial Office of the Board are as follows:

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