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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Company and Huaneng Group signed a Supplemental Agreement to the Huaneng Group Framework Agreement on 18 October 2022. During the period from 1 January 2022 to 31 December 2022, the Company and its subsidiaries will provide Huaneng Group including its subsidiaries and associates the newly transactions regarding sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services. Among them, the total transaction amount of the sales of carbon emission reduction resources and related services is estimated not to exceed RMB500 million, and the total transaction amount of the purchase of carbon emission reduction resources and related services is estimated not to exceed RMB500 million. Except for newly added transactions in the Supplemental Agreement to the Huaneng Group Framework Agreement, other terms under the Huaneng Group Framework Agreement remain unchanged.

As at the date of publication 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 stated-owned central enterprise with power generation 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 Huaneng HK, a 0.84% indirect interest in the Company through Huaneng Treasury, its indirect wholly-owned subsidiary, and a 0.19% indirect interest in the Company through its controlling subsidiary Huaneng Finance. Huaneng Group is the ultimate controlling shareholder of the Company.

Under Chapter 14A of the Hong Kong Listing Rules, Huaneng Group is a connected person of the Company while the transactions between the Company and Huaneng Group (including its subsidiaries and associates) constitute connected transactions of the Company, and are subject to the relevant disclosure and/or Independent Shareholders' approval requirements as stipulated in the Hong Kong Listing Rules.

As none of the applicable percentage ratios relating to each of the scale of the transactions regarding sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, therefore the transactions relating to the sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements.

## **RELATIONSHIP BETWEEN THE COMPANY AND HUANENG GROUP**

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, with a controlled generation capacity of 122,573MW.

Huaneng Group is principally engaged in the operation and management of enterprise investments; development, investment, construction, operation and management of power plants; organising the generation and sale of power (and heat); and the development, investment, construction, production and sale of products in relation to energy, transportation, new energy and environmental protection industries.

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## **SUPPLEMENTAL AGREEMENT TO HUANENG GROUP FRAMEWORK AGREEMENT**

The Company entered into the Huaneng Group Framework Agreement with Huaneng Group on 3 November 2021 to govern the operation of the continuing connected transactions between the Company and its subsidiaries and Huaneng Group (and its subsidiaries and associates) in 2022. In

2021, the Company successfully completed the 2019-2020 carbon trading and compliance tasks. Since the Company's overall energy consumption level is leading the industry, the Company still has a small surplus quota of carbon allowances after completing the compliance tasks. In 2022, in order to successfully complete the carbon trading and compliance work in the next compliance cycle, the power plants of the Company will follow the principle of fairness and benefit and will carry out carbon allowance trading in a timely manner, to further reduce the cost of compliance, which may involve new connected transactions of carbon trading and compliance. The Company and Huaneng Group signed a Supplemental Agreement to the Huaneng Group Framework Agreement on 18 October 2022. During the period from 1 January 2022 to 31 December 2022, the Company and its subsidiaries will provide Huaneng Group including its subsidiaries and associates the newly transactions regarding sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services. Among them, the total transaction amount of the sales of carbon emission reduction resources and related services is estimated not to exceed RMB500 million, and the total transaction amount of carbon emission reduction resources and related services is estimated not to exceed RMB500 million. Except for newly added transactions in the Supplemental Agreement to the Huaneng Group Framework Agreement, other terms under the Huaneng Group Framework Agreement remain unchanged.

According to the Supplemental Agreement to the Huaneng Group Framework Agreement, the price/fee for the sale of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services shall be agreed and confirmed by both parties, and shall be conducted according to the prevailing market prices and conditions and the principle of arm's length negotiation and decision. When a specific transaction occurs, Huaneng Group, including its subsidiaries and associates, sells carbon emission reduction resources and related services to the Company and its subsidiaries and for the sale of carbon emission reduction resources and related services by the Company and its subsidiaries to Huaneng Group, including its subsidiaries and associates, shall be on terms no less favourable than those available to the Company and its subsidiaries from independent third parties.

The Company and its subsidiaries will sign necessary written agreements with Huaneng Group and its subsidiaries and associates for specific transactions within the scope determined by the framework agreement and the supplemental agreement to the framework agreement according to the actual situation, and will pay the relevant price/fee in manner agreed in the specific agreements.

The reasons of connected transaction occurring in the process of carbon trading are: First, it is necessary to establish mutually beneficial and win-win cooperation with stable and reliable companies. Secondly, it is to ensure that all power plants of the Company can successfully complete carbon trading and compliance work, with no breach of contracts. Thirdly, it is to coordinate and optimize transaction strategies to further reduce contract performance costs. Therefore, the Company and its subsidiaries and Huaneng Group and its subsidiaries and associates will carry out new transactions of sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services. Among them, the total transaction amount

of the sales of carbon emission reduction resources and related services is expected not to exceed RMB500 million, and the total transaction amount of the purchase of carbon emission reduction resources and related services is expected not to exceed RMB500 million.

The caps for the new continuing connected transaction this time will allow the Company to continue to make full use of the advantages of stable and reliable cooperation with Huaneng Group its subsidiaries and associates, including providing more favorable prices for the company, ensure the completion of the fulfillment of the contract, which is conducive to reduce the operating costs of the company.

The directors and senior management of the Company will closely monitor and regularly review the Company's continuing connected transactions, and will also adopt a series of risk management arrangements to maintain the independence of the Company's continuing connected transactions, the fairness of transaction prices, and the fairness of transaction conditions, and the option of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates. The arrangements include:

Regarding the sales of carbon emission reduction resources and related services and the purchase of carbon emission reduction resources and related services, the Company will strictly follow the relevant requirements of the State's "dual carbon targets", according to carbon trading, the State's national certified voluntary emission reduction (CCER) trading, green certificate trading and other rules in carrying out relevant business, so as to reduce the Company's carbon quota compliance cost, increase the income of emission reduction resources, and achieve the Company's maximum benefit.

When implementing the above-mentioned control measures, the Company will adopt a monitoring and reporting system, and through the contract approval system, regularly monitor various connected transactions with Huaneng Group and its subsidiaries and associates during each contract signing process to ensure that all connected transactions are carried out in accordance with the terms stipulated in the Huaneng Group Framework Agreement and the supplemental agreement to the framework agreement, whilst the annual caps will not be exceeded.

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

As none of the applicable percentage ratios relating to each of the scale of the transactions regarding sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, therefore the transactions relating to the sales of carbon emission reduction resources and related services, and the purchase of carbon emission reduction resources and related services are only subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules but are exempt from the Independent Shareholders' approval requirements.

## **BOARD'S CONFIRMATION**

The Board has considered and approved the Supplemental Agreement to Huaneng Group Framework Agreement and the transactions and estimates of relevant caps of the transactions under such agreement. Pursuant to the Shanghai Stock Exchange Listing Rules and Rule 14A.68(8) of the Hong Kong Listing Rules, Messrs. Zhao Keyu, Huang Jian, Wang Kui, Lu Fei and Teng Yu, all being Directors of the Board being regarded as having a material interest in the continuing connected transactions given their management positions in Huaneng Group or its associate, abstained from voting on the Board resolutions relating to the execution of such agreements. The resolution was voted by Directors who are not connected to the transactions.

The Board (including the independent non-executive Directors) is of the view that the Supplemental Agreement to Huaneng Group Framework Agreement and the transactions contemplated thereunder was entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (on arm's length basis or on terms no less favourable than terms accepted by the Company from independent third parties); and (iii) on terms and proposed caps that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Company”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“HIPDC”	Huaneng International Power Development Corporation
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong
“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 Group Framework Agreement”	the framework agreement on the continuing connected transactions for 2022 between Huaneng Power International, Inc. and China Huaneng Group Co., Ltd. entered into between the Company and Huaneng Group on 3 November 2021

“Huaneng Treasury”	China Huaneng Group Treasury Management (Hong Kong) Limited
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement to Huaneng Group Framework Agreement”	the Supplemental Agreement to Huaneng Framework Agreement on the continuing connected transactions for 2022 between Huaneng Power International, Inc. and China Huaneng Group Co., Ltd. entered into between the Company and Huaneng Group on 18 October 2022
“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