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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 PROVISION OF COUNTER-GUARANTEE**

### **PROVISION OF COUNTER-GUARANTEE**

On 25 July 2023, Hainan Company, a subsidiary of the Company, entered into the Counter-Guarantee Contract with Group Fuel Company, pursuant to which Hainan Company agreed to provide the Counter-Guarantee with respect to the obligations of Group Fuel Company under the Guarantee Contract in favour of Group Fuel Company in proportion to Hainan Company's 40% interest in LE Shipping where the maximum amount of counter-guarantee will not exceed RMB540 million.

### **IMPLICATIONS UNDER HONG KONG LISTING RULES**

As of the date 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 China Huaneng Group Treasury Management (Hong Kong) Limited (an indirect wholly-owned subsidiary of Huaneng Group) and a 0.06% indirect equity interest in the Company through China Huaneng Finance Co., Ltd. (a subsidiary of Huaneng Group). Group Fuel Company is a subsidiary of Huaneng Group. Pursuant to Chapter 14A of the Hong Kong Listing Rules, Group Fuel Company is a connected person of the Company, and the transaction contemplated under the Counter-Guarantee Contract constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction contemplated under the Counter-Guarantee Contract exceeds 0.1% but is less than 5%, the transaction contemplated under the Counter-Guarantee Contract is subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirement under chapter 14A of the Hong Kong Listing Rules.

According to SSE Listing Rules, the proposed transaction under the Counter-Guarantee Contract is subject to shareholders' approval at a general meeting. For this purpose, a general meeting will be convened for the Independent Shareholders to consider and if think fit, to approve, among others, the Counter-Guarantee Contract and the transaction contemplated thereunder by way of poll.

A circular containing, among others, (i) further particulars in connection with the Counter-Guarantee Contract and the transaction contemplated thereunder; and (ii) notice of the general meeting, is expected to be despatched to Shareholders on or before 29 December 2023. The expected date of despatch of the circular is more than 15 business days after the publication of this announcement because the Company needs more time to prepare the circular.

## **INTRODUCTION**

On 10 February 2014, Group Fuel Company and ICBC Leasing entered into the Guarantee Contract, pursuant to which, Group Fuel Company, as guarantor, shall provide a guarantee to ICBC Leasing with respect to the payment obligation and/or liabilities of LE Shipping under the Finance Leases, where the maximum guarantee amount is RMB4,779 million. As at 30 June 2023, the remaining balance of the maximum guarantee amount is RMB1,349 million.

On 25 July 2023, Hainan Company, a subsidiary of the Company, entered into the Counter-Guarantee Contract with the Group Fuel Company, pursuant to which Hainan Company agreed to provide the Counter-Guarantee in respect of the obligations of Group Fuel Company under the Guarantee Contract, in proportion to Hainan Company's 40% interest in LE Shipping where the maximum amount of the counter-guarantee will not exceed RMB540 million.

## **COUNTER-GUARANTEE CONTRACT**

The principal terms of the Counter-Guarantee Contract are summarized as follows:

Date	:	25 July 2023
Parties	:	(a) Hainan Company; and (b) Group Fuel Company.
Counter-Guaranteed Obligations	:	Hainan Company shall provide counter-guarantee up to 40% of the obligations of Group Fuel Company under the Guarantee Contract entered into between Group Fuel Company and ICBC Leasing where Group Fuel Company will have the right to recover from Hainan Company up to 40% of any sum or sums paid by it out of guarantee obligations or as liabilities.

Maximum Amount to be : RMB540 million  
undertaken by Hainan  
Company under the  
Counter-Guarantee Contract

Term : The term of the counter-guarantee shall expire on 20 March 2031, being two years from the date of expiration of the period within which all outstanding debt under the Finance Leases is required to be paid off.

## **REASONS FOR AND BENEFITS OF THE COUNTER-GUARANTEE**

LE Shipping obtained 13 vessels by way of entering into Finance Leases with ICBC Leasing. Group Fuel Company provided guarantee by way of entering into the Guarantee Contract, to ICBC Leasing in respect of LE Shipping's payment obligations and liabilities under the Finance Leases where the maximum guarantee amount is RMB4,779 million. As at 30 June 2023, the remaining balance of the maximum guarantee amount is RMB1,349 million under the Guarantee Contract. Hainan Company, as a 40% shareholder of LE Shipping, proposed to provide a counter-guarantee, which is pro rata to its shareholding in LE Shipping, to Group Fuel Company against Group Fuel Company's liabilities under the Guarantee Contract where the maximum amount of the counter-guarantee will not exceed RMB540 million. The Directors are of the view that the risk to be taken by the Company under the provision of counter-guarantee is limited and will be reducing gradually as LE Shipping has been able to repay the principal and interest on time due to its relatively favorable profit performance in recent years, while the business of leased vessels will be enjoying the benefit of low-cost operations after the full payment of principal and interest. The proposed provision of guarantee will not have a significant impact on the financial position of the Company and there are no foreseeable circumstances where the interests of the Company and its Shareholders will be harmed.

## **THE VIEW OF THE BOARD**

The proposal relating to the provision of counter-guarantee was considered and approved at the 33rd meeting of the tenth session of the Board of the Company on 25 July 2023. Mr. Zhao Keyu, Mr. Huang Jian, Mr. Wang Kui, Mr. Lu Fei and Mr. Teng Yu, all being Directors having connected relationship, abstained from voting on the board resolution relating to the provision of counter-guarantee.

The Directors (including independent non-executive Directors) are of the view that the Counter-Guarantee Contract 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.

## INFORMATION ON PARTIES

### The Company

The Company and its subsidiaries mainly develop, construct, operate and manage power plants in China. It is one of the largest listed power suppliers in China. As at 30 June 2023, the Company's controlled generation capacity is 129,995 MW.

### Hainan Company

Hainan Company is a company limited by shares established in the PRC in 1994. The Company holds 91.8% equity interest in Hainan Company, which is a subsidiary of the Company. Hainan Company is mainly engaged in investing in the construction and operation of various types of power plants; development and utilization of clean energy; power plant project contracting and equipment maintenance services; technical advisory services; and production and sales of electricity, heat, steam and other energy products, etc.

### Group Fuel Company

Group Fuel Company is a limited liability company established in the PRC in 2010 with a registered capital of RMB3 billion. Group Fuel Company is a subsidiary of Huaneng Group. Group Fuel Company is mainly engaged in coal wholesale operation; import and export business; warehousing services; and economic information consulting and other business.

The following financial data are extracted from Group Fuel Company's financial reports prepared in accordance with the PRC accounting standards:

	<b>31 December 2021</b> (audited) <i>RMB million</i>	<b>31 December 2022</b> (audited) <i>RMB million</i>	<b>30 June 2023</b> (unaudited) <i>RMB million</i>
Total Assets	20,759	18,527	13,838
Total Liabilities	16,804	14,533	9,914
Net Assets	3,955	3,994	3,924
Operating Income	68,258	81,694	38,092
Net Profit	42	28	-81

\* As at 31 December 2021, 2022 and 30 June 2023, the total bank loan amounted to RMB3,271, and RMB2,706 million and RMB2,083 million, respectively, and the total current liability amounted to RMB13,851, and RMB12,119 million and RMB8,600 million, respectively.

## LE Shipping

LE Shipping is a limited liability company established in the PRC in 2008 with a registered capital of RMB800 million. As of the date of announcement, LE Shipping is owned as to 60% by Group Fuel Company and 40% by Hainan Company. LE Shipping is mainly engaged in domestic waterway transport, international maritime support business, international ship transport; cargo transport agent, maritime international cargo transport agent, ship equipment maintenance, business consulting, domestic shipping agent, international shipping agent, the import and export of goods and technology, coal operations and other businesses.

The following financial data are extracted from the LE Shipping's financial reports prepared in accordance with the PRC accounting standards:

	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>30 June 2023</b>
	(audited)	(audited)	(unaudited)
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total Assets	3,911	3,663	3,538
Total Liabilities	3,158	2,907	2,777
Net Assets	753	756	761
Operating Income	2,127	1,748	532
Net Profit	18	3	3

\* As at 31 December 2021, 2022 and 30 June 2023, the total bank loan amounted to RMB951 million, and RMB1,157 million and RMB1,284 million, respectively, and the total current liability amounted to RMB1,733, and RMB1,507 million and RMB1,469 million respectively.

## IMPLICATIONS UNDER HONG KONG LISTING RULES

As of the date 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 China Huaneng Group Treasury Management (Hong Kong) Limited (an indirect wholly-owned subsidiary of Huaneng Group) and a 0.06% indirect equity interest in the Company through China Huaneng Finance Co., Ltd. (a subsidiary of Huaneng Group). Group Fuel Company is a subsidiary of Huaneng Group. Pursuant to Chapter 14A of the Hong Kong Listing Rules, Group Fuel Company is a connected person of the Company, and the transaction contemplated under the Counter-Guarantee Contract constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction contemplated under the Counter-Guarantee Contract exceeds 0.1% but is less than 5%, the transaction contemplated under the Counter-Guarantee is subject to reporting and announcement requirements but is exempt from Independent Shareholders approval requirement under chapter 14A of the Hong Kong Listing Rules.

According to SSE Listing Rules, the proposed transaction under the Counter-Guarantee Contract is subject to shareholders' approval at a general meeting. For this purpose, a general meeting will be convened for the Independent Shareholders to consider and if think fit, to approve, among others, the Counter-Guarantee Contract and the transaction contemplated thereunder by way of poll.

A circular containing, among others, (i) further particulars in connection with the Counter-Guarantee Contract and the transaction contemplated thereunder; and (ii) notice of the general meeting, is expected to be despatched to Shareholders on or before 29 December 2023. The expected date of despatch of the circular is more than 15 business days after the publication of this announcement because the Company needs more time to prepare the circular.

## **DEFINITIONS**

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

“Company”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Counter-Guarantee Contract”	the Counter-Guarantee Contract entered into between Hainan Company and Group Fuel Company on 25 July 2023, the principal terms of which can be found in the section headed “Counter-Guarantee Contract” of this announcement
“Director(s)”	the director(s) (including independent non-executive director(s)) of the Company
“Group Fuel Company”	China Huaneng Group Fuel 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

“Finance Leases”	collectively a series of finance leases entered into between LE Shipping and ICBC Leasing pursuant to which ICBC Leasing agreed to purchase vessels for LE Shipping at a total consideration of approximately RMB4,779 million and LE Shipping agreed to lease those vessels for a term of 15 years. The loan bears a floating interest rate at the above-five-year LPR (as quoted by the People’s bank of China from time to time) minus 0.24%. The aggregate of principal and interest payable by LE Shipping under the Finance Leases shall amount to RMB6,621 million
“Hainan Company”	Huaneng Hainan Power Inc.
“Huaneng Group”	China Huaneng Group Co., Ltd.
“ICBC Leasing”	ICBC Leasing Co., Ltd. To the best knowledge and belief of the Directors of the Company, ICBC Leasing is a third party independent of the Company and its connected persons
“Independent Shareholders”	independent shareholders of the Company who are entitled to vote on the resolution approving the Counter-Guarantee Contract, excluding Huaneng Group and its associates
“PRC” or “China”	the People’s Republic of China
“Guarantee Contract”	the contract entered into between Group Fuel Company and ICBC Leasing on 10 February 2014, pursuant to which, Group Fuel Company, as guarantor, provide a guarantee to ICBC Leasing in respect of the payment obligation and/or liabilities of LE Shipping under the Finance Leases
“RMB”	the lawful currency of the PRC
“LE Shipping”	Shanghai Leading Energy Shipping Limited
“SSE Listing Rules”	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
“subsidiary(ies)”	has the meaning ascribed to it under 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 (*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 July 2023