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華電國際電力股份有限公司

Huadian Power International Corporation Limited*

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

(Stock code: 1071)

ANNOUNCEMENT
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcements of the Company dated 30 August 2023, 11 September 2023, and the circular of the Company dated 14 November 2023 in relation to, among other things, the continuing connected transactions between the Group and China Huadian under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement, which will expire on 31 December 2026; (ii) the announcements of the Company dated 30 August 2023, 22 August 2024 and the circulars of the Company dated 14 November 2023 and 8 October 2024 in relation to, among other things, the continuing connected transactions between the Group and Huadian Financial Leasing under the Existing Finance Lease Service Framework Agreement, which will expire on 31 December 2026.

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

On 29 October 2026, the Board approved the Company's entering 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 Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with a term of three years from 1 January 2027 to 31 December 2029.

China Huadian is the Controlling Shareholder of the Company (which directly and indirectly holds approximately 45.63% of the total issued share capital of the Company as at the date of this announcement) 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 will constitute continuing connected transactions of the Company under the Hong Kong Listing Rules upon entering into the agreement.

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.

PROPOSED FINANCE LEASE SERVICE FRAMEWORK AGREEMENT

On 29 October 2026, the Company renewed the Proposed Finance Lease Service Framework Agreement with Huadian Financial Leasing to renew the relevant continuing connected transactions under the Existing Finance Lease Service Framework Agreement with a term of three years from 1 January 2027 to 31 December 2029.

Huadian Financial Leasing is a subsidiary of the Controlling Shareholder of the Company, i.e. China Huadian, and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Finance Lease Service Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios 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 abovementioned agreement and the transactions contemplated thereunder are exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are subject to the approval by the independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

GENERAL MEETING

The Directors have proposed to put forward the continuing connected transactions and the proposed annual caps contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement for the independent Shareholders' approval at the general meeting.

A circular containing, among others: (i) details of the continuing connected transactions and the proposed annual caps under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder, may be published after the 15 business days prescribed under the Hong Kong Listing Rules following the publication of this announcement, as additional time is needed to finalize certain information for inclusion in the circular.

I. INTRODUCTION

References are made to (i) the announcements of the Company dated 30 August 2023, 11 September 2023, and the circular of the Company dated 14 November 2023 in relation to, among other things, the continuing connected transactions between the Group and China Huadian under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement, which will expire on 31 December 2026; (ii) the announcements of the Company dated 30 August 2023, 22 August 2024 and the circulars of the Company dated 14 November 2023 and 8 October 2024 in relation to, among other things, the continuing connected transactions between the Group and Huadian Financial Leasing under the Existing Finance Lease Service Framework Agreement, which will expire on 31 December 2026.

As at the date of this announcement, the Board has approved the Company's entering into the following agreements:

A. the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with China Huadian to renew the relevant continuing connected transactions under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement with a term of three years from 1 January 2027 to 31 December 2029;

B. the Proposed Finance Lease Service Framework Agreement with Huadian Financial Leasing to renew the relevant continuing connected transactions under the Existing Finance Lease Service Framework Agreement with a term of three years from 1 January 2027 to 31 December 2029.

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

1. Major Terms

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

Execution date:	No later than 30 November 2026
Parties:	the Company; and China Huadian
Term:	Three years commencing from 1 January 2027 to 31 December 2029
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, mainly including:

(i) services in relation to the Group's production and operation of the generating units of power plants, mainly 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 service in the process of capital operations of the Group and other services;

(iii) the Group's carbon emission management and operation services;

(iv) 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

(v) properties management services for the leasing of Huadian Tower, the office building of the headquarters of the Company (the items (i) to (v) above, collectively the "**Miscellaneous and Relevant Services**").

Products and services provided by the Group to China Huadian

(1) supply of fuel by the Group to China Huadian; and

(2) provision of products and 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, 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 or sales 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 indices, mainly including (but not limited to) the National Coal Exchange Comprehensive Price Index (NCEI), the Bohai-Rim Steam-Coal Price Index (BSPI), the Qinhuangdao Steam Coal Composite Transaction Price (CCTD) and the Coastal Index of the China Electricity Coal Index of the China Electricity Council (CECI). These indices are compiled and published regularly by independent third-party institutions through the following channels: the National Coal Exchange Comprehensive Price Index (NCEI) is published on the official website of the National Coal Exchange; the Bohai-Rim Steam-Coal Price Index (BSPI) is published on designated platforms, including CQ Coal and the Shipping Coal websites; the Qinhuangdao Steam Coal Composite Transaction Price (CCTD) is published on the China Coal Market website; and the Coastal Index of the China Electricity Coal Index (CECI) is published on the official website of the China Electricity Council and through authorised media outlets. These indices reflect coal price levels and trends in their respective markets.

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.*(華電集團北京燃料物流有限公司) ("**Beijing Fuel Logistics**"), a subsidiary it held as to 91%. Based on the fuel demand, and with reference to market pricing such as coal price indices and the annual long-term contract prices for various 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 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.

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.

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 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 mainly 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 shall be the responsibility of the leading group for the production engineering bidding, which is led by the deputy general manager in charge of such matter of the Company 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 mainly 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.

Services provided by the Group to China Huadian

The consideration for the provision of services by the Group to China Huadian 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.

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 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 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 agreement and the relevant listing rules.

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

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

2. Historical Amounts

The actual amounts and the annual caps of the historical transactions under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement for the two years ended 31 December 2025 and for the six months ended 30 June 2026 are set out below:

Transactions	For the year ended 31 December 2024		For the year ended 31 December 2025		Actual amount for the six months ended 30 June 2026	Annual caps for the year ending 31 December 2026
	Actual amount *(RMB million)*	Annual caps *(RMB million)*	Actual amount *(RMB million)*	Annual caps *(RMB million)*	*(RMB million)*	*(RMB million)*
Expenditure						
(a) Purchase of fuel from China Huadian by the Group	15,723	18,000	10,957	18,000	4,830	18,000
(b) Provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services by China Huadian to the Group*Note 1*	2,217	8,000	2,838	8,000	1,060	8,000
Revenue						
(c) Sale of fuel and relevant services to China Huadian by the Group*Note 2*	8,470	13,000	6,826	13,000	3,156	13,000

Note 1: The difference between the actual amount and annual caps for fees of provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services by China Huadian to the Group is mainly due to longer engineering cycles of the Group's new projects such as pumped storage, and there was no large-scale procurement contracts entered into from 2024 to 2026.

Note 2: The difference between the actual amount and annual caps for fees of sales of fuel and relevant services to China Huadian by the Group is mainly due to a decline in the average price of domestic thermal coal from 2024 to 2025.

3. Proposed Annual Caps

The Board proposes the annual caps for the transactions contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement for the three years ending 31 December 2029 as follows:

Transactions	**Proposed annual caps for the year ending 31 December 2027** *(RMB million)*	**Proposed annual caps for the year ending 31 December 2028** *(RMB million)*	**Proposed annual caps for the year ending 31 December 2029** *(RMB million)*
Expenditure			
(a) Purchase of fuel from China Huadian by the Group	18,000	18,000	18,000
(b) Provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services by China Huadian to the Group	8,000	8,000	8,000
Revenue			
(c) Sale of fuel and relevant services to China Huadian by the Group	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 2029, the Company has considered the following factors:

(i) given the prudent approach taken by regulatory authorities towards the scale of connected transactions, the Group intends to keep the annual caps for the purchase of fuel services from China Huadian unchanged so as to strictly control the volume of connected transactions.

(ii) the amount of purchases of fuel under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement for the half year ended 30 June 2026 of RMB4,830 million, and the estimation that the actual transaction amount will climb close to the annual cap during the fourth quarter of 2026 due to the large amount of settlement, 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;

(iii) the economic growth of China is expected to drive up the total electricity consumption of the whole society, and there is a possibility that the coal price will increase to a relatively high level and fluctuate at that high level;

(iv) the Group will build new coal-fired generating units in the future, resulting in a further increase in the demand on coal.

In the process of estimating the annual caps for provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services by China Huadian for the three years ending 31 December 2029, the Company has considered the following factors:

(i) the historical transaction amounts for the three years ending 31 December 2026 as well as the expected transaction amounts; and

(ii) it is expected that the scale of the Company's demand for the provision of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services for the three years ending 31 December 2029 will not exceed the annual cap of RMB8.0 billion set under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement. Taking into account that, over the coming period, the Group's coal power "replacing small units with larger units", pumped storage and other projects will successively enter the construction phase, leading to increased procurement demand, the Company intends to keep the existing annual caps for the purchase of engineering equipment, systems, products and engineering and construction contracting projects, environmental protection system renovation projects and the Miscellaneous and Relevant Services unchanged.

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 2029, the Company has considered the following factors:

(i) the historical transaction amounts for the three years ending 31 December 2026 as well as the expected transaction amounts; and

(ii) China Huadian's demand for fuel and related services for the three years ending 31 December 2029 is expected to remain stable and will not exceed the annual cap of RMB13.0 billion set under the Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement. In order to reserve headroom for future business expansion, the Company intends to keep the existing annual cap unchanged.

4. 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 installed capacity of the Group.

The Board (excluding the independent non-executive Directors, whose opinion on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) considers that the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement will be 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. The proposed annual caps for the continuing connected transactions under such agreement have been determined based on the estimated amounts of transactions involved and with reference to the historical transaction amounts, the estimated potential growth of the Group and the expected economic growth of China. The Directors (excluding the independent non-executive Directors) consider the proposed annual caps to be fair and reasonable.

5. Hong Kong Listing Rules Implications

China Huadian is the Controlling Shareholder of the Company (which directly and indirectly holds approximately 45.63% of the total issued share capital of the Company as at the date of this announcement) 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 will constitute continuing connected transactions of the Company under the Hong Kong Listing Rules upon entering into the agreement.

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 the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

III. PROPOSED FINANCE LEASE SERVICE FRAMEWORK AGREEMENT

1. Major Terms

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

Execution date: 29 October 2026

Parties: the Company; and Huadian Financial Leasing

Term: Three years from 1 January 2027 to 31 December 2029

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.

Price determination principles:

The finance costs of services to be provided by Huadian Financial Leasing under the Proposed Finance Lease Service Framework Agreement will be determined based on a cost that (i) is not higher than the finance costs for equivalent business for other financial leasing companies in the PRC during the same period and for the same term; and (ii) is not higher than the finance costs for same type of services offered by Huadian Financial Leasing to other member companies within 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 the finance cost or loan cost of finance enterprises (i.e., the enterprises under the Company) within the Group.

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 interest rate 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.

Conditions precedent:

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

2. 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 with 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 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.

3. Historical Amounts

The actual amounts and the annual caps of the historical transactions under the agreements in respect of provision of finance lease services entered into between the Group and Huadian Financial Leasing for the two years ended 31 December 2025 and the six months ended 30 June 2026 are set out below:

	For the year ended 31 December 2024		For the year ended 31 December 2025		For the six months ended 30 June 2026	For the year ending 31 December 2026
Transactions[Note]	**Actual amount** *(RMB million)*	**Annual cap** *(RMB million)*	**Actual amount** *(RMB million)*	**Annual cap** *(RMB million)*	**Actual amount** *(RMB million)*	**Annual cap** *(RMB million)*
Direct Lease	5	1,500	0	2,000	679	2,000
Sale and Leaseback	120	500	0	2,000	0	2,000

Note: The difference between the actual amounts and the annual caps for the Direct Lease and the Sale and Leaseback is mainly due to the relatively long approval cycle of the procedures for the new projects followed up by the Group, and the equipment payment cycle has yet to arrive.

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 Board proposes the annual caps for new transactions 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 2029 as follows:

Transactions	**Proposed annual cap for the year ending 31 December 2027** *(RMB million)*	**Proposed annual cap for the year ending 31 December 2028** *(RMB million)*	**Proposed annual cap for the year ending 31 December 2029** *(RMB million)*
Direct Lease	2,000	2,000	2,000
Sale and Leaseback	2,000	2,000	2,000

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 provided by Huadian Financial Leasing arising from the Group's daily operation and development; (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 annual caps for the Direct Lease and the Sale and Leaseback, the Company has taken into account the total value of right-of-use assets in connection with our expected new Direct Leases and the estimated value incurred under the Sale and Leaseback for the agreement period. It is expected that the Group's capital needs for the Direct Lease for the agreement period will mainly be utilized for pumped storage projects under construction and gas-fired power generation projects. The capital needs for the Sale and Leaseback are mainly utilized for operating coal-fired projects, taking into account the changing financing needs for the operating coal-fired projects. With overall consideration on the capital needs of those projects, the Company had calculated the total value of right-of-use assets of the Direct Lease and the estimated value incurred under the Sale and Leaseback and set the annual caps at RMB2,000 million, respectively, 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 of financing" and "total value of right-of-use assets" are generally irrelevant, as the "maximum daily balance of financing" 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 Finance Lease Service Framework Agreement pursuant to the Hong Kong Listing Rules.

In accordance with the requirements under the SSE Listing Rules, the Company's maximum daily balance of financing 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 2024 and 2025 was RMB516 million and RMB206 million, respectively; (ii) the expected capital needs of the Group's major project companies for the agreement period are from the coal-fired power generation and gas-fired power generation projects under construction; and (iii) the Company needs to have some buffer for the financing for new Direct Lease and Sale and Leaseback projects that may emerge during the agreement period. Setting the maximum daily balance of financing at RMB6,000 million will ensure that the Group's projects under construction 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 22.5 years, and the Sale and Leasebacks have an average lease period of approximately 6 years. The Group's operation is rather stable and our project construction is on an orderly and gradual pace, and as a result, there will not be significant fluctuation in the length of lease periods of our Direct Lease and Sale and Leaseback.

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 to 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.

Huadian Financial Leasing has a good reputation and strong financial resources. Comparing with external financial institutions, it is more familiar with the actual operations and risk profiles of the Company's power plants. The management team is familiar with the power generation industry, and has certain competitive advantages in business. From the perspective of risk control, it can also give priority to ensuring stable availability of finance to subsidiaries under the Company and further expand its financing channels.

The Board (including the independent non-executive Directors) is of the view that the Proposed Finance Lease Service Framework Agreement is 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. The proposed annual caps for the continuing connected transactions under the Proposed Finance Lease Service Framework Agreement have been determined based on the estimated amount of transactions involved and with reference to the historical transaction amounts, the estimated potential growth of the Group and the expected economic growth of the PRC. The Directors consider the proposed annual caps to be fair and reasonable.

6. Hong Kong Listing Rules Implications

Huadian Financial Leasing is a subsidiary of China Huadian, the Controlling Shareholder of the Company, and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Proposed Finance Lease Service Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios 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 abovementioned agreement and the transactions contemplated thereunder are exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules, such transactions are subject to the approval by the independent Shareholders at the general meeting of the Company pursuant to the SSE Listing Rules.

IV. INFORMATION ON THE PARTIES

Information on 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 hydropower projects, and the development, construction and operation of coal mines.

Information on China Huadian

As at the date of this announcement, China Huadian, the Controlling Shareholder of the Company, directly and indirectly holds approximately 45.63% 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 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 on 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 by China Huadian as to 84.685% as at the date of this announcement.

V. BOARD

The continuing connected transactions and the proposed annual caps contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement (collectively the "**Transactions**") have been considered and approved at the fourth meeting of the eleventh session of the Board. Mr. Liu Lei, Ms. Cao Min and Mr. Zeng Qinghua, the Directors of the Company, currently hold positions in China Huadian, thus have abstained from voting on the resolutions regarding the Transactions. Save as disclosed above, no other Directors have any material interest in the Transactions and therefore no other Directors have abstained from voting on such Board resolutions.

VI. GENERAL MEETING

The Directors have proposed to put forward the continuing connected transactions and the proposed annual caps contemplated under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement for the independent Shareholders' approval at the general meeting.

China Huadian, which holds 5,213,062,481 issued A shares of the Company, representing approximately 44.89% 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 0.74% 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 proposed annual caps thereunder.

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 the proposed annual caps thereunder. The Company has also appointed TC Capital International Limited as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this regard in accordance with Rule 14A.39 of the Hong Kong Listing Rules.

A circular containing, among others: (i) details of the continuing connected transactions and the proposed annual caps under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders on the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the proposed annual caps thereunder, may be published after the 15 business days prescribed under the Hong Kong Listing Rules following the publication of this announcement, as additional time is needed to finalize certain information for inclusion in the circular.

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 Ltd.* (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;
"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;
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Director(s)"	the directors of the Company;

"Existing Finance Lease Service Framework Agreement"	the finance lease service framework agreement (from 1 January 2024 to 31 December 2026) entered into between Huadian Financial Leasing and the Company on 30 August 2023 in respect of the Finance Leases, supplemented by the supplemental agreement entered into on 22 August 2024, the principal terms of which have been disclosed in the announcements of the Company dated 30 August 2023 and 22 August 2024 and its circulars dated 14 November 2023 and 8 October 2024;
"Existing Purchase (Supply) of Fuel, Equipment and Services Framework Agreement"	the purchase (supply) of fuel, equipment and services framework agreement (from 1 January 2024 to 31 December 2026) 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, the principal terms of which have been disclosed in the announcements of the Company dated 30 August 2023, 11 September 2023 and its circular dated 14 November 2023;
"Finance Leases"	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;
"General Meeting"	the general meeting of the Company to be convened to consider and approve, among others, the continuing connected transactions and proposed annual caps under the Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement and the Proposed Finance Lease Service Framework Agreement;
"Group"	the Company and its subsidiaries as at the date of this announcement;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Huadian Financial Leasing"	Huadian Financial Leasing Company Limited* (華電融資租賃有限公司), a subsidiary of China Huadian as at the date of this announcement;

"Huadian Tower"	China Huadian Tower* (中國華電大廈), an office building located at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC, which is wholly-owned by Beijing Huabin Investment Company Limited* (北京華濱投資有限公司);
"Independent Board Committee"	the independent committee of the Board, comprising independent non-executive Directors, namely Mr. Wang Yuesheng, Ms. Shen Ling, Mr. Huang Kemeng and Ms. Su Min, 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 "TC Capital"	TC Capital International Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which 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;
"Miscellaneous and Relevant Services"	has the meaning ascribed to it under section II above;
"PRC"	the People's Republic of China;
"Proposed Finance Lease Service Framework Agreement"	the finance lease service framework agreement renewed between Huadian Financial Leasing and the Company on 29 October 2026 in respect of the Finance Leases;
"Proposed Purchase (Supply) of Fuel, Equipment and Services Framework Agreement"	the purchase (supply) of fuel, equipment and services framework agreement proposed to be renewed between China Huadian and the Company in relation to the mutual supply of fuel and provision of products and services between China Huadian and the Group;
"RMB"	Renminbi, the lawful currency of the PRC;
"Share(s)"	share(s) with a par value of RMB1.00 each in the share capital of the Company;

"Shareholder(s)"	the shareholder(s) of the Company;
"SSE Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company; and
"%"	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:

Liu Lei (Chairman, Executive Director), Li Quancheng (Vice Chairman, Executive Director), Zhu Peng (Vice Chairman, Non-executive Director), Cao Min (Non-executive Director), Zeng Qinghua (Non-executive Director), Lin Lin (Non-executive Director), Li Guoming (Executive Director), Zhu Yueguang (Executive Director), Wang Yuesheng (Independent Non-executive Director), Shen Ling (Independent Non-executive Director), Huang Kemeng (Independent Non-executive Director) and Su Min (Independent Non-executive Director).

Beijing, the PRC
29 October 2026

* *For identification purposes only*