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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 28 May 2024, the Company entered into the Capital Increase Agreement with Other SDW Shareholders and Shidaowan Nuclear, pursuant to which the Company and Other SDW Shareholders will subscribe the additional registered capital of Shidaowan Nuclear by making cash capital contributions pro rata to their existing equity holdings in Shidaowan Nuclear. The Company will subscribe for a portion of the additional registered capital of Shidaowan Nuclear with RMB209.925 million. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB6,243 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 wholly-owned subsidiary of Huaneng Group) and a 0.06% 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. Huaneng Nuclear holds a 30% equity interests in Shidaowan Nuclear. According to the relevant provisions of the Hong Kong Listing Rules, HIPDC is a connected person of the Company, while each of Huaneng Nuclear and Shidaowan Nuclear is an associate of the connected person of the Company. The Transaction 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.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in relation to the Transaction, when aggregated with the Previous Transaction, exceeds 0.1% but is less than 5%, the transaction is only subject to reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. INTRODUCTION

On 28 May 2024, the Company entered into the Capital Increase Agreement with Other SDW Shareholders and Shidaowan Nuclear, pursuant to which the Company and Other SDW Shareholders will subscribe the additional registered capital of Shidaowan Nuclear by making cash capital contributions pro rata to their existing equity holdings in Shidaowan Nuclear. The Company will subscribe for a portion of the additional increased registered capital of Shidaowan Nuclear with RMB209.925 million. Following completion of the Capital Increase, the registered capital of Shidaowan Nuclear will be increased to RMB6,243 million and the Company's shareholding interest in Shidaowan Nuclear will remain unchanged at 22.5%.

II. RELATIONSHIP BETWEEN THE COMPANY, SHIDAOWAN NUCLEAR, AND OTHER SDW SHAREHOLDERS

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 at 31 March 2024, the Company's controlled generation capacity is 137,121 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 wholly-owned subsidiary of Huaneng Group) and a 0.06% indirect equity interest in the Company through Huaneng Finance (a controlling subsidiary of Huaneng Group).

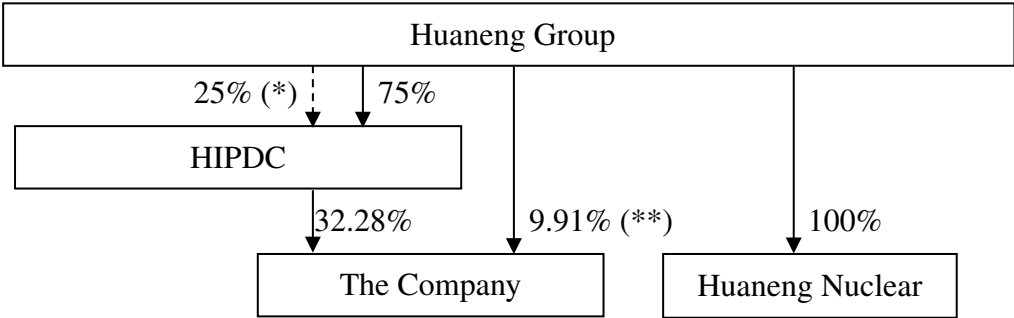
Huaneng Nuclear is a wholly-owned subsidiary of Huaneng Group and is mainly engaged in nuclear power investment, development, production, grid power transmission, nuclear power and related fields of scientific research and development and technical services, etc. Huaneng Nuclear holds a 30% equity interests in Shidaowan Nuclear. As per the audit report prepared in accordance with the China Accounting Standards for Business Enterprises, Huaneng Nuclear recorded approximately RMB47,933 million in total assets, approximately RMB35,417 million

in total liabilities and approximately RMB12,516 million in net assets as of 31 December 2023, and approximately RMB113 million in revenue and approximately RMB118 million in net loss for the year then ended.

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. As per the audit report prepared in accordance with the China Accounting Standards for Business Enterprises, HIPDC recorded RMB582,133 million in total assets, RMB396,384 million in total liabilities and RMB185,749 million in net assets as of 31 December 2023, and RMB256,962 million in revenue and RMB9,891 million in net profit for the year then ended.

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 Hong Kong Listing Rules.

As at the date of this announcement, the relationships between the Company, Huaneng Nuclear and HIPDC are as follows.



* Huaneng Group holds through its wholly-owned subsidiary Hua Neng HK a 100% equity interest in Shanghua Investment Co., Ltd. which in turn holds a 25% equity interest in HIPDC. As such, Huaneng Group holds an indirect 25% equity interest in HIPDC.

** Huaneng Group holds a direct 9.91% equity interest in the Company, 3.01% indirect equity interest in the Company through its wholly-owned subsidiary Hua Neng HK, 0.84% indirect equity interest in the Company through its wholly-owned subsidiary Huaneng Treasury and 0.06% indirect equity interest in the Company through Huaneng Finance.

According to the relevant provisions of the Hong Kong Listing Rules, HIPDC is a connected person of the Company, while each of Huaneng Nuclear and Shidaowan Nuclear is an associate of the connected person of the Company. The Transaction 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 Transaction was approved at the meeting of the board of Directors of the Company held on 28 May 2024. The Company entered into the Capital Increase Agreement with Other SDW Shareholders and Shidaowan Nuclear. Major terms of the Capital Increase Agreement are as follows:

1. Date : 28 May 2024
2. Parties to the agreement : (i) the Company;
(ii) Huaneng Nuclear;
(iii) State Nuclear;
(iv) HIPDC; and
(v) Shidaowan Nuclear.
3. Capital Increase : The exiting registered capital of Shidaowan Nuclear will be increased by RMB5,310 million to RMB6,243 million following the completion of the Capital Increase.
4. Subscription : The Company and Other SDW Shareholders shall each contribute to the Capital Increase on a pro rata basis at a price of RMB1 for RMB1 of registered capital. The Company and Other SDW Shareholders shall each subscribe for and contribute to the increase in the registered capital of Shidaowan Nuclear as follows.

Shareholders	Capital contribution <i>(RMB million)</i>	Subscription amount <i>(RMB million)</i>
The Company	209.925	209.925
Huaneng Nuclear	279.9	279.9
State Nuclear	233.25	233.25
HIPDC	209.925	209.925
In Total	933	933

5. Registered capital and shareholding structure : The registered capital and shareholding structure of Shidaowan Nuclear prior to the completion of the Capital Increase are as follows:

Shareholders	Capital contribution <i>(RMB million)</i>	Shareholding percentage
The Company	1,194.75	22.50%
Huaneng Nuclear	1,593	30%
State Nuclear	1,327.5	25%
HIPDC	1,194.75	22.50%
In Total	5,310	100%

The registered capital and shareholding structure of Shidaowan Nuclear following the completion of the Capital Increase are as follows:

Shareholders	Capital contribution <i>(RMB million)</i>	Shareholding percentage
The Company	1,404.675	22.50%
Huaneng Nuclear	1,872.9	30%
State Nuclear	1,560.75	25%
HIPDC	1,404.675	22.50%
In total	6,243	100%

6. Terms of payment : The consideration payable by each of the Company and Other SDW Shareholders for the Capital Increase shall be made to Shidaowan Nuclear in cash.

The Company will make the capital contribution by internal cash surplus.

7. Entry into Force : The Capital Increase Agreement is conditional upon the signature and seal of all parties thereto.

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. Shidaowan Nuclear is currently owned as to 30% by Huaneng Nuclear, 25% by State Nuclear, 22.5% by HIPDC and 22.5% by the Company.

The following table sets out certain financial information of Shidaowan Nuclear as at 31 December 2022, 2023 and 31 March 2024 and for the year/period then ended, prepared in accordance with the PRC Accounting Standards:

	As of 31 December 2022 <i>(RMB0,000)</i> (Audited)	As of 31 December 2023 <i>(RMB0,000)</i> (Audited)	As of 31 March 2024 <i>(RMB0,000)</i> (Unaudited)
Operating income	0.00	0.00	0.00
Profit before taxation	0.00	3,549.06	0.00
Net Profit	0.00	3,549.06	0.00
Net Profit after deducting non-recurring gains and losses	0.00	0.00	0.00
Total Assets	1,284,534.96	1,560,344.36	1,597,545.23
Net Assets	481,402.14	540,951.21	540,951.21

V. PURPOSE OF THE TRANSACTION AND THE FINANCIAL IMPACT ON THE COMPANY

The Capital Increase will expand Shidaowan Nuclear's registered capital which conducive to project financing and ensure the sufficiency of the working capital of the projects.

The transaction aligns with the Company’s development strategies and targets and facilitates the Company’s low-carbon transformation and increase the installed capacity of clean energy.

The Transaction 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

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in relation to the Transaction, when aggregated with the Previous Transaction, exceeds 0.1% but is less than 5%, the transaction is only subject to reporting and announcement requirements but is exempt from the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

VII. APPROVAL FROM THE BOARD

The Transaction was considered and approved at the fifth meeting of the eleventh session of the board of Directors of the Company on 28 May 2024. Mr. Wang Kui, Mr. Du Daming, Mr. Wang Zhijie, Mr. Huang Lixin, Mr. Zhou Yi and Mr. Li Lailong, all being Directors having connected relationship, abstained from voting on the board resolution relating to the Transaction as per the requirements of Shanghai Listing Rules and Hong Kong Listing Rules.

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 Hong Kong Listing Rules
“Capital Increase”	increasing the existing registered capital of RMB5,310 million to RMB6,243 million by Shidaowan Nuclear
“Capital Increase Agreement”	the capital increase agreement dated 28 May 2024 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 Hong Kong 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
“Other SDW Shareholders”	collectively, the shareholders of Shidaowan Nuclear other than the Company, namely Huaneng Nuclear, State Nuclear and HIPDC
“PRC” or “China”	the People’s Republic of China
“Previous Transaction”	a similar transaction entered into between the Company and Shidaowan Nuclear within the 12-month period prior to the date of this announcement: the transaction contemplated under the capital increase agreement dated 25 July 2023 in relation to the Company's subscription for and contribution to the increase in the registered capital of Shidaowan Nuclear at a consideration of RMB126 million, details of which are set out in the connected transaction announcement of the Company dated 26 July 2023
“RMB”	the lawful currency of the PRC

“Shanghai Listing Rules”	the Rules Governing the Listing of Securities on Shanghai Stock Exchange
“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
“Transaction”	the transaction whereby Company contributes RMB209.925 million to subscribe for a portion of the additional registered capital of Shidaowan Nuclear pursuant to the terms and conditions of the Capital Increase Agreement

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>)	Xia Qing (<i>Independent Non-executive Director</i>)
Wang Zhijie (<i>Executive Director</i>)	He Qiang (<i>Independent Non-executive Director</i>)
Huang Lixin (<i>Executive Director</i>)	Zhang Liying (<i>Independent Non-executive Director</i>)
Du Daming (<i>Non-executive Director</i>)	Zhang Shouwen (<i>Independent Non-executive Director</i>)
Zhou Yi (<i>Non-executive Director</i>)	Dang Ying (<i>Independent Non-executive Director</i>)
Li Lailong (<i>Non-executive Director</i>)	
Cao Xin (<i>Non-executive Director</i>)	
Li Haifeng (<i>Non-executive Director</i>)	
Ding Xuchun (<i>Non-executive Director</i>)	
Wang Jianfeng (<i>Non-executive Director</i>)	

Beijing, the PRC
29 May 2024