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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
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

The Target Company plans to introduce a strategic investor in order to reduce the asset-liability ratio and to improve the internal governance structure. The Company proposes to enter into the Capital Increase Agreement with the Target Company and Huaneng Gongrong Fund in relation to the Capital Increase of RMB1.5 billion.

Upon completion of the Capital Increase, the registered capital of the Target Company will increase from RMB4,251,592,800 to approximately RMB5,531,343,100. The equity interest in the Target Company held by the Company and Huaneng Gongrong Fund will be approximately 76.86% and 23.14%, respectively. The Company will continue to be the controlling shareholder of the Target Company and the financial results of the Target Company will continue to be consolidated into those of the Company.

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 state-owned centralized enterprise mainly engaged in the operation of the power industry, which is supervised and managed by the SASAC. 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 0.06% indirect interest in the Company through its controlling subsidiary Huaneng Finance. The fund manager of Huaneng Gongrong Fund is Huaneng Invesco, which is an indirectly owned subsidiary of Huaneng Group. Being a limited partner shareholder of Huaneng Gongrong Fund, Huaneng Group also holds 50.975% limited partnership interest in the Huaneng Gongrong Fund. The financial results of the Huaneng Gongrong Fund were consolidated into those of Huaneng Group.

Under Chapter 14A of the Listing Rules, Huaneng Gongrong Fund is a connected person of the Company while the Capital Increase constitutes a connected transaction for the Company. As the Capital Increase will result in decreasing the Company's shareholding to approximately 76.86% and the Target Company will become a connected subsidiary of the Company. The Capital Increase constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As the scale of the transaction exceeds 0.1% but does not exceed 5% of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Listing Rules. The Company is only required to comply with the reporting and announcement requirement but is exempt from independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

According to the listing rules requirements of SSE, the Capital Increase is subject to the approval of the shareholders' general meeting. Accordingly, the Company will convene and hold a general meeting for its independent shareholders to, among others, consider and approve the Capital Increase. Subject to the approval of the shareholders' general meeting, if the Capital Increase is approved and the Capital Increase Agreement is signed, the Company will make a further announcement in compliance with the Listing Rules.

A circular containing, among others, (1) the Capital Increase and (2) a notice of the shareholders' general meeting will be despatched to shareholders as soon as practicable.

Shareholders and potential investors should note that the Capital Increase is subject to the fulfilment of certain conditions and approval by the general meeting before it can be realized, and the Capital Increase may not be implemented. There is no guarantee that the Capital Increase will take place. Shareholders and potential investors are advised to exercise caution when buying and selling the Company's shares.

I. INTRODUCTION

The Target Company plans to introduce a strategic investor in order to reduce the asset-liability ratio and to improve the internal governance structure. The Company proposes to enter into the Capital Increase Agreement with the Target Company and Huaneng Gongrong Fund in relation to the Capital Increase of RMB1.5 billion (of which approximately RMB1,279,750,300 will be accounted for as the registered capital of the Target Company).

Upon completion of the Capital Increase, the registered capital of the Target Company will be increased from RMB4,251,592,800 to approximately RMB5,531,343,100. The equity interest in the Target Company held by the Company and Huaneng Gongrong Fund will be approximately 76.86% and 23.14%, respectively. The shareholding percentage is primarily determined based on the valuation of the Target Company on the basis date, and is to be adjusted with profit and loss based on changes in net assets between the basis date and the signing date of the Capital

Increase Agreement. Upon the completion of the Capital Increase, the Company will continue to be the controlling shareholder of the Target Company and the financial results of the Target Company will continue to be consolidated into those of the Company.

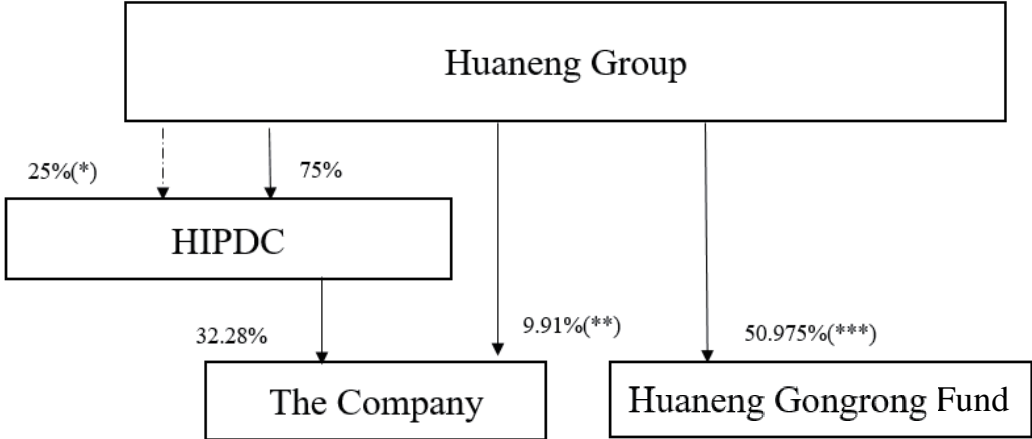
II. RELATIONSHIP BETWEEN THE COMPANY AND HUANENG GROUP

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

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 state-owned centralized enterprise mainly engaged in the operation of the power industry, which is supervised and managed by the SASAC. 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 0.06% indirect interest in the Company through its controlling subsidiary Huaneng Finance. The fund manager of Huaneng Gongrong Fund is Huaneng Invesco, which is an indirectly owned subsidiary of Huaneng Group. Being a limited partner shareholder of Huaneng Gongrong Fund, Huaneng Group also holds 50.975% limited partnership interest in Huaneng Gongrong Fund. The financial results of Huaneng Gongrong Fund were consolidated into those of Huaneng Group.

Huaneng Gongrong Fund is an equity finance tool set up by Huaneng Group with the introduction of external investment ICBC Financial Asset Investment Co., Ltd., with Huaneng Invesco, a subsidiary of Huaneng Capital, as the fund manager. Huaneng Group holds a 61.22% interest in Huaneng Capital. Huaneng Gongrong Fund is mainly engaged in investing in unlisted enterprises, investing in non-public offering of shares of listed companies and relevant consulting services.

As at the date of the publication of this announcement, the relationship between the Company and Huaneng Gongrong Fund is as follows:



* *Huaneng Group, through its wholly-owned subsidiary Huaneng HK, indirectly holds a 100% equity interest in 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% equity interest in the Company through its wholly-owned subsidiary Huaneng HK, a 0.84% indirect equity interest in the Company through its wholly-owned subsidiary Huaneng Treasury, and a 0.06% indirect interest in the Company through its holding subsidiary Huaneng Finance.*

*** *The fund manager of Huaneng Gongrong Fund is Huaneng Invesco, which is an indirectly owned subsidiary of Huaneng Group. Huaneng Group also holds 50.975% limited partnership interest in Huaneng Gongrong Fund; therefore, the financial results of the Huaneng Gongrong Fund were consolidated into those of Huaneng Group.*

Under the Listing Rules, Huaneng Group is a connected person of the Company and Huaneng Gongrong Fund is an associate of Huaneng Group. Pursuant to the relevant requirements of the Listing Rules, the Capital Increase constitutes a connected transaction of the Company and is subject to the relevant disclosure requirements and/or to obtain approval from independent shareholders under the Listing Rules.

III. CAPITAL INCREASE AGREEMENT

The principal terms of the proposed Capital Increase Agreement are set out below:

Parties to the agreement

- (i) the Target Company
- (ii) Huaneng Gongrong Fund

(iii) the Company

Consideration, payment method and duration

Huaneng Gongrong Fund shall pay RMB1.5 billion to the Target Company as consideration for the transfer of approximately 23.14% equity interest in the Target Company (the final shareholding percentage to be adjusted with the profit or loss based on changes in net assets between the basis date and the signing date), of which approximately RMB1,279,750,300 will be accounted for as the registered capital of the Target Company. The final amount of the increased registered capital will be calculated based on the valuation of entire equity interests of the Target Company with the adjustment of the change in the net assets of the Target Company from the basis date to the signing date of the Capital Increase Agreement, and the remaining amount will be accounted for as the capital reserve of the Target Company. The specific payment time and amount of each capital increase payment by Huaneng Gongrong Fund to the Target Company shall be determined by the “**Notice of Payment**” provided by the Target Company, the confirmation letter of the prerequisite conditions for the paid-in capital contribution to be provided by the Target Company and the Company, the proof of use of the capital and other written certification documents as required by Huaneng Gongrong Fund, and determined after examination and approval by Huaneng Gongrong Fund. The parties confirm that the total number of payments of the Capital Increase from Huaneng Gongrong Fund shall not exceed 6 times, and the latest date of payment of Capital Increase to the Target Company shall be no later than 28 December 2023.

Closing and registration of shareholding changes

Within seven (7) working days from the date on which all the conditions precedents set out in the Capital Increase Agreement have been satisfied, the Target Company shall issue Huaneng Gongrong Fund a capital contribution certificate and shareholder register signed by the legal representative of the Target Company which shall be stamped with the official seal of the Target Company and reflecting the Capital Increase. The Target Company shall submit all registration materials related to the Capital Increase, including all changes, to the relevant administrative authorities for industry and commerce within sixty (60) working days from the date when all the capital from Huaneng Gongrong Fund are injected into the designated account assigned and held by the Target Company. The Target Company shall also complete the registration of relevant industrial and commercial changes such as registered capital, shareholders, articles of association, supervisors, etc., and obtain a new business operation license.

Transition period

The Target Company undertakes that the Target Company shall and the Company shall procure the Target Company to continue its business in a reasonable and normal manner during the transition period.

Conditions precedent for effectiveness

The Capital Increase Agreement shall take effect on the date when the legal representative or authorized agent of each party to the agreement appoints a representative or authorized agent to sign or stamp and with the official stamp.

Liability for breach of contract

If any party breaches the Capital Increase Agreement and causes the other party, its affiliates, officers, directors, agents or employees (“**Indemnified Persons**”) to incur or pay any costs or expenses, liabilities or suffer any losses or damages, the breaching party shall indemnify, defend and hold harmless the Indemnified Persons from and against any such costs, expenses, liabilities, losses or damages (including but not limited to losses caused by a reduction in the value of the Target Company to the shareholders of the Target Company resulting from the breach).

According to the listing rules requirements of the SSE, the Capital Increase is subject to the approval of the shareholders’ general meeting.

IV. EVALUATION AND PRICING OF THIS TRANSACTION

In accordance with the “Asset Valuation Report on entire equity interest of Huaneng Liaoning Clean Energy Co., Ltd. in relation to the proposed Capital Increase” (Report (2023) No. [A10001-1]), with 30 June 2023 as the basis date, with the valuation results using the income approach as the evaluation conclusions, and the par value of the owner’s equity interest (net assets) of the holding company of the Target Company was RMB4,347,261,900. The valuation conclusion was RMB4,983,307,500, and the valuation appreciation was RMB636,045,600, with an appreciation rate of 14.63%.

The Capital Increase is based on the above valuation conclusion as filed by Huaneng Group, the valuation result is used as the consideration for holding approximately 23.14% equity interest in the Target Company, i.e. RMB1.5 billion, after being negotiated and agreed by all parties to the Capital Increase Agreement. The final shareholding percentage is to be adjusted with the profit or loss based on changes in net assets between the basis date and the signing date of the Capital Increase Agreement.

Valuation assumptions:

1. Basic assumptions
 1. Assumption for Continuing Operation

That is, after the valuation purpose is realized, which is entrusted for appraisal will continue to be used in accordance with the original purpose and continue to produce the original products or similar products. The operation of the Target Company and the benefit distribution with affiliated enterprises shall remain unchanged.

2. Assumption for Open Market

That is, it is assumed that assets can be bought and sold freely in a fully competitive market, and their price will depend on the value judgment of independent buyers and sellers under the supply condition of a certain market.

An open market is a fully competitive market with many buyers and sellers. In this market, the status of buyers and sellers is equal, and each has the opportunity and time to obtain sufficient market information. The trading behavior of both buyers and sellers is carried out voluntarily and rationally, rather than under compulsory or unrestricted conditions.

3. Assumption for transaction

The source of value of any asset cannot be separated from the transaction. No matter whether the target assets are involved in transaction or not in the economic activities related to the valuation purpose, it is assumed that the target object is in the process of transaction, and the appraisers value it according to the simulated market such as the transaction conditions of the assets.

2. General Assumptions

1. The industry of the Target Company maintains a stable development trend, and the current national, local laws, regulations, systems, socio-political and economic policies that it follows have not changed significantly;
2. The Target Company continues to operate its existing or similar products according to the principle of continuing operation coupled with the current scale or the scale of the financial capacity, regardless of the benefits brought by the new shareholders.
3. There are no significant changes in mutual interests and the relationship among the Target Company and its domestic and foreign partners;
4. There will be no major changes in the current national interest rates, exchange rates, tax standards and tax rates, as well as policy fees;

5. The conclusion of valuation is based on the information provided by the client and the Target Company, assuming that the information provided by the client and the Target Company is objective, reasonable, true, valid and complete, and the ownership of appraised assets is clear;
 6. There is no significant adverse impact caused by other force majeure and unforeseen factors.
3. Specific Assumptions – Income Approach
1. The assets of the Target Company will not change their purpose in use after the valuation basis date, and will continue to be used;
 2. The current and future operators of the Target Company are responsible, and the management of the Target Company can steadily advance the development plan of the enterprise, and try its best to realize the expected operating situation;
 3. The Target Company complies with relevant national laws and regulations, and there will be no significant violations affecting the development and revenue realization of the Target Company;
 4. The accounting policies adopted in the financial data provided by the Target Company over the years are basically consistent with the accounting policies and the accounting methods used in earnings forecast in important aspects;
 5. After the realization of the valuation purpose, the Target Company will continue to operate according to the existing business model and continue to operate the original products or similar products;
 6. The cash flow of income and expenditure flows in and out evenly every year;
 7. Within the scope of valuation, the valuer has paid necessary attention to and disclosed the legal status of some unlicensed or pending licensed building and land, while assuming that the Target Company's future production and operation will not be affected by these matters;
 8. The income tax preference policy currently enjoyed by the Target Company is assumed to be enjoyed at the same standard during the preferential period, and after the expiration of the preferential period, the predication will base on the effective tax rate by then.
 9. Due to the current arrears in subsidies for the new energy industry, and referencing the actual settlement situation of subsidies for new energy industry, it is assumed that the Target Company's general project new energy subsidies will be calculated

on a 3-year settlement cycle from July to December 2023, calculated on a 2-year settlement cycle in 2024, settled with a one-year delay from 2025 to 2030, and settled with a six-month delay from 2031 onwards.

10. According to the Notice on Value-added Tax (VAT) policy for wind power generation issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2015] No. 74), from 1 July 2015, taxpayers who sell self-produced electricity products produced by wind power will be subject to a 50% VAT refund policy. The appraised entity and its subsidiaries Huaneng (Zhuanghe) Wind Power Co., Ltd., third-tier companies Dalian Ship and Sea Packaging New Energy Co., Ltd., Yingkou Shangdian Power New Energy Co., Ltd. and Huaneng (Dalian) Energy and Power Co., Ltd. are enterprises that sell self-produced electricity products produced by wind power as stipulated in the regulations and enjoy such preferential tax policies. The valuation assumes that the document will be valid throughout the operation of the power station.

V. SHAREHOLDING STRUCTURE BEFORE AND AFTER THE TRANSACTION

Under the Capital Increase Agreement, Huaneng Gongrong Fund would inject capital of RMB1,500,000,000 to the Target Company in cash, of which approximately RMB1,279,750,300 will be accounted for as the registered capital of the Target Company. The final amount of the increased registered capital is to be calculated based on the valuation of entire equity interests of the Target Company with the adjustment of the change in the net assets of the Target Company from the basis date to the signing date of the Capital Increase Agreement, and the remaining amount will be accounted for as the capital reserve of the Target Company.

The shareholding structure of the Target Company (i) as at the date of this announcement and (ii) immediately upon completion of the Capital Increase, is set out below:

Name of shareholder	As at the date of this announcement		Immediately upon completion of the Capital Increase	
	Registered capital (RMB)	Approx. %	Registered capital (RMB)	Approx. %
The Company	4,251,592,800	100.00%	4,251,592,800	76.86%
Huaneng Gongrong Fund	-	-	Approximately 1,279,750,300	23.14%
Total	4,251,592,800	100.00%	Approximately 5,531,343,100	100.00%

The shareholding structure is to be adjusted with the for profit or loss based on changes in net assets between the basis date and the signing date of the Capital Increase Agreement.

Upon completion of the Capital Increase, the Target Company will continue to be a subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into those of the Group.

VI. INFORMATION ON THE TARGET COMPANY

The Target Company is incorporated in the PRC with limited liability on 1 March 2018 and is principally engaged in technology development and provision of technical advice services for clean energy.

The following is the financial information of the Target Company issued on a consolidated basis in accordance with China Accounting Standards for the year ended 31 December 2022 and 30 June 2023 (of which Ernst & Young Hua Ming LLP) audited the financial statements of the Target Company for the year ended 31 December 2022 and issued audited reports No. 61493069_S06; BDO Shu Lun Pan Certified Public Accountants LLP audited the Target Company's financial statements as at the date of 30 June 2023 and issued audited reports [2023] No. ZG219025.

The financial information of the Target Company is as follows:

	Year ended 31 December 2022 (audited) <i>(in RMB0,000)</i>	Six months ended 30 June 2023 (audited) <i>(in RMB0,000)</i>
Operating Income	78,249.33	59,433.65
Net Profit	43,497.16	25,045.09
	As at the date of 31 December 2022 (audited) <i>(in RMB0,000)</i>	As at the date of 30 June 2023 (audited) <i>(in RMB0,000)</i>
Total Assets	1,388,701.30	1,502,501.11
Net Assets	488,708.11	517,983.77
	Year ended 31 December 2021 (audited) <i>(in RMB)</i>	Year ended 31 December 2022 (audited) <i>(in RMB)</i>
Net profit before taxation	44,952,598.30	445,810,903.47
Net profit after taxation	30,704,196.28	434,971,626.06

The audited net liabilities of the Target Company as at 30 June 2023 was approximately RMB9,845,173,447.21.

Except for the asset valuation conducted in this Transaction, the Target Company has not carried out other asset valuation, capital increase, capital reduction or restructuring in the past 12 months.

The equity rights of the Target Company held by the Company are clear. There are no mortgages, pledges and any other circumstances restricting the transfer; there are no litigation, arbitration matters or judicial measures such as seizure and freezing; and there are no other circumstances that hinder the transfer of interests. The Target Company is not listed as a person subject to enforcement for breach of trust.

VII. THE PURPOSE OF THE TRANSACTION AND ITS EFFECT ON THE COMPANY

The Target Company plans to introduce a strategic investor, Huaneng Gongrong Fund, to reduce asset-liability ratio and improve its internal corporate structure.

The Transaction does not involve changes in the scope of the Company's consolidated financial statements, does not affect the Company's control over the Target Company, has a positive impact on the daily operation and long-term development of the Company and the Target Company, does not materially affect the Company's financial and operation conditions, and does not prejudice the interests of the Company and its shareholders as a whole.

The connected transaction does not involve changes of the Target Company's management, personnel placement, land lease, etc.

VIII. APPROVAL FROM THE BOARD

The Transaction was considered and approved at the thirty-sixth meeting of the tenth session of the Board of the Company on 10 October 2023. Wang Kui, Huang Jian, Lu Fei, Teng Yu, all being Directors having connected relationship, abstained from voting on the board resolution relating to the Transaction pursuant to SSE listing rules and Listing Rules.

The Directors (including independent non-executive Directors) are of the view that Capital Increase Agreement will be entered into in accordance with the following principles: (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.

IX. LISTING RULES IMPLICATIONS

Under Chapter 14A of the Listing Rules, Huaneng Gongrong Fund is a connected person of the Company while the Capital Increase constitutes a connected transaction for the Company. The Transaction will result in the Company's equity interest in the Target Company to decrease to approximately 76.86%. Following completion of the Capital Increase, the Target Company will become a connected subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into those of the Company. Therefore, the Transaction constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As the scale of the transaction amount exceeds 0.1% but does not exceed 5% of the applicable percentage ratios, the Transaction does not constitute a discloseable transaction under Chapter 14 of the Listing Rules. The Capital Increase constitutes a connected transaction under Chapter 14A. Therefore, the Company is required to comply with the reporting and announcement requirements under Rule 14A.76 of the Listing Rules but is exempt from independent shareholders' approval requirement.

As disclosed in this announcement, the valuation of the Target Company was prepared based on income approach (the "**Profit Forecast of the Target Company**") and therefore constitutes a profit forecast under Rule 14.61 of the Listing Rules. As such, the requirements under Rules 14A.68(7) and 14.62 of the Listing Rules are applicable.

Pursuant to Rule 14.62(2) of the Listing Rules, the Company has engaged Ernst & Young ("**Ernst & Young**") to report on the calculation of discounted future cash flows on the profit forecast of relevant subsidiary. Ernst & Young has reviewed the calculation of discounted future cash flows used in the assessment.

Ernst & Young reported to the Directors that in terms of the arithmetical accuracy of the calculation of the discounted future estimated cash flows on which the valuation is based, the discounted future estimated cash flows have been properly prepared in all significant aspects based on assumptions. Ernst & Young has not reviewed and considered whether the discounted future estimated cash flows and the basis and assumptions on which the valuation is based are appropriate and effective. No work has been done on this, and it will not express any opinion on whether the basis and assumptions are appropriate and effective.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Lixin Assets Appraisal Group Co., Ltd. and Ernst & Young are third parties independent of the Company and its connected persons.

The report from Ernst & Young for the purpose of Rule 14.62(2) of the Listing Rules on the Profit Forecast of the Relevant Subsidiary is set out in Appendix I of this announcement. The letter from the Board of Directors for the purpose of Rule 14.62(3) of the Listing Rules on the Profit Forecast of Relevant Subsidiary is set out in Appendix II to this announcement.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	Qualification
Ernest & Young	Certified Public Accountants in Hong Kong

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, each of the above mentioned experts was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the date of this announcement, the above-mentioned expert did not have any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

The expert mentioned above has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter, report or statement(s) and all references to its name and logo in the form and context in which it appears.

According to the listing rules requirements of SSE, the Capital Increase is subject to the approval of the shareholders' general meeting. Accordingly, the Company will convene and hold a general meeting for its independent shareholders to, among others, consider and approve the Capital Increase. Subject to the approval of the shareholders' general meeting, if the Capital Increase is approved and the Capital Increase Agreement is signed, the Company will make a further announcement in compliance with the Listing Rules.

A circular containing, among others, (1) the Capital Increase and (2) a notice of the shareholders' general meeting will be despatched to shareholders as soon as practicable.

Shareholders and potential investors should note that the Capital Increase is subject to the fulfilment of certain conditions and approval by the general meeting before it can be realized, and the Capital Increase may not be implemented. There is no guarantee that the Capital Increase will take place. Shareholders and potential investors are advised to exercise caution when buying and selling the Company's shares.

X. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	:	the Board of Directors
“Capital Increase Agreement”	:	the agreement to be entered into between the Company, the Target Company and Huaneng Gongrong Fund
“Capital Increase”	:	the Capital Increase of RMB1,500,000,000 to the Target Company by Huaneng Gongrong Fund pursuant to the terms of the Capital Increase Agreement
“Company”	:	Huaneng Power International, Inc. (stock code: 902)
“connected person”	:	has the same meaning ascribed to it under the Listing Rules
“connected subsidiary”	:	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	:	director(s) of the Company
“HIPDC”	:	Huaneng International Power Development Corporation
“Huaneng Capital”	:	Huaneng Capital Services Corporation Ltd.
“Huaneng Finance”	:	China Huaneng Finance Corporation Limited
“Huaneng Gongrong Fund”	:	Huaneng Gongrong No.1 (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (華能工融一號(天津)股權投資基金合夥企業(有限合夥))
“Huaneng Group”	:	China Huaneng Group Company Limited
“Huaneng HK”	:	China Huaneng Group Hong Kong Limited
“Huaneng Treasury”	:	China Huaneng Group Treasury Management (Hong Kong) Limited
“Huaneng Invesco”	:	Huaneng Invesco Private Equity Management Company Limited (華能景順私募基金管理有限公司)

“Listing Rules”	:	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	:	The People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan)
“RMB”	:	Renminbi, the lawful currency of the PRC
“SASAC”	:	The State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SSE”	:	Shanghai Stock Exchange
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Target Company”	:	Huaneng Liaoning Clean Energy Limited Liability Company (華能遼寧清潔能源有限責任公司)
“Transaction” or “Capital Increase”	:	the capital increase into the Target Company pursuant to the terms and conditions of the Capital Increase Agreement to be signed by the Company, the Target Company and Huanent Gongrong Fund, Huaneng Gongrong Fund
“%”	:	per cent.

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:

Wang Kui (<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>)
Lu Fei (<i>Non-executive Director</i>)	Xu Haifeng (<i>Independent Non-executive Director</i>)
Teng Yu (<i>Non-executive Director</i>)	Zhang Xianzhi (<i>Independent Non-executive Director</i>)
Mi Dabin (<i>Non-executive Director</i>)	Xia Qing (<i>Independent 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
11 October 2023

APPENDIX I



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To the Directors
Huaneng Power International, Inc.
Huaneng Building
No.6 Fuxingmennei Street
Xicheng District, Beijing, China

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN HUANENG LIAONING CLEAN ENERGY LIMITED LIABILITY COMPANY.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 26 September 2023 prepared by Shanghai Lixin Assets Appraisal Group Co., Ltd in respect of Huaneng Liaoning Clean Energy Limited Liability Company (the “**Target**”) as at 30 June 2023 is based. The valuation is set out in the announcement of Huaneng Power International, Inc. (the “**Company**”) dated 10 October 2023 (the “**Announcement**”) in connection with the deemed disposal of equity interest in the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Valuation assumptions” of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully

Ernst & Young

Certified Public Accountants

Hong Kong

10 October 2023

APPENDIX II



華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.

10 October 2023

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

Dear Sir and Madam,

Connected Transaction – DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

We refer to the announcement of Huaneng Power International, Inc. (the “**Company**”) dated 10 October 2023 in respect of the captioned transaction (the “**Announcement**”). Unless otherwise indicated, the terms used in this letter shall have the same meanings as defined in the Announcement.

We refer to the valuation report (the “**Valuation Report**”) prepared by Shanghai Lixin Assets Appraisal Co., Ltd. (the “**Valuer**”) on the valuation of the entire equity interest of Huaneng Liaoning Clean Energy Limited Liability Company dated 26 September 2023. The valuation constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board has reviewed the valuation basis and assumptions set out in the Valuation Report, for which the Valuer is responsible. We have considered the letter dated 10 October 2023 issued by our reporting accountant, Ernst & Young, regarding whether the profit forecasts, so far as the calculations are concerned, have been properly complied with the bases and assumptions set out in the Valuation Report.

On the basis of the foregoing, pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board confirms that the valuation prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of Directors of
Huaneng Power International, Inc.
Wang Kui
Chairman