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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)

EXTERNAL GUARANTEE BY SUBSIDIARY AND CONNECTED TRANSACTION

On 28 September 2017, Huaneng Group entered into a Guarantee Contract with ICBC. Huaneng Group agreed to provide guarantee for the working capital loan in amount of US\$100 million which is provided to Pakistan Company, a subsidiary of Shandong Company which is a controlled subsidiary of the Company. Upon consideration and approval of the Guarantee at the general meeting of the Company, Shandong Company intends to sign the Confirmation Letter, confirming that it will undertake the obligations of Huaneng Group under the Guarantee Contract from the issuance date thereof. According to the terms of the Confirmation Letter, the guaranteed debt undertaken by Shandong Company only includes the guaranteed debt demanded for repayment by the loan lender upon and after the Confirmation Letter is issued. The guaranteed debt demanded for repayment by the loan lender prior to the date of the Confirmation Letter shall still be borne by Huaneng Group.

The Guarantee is entered into on normal commercial terms, and the guarantee provided by Huaneng Group to a subsidiary of the Company does not involve any pledge of assets. Under Rule 14A.90 of the Hong Kong Listing Rules, the guarantee provided by Huaneng Group to a subsidiary of the Company shall be exempt from reporting, announcement and independent shareholders' approval requirements.

According to the Hong Kong Listing Rules, the Guarantee involves a subsidiary of the Company undertaking the guarantee provided by Huaneng Group for Pakistan Company. As Huaneng Group is a connected person of the Company, the Guarantee constitutes a connected transaction under the Hong Kong Listing Rules. Since the transaction scale of the Guarantee does not exceed 5% of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, the Guarantee shall only be subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules, but is exempt from the independent shareholders' approval requirement.

According to the Shanghai Listing Rules, as the gearing ratio of Pakistan Company exceeds 70%, the Guarantee has to be submitted to the general meeting of the Company for consideration and approval. Huaneng Group and its associates will abstain from voting on the relevant resolution at the general meeting. The Company shall hold a general meeting as soon as possible and submit the aforesaid resolution for consideration and approval.

RELATIONSHIP BETWEEN THE COMPANY, HUANENG GROUP, SHANDONG COMPANY AND PAKISTAN COMPANY

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. As at the date of publication of this announcement, the controlled generation capacity is 102,502 MW and the equity based generation capacity is 91,938 MW.

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.

As at 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 33.33% equity interest in the Company. Huaneng Group also holds a 10.23% direct equity interest in the Company, a 3.11% indirect equity interest in the Company through Hua Neng HK (a wholly-owned subsidiary of Huaneng Group), and a 0.49% indirect equity interest in the Company through China Huaneng Finance Corporation Limited (a controlled subsidiary of Huaneng Group).

Shandong Company is a controlled subsidiary of the Company.

Pakistan Company is funded and established jointly by Shandong Company and Shandong Ruyi Technology Group in May 2014. Shandong Company holds a 50% equity interest in Pakistan Company. The registered address of Pakistan Company is in Lajar, Pakistan, and the scope of operation is production and sales of electricity, gas and related by-products. As at 30 November 2017, total assets in the financial statements of Pakistan Company amounted to RMB13.415 billion, total liabilities amounted to RMB11.034 billion (among which, total bank borrowings were RMB10.325 billion and current liabilities were RMB1.996 billion), net assets amounted to RMB2.382 billion, operating income amounted to RMB494 million and net profit was RMB75 million.

DESCRIPTION OF THE CONNECTED TRANSACTION

On 28 September 2017, Huaneng Group entered into a Guarantee Contract with ICBC. Huaneng Group agreed to provide guarantee for the working capital loan in the amount of US\$100 million which is provided to Pakistan Company, a subsidiary of Shandong Company which is a controlled subsidiary of the Company. Upon consideration and approval of the Guarantee at the general meeting of the Company, Shandong Company intends to sign the Confirmation Letter, confirming to ICBC, Huaneng Group and Shandong Ruyi Technology Group that it will undertake the obligations of Huaneng Group under the Guarantee Contract from the issuance date thereof.

According to the Confirmation Letter, subject to consideration and approval of the Guarantee at the general meeting of the Company, Shandong Company will undertake the obligations of Huaneng Group under the Guarantee Contract from the issuance date of the Confirmation Letter. The guaranteed debt undertaken by Shandong Company only includes the guaranteed debt demanded for repayment by the loan lender upon and after the Confirmation Letter is issued. The guaranteed debt demanded for repayment by the loan lender prior to the date of the Confirmation Letter shall still be borne by Huaneng Group.

According to the Guarantee Agreement, the guarantee is given on a joint and several liability basis, and the principal claim is 50% of the claims incurred between the creditor, ICBC and Pakistan Company under the loan agreement executed on 28 September 2017, and such amount shall not be more than US\$100 million. Shandong Ruyi Technology Group, the other shareholder of Pakistan Company, shall undertake the guarantee obligation for the remaining 50% debt under the loan agreement.

PURPOSE OF THE CONNECTED TRANSACTION AND IMPACT TO THE COMPANY

Pakistan Company plans to borrow US\$200 million working capital loan from ICBC for its operating and development needs for a period of one year. Shandong Company and Shandong Ruyi Technology Group, according to their proportion of shareholding, each shall bear the guarantee obligation for US\$100 million debt. Considering that under the Shanghai Listing Rules, the guarantee provided by Shandong Company shall be subject to approval at the general meeting of the Company. In order to enable Pakistan Company to start commercial operation earlier, Huaneng Group has agreed to provide US\$100 million finance guarantee to Pakistan Company in advance. The above loan and guarantee were implemented on 30 September 2017. Upon communication between Shandong Company and ICBC, ICBC agreed in principle to change the guarantor from Huaneng Group to Shandong Company. The Board of Directors of the Company believes that Pakistan Company will be able to repay the loan of US\$200 million on schedule and will not pose guarantee risk to Shandong Company and Shandong Ruyi Technology Group.

The Guarantee will not cause any material impact on the financial position of the Company and will not prejudice the interests of the Company and its shareholders.

IMPLICATION UNDER THE HONG KONG LISTING RULES

The Guarantee is entered into on normal commercial terms, and the guarantee provided by Huaneng Group to a subsidiary of the Company does not involve any pledge of assets. Under Rule 14A.90 of the Hong Kong Listing Rules, the guarantee provided by Huaneng Group to a subsidiary of the Company shall be exempt from reporting, announcement and independent shareholders' approval requirements.

According to the Hong Kong Listing Rules, the Guarantee involves a subsidiary of the Company undertaking the guarantee provided by Huaneng Group for Pakistan Company. As Huaneng Group is a connected person of the Company, the Guarantee constitutes a connected transaction under the Hong Kong Listing Rules. Since the transaction scale of the Guarantee does not exceed 5% of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, the Guarantee shall only be subject to the reporting and announcement requirements under Rules 14A.71 and 14A.35 of the Hong Kong Listing Rules, but is exempt from the independent shareholders' approval requirement.

According to the Shanghai Listing Rules, as the gearing ratio of Pakistan Company exceeds 70%, the Guarantee has to be submitted to the general meeting of the Company for consideration and approval. Huaneng Group and its associates will abstain from voting on the relevant resolution at the general meeting. The Company shall hold a general meeting as soon as possible and submit the aforesaid resolution for consideration and approval.

The Board of Directors of the Company has approved the resolution regarding the Shandong Company undertaking the guarantee for the working capital loan for the Sahiwal project in Pakistan. Messrs. Cao Peixi, Liu Guoyue, Fan Xiaxia, Huang Jian and Wang Yongxiang, all being Directors of the Company having connected relationship, abstained from voting on the Board resolution relating to the transaction. The resolution was voted by Directors who are not connected to the transaction. The Directors (including independent non-executive Directors) are of the view that the Confirmation Letter in relation to the Guarantee were entered into: (i) on normal commercial terms; (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.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Company”	Huaneng Power International, Inc.
“Confirmation Letter”	the Confirmation Letter to be issued to ICBC, Huaneng Group and Shandong Ruyi Technology Group by Shandong Company in respect of the Guarantee Contract upon consideration and approval of the Guarantee by the general meeting of the Company

“Directors”	the directors (including independent non-executive directors) of the Company
“Guarantee”	Shandong Company shall undertake to provide the guarantee as provided by Huaneng Group to Pakistan Company for the working capital loan in the amount of US\$100 million, in accordance with the terms and conditions of the Guarantee Contract and the Confirmation Letter
“Guarantee Contract”	the Guarantee Contract between China Huaneng Group and Industrial and Commercial Bank of China Limited entered into between Huaneng Group and Industrial and Commercial Bank of China Limited on 28 September 2017
“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
“Huaneng Group”	China Huaneng Group
“ICBC”	Industrial and Commercial Bank of China Limited
“PRC” or “China”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Pakistan Company”	Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited
“Shandong Company”	Huaneng Shandong Power Generation Co., Ltd.
“Shandong Ruyi Technology Group”	Shandong Ruyi Technology Group Co., Ltd.
“Shanghai Listing Rules”	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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:

Cao Peixi (*Executive Director*)

Liu Guoyue (*Executive Director*)

Fan Xiaxia (*Executive Director*)

Huang Jian (*Non-executive Director*)

Wang Yongxiang (*Non-executive Director*)

Mi Dabin (*Non-executive Director*)

Guo Hongbo (*Non-executive Director*)

Cheng Heng (*Non-executive Director*)

Lin Chong (*Non-executive Director*)

Yue Heng (*Independent 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*)

Beijing, the PRC

13 December 2017