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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 HUANENG FINANCE

On 25 April 2023, the Company and Other Shareholders of Huaneng Finance entered into the Capital Increase Agreement with Huaneng Finance, pursuant to which the Company and Other Shareholders of Huaneng Finance will be subscribed to the new registered capital of Huaneng Finance 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 Huaneng Finance with RMB400 million. Following completion of the Capital Increase, the Company's shareholding interest in Huaneng Finance will remain unchanged at 20%.

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 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).

According to the relevant provisions of the Hong Kong Listing Rules, Huaneng Group is a connected person of the Company, while Huaneng Finance and Other Shareholders of Huaneng Finance are controlling subsidiaries of Huaneng Group and therefore the associates of the connected person of the Company. The Capital Increase constitutes a connected transaction of the Company, and is 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 as per 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. Nonetheless, the Capital Increase constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the scale of the Capital Increase exceeds 0.1% but is less than 5% of the relevant percentage ratios as calculated pursuant

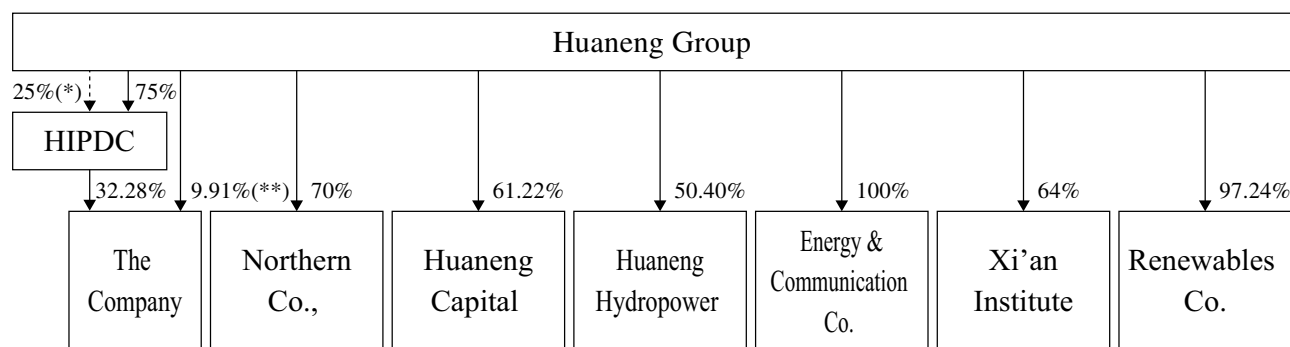
to Rule 14.07 of the Hong Kong Listing Rules, the Company is only required to comply with the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but is exempt from independent shareholders' approval requirement.

I. INTRODUCTION

On 25 April 2023, the Company and Other Shareholders of Huaneng Finance entered into the Capital Increase Agreement with Huaneng Finance, pursuant to which the Company and Other Shareholders of Huaneng Finance will be subscribed to the new registered capital of Huaneng Finance 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 Huaneng Finance with RMB400 million. Following completion of the Capital Increase, the Company's shareholding interest in Huaneng Finance will remain unchanged at 20%.

II. RELATIONSHIP BETWEEN THE COMPANY AND OTHER SHAREHOLDERS OF HUANENG FINANCE

As of the date of publication of this announcement, the relationship between the Company and Other Shareholders of Huaneng Finance is shown as below:



* Huaneng Group, through its wholly-owned subsidiary i.e. Hua Neng HK, indirectly holds 100% of Pro-Power Investment Limited while Pro-Power Investment Limited 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 controlling subsidiary, and a 0.19% indirect interest in the Company through its controlling subsidiary Huaneng Finance.

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 suppliers in China. As at 31 March 2023, the Company's controlled generation capacity is 128,648 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).

HIPDC is a sino-foreign equity joint enterprise approved by the State Council of PRC, whose main business is to develop, construct and operate the power plants nationwide.

Northern Co. is a limited liability company incorporated in the PRC and is mainly engaged in the development, investment, construction and operation of electric power, thermal power, coal resources, railroads and supporting infrastructure projects; electricity and thermal power production and supply; coal business; import and export trade, etc.

Huaneng Capital is a limited liability company incorporated in the PRC and is principally engaged in investment and investment management; asset management; asset trustee management; and investment and management advisory services.

Huaneng Hydropower is a joint stock company incorporated in the PRC and is mainly engaged in the development, construction, production, operation and product sales of domestic and international power and other energy resources; investment, consultation, inspection, maintenance and management services of power and other energy projects; investment, development, construction, production, operation and product sales of related extension industries; procurement, sales, and import and export business.

Energy & Communication Co. is a limited liability company incorporated in the PRC. It is mainly engaged in investment and management of energy infrastructure projects involving coal mines, roads, ports and shipping; wholesale business of coal; international and domestic bidding agency; import and export business; investment and management of industrial projects; asset trustee management, etc. import and export business; investment and management of industrial projects; asset trustee management, etc.

Xi'an Institute is a limited liability company established in the PRC. It is mainly engaged in technical research and development, transfer of technology, technical consultation and services involving thermal power engineering devices, industrial process automatic control system, chemical and material engineering, thermal measurement and test, environmental protection, energy saving and water saving; services including technical training; thermal power generation

design, project contracting and equipment; research, development and promotion of products, equipment and devices in the above-mentioned technology fields and the application, production and sales.

Renewables Co. is a joint stock company established in the PRC and is principally engaged in the investment, development, production and engineering construction of wind power, municipal waste power, solar energy, tidal power and other new energy projects; research, development, design, production, sales, complete integration and transfer of engineering construction equipment, materials and processes; and project investment management.

According to the relevant provisions of the Hong Kong Listing Rules, Huaneng Group is a connected person of the Company, while Huaneng Finance and Other Shareholders of Huaneng Finance are controlling subsidiaries of Huaneng Group and the therefore associates of the connected person of the Company. The Capital Increase constitutes a connected transaction of the Company, and is subject to the relevant disclosure and/or independent shareholders' approval requirements under the Hong Kong Listing Rules.

III. THE CAPITAL INCREASE

The major terms of the Capital Increase Agreement are as follows:

1. Date

25 April 2023

2. Parties

- (i) The Company;
- (ii) Huaneng Group;
- (iii) Northern Co.;
- (iv) HIPDC;
- (v) Huaneng Capital;
- (vi) Huaneng Hydropower;
- (vii) Energy & Communication Co.;
- (viii) Xi'an Institute;
- (ix) Renewables Co.; and

(x) Huaneng Finance

3. Capital Increase:

Huaneng Finance will increase its registered capital by RMB2,000 million in the capital increase. The Company and Other Shareholders of Huaneng Finance will each subscribe to the new registered capital of Huaneng Finance in the same proportion as their respective shareholding ratios in Huaneng Finance at a price of RMB1 per share. The table below sets out the capital contribution from the Company and Other Shareholders of Huaneng Finance and their respective shareholding percentage before and after the completion of the Capital Increase.

Shareholders of Huaneng Finance	Newly increased registered capital subscribed (RMB0,000)	Respective Shareholding percentage before completion of the capital increase (%)	Respective Shareholding percentage after completion of the capital increase (%)
The Company	40,000	20	20
Huaneng Group	104,000	52	52
Northern Co.	20,000	10	10
HIPDC	11,166.67	5.58	5.58
Huaneng Capital	8,833.33	4.42	4.42
Huaneng Hydropower	6,666.67	3.33	3.33
Energy & Communication Co.	4,000	2	2
Xi'an Institute	3,333.33	1.67	1.67
Renewables Co.	2,000	1	1

The Company will use its own funds to pay Huaneng Finance for the consideration of the newly increased capital contribution. Following completion of the capital increase, the registered capital of Huaneng Finance will be increased to RMB7,000 million and the Company's shareholding interest in Huaneng Finance will remain unchanged at 20%.

4. Terms of payment :

The consideration payable by each of the Company and Other Shareholders of Huaneng Finance for the capital increase shall be made to Huaneng Finance in cash. Upon the approval of the capital increase at the general meeting of Huaneng Finance, amount due from the Company and Other Shareholders of Huaneng Finance shall be paid in full as per the Capital Increase Agreement and deposited into account of Huaneng Finance.

5. Entry into Force:

The Capital Increase Agreement is conditional upon the signature of all parties thereto.

IV. INFORMATION OF HUANENG FINANCE

The target company for the Capital Increase is Huaneng Finance, whose basic information as at the date of publication of this announcement is as follows:

Time of Establishment :	May 1988
Type of Enterprise :	Other types of limited liability company
Registered Capital :	RMB5 billion
Primary Business :	Absorbing deposits of the member units, handling loans and financial leasing for the member units, assisting the member units in realizing the receipt and payment of transaction monies, providing guarantee to the member units, handling entrusted loans among the member units, handling bill acceptance and discounting for the member units, engaging in inter-bank borrowings, negotiable securities investment, etc.

Huaneng Finance Corporation (華能金融公司) was established with the approval of the People's Bank of China in October 1987 with a registered capital of RMB300 million. Huaneng Finance Corporation changed its name to China Huaneng Finance Corporation (中國華能財務公司) in October 1990. China Huaneng Finance Corporation increased its capital and shares and formally changed its name to China Huaneng Finance Co., Ltd. with the approval of the People's Bank of China in July 2001. As of the date of publication of this announcement, The registered capital of Huaneng Finance is RMB5 billion.

The table below sets out the relevant financial data of Huaneng Finance for the years ended 31 December 2021 and 2022 and for three months ended 31 March 2023.

	As of 31 December 2021 (RMB0,000) (Audited)	As of 31 December 2022 (RMB0,000) (Audited)	As of 31 March 2023 (RMB0,000) (Unaudited)
Operating income	160,682.63	173,401.99	35,874.21
Profit before taxation	124,445.40	80,660.43	22,917.46
Net Profit	94,477.79	62,669.87	15,554.04

	As of 31 December 2021 (RMB0,000) (Audited)	As of 31 December 2022 (RMB0,000) (Audited)	As of 31 March 2023 (RMB0,000) (Unaudited)
Net Profit after deducting non-recurring gains and losses	94,477.79	62,669.87	15,554.04
Total Assets	5,197,429.97	5,644,700.00	6,511,176.35
Net Assets	712,253.74	736,923.61	752,477.65

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

Contribution to the capital increase will generate stable investment returns which will yield continuing cash dividend for the Company and will motivate Huaneng Finance to provide better finance services to the Company and its subsidiaries.

The Capital Increase does not involve changes in the scope of the Company's consolidated statements, will not have any significant impact on 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 as per 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. Nonetheless, the Capital Increase constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules. As the scale of the Capital Increase exceeds 0.1% but is less than 5% of the relevant percentage ratios as calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules, 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 31st meeting of the tenth session of the Board of the Company on 25 April 2023. 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 Capital Increase.

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 contribute RMB400 million to subscribe for part of the new registered capital of Huaneng Finance pursuant to the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 25 April 2023 entered into among the Company, Huaneng Group, North Co., HIPDC, Huaneng Capital, Huaneng Hydropower, Energy & Communication Co., Xi'an Institute, Renewables Co., and Huaneng Finance
“Company” or “Huaneng International”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) (including independent non-executive director(s)) of the Company
“Energy & Communication Co.”	Huaneng Energy & Communications Holdings Co., Ltd.
“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 Capital”	Huaneng Capital Services Co., Ltd

“Huaneng Finance”	China Huaneng Finance Co., Ltd.
“Huaneng Group”	China Huaneng Group Co., Ltd.
“Huaneng Hydropower”	Huaneng Lancangjiang Hydropower Co., Inc.
“Huaneng Treasury”	China Huaneng Group Treasury Management (Hong Kong) Limited
“Renewables Co.”	Huaneng Renewables Co., Ltd.
“Northern Co.”	Northern United Power Co., Ltd.
“Other Shareholders of Huaneng Finance”	Shareholders of Huaneng Finance other than the Company, namely, Huaneng Group, Northern Co., HIPDC, Huaneng Capital, Huaneng Hydropower, Energy & Communication Co., Xi’an Institute and Renewables Co.
“PRC” or “China”	the People’s Republic of China
“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
“Xi’an Institute”	Xi’an Thermal Power Research Institute Co., Ltd

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*)

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

26 April 2023