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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)**

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS  
ANNOUNCEMENT IN RELATION TO THE PROVISION OF RENEWABLE  
ENTRUSTED LOANS TO CONTROLLED SUBSIDIARIES**

On 2 November 2022, the Company signed a framework agreement with Shandong Company and Chaohu Power respectively, stipulating that the Company will provide a renewable entrusted loan of not more than RMB12 billion to Shandong Company, and a renewable entrusted loan of not more than RMB1.2 billion to Chaohu Power. The aforesaid loans have no fixed term, the concrete terms of which are subject to the renewable entrusted loan agreements to be actually signed. The extended loan term is one year as a cycle, and the initial loan term shall start from the date of advancement. The purpose of the loan is to guarantee the supply of thermal power enterprises. Shandong Company and Chaohu Power are connected subsidiaries of the Company.

The Transaction constitutes the provision of financial assistance by the Company to its connected subsidiaries. As the applicable percentage ratios relating to the transaction scale (on an aggregated basis) of the Transaction calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, the Transaction constitutes a discloseable transaction to the Company under Chapter 14 of the Hong Kong Listing Rules and also a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, subject to the annual reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules and Independent Shareholders' approval under the Hong Kong Listing Rules.

According to the SSE Listing Rules, since the asset-liability ratios of Shandong Company and Chaohu Power both exceed 70%, the Transaction needs to be approved at the shareholders' meeting of the Company.

The Company proposes to convene an extraordinary general meeting in December 2022 to seek approval from Independent Shareholders on (among others) the Transaction. According to the requirements of Rules 14A.46(1) and 19A.39A of the Hong Kong Listing Rules and the PRC Company Law, the Company shall despatch a circular containing, among others, further details of the Transaction, a letter from the Independent Board Committee and an opinion of the independent financial advisor to the shareholders as soon as possible but in any event not later than 5 December 2022.

## **I. RELATIONSHIP BETWEEN THE COMPANY, HUANENG GROUP, SHANDONG POWER AND CHAOHU POWER**

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.

Shandong Company is a controlled subsidiary of the Company, in which the Company holds 80% equity interest, and the remaining 20% equity interest is held by Huaneng Group. Shandong Company is mainly engaged in the development, investment, construction and management of electric power (heat) projects; investment in coal, transportation and related industries; electricity purchase and sale; thermal power technical consulting services.

Chaohu Power is a controlled subsidiary of the Company, in which the Company holds 60% equity interest, Hua Ning HK holds 10% of the equity interest, and Huaihe Energy holds the remaining 30% equity interest. Huaihe Energy and its ultimate beneficial owners are persons independent of the Company and its connected persons. Chaohu Power is mainly engaged in the production and supply of electricity; the construction, operation and management of power projects; the development and utilization of clean energy; electricity sales; contract energy management; recycling, processing and sales of waste resources (excluding hazardous waste); construction, operation and management of industrial heating pipe network; purchase and sale of steam, heat and cold; construction, operation and maintenance of power distribution network; production and supply of heat (projects are subject to approval according to law, business activities can only be carried out after approval by relevant departments).

Shandong Company and Chaohu Power are connected subsidiaries 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 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, and the connected subsidiaries of the Company) 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.

## **II. DESCRIPTION OF THE TRANSACTION**

In order to implement the requirements of the Executive Meeting of the State Council and to achieve the goals of reducing losses of thermal power units, ensuring energy supply and security, and reducing the overall asset-liability ratio, the Company proposes to advance renewable entrusted loans to Shandong Company and Chaohu Power. On 2 November 2022, the Company signed a framework agreement with Shandong Company and Chaohu Power respectively, stipulating that the Company will provide a renewable entrusted loan of not more than RMB12 billion to Shandong Company, and a renewable entrusted loan of not more than RMB1.2 billion to Chaohu Power. The aforesaid loans have no fixed term, the concrete terms of which are subject to the renewable entrusted loan agreements to be actually signed. The extended loan term is one year as a cycle, and the initial loan term shall start from the date of advancement. The purpose of the loan is to guarantee the supply of thermal power enterprises. The aforesaid interest rate is the total amount of upstream fund raising costs and related taxes. When a specific loan is issued, the Company will sign specific renewable entrusted loan agreement(s) with Shandong Company and Chaohu Power respectively within the scope determined by the Framework Agreements.

The Transaction will not affect the Company's normal business development and use of funds, and does not fall under the circumstances that financial assistance is not allowed under the Shanghai Listing Rules.

Shandong Company and Chaohu Power are the controlled subsidiaries of the Company, and the Company can implement effective risk control in terms of business, finance and capital management. Therefore, the provision of renewable entrusted loans for the controlled subsidiaries under the Transaction is within the risk control range, and will not have a significant impact on the Company's daily operations, nor will it harm the interests of the Company and all shareholders, especially small and medium shareholders.

## **III. BASIC INFORMATION OF SHANDONG COMPANY AND CHAOHU POWER**

### **(1) Basic information of Shandong Company**

Shandong Company was established in May 2008 and is currently a controlled subsidiary of the Company. The Company holds 80% equity interest in Shandong Company and 20% equity interest in Shandong Company is held by Huaneng Group.

According to the audit report issued by Ernst & Young Hua Ming LLP (special general partnership) on 17 May 2022, as of 31 December 2021, Shandong Company's total assets were RMB70.879 billion, total liabilities were RMB65.268 billion, net assets were RMB 5.610 billion, asset-liability ratio was 92.08%, operating income was RMB31.722 billion, total profit was RMB-3.306 billion, and net profit was RMB-2.850 billion.

As of 30 September 2022, Shandong Company's unaudited total assets were RMB70.563 billion, total liabilities were RMB66.419 billion, net assets were RMB4.144 billion, and the asset-liability ratio was 94.13%. From January to September 2022, the operating income was RMB28.332 billion, the total profit was RMB-1.050 billion, and the net profit was RMB-997 million.

Shandong Company is not included in the list of dishonest entities subject to execution.

In order to implement the requirements of the Executive Meeting of the State Council, the Company proposes to advance renewable entrusted loans to Shandong Company so as to achieve the goals of reducing losses of thermal power units, ensuring energy supply and security, and reducing the overall asset-liability ratio. The counterparty of the renewable entrusted loan is Shandong Company, a subsidiary of which 80% of the equity interest is directly held by the Company. The Company can implement effective risk control in its business, finance, fund management and other aspects. Other shareholder will not provide financial assistance in the same proportion under the same conditions.

## **(2) Basic Information of Chaohu Power**

Chaohu Power was established in November 2007 and is currently a controlled subsidiary of the Company. The Company holds 60% equity interest in Chaohu Power, 10% equity interest in Chaohu Power is held by Hua Neng HK, a wholly-owned subsidiary of Huaneng Group, and 30% equity interest in Chaohu Power is held by Huaihe Energy.

According to the audit report issued by Ernst & Young Hua Ming LLP (special general partnership) on 22 March 2022, as of 31 December 2021, Chaohu Power's total assets were RMB2.597 billion, total liabilities were RMB2.320 billion, net assets were RMB277 million, asset-liability ratio was 89.34%, operating income was RMB1.902 billion, total profit was RMB-732 million, and net profit was RMB-588 million.

As of 30 September 2022, Chaohu Power's total assets were RMB2.298 billion, total liabilities were RMB2.365 billion, net assets were RMB-67 million, asset-liability ratio was 102.90%. From January to September 2022, the operating income was RMB1.943 billion, the total profit was RMB-344 million, and the net profit was RMB-344 million.

Chaohu Power is not included in the list of dishonest entities subject to execution.

In order to implement the requirements of the Executive Meeting of the State Council, the Company proposes to advance renewable entrusted loans to Chaohu Power so as to achieve the goals of reducing losses of thermal power units, ensuring energy supply and security, and reducing the overall asset-liability ratio. The counterparty of the renewable entrusted loan is Chaohu Power, a subsidiary of which 60% of the equity interest is directly held by the Company. The Company can implement effective risk control in its business, finance, fund management and other aspects. Other shareholders will not provide financial assistance in the same proportion under the same conditions.

#### **IV. MAIN CONTENTS OF THE AGREEMENTS ON RENEWABLE ENTRUSTED LOANS**

Major terms of the Framework Agreements signed by the Company with Shandong Company and Chaohu Power are as follows:

##### **(1) The framework agreement on Renewable Entrusted Loans with Shandong Company**

Parties to the agreement:	Huaneng International  Shandong Company
Date:	2 November 2022
Amount:	Huaneng International will advance to and recover from Shandong Company the capital of 12 billion in RMB in accordance with the entrusted loan procedure. The abovementioned capital principal amount is the maximum amount, the concrete amount of the renewable entrusted loan will depend on the actual agreement signed.
Term:	There is no fixed term, the concrete terms of which are subject to the renewable entrusted loan agreements to be actually signed. The extended loan term is one year as a cycle, and the initial loan term shall start from the date of advancement.
Interest rate:	The loan interest rate under the agreement is determined by Huaneng International, and the fixed interest rate is adopted. The annual interest rate is the total amount of upstream fund raising costs and related taxes, etc., and the actual signed renewable entrusted loan interest rate shall prevail.

Purpose: Huaneng International agrees that Shandong Company will use the principal borrowed under the agreement for cash flow and loan replacement. Without the written consent of Huaneng International, Shandong Company shall not change the purpose of the loan, including but not limited to Shandong Company shall not use it in the areas and purposes prohibited by the State.

Guarantee method: Credit guarantee.

Liability for breach of agreement: After the contract takes effect, both parties shall perform the obligations stipulated in the agreement. If either party fails to perform or does not fully perform the obligations stipulated in the agreement, the defaulting party shall bear the corresponding liability for breach of contract in accordance with the contract or legal provisions, and shall compensate the other party with the losses incurred thereby. If Shandong Company defaults, Huaneng International shall have the right to increase the execution interest rate of the loan under the agreement. The interest rate increase formula is: the basis of execution interest rate applicable in the agreement at that time + 300bp/year, and the interest rate will be implemented until the events constituting the default of Shandong Company under the agreement have ended, or the agreement has been terminated.

## **(2) The framework agreement on Renewable Entrusted Loans with Chaohu Power**

Parties to the agreement: Huaneng International

Chaohu Power

Date: 2 November 2022

Amount: Huaneng International will advance to and recover from Chaohu Power the capital of 1.2 billion in RMB in accordance with the entrusted loan procedure. The abovementioned capital principal amount is the maximum amount, the concrete amount of the renewable entrusted loan will depend on the actual agreement signed.

Term: There is no fixed term, the concrete terms of which are subject to the renewable entrusted loan agreements to be actually signed. The extended loan term is one year as a cycle, and the initial loan term shall start from the date of advancement.

Interest rate: The loan interest rate under the agreement is determined by Huaneng International, and the fixed interest rate is adopted. The annual interest rate is the total amount of upstream fund raising costs and related taxes, etc., and the actual signed renewable entrusted loan interest rate shall prevail.

Purpose: Huaneng International agrees that Chaohu Power will use the principal borrowed under the agreement for cash flow and loan replacement. Without the written consent of Huaneng International, Chaohu Power shall not change the purpose of the loan, including but not limited to Chaohu Power shall not use it in the areas and purposes prohibited by the State.

Guarantee method: Credit guarantee.

Liability for breach of agreement: After the contract takes effect, both parties shall perform the obligations stipulated in the agreement. If either party fails to perform or does not fully perform the obligations stipulated in the agreement, the defaulting party shall bear the corresponding liability for breach of contract in accordance with the contract or legal provisions, and shall compensate the other party with the losses incurred thereby. If Chaohu Power defaults, Huaneng International shall have the right to increase the execution interest rate of the loan under the agreement. The interest rate increase formula is: the basis of execution interest rate applicable in the agreement at that time + 300bp/year, and the interest rate will be implemented until the events constituting the default of Chaohu Power under the agreement have ended, or the agreement has been terminated.

## **V. RISK ANALYSIS AND RISK CONTROL MEASURES OF THE TRANSACTION**

The risk of the Company providing renewable entrusted loans to Shandong Company and Chaohu Power is within the controllable range of the Company, and the Company can effectively ensure the safety of funds. The Transaction will not have a significant impact on the Company's daily operations, or not damage the Company and its shareholders as a whole, in particular the interest of minority shareholders.

## **VI. CUMULATIVE AMOUNT OF FINANCIAL ASSISTANCE PROVIDED AND OVERDUE AMOUNT**

After provision of the financial assistance, the proportion of the total balance of financial assistance provided by the listed company to the latest audited net assets of the listed company is 12.54%; and the proportion of the total balance of financial assistance provided by the listed company and its controlled subsidiaries to units outside the consolidated statements to the listed company's latest audited net assets is 0.07%. There does not exist any situation where the financial assistance provided by the Company is overdue and not recovered.

## **VII. BOARD'S CONFIRMATION**

The Board has considered and approved the "Proposal on the Company's provision of Renewable Entrusted Loans to its Controlled Subsidiaries". Pursuant to the SSE 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 Transaction 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 is of the view that the Framework Agreements were 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 to the Company than terms available from independent third parties); and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **VIII. HONG KONG LISTING RULES IMPLICATIONS**

The Transaction constitutes the provision of financial assistance by the Company to its connected subsidiaries. As the applicable percentage ratios relating to the transaction scale (on an aggregated basis) of the Transaction calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceed 5%, the Transaction constitutes a discloseable transaction to the Company under Chapter 14 of the Hong Kong Listing Rules and also a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, subject to the



annual reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules and Independent Shareholders' approval under the Hong Kong Listing Rules.

According to the SSE Listing Rules, since the asset-liability ratios of Shandong Company and Chaohu Power both exceed 70%, the Transaction needs to be approved at the shareholders' meeting of the Company.

## **IX. EXTRAORDINARY GENERAL MEETING**

Under the Hong Kong Listing Rules, the Transaction shall require Independent Shareholders' approval. The Company proposes to convene an extraordinary general meeting in December 2022 to seek approval from Independent Shareholders on (among others) the Transaction. Huaneng Group and its associates will abstain from voting on the resolutions, among others, with respect to the Transaction at such extraordinary general meeting, at which the proposed resolution will be passed by way of ordinary resolution and voting will be taken by way of poll in accordance with the requirements of the Hong Kong Listing Rules.

To comply with the requirements of the Hong Kong Listing Rules, the Independent Board Committee of the Company will advise the Independent Shareholders in connection with (among others) the Transaction and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding (among others) the Transaction.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Hong Kong Listing Rules and the PRC Company Law, the Company shall despatch a circular containing, among others, further details of the Transaction, a letter from the Independent Board Committee and an opinion of the independent financial advisor to the shareholders as soon as possible but in any event not later than 5 December 2022.

## **X. DEFINITION**

“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Chaohu Power”	Huaneng Chaohu Power Generation Co., Ltd.
“Company”, “Huaneng International”	Huaneng Power International, Inc.
“connected person(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules

“connected subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreements”	collectively, the Framework Agreements on Renewable Entrusted Loans signed by the Company with Shandong Company and Chaohu Power respectively on 2 November 2022
“HIPDC”	Huaneng International Power Development Corporation
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hua Neng HK”	China Hua Neng Group Hong Kong Limited
“Huaihe Energy”	Huaihe Energy Power Group Co., Ltd.
“Huaneng Finance”	China Huaneng Finance Corporation Limited
“Huaneng Group”	China Huaneng Group Co., Ltd.
“Independent Board Committee”	a committee of the Board established for the purpose of considering (among others) the Transactions, comprising independent non- executive Directors who are independent of the Transactions
“Independent Shareholders”	shareholders of the Company other than Huaneng Group and its associates
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Company”	Huaneng Shandong Power Generation Co., Ltd.
“SSE Listing Rules”	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
“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 proposed advancement of the renewable entrusted loan of no more than RMB12 billion by the Company to its controlled subsidiary Shandong Company, and the proposed advancement of the renewable entrusted loan of no more than RMB1.2 billion by the Company to its controlled subsidiary Chaohu Power

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

3 November 2022