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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 CAPITAL INCREASE IN ZHANYI COMPANY

On 29 December 2021, Yuwang Energy entered into the Capital Increase Agreement with Huaneng Treasury. Pursuant to the Capital Increase Agreement, Yuwang Energy and Huaneng Treasury shall inject new capital by way of cash in accordance with their respective shareholding ratios. Yuwang Energy shall use its own internal fund to pay Zhanyi Company not more than RMB117,000,000 as the consideration for the Capital Increase. Upon completion of the Capital Increase, Zhanyi Company's registered capital will be increased to RMB156,000,000, and Yuwang Energy's shareholding ratio in Zhanyi Company remains unchanged at 75%.

As at the date of publication of this announcement, Huaneng Group holds a 75% direct equity interest and a 25% indirect equity interest in HIPDC, whilst HIPDC, being the direct controlling shareholder of the Company, holds a 32.28% equity interest in the Company. Huaneng Group is a stated-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 equity interest in the Company, a 3.01% indirect equity interest in the Company through Hua Neng HK (a wholly-owned subsidiary of Huaneng Group), a 0.84% indirect equity interest in the Company through Huaneng Treasury (an indirect wholly-owned subsidiary of Huaneng Group) and a 0.26% indirect equity interest in the Company through Huaneng Finance (a controlling subsidiary of Huaneng Group). Yuwang Energy and Huaneng Treasury each holds a 75% and 25% equity interests, respectively, in Zhanyi Company, which is a connected subsidiary of the Company. Huaneng Treasury is a wholly-owned subsidiary of Huaneng Group. According to the relevant provisions of the Hong Kong Listing Rules, Huaneng Treasury is an associate of the connected person of the Company and the Capital Increase constitutes a connected transaction of the Company, subject to compliance with relevant disclosures under the Hong Kong Listing Rules and/or the requirement to obtain independent shareholder's approval.

As all of the applicable percentage ratios for the Capital Increase are less than 0.1%, the transaction contemplated under the Capital Increase 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, Yuwang Energy entered into the Capital Increase Agreement with Huaneng Treasury. Pursuant to the Capital Increase Agreement, Yuwang Energy and Huaneng Treasury shall inject new capital by way of cash in accordance with their respective shareholding ratios. Yuwang Energy shall use its own internal fund to pay Zhanyi Company not more than RMB117,000,000 as the consideration for the Capital Increase. Upon completion of the Capital Increase, Zhanyi Company's registered capital will be increased to RMB156,000,000, and Yuwang Energy's shareholding ratio in Zhanyi Company remains unchanged at 75%.

II. RELATIONSHIP BETWEEN THE COMPANY, YUWANG ENERGY AND HUANENG TREASURY

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

Yuwang Energy is a wholly-owned subsidiary of the Company and is principally engaged in investment of power projects, production and sales of power; development, production and operation management of new energy projects; power and energy project consulting; environmental protection technology development, technology transfer, technical consulting, and technical services.

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 at the date of publication of this announcement, Huaneng Group holds a 75% direct equity interest and a 25% indirect equity interest in HIPDC, whilst HIPDC, being the direct controlling shareholder of the Company, holds a 32.28% equity 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 equity interest in the Company, a 3.01% indirect equity interest in the Company through Hua Neng HK (a wholly-owned subsidiary of Huaneng Group), a 0.84% indirect equity interest in the Company through

Huaneng Treasury (an indirect wholly-owned subsidiary of Huaneng Group) and a 0.26% indirect equity interest in the Company through Huaneng Finance (a controlling subsidiary of Huaneng Group). Yuwang Energy and Huaneng Treasury each holds a 75% and 25% equity interests, respectively, in Zhanyi Company, which is a connected subsidiary of the Company. Huaneng Treasury is a wholly-owned subsidiary of Huaneng Group. According to the relevant provisions of the Hong Kong Listing Rules, Huaneng Treasury is an associate of the connected person of the Company and the Capital Increase constitutes a connected transaction of the Company, subject to compliance with relevant disclosures under the Hong Kong Listing Rules and/or the requirement to obtain independent shareholder's approval.

III. THE CAPITAL INCREASE

The Capital Increase was approved at the meeting of the board of Directors of the Company held on 29 December 2021. Yuwang Energy entered into the Capital Increase Agreement with Huaneng Treasury. Major terms of the Capital Increase Agreement are as follows:

1. Date: 29 December 2021
2. Parties:
 - (i) Yuwang Energy; and
 - (ii) Huaneng Treasury.
3. Subscription of share capital

According to the Capital Increase Agreement, shareholders of Zhanyi Company shall inject new capital by way of cash in accordance with its existing shareholding ratios, of which Yuwang Energy shall subscribe for not more than RMB117,000,000, representing 75% of the newly increased capital.

Following completion of the Capital Increase, the registered capital and shareholding structure of Zhanyi Company will be as follows: (1) registered capital: no more than RMB156,000,000; and (2) the names of shareholders, capital contributions and shareholding ratios will be as follows: the Company shall contribute RMB117,000,000 with an equity interest of 75% and Huaneng Treasury shall contribute USD equivalent of RMB39,000,000 with an equity interest of 25%.
4. Payment: By way of cash
5. Effectiveness: The Capital Increase Agreement shall become effective from the date of signing (with official seals) by all parties.

In the Capital Increase, Yuwang Energy and Huaneng Treasury will each increase the capital of Zhanyi Company in the same proportion as the shareholding ratio of Zhanyi Company at a price of RMB1 per share.

Yuwang Energy shall use its own internal fund to pay Zhanyi Company not more than RMB117,000,000 as the consideration for the Capital Increase. Upon completion of the Capital Increase, Zhanyi Company's registered capital will be increased to RMB156,000,000, and the Yuwang Energy's shareholding ratio in Zhanyi Company remains unchanged at 75%.

IV. INFORMATION OF ZHANYI COMPANY

Zhanyi Company was established in April 2021 with a registered capital of RMB1 million and was jointly established by Yuwang Energy and Pro-Power Investment. Yuwang Energy holds 75% of the equity interest of Zhanyi Company, and Pro-Power Investment holds 25% of Zhanyi Company, neither of which has actually contributed capital.

On 24 November 2021, Pro-Power Investment and Huaneng Treasury signed an equity transfer agreement. Huaneng Treasury acquired the 25% equity of Zhanyi Company held by Pro-Power Investment for nil consideration. The industrial and commercial change has been completed. After the completion of the industrial and commercial change of Zhanyi Company, the shareholding structure of Yuwang Energy will hold 75% and Huaneng Treasury will hold 25%.

Zhanyi Company is mainly engaged in electricity production and supply; solar and wind energy development and utilization; electricity sales; contract energy management.

V. PURPOSE OF THE CAPITAL INCREASE AND THE FINANCIAL IMPACT ON THE COMPANY

In order to increase the proportion of the Company's clean energy installed capacity and optimize the industry structure, the Company plans to develop Qujing Zhanyi Lingjiao 350 MW Agricultural Photovoltaic Power Generation Project and Qujing Zhanyi Panjiang 180 MW Wind Power Project in Qujing, Yunnan. In order to meet the development and construction requirements of the first phase of the 100 MW project of Qujing Zhanyi Lingjiao Agricultural Photovoltaic Power Generation Project, it is planned to increase the capital of Zhanyi Company.

The Capital Increase is to meet the capital needs of the project and will not have a significant impact on the Company's financial status, and there is no situation that harms the interests of the Company and shareholders.

VI. IMPLICATIONS UNDER HONG KONG LISTING RULES

As all of the applicable percentage ratios for the Capital Increase are less than 0.1%, the transaction contemplated under the Capital Increase 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. APPROVAL FROM THE BOARD

The Capital Increase was considered and approved at the 20th meeting of the tenth session of the Board of the Company on 29 December 2021. Zhao Keyu, Zhao Ping, Huang Jian, Wang Kui, Lu Fei, Teng Yu, all being Directors having connected relationship, abstained from voting on the board resolution relating to the Capital Increase according to the Hong Kong Listing Rules and Shanghai Listing Rules.

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

VIII. DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Capital Increase”	the Company will subscribe for part of the newly-added registered capital of Zhanyi Company at not more than RMB117,000,000 in accordance with the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 29 December 2021 entered into between Yuwang Energy and Huaneng Treasury
“Company”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Directors”	the directors (including independent non-executive directors) of the Company
“HIPDC”	Huaneng International Power Development Corporation
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hua Neng HK”	China Hua Neng Group Hong Kong Limited
“Huaneng Finance”	China Huaneng Finance Corporation 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”	the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Yuwang Energy”	Yunnan Diandong Yuwang Energy Co., Ltd.
“Zhanyi Company”	Huaneng Clean Energy (Qijing Zhanyi) Co., Ltd.
“USD”	the United States dollar, the lawful currency of the United States of America

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

As at the date of this 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