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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 SHIDAOWAN NUCLEAR

On 18 October 2022, the Company entered into the Capital Increase Agreement with Huaneng Nuclear, State Nuclear, HIPDC and Shidaowan Nuclear, pursuant to which the Company will subscribe the new registered capital of Shidaowan Nuclear in cash in the same proportion according to their respective shareholding ratios. The Company will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million, Huaneng Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB168 million, State Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB140 million, and HIPDC will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB4,750 million and the Company's shareholding interest in Shidaowan Nuclear will remain unchanged at 22.5%.

As of 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 mainly operating in the electricity industry and is supervised by 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 0.19% indirect equity interest in the Company through Huaneng Finance (a controlling subsidiary of Huaneng Group). Huaneng Nuclear is a wholly-owned subsidiary of Huaneng Group. According to the relevant provisions of the Hong Kong Listing Rules, HIPDC is a connected person of the Company, while Huaneng Nuclear is an associate of the connected person of the Company. The Capital Increase constitutes a connected transaction of the Company, and are subject to the relevant disclosure and/or independent shareholders' approval requirements under the Hong Kong Listing Rules.

Pursuant to the relevant percentage ratios as calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules, the Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules. The Capital Increase also constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the scale of the Capital Increase exceeds 0.1% but does not exceed 5% of the relevant percentage ratios as calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules, therefore, the Company is only required to comply with the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but is exempt from independent shareholders' approval requirement.

I. INTRODUCTION

On 18 October 2022, the Company entered into the Capital Increase Agreement with Huaneng Nuclear, State Nuclear, HIPDC and Shidaowan Nuclear, pursuant to which the Company will subscribe the new registered capital of Shidaowan Nuclear in cash in the same proportion according to their respective shareholding ratios. The Company will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million, Huaneng Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB168 million, State Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB140 million, and HIPDC will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB4,750 million and the Company's shareholding interest in Shidaowan Nuclear will remain unchanged at 22.5%.

II. RELATIONSHIP BETWEEN THE COMPANY, HUANENG NUCLEAR, STATE NUCLEAR AND HIPDC

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 controlled generation capacity is 122,573 MW.

As of 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 mainly operating in the electricity industry and is supervised by 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 0.19% indirect equity interest in the Company through Huaneng Finance (a controlling subsidiary of Huaneng Group).

Huaneng Nuclear is a wholly-owned subsidiary of Huaneng Group and is mainly engaged in nuclear power investment, development, production, grid power transmission, nuclear power and related fields of scientific research and development and technical services, etc.

State Nuclear was established in May 2007. Currently, the three shareholders are State Power Investment Group Co., Ltd., China General Nuclear Power Group Co., Ltd., and China National Nuclear Corporation. State Nuclear is mainly engaged in the introduction, merger, absorption, research and development, transfer, application and promotion of third-generation advanced nuclear power technology; third-generation nuclear power engineering survey, engineering design, engineering management services, engineering supervision, engineering contracting, environmental assessment, radiation protection assessment and monitoring of radioactive pollution sources, services in nuclear engineering and related fields, development and trial sales of new products, and engineering-related equipment procurement and material ordering, and to provide technical support and consulting services for the construction and operation of nuclear power plants. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and based on the information publicly available to the Company, State Nuclear and its ultimate beneficial owners is a third party independent of the Company and its connected persons under the Listing Rules.

HIPDC is a sino-foreign joint venture established with the approval of the State Council and is principally engaged in the development, construction and operation of power plants across the country.

According to the relevant provisions of the Hong Kong Listing Rules, HIPDC is a connected person of the Company, while Huaneng Nuclear is an associate of the connected person of the Company. The Capital Increase constitutes a connected transaction of the Company, and are subject to the relevant disclosure and/or independent shareholders' approval requirements under the Hong Kong Listing Rules.

III. THE CAPITAL INCREASE

The Capital Increase was approved at the meeting of the board of Directors of the Company held on 18 October 2022. The Company entered into the Capital Increase Agreement with Huaneng Nuclear, State Nuclear, HIPDC and Shidaowan Nuclear. Major terms of the Capital Increase Agreement are as follows:

1. Date : 18 October 2022
2. Parties to the agreement : (i) the Company;
(ii) Huaneng Nuclear;
(iii) State Nuclear;

(iv) HIPDC; and

(v) Shidaowan Nuclear.

3. Subscription of capital : Pursuant to the Capital Increase Agreement, the Company will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million, Huaneng Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB168 million, State Nuclear will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB140 million, and HIPDC will subscribe for part of the newly increased registered capital of Shidaowan Nuclear with RMB126 million. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB4,750 million and the Company's shareholding interest in Shidaowan Nuclear will remain unchanged at 22.5%.
4. Payment method : To be payable in cash.
5. Signing and effectiveness : The Capital Increase Agreement shall become effective upon being signed and sealed by the parties.

In the Capital Increase, the Company, Huaneng Nuclear, State Nuclear, HIPDC will each increase the capital of Shidaowan Nuclear in the same proportion as the shareholding ratio of Shidaowan Nuclear at a price of RMB1 per share.

The Company will use its own funds to pay to Shidaowan Nuclear for the consideration of the newly increased capital contribution. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB4,750 million and the Company's shareholding interest in Shidaowan Nuclear will remain unchanged at 22.5%.

IV. INFORMATION OF SHIDAOWAN NUCLEAR

Shidaowan Nuclear was jointly funded and established by the Company, Huaneng Group and HIPDC in October 2009. It was registered in Shandong Province with a registered capital of RMB1 billion at the time of establishment. It is mainly engaged in the preparation of the pressurized water reactor power plant project. In July 2014, State Nuclear became a new shareholder of Shidaowan Nuclear. In December 2018, Huaneng Nuclear replaced Huaneng Group as the shareholder of Shidaowan Nuclear. The current shareholding structure of Shidaowan Nuclear is: Huaneng Nuclear holds 30%, State Nuclear holds 25%, HIPDC holds

22.5% and the Company holds 22.5%. Shidaowan Nuclear is located in Rongcheng City, Shandong Province, with a current registered capital of RMB4.19 billion and liabilities as at 30 September 2022 of RMB6,809.25 million.

The following is the relevant financial data for the two financial years ended 31 December 2020 and 31 December 2021, and the six months ended 30 June 2022 prepared by Shidaowan Nuclear in accordance with the PRC Accounting Standards:

	As of 31 December 2020 (RMB0,000) (Audited)	As of 31 December 2021 (RMB0,000) (Audited)	As of 30 June 2022 (RMB0,000) (Unaudited)
Operating income	0	0	0
Profit before taxation	0	0	0
Net Profit	0	0	0
Net Profit after deducting non-recurring gains and losses	0	0	0
Total Assets	933,880	1,028,088.17	1,054,649.32
Net Assets	403,402	425,402.14	425,402.14

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

The Company's capital increase in Shidaowan Nuclear is in line with the Company's development strategy, which can improve the power supply structure, rationalize the power supply layout, and have obvious environmental and economic benefits.

The Capital Increase does not involve changes in the scope of the Company's consolidated statements, will not affect the Company's financial and operating conditions, and will not harm the interests of the Company and all shareholders.

VI. IMPLICATIONS UNDER HONG KONG LISTING RULES

Pursuant to the relevant percentage ratios as calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules, the Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules. The Capital Increase also constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the scale of the Capital Increase exceeds 0.1% but does not exceed 5% of the relevant percentage ratios as calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules, therefore, the Company is only required to comply with the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but is exempt from independent shareholders' approval requirement.

VII. APPROVAL FROM THE BOARD

The Capital Increase was considered and approved at the 27th meeting of the tenth session of the Board of the Company on 18 October 2022. Zhao Keyu, Huang Jian, Wang Kui, Lu Fei, Teng Yu, all being Directors having connected relationship, abstained from voting on the board resolution relating to the Transaction. The resolution was voted by Directors who are not related to the Transaction.

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” or “this Transaction”	the Company will contribute RMB126 million to subscribe for part of the new registered capital of Shidaowan Nuclear pursuant to the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 18 October 2022 entered into among the Company, Huaneng Nuclear, State Nuclear, HIPDC and Shidaowan Nuclear
“Company”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) (including independent non-executive director(s)) 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 Nuclear”	Huaneng Nuclear Power Development Co., Ltd.
“Huaneng Treasury”	China Huaneng Group Treasury Management (Hong Kong) Limited
“PRC” or “China”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Shidaowan Nuclear”	Huaneng Shidaowan Nuclear Power Development Co., Ltd.
“State Nuclear”	State Nuclear Power Technology Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules

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 (<i>Executive Director</i>)	Xu Mengzhou (<i>Independent Non-executive Director</i>)
Huang Jian (<i>Non-executive Director</i>)	Liu Jizhen (<i>Independent Non-executive Director</i>)
Wang Kui (<i>Non-executive Director</i>)	Xu Haifeng (<i>Independent Non-executive Director</i>)
Lu Fei (<i>Non-executive Director</i>)	Zhang Xianzhi (<i>Independent Non-executive Director</i>)
Teng Yu (<i>Non-executive Director</i>)	Xia Qing (<i>Independent Non-executive Director</i>)
Mi Dabin (<i>Non-executive Director</i>)	
Cheng Heng (<i>Non-executive Director</i>)	
Li Haifeng (<i>Non-executive Director</i>)	
Lin Chong (<i>Non-executive Director</i>)	

Beijing, the PRC
19 October 2022