

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

**CONNECTED TRANSACTION
FORMATION OF
CAOFEIDIAN CLEAN ENERGY COMPANY**

On 29 December 2021, Hebei Company entered into the Joint Venture Agreement with Huaneng Treasury. Pursuant to the terms and conditions of the Joint Venture Agreement, Hebei Company will jointly establish Caofeidian Clean Energy Company with Huaneng Treasury and Hebei Company will contribute RMB119.616 million, while Huaneng Treasury will contribute in US dollars equivalent of RMB51.264 million. After the completion of the Transaction, Hebei Company will hold 70% of Caofeidian Clean Energy Company, and Huaneng Treasury will hold 30% of Caofeidian Clean Energy Company. After completion of the Transaction, the financial results of Caofeidian Clean Energy Company will be consolidated into the financial statement of Hebei Company.

As of the date of this announcement, Huaneng Group holds a 75% direct interest and a 25% indirect interest in HIPDC, while HIPDC, being the direct controlling shareholder of the Company, holds a 32.28% interest in the Company. Huaneng Group also holds a 9.91% direct interest in the Company and holds a 3.01% indirect interest in the Company through its wholly-owned subsidiary Hua Neng HK, a 0.84% indirect interest in the Company through Huaneng Treasury, its indirect wholly-owned subsidiary, and a 0.26% indirect interest in the Company through its controlling subsidiary Huaneng Finance. Huaneng Treasury is a wholly-owned subsidiary of Huaneng Group. According to the Hong Kong Listing Rules, Huaneng Treasury is an associate of the connected person of the Company, and the Transaction constitutes a connected transaction of the Company.

As all of the applicable percentage ratios for the Transaction are less than 0.1%, the transaction contemplated under the Joint Venture Agreement falls to be de minimis transaction and is exempt from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules. The disclosure made in this announcement is made by the Company on a voluntary basis.

I. INTRODUCTION

On 29 December 2021, Hebei Company entered into the Joint Venture Agreement with Huaneng Treasury. Pursuant to the terms and conditions of the Joint Venture Agreement, Hebei Company will jointly establish Caofeidian Clean Energy Company with Huaneng Treasury and Hebei Company will contribute RMB119.616 million, while Huaneng Treasury will contribute in US dollars equivalent of RMB51.264 million. After the completion of the Transaction, Hebei Company will hold 70% of Caofeidian Clean Energy Company, and Huaneng Treasury will hold 30% of Caofeidian Clean Energy Company. After completion of the Transaction, the financial results of Caofeidian Clean Energy Company will be consolidated into the financial statement of Hebei Company.

Hebei Company will pay the consideration for the subscription for the registered capital with its own fund.

II. RELATIONSHIP AMONG THE COMPANY, HEBEI COMPANY AND HUANENG TREASURY

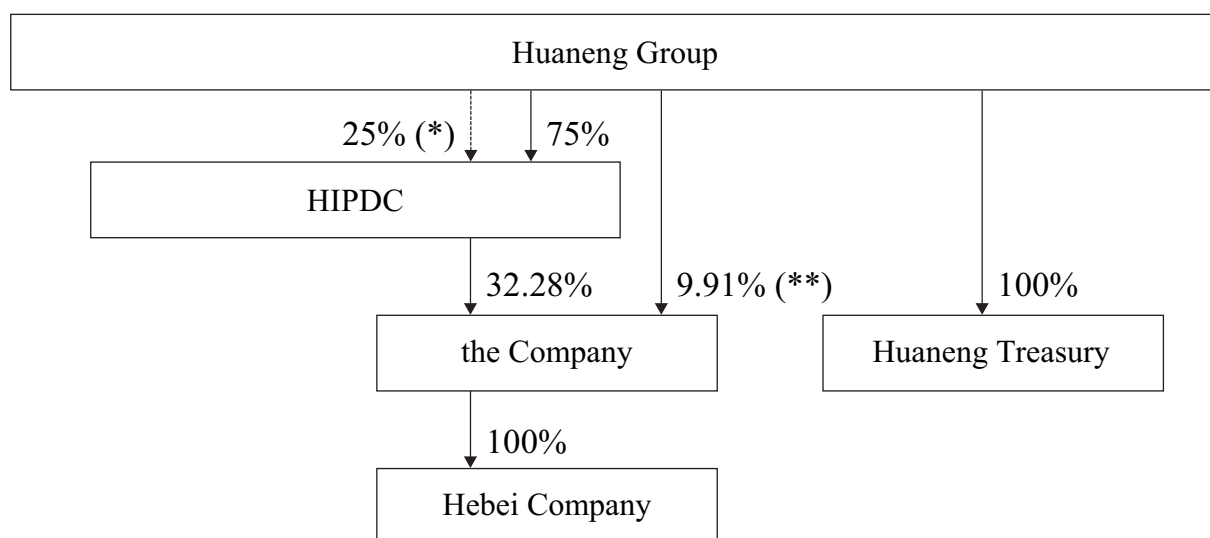
The Company and its subsidiaries mainly develop, construct, operate and manage large-scale power plants in China. It is one of the largest listed power producers in China. As at the date of this announcement, the Company's controlled generation capacity is 115,014 MW and the equity-based generation capacity is 101,388 MW.

Hebei Company, established on 21 January 2021, is a wholly-owned subsidiary of the Company and is principally engaged in the business development, construction and operation of wind power and solar power projects.

Huaneng Treasury was incorporated in 5 February 2018 in Hong Kong. It is a wholly-owned subsidiary of Huaneng Group and is principally engaged in issuing bonds, injecting capital and loans to subsidiaries, investing and holding equity interests in group members, etc..

As of the date of this announcement, Huaneng Group holds a 75% direct interest and a 25% indirect interest in HIPDC, while HIPDC, being the direct controlling shareholder of the Company, holds a 32.28% interest in the Company. Huaneng Group is a state-owned central enterprise with operating power industries as its main business, which is under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council. Huaneng Group also holds a 9.91% direct interest in the Company and holds a 3.01% indirect interest in the Company through its wholly-owned subsidiary Hua Neng HK, a 0.84% indirect interest in the Company through Huaneng Treasury, its indirect wholly-owned subsidiary, and a 0.26% indirect interest in the Company through its controlling subsidiary Huaneng Finance. Huaneng Treasury is a wholly-owned subsidiary of Huaneng Group. According to the Hong Kong Listing Rules, Huaneng Treasury is an associate of the connected person of the Company, and the Transaction constitutes a connected transaction of the Company.

As of the date of this announcement, the connected relationship between the Company and Huaneng Treasury is illustrated as follows:



* Huaneng Group, through its wholly-owned subsidiary i.e. Hua Neng HK, indirectly holds 100% of Pro-Power Investment while Pro-Power Investment holds a 25% interest in HIPDC. Therefore, Huaneng Group holds a 25% indirect interest in HIPDC.

** Huaneng Group holds a 9.91% direct interest in the Company and holds a 3.01% interest in the Company through its wholly-owned subsidiary Hua Neng HK, a 0.84% indirect interest in the Company through Huaneng Treasury, its wholly-owned subsidiary, and a 0.26% indirect interest in the Company through its controlling subsidiary Huaneng Finance.

III. BASIC INFORMATION OF THE CONNECTED TRANSACTION

The principal terms of the Joint Venture Agreement are set out as follows:

1. Date

29 December 2021

2. Parties

- (1) Hebei Company
- (2) Huaneng Treasury

3. Registered capital and proportion of shareholding

The registered capital of Caofeidian Clean Energy Company is RMB170.88 million, of which, Hebei Company will contribute RMB119.616 million in RMB cash and will hold 70% of the equity interest thereof. Huaneng Treasury will contribute RMB51.264 million

in USD cash, which will be at the central parity exchange rate to be announced by The People's Bank of China on the day of contribution by Huaneng Treasury, and will hold 30% of the equity interest thereof.

4. Organizational Structure

Caofeidian Clean Energy Company will establish a board of directors which will consist of three directors. Hebei Company shall be entitled to two board seats and Huaneng Treasury shall be entitled to one board seat. The board of directors shall have one chairman who will be nominated by Hebei Company. Caofeidian Clean Energy Company will establish a board of supervisors, which will consist of three supervisors with one supervisor nominated by each shareholder, and one employee supervisor. The board of supervisors shall have one chairman who will be nominated by Huaneng Treasury.

5. Co-Sale Right

If Hebei Company wishes to transfer its equity interest in Caofeidian Clean Energy Company resulting in the loss of the de facto control in Caofeidian Clean Energy Company by Huaneng Group, Huaneng Treasury has the right to agree with Hebei Company, at the same price and terms and conditions as proposed by the transferee, to transfer their equity interests in Caofeidian Clean Energy Company together to the transferee ("**Co-Sale Right**"). If Huaneng Treasury exercises the Co-Sale Right in accordance with the provisions of the Joint Venture Agreement, Hebei Company shall be obliged to procure the transferee to acquire all the equity interests in Caofeidian Clean Energy Company required to be sold by Huaneng Treasury pursuant to its exercise of the Co-Sale Right at the same price and terms and conditions. If the transferee declines in any way to acquire equity interests from Huaneng Treasury, which exercises the Co-Sale Right under the Joint Venture Agreement, Hebei Company shall not sell any equity interest to the transferee, unless at the same time of the sale or transfer, Hebei Company shall acquire the equity interest from Huaneng Treasury.

6. Effectiveness

The Joint Venture Agreement shall come into effect upon being signed by the parties thereto.

IV. PRICING OF THE TRANSACTION

Hebei Company will contribute RMB119.616 million and Huaneng Treasury will contribute in US dollars equivalent of RMB51.264 million. After the completion of the Transaction, Hebei Company will hold 70% of Caofeidian Clean Energy Company, and Huaneng Treasury will hold 30% of Caofeidian Clean Energy Company.

V. PURPOSE OF THE CONNECTED TRANSACTION AND THE EFFECT ON THE COMPANY

In order to increase the proportion of the Company's clean energy installed capacity, optimize the industry structure, and meet the development and construction requirements of the Shilihai 100MW composite photovoltaic power generation project in Hebei, the Company strives to develop and construct new energy power generation and other new business energy power generation project resources in Caofeidian and hence proposes to establish Caofeidian Clean Energy Company.

After completion of the Transaction, the financial results of Caofeidian Clean Energy Company will be consolidated into the financial statements of Hebei Company. The Transaction will not have a significant impact on the Company's financial position, and there is no situation that will harm the Company and the interests of its shareholders.

VI. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As all of the applicable percentage ratios for the Transaction are less than 0.1%, the transaction contemplated under the Joint Venture Agreement falls to be de minimis transaction and is exempt from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules. The disclosure made in this announcement is made by the Company on a voluntary basis.

VII. PROCEDURAL MATTER RELATING TO THE TRANSACTION

On 29 December 2021, the 20th Meeting of the Tenth Session of the Board of Directors of the Company has considered and approved the resolution regarding the Transaction. According to the SSE Listing Rules and the Hong Kong Listing Rules, Mr. Zhao Keyu, Mr. Zhao Ping, Mr. Huang Jian, Mr. Wang Kui, Mr. Lu Fei and Mr. Teng Yu, all being Directors of the Company having related relationship, abstained from voting on the resolution relating to the Transaction.

The Board of Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement was entered into: (1) on normal commercial terms (on arm's length basis or on terms no less favorable to the Company than terms available from independent third parties); (2) on terms that are fair and reasonable and are in the interests of the Company and its shareholders as a whole and (3) in the ordinary and usual course of business of the Company.

VIII. DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
----------------	---

“Company” or “Huaneng International”	Huaneng Power International, Inc.
“Joint Venture Agreement”	Huaneng Shilihai 100MW Composite Photovoltaic Power Project Joint Venture Agreement entered into between Hebei Company and Huaneng Treasury on 29 December 2021
“Caofeidian Clean Energy Company”	Huaneng Tangshan Caofeidian Clean Energy Co., Ltd. (tentative named, subject to the final approval of the administration for market regulation) which is proposed to be established jointly by Hebei Company and Huaneng Treasury
“Director(s)”	the director(s) of the Company (including independent non-executive director(s))
“Hebei Company”	Huaneng Hebei Clean Energy Co., Ltd.
“HIPDC”	Huaneng International Power Development Corporation
“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
“Hua Neng HK”	China Hua Neng Group Hong Kong Limited
“Huaneng Finance”	China Huaneng Finance Corporate Limited
“Huaneng Group”	China Huaneng Group Co., Ltd.
“Huaneng Treasury”	China Huaneng Group Treasury Management (Hong Kong) Limited
“PRC” or “China”	the People’s Republic of China
“Pro-Power Investment”	Pro-Power Investment Limited
“RMB”	Renminbi, the lawful currency of the PRC
“SSE Listing Rules”	Rules Governing the Listing of Securities on Shanghai Stock Exchange

“Transaction”

Pursuant to the terms and conditions of the Joint Venture Agreement, Hebei Company will jointly establish Caofeidian Clean Energy Company with Huaneng Treasury

By order of the Board
Huaneng Power International, Inc.
Huang Chaoquan
Company Secretary

As of the date of the announcement, the directors of the Company are:

Zhao Keyu (*Executive Director*)

Zhao Ping (*Executive Director*)

Huang Jian (*Non-executive Director*)

Wang Kui (*Non-executive Director*)

Lu Fei (*Non-executive Director*)

Teng Yu (*Non-executive Director*)

Mi Dabin (*Non-executive Director*)

Cheng Heng (*Non-executive Director*)

Li Haifeng (*Non-executive Director*)

Lin Chong (*Non-executive Director*)

Xu Mengzhou (*Independent Non-executive Director*)

Liu Jizhen (*Independent Non-executive Director*)

Xu Haifeng (*Independent Non-executive Director*)

Zhang Xianzhi (*Independent Non-executive Director*)

Xia Qing (*Independent Non-executive Director*)

Beijing, the PRC

30 December 2021