華電國際電力股份有限公司

Huadian Power International Corporation Limited*

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

(Stock Code: 1071)

ANNOUNCEMENT
ESTABLISHMENT OF CONNECTED TRANSACTIONS OF THE LIMITED PARTNERSHIP; AND ENTERING INTO THE TRUST AGREEMENT AS A CONNECTED TRANSACTION

ESTABLISHMENT OF THE PARTNERSHIP

Hubei Company (a subsidiary of the Company), Energy Sales Company (a subsidiary of the Company and a wholly-owned subsidiary of Hubei Company) and Huadian Jintai (a subsidiary of China Huadian) were planning to enter into the partnership agreement. Pursuant to such partnership agreement, the above three companies will jointly establish the limited partnership, of which Huadian Hubei will contribute approximately RMB794 million as to approximately 20% of the limited partnership share, and Energy Sales Company will contribute approximately RMB1 million.

ENTERING INTO THE TRUST CONTRACT

The partnership, Hubei Company and Jiangling Company entered into the trust contract with Fortune Trust (a subsidiary of China Huadian) separately. Pursuant to the arrangement under the trust contract, Fortune Trust will set up a service trust and provide trustee service and receive a remuneration of approximately RMB16 million in aggregate for its trustee service.

LISTING RULES IMPLICATIONS

Huadian Jintai and Fortune Trust are both subsidiaries of China Huadian, 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 date of this announcement and are therefore connected persons of the Company. The transactions contemplated under the partnership agreement and the trust contract therefore constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules. As the maximum applicable percentage ratios (as defined in the Hong Kong Listing Rules) in respect of the transactions contemplated under the partnership agreement and the trust contract exceed 0.1% but are less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. INTRODUCTION

Reference is made to the announcement dated 15 October 2024 of the Company in relation to the grant of the issue of debt financing instruments.

The Board is pleased to announce that the Company plans to issue RMB asset-backed notes registered with the National Association of Financial Market Institutional Investors. The total issue amount of the RMB asset-backed notes to be issued by the Company will not exceed RMB3.2 billion with an expected term of 23 years. Under the asset-backed notes, Hubei Company, Energy Sales Company and Huadian Jintai propose to enter into a partnership agreement to establish a limited partnership (the "Limited Partnership"), pursuant to which Hubei Company and Energy Sales Company will make capital contributions of RMB794 million and RMB1 million to the Limited Partnership, respectively; the Limited Partnership, Hubei Company and Jiangling Company propose to enter into the trust contract with Fortune Trust separately, pursuant to which Fortune Trust will set up a service trust and provide trustee service and receive a remuneration of approximately RMB16 million in aggregate for its trustee service.

II. CONNECTED TRANSACTION

1. Background

The Group intends to securitize its infrastructure assets, namely the Jiangling Project, a power plant located in Jiangling County, Jingzhou City, Hubei Province, the PRC, through the issue of asset-backed notes registered with the National Association of Financial Market Institutional Investors.

Under the asset-backed securities scheme, the following key steps are intended to be implemented (in chronological order):

(1) **Establishment of the partnership:** Energy Sales Company, as a general partner, Huadian Jintai, as a Class A limited partner, and Hubei Company, as a Class B limited partner, shall jointly establish the partnership. The registered capital of the partnership is approximately RMB3,975 million, of which Energy Sales Company will contribute RMB10 million, Huadian Hubei will contribute approximately RMB794 million as to approximately 20% of the limited partnership share, and Huadian Jintai will contribute approximately RMB3,180 million as to approximately 80% of the limited partnership share;

(2) **Issue of asset-backed notes and acquisition of interests in the partnership by asset-backed securities:** The asset-backed notes shall be issued to qualified investors at the Institutional Investors Association and managed by the Manager. Upon the issue of the asset-backed notes, Huadian Jintai shall transfer all of its interests in the partnership to the asset-backed notes, and all of the funds obtained from the issue of the asset-backed notes shall be used to make paid-in capital contributions to the partnership, and Energy Sales Company and Hubei Company shall also make paid-in capital contributions to the partnership;

(3) **Obtaining the equity interest in Jiangling Company:** the partnership and Hubei Company shall sign the Equity Transfer Agreement, whereby 99% of the equity interest in Jiangling Company held by Hubei Company shall be transferred to the partnership by way of a non-disclosure agreement; and

(4) **Grant of trust loans:** Fortune Trust shall establish a service trust. The partnership shall grant trust loans to Jiangling Company through the service trust with the remaining capital within the scope of the service trust after deducting the amount of equity transfer, and Jiangling Company shall utilize the trust loans for the purpose of repayment of its existing debts and the payment of all dividends payable. Fortune Trust shall receive a remuneration of approximately RMB15 million for its trust services. Fortune Trust shall establish a service trust, and Hubei Company and Jiangling Company intend to grant trust loans through the service trust, and Fortune Trust shall receive a remuneration of approximately RMB1 million for its trust service.

As at the date of this announcement, Hubei Company, Energy Sales Company and Huadian Jintai have not yet entered into the partnership agreement and have not yet established the partnership. The partnership, Hubei Company, Jiangling Company and Fortune Trust have not yet entered into a trust contract. Fortune Trust has not yet established the service trust. After the Board's consideration and approval, the parties to the transaction shall enter into the relevant agreements, establish the partnership, and set up the service trust under the special scheme arrangement in accordance with the abovementioned key terms. The Company will fulfill its information disclosure obligations in strict accordance with the relevant laws and regulations in light of the progress of the Connected Transaction.

2. Partnership Agreement

The partnership agreement was entered into for the purpose of fulfilling key step 1 as described in "II. Connected Transaction – 1. Background" above.

The key terms of the partnership agreement are set out below:

Parties:

(1) Energy Sales Company (as the general partner);

(2) Huadian Jintai (as the Category A Limited Partner); and

(3) Hubei Company (as the Category B Limited Partner).

Capital Contribution Manner and Subscription Amount by the Partners:

All partners contribute capital in currency (RMB), and each partner contributes capital in the following manners:

(1) Energy Sales Company: 1 million;

(2) Huadian Jintai: 3,179 million; and

(3) Hubei Company: 794 million.

Investment Subjects and Mode of the Partnership:

The first round of investment subject of the partnership is Hubei Huadian Jiangling Power Generation Company Limited (the "**Project Company**"), which owns and operates the "Phase I 2*660MW Ultra-supercritical Coal-fired Generating Unit Project" (hereinafter referred to as the "**Target Project**"). The Partnership acquires 99% of the equity of the Project Company by signing the Equity Transfer Agreement and pays the consideration for the equity transfer. Meanwhile, the Partnership completes the first round of investment subject by making a trust loan to the Project Company (the "**Trust Loan**") through a service trust.

Agreement on the Transfer of Property Share:

A limited partner may transfer its property share in the Partnership to a person other than a partner, subject to thirty (30) days' notice to all partners, with the unanimous consent of all partners, and the other partners shall have the right of first refusal under the same conditions. Notwithstanding the foregoing, upon 30 days' written notice to the other partners, the Category A Limited Partner shall have the right to freely transfer the Category A Limited Partner share held by it, without the consent of the other partners and without being subject to the right of first refusal of the other partners.

3. Basis for Determining the Consideration for the Establishment of the Partnership

The consideration for the subject under the partnership agreement shall be determined by Energy Sales Company, Hubei Company and Huadian Jintai through arm's length negotiation, taking into account, among other things, (i) the audited net asset value of the asset group of Jiangling Company, the investment subject, as at 31 March 2024; and (ii) the proportion of equity in the subject company proposed to be transferred to the Partnership.

4. Profit Forecast regarding the Valuation Methodology

As the valuation report of the asset group of Jiangling Company is prepared by the valuer using the income approach, the calculation of the appraised value contained in the asset valuation report is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

The Company's reporting accountants, SHINEWING (HK), has reviewed the arithmetical accuracy of the underlying forecasts in the valuation using the income approach (which does not involve the reasonableness of accounting policies and assumptions adopted). The Board has confirmed that the profit forecast (including assumptions) contained in the valuation report has been made after due and careful enquiry.

The qualifications of each of the experts who issued opinions or recommendations are set out below:

Name	**Qualifications**	**Date of conclusion or opinion**
China Alliance	Duly qualified valuer in the PRC	10 October 2024
SHINEWING (HK)	Certified Public Accountants	10 October 2024

China Alliance is a PRC valuer and holds the PRC Asset Appraisal Qualification granted by the Beijing Municipal Finance Bureau and the PRC Asset Appraisal Qualification for Securities Related Businesses granted by the Ministry of Finance and the China Securities Regulatory Commission. SHINEWING (HK) is a certified public accounting firm registered with the Hong Kong Institute of Certified Public Accountants in Hong Kong.

As at the Latest Practicable Date, to the best of the Directors' knowledge, none of the above experts has any beneficial interest in the share capital of any member of the Group or any right to subscribe for or nominate any other person to subscribe for any shares, convertible securities, warrants, options or derivative securities with voting rights in any member of the Group (whether legally enforceable or not).

5. Trust Contract

The trust contract was entered into in order to achieve the key step 4 described in "II. Connected Transaction – 1. Background" above.

The key terms of the trust contract are as follows:

Parties:

(1) partnership enterprise/Hubei Company/Jiangling Company (as the settlor/beneficiary); and

(2) Fortune Trust (as the Category A Limited Partner).

Purpose of the Trust:

The settlor voluntarily entrusted the trust fund to the trustee. The trust fund shall be used in the name of the trustee for the purpose designated by the settlor through the service trust relationship between the settlor and the trustee established in this contract. The trustee agreed to accept the entrustment by the settlor to manage, use or dispose the trust assets in accordance with the agreement of the trust documents at the will and direction of the settlor and in the name of the trustee, and distribute the trust benefit to the beneficiary from the income derived from the trust assets. The settlor made the decision to establish this trust independently based on its own judgement. This trust is a specific-purpose wealth management service trust designed for institutional investors in accordance with the investment directions, investment targets and trading structure recognized by the settlor, and is in compliance with the social responsibility requirements under the laws and regulations.

Management and Use of Trust Assets:

After the settlor designated the usage of funds, the settlor has independently decided and agreed to use and dispose the trust assets in the following manner, and confirmed that it understood and recognized the contents of all transaction documents. When the settlor allocates the trust fund to the special account of the trust assets, it is deemed that the settlor has completed the substantive review of the conditions for granting the loan, confirmed that the conditions have been fully satisfied and continuously satisfied, and agreed to grant the loan to the borrower by the trustee and the corresponding risks are borne by the trust assets. The specific loan matters of the loan granted to the borrower by the trustee shall be subject to the provisions of the trust loan agreement.

Trust remuneration:

The remuneration rate of the trust is 0.03% per annum and the trustee receives the trust remuneration. The trust remuneration is calculated on each service trust accounting date after the trust has become effective, and the trustee receives the current trust remuneration on the service trust distribution date corresponding to the service trust accounting date.

III. REASONS FOR AND BENEFITS OF CONNECTED TRANSACTION

As disclosed above, the partnership agreement was entered into in order to achieve the key step 1 described in "II. Connected Transaction – 1. Background" above, and the trust contract was entered into in order to achieve the key step 4 described in "II. Connected Transaction – 1. Background" above. As such, Connected Transaction will enable the Company to register the issuance of the asset-backed notes. Through the registration of the issuance of asset-backed notes, the Company will be able to effectively revitalize its infrastructure assets, improve its operation management and promote the transformation and development of the Group's business and operations. In addition, asset-backed notes provide the Company with an alternative form of financing, which will further diversify the Group's fund-raising method and platform, and reduce its reliance on traditional debt financing channels.

Meanwhile, the Company's rolling investment capability and sustainable operation capability will be enhanced, which will be beneficial to the long-term performance growth of the Group. The registration of the issuance of asset-backed notes of the Company will facilitate financing, improve its balance sheet, and enhance its investment capability.

Based on the above, the Directors (including all the independent non-executive Directors) are of the view that the partnership agreement, the trust contract and the transactions contemplated thereunder (including the capital contribution of the partnership enterprise and the payment of the trust services remuneration) are fair and reasonable, in the ordinary and usual course of business of the Group on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

IV. INFORMATION ON THE PARTIES

Hubei Company

As at the date of this announcement, the Company holds 82.5627% equity interest in Hubei Company, which is a controlling subsidiary of the Company. Hubei Company is primarily engaged in power and heat production and supply.

Energy Sales Company

As at the date of this announcement, Energy Sales Company is a wholly-owned subsidiary of Hubei Company, and the Company indirectly exercises control over Energy Sales Company through Hubei Company. Energy Sales Company is primarily engaged in the business of purchase and sale of electric power.

Huadian Jintai

Huadian Jintai is a subsidiary controlled by China Huadian. As at the date of this announcement, Huaneng Group indirectly holds 49% equity interest in Huadian Jintai through its wholly-owned subsidiary, Huadian Asset Management, which is the largest shareholder of Huadian Jintai. China Huadian is a state-owned central enterprise mainly operating in the electricity industry and is supervised by the State-owned Assets Supervision and Administration Commission of the State Council. As at the date of this announcement, China Huadian, the controlling shareholder of the Company, directly holds 45.17% interests in the Company. China Huadian is principally engaged in the operation and management of enterprise investments; development, investment, construction, operation and management of power plants; organizing the generation and sale of power (and heat); and the development, investment, construction, production and sale of products in relation to energy, transportation, new energy and environmental protection industries.

Fortune Trust

Huadian Jintai is a subsidiary controlled by China Huadian. As at the date of this announcement, China Huadian indirectly holds 76.248% equity interests in Fortune Trust through Huadian Finance, its controlling subsidiary, and holds 23.752% equity interests in Fortune Trust through Huadian Industry & Financing.

V. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Hubei Company and Energy Sales Company are controlling subsidiaries of the Company; (ii) Huadian Jintai is a controlling subsidiary of China Huadian, which is a controlling shareholder of the Company; and (iii) Fortune Trust is a controlling subsidiary of China Huadian, which is a controlling shareholder of the Company. Hence, Huadian Jintai and Fortune Trust are associates of China Huadian and connected persons of the Company pursuant to the Hong Kong Listing Rules. Thus, the establishment of the Partnership and entrusted establishment of service trust constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Hong Kong Listing Rules in respect of the acquisition exceeds 0.1% but is less than 5%, the acquisition is subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

VI. APPROVAL BY THE BOARD

Since Mr. Dai Jun, Chairman of the Company, Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min, non-executive Directors, hold positions in China Huadian, they have abstained from voting on the resolutions in relation to the Continuing Connected Transactions at the fourteenth meeting of the tenth session of the Board. Save as disclosed above, no other Directors has any material interest in the Continuing Connected Transactions and hence no other Director has abstained from voting on such Board resolutions.

The Directors (excluding the independent non-executive Directors, whose opinion on the transactions will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the Connected Transaction and the related agreement required to be signed for such transaction are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VII. DEFINITIONS

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

"Board"	the board of directors of the Company;
"China Huadian"	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 as well as the companies whose 30% or more equity interests are directly or indirectly held by China Huadian;
"China Huadian Group"	China Huadian Corporation Limited* (中國華電集團有限公司) and its subsidiaries, which for the purpose of this announcement excludes the Group;

"Company"	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;
"Group"	the Company and its subsidiaries;
"connected person(s)"	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 Transaction"	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"	the directors of the Company;
"PRC"	the People's Republic of China;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Hubei Company"	Huadian Hubei Power Generation Company Limited;
"Energy Sales Company"	Huadian Hubei Energy Sales Limited Liability Company* (華電湖北能源銷售有限公司);
"Huadian Jintai"	Huadian Jintai (Beijing) Investment Fund Management Co., Ltd* (華電金泰(北京)投資基金管理有限公司);
"Fortune Trust"	China Fortune International Trust Co., Ltd.;
"Jiangling Company"	Hubei Huadian Jiangling Power Generation Company Limited;
"Huadian Asset Management"	Huadian Asset Management (Tianjin) Company Limited;
"Huadian Finance"	China Huadian Finance Corporation Limited;

"Huadian Industry & Financing"	China Huadian Corporation Industry & Financing Holdings Limited*(中國華電集團產融控股有限公司);
"Institutional Investors Association"	National Association of Financial Market Institutional Investors;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholders"	the shareholder(s) of the Company;
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"%"	per cent.

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

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

Dai Jun (Chairman, Executive Director), Zhu Peng (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhao Wei (Non-executive Director), Zeng Qinghua (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
15 October 2024

* *For identification purposes*