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華能新能源股份有限公司
Huaneng Renewables Corporation Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0958)

ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTION
AMENDMENTS TO CONNECTED TRANSACTIONS FRAMEWORK
AGREEMENT**

Reference is made to the Previous Announcements.

On 28 March 2017, the Company and Huaneng Group agreed to amend the Connected Transactions Framework Agreement, and entered into the amended Connected Transactions Framework Agreement. The Company and Huaneng Group agreed to add one more category of continuing connected transaction under the Connected Transactions Framework Agreement, i.e. purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates.

As at the date of this announcement, Huaneng Group holds a 56.90% equity interest in the Company, including a 54.06% direct equity interest held by Huaneng Group and a 2.85% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. As such, Huaneng Group (including its subsidiaries and associates) are connected persons of the Company and the Connected Transactions Framework Agreement and the transactions as contemplated therein constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the transaction scale of purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates under the Connected Transactions Framework Agreement exceeds 0.1% of one or more of the applicable percentage ratios, but all such percentage ratios are less than 5% as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, and therefore the amendments to the Connected Transactions Framework Agreement is subject to the reporting, announcement and annual review requirements under the Hong Kong Listing Rules, but are exempted from independent shareholders' approval requirement.

* *For identification purpose only*

INTRODUCTION

Reference is made to the Previous Announcements. As disclosed in the Previous Announcements, the Connected Transactions Framework Agreement is effective from 1 January 2017 to 31 December 2019. Pursuant to the Connected Transactions Framework Agreement, the Group will conduct the following transactions with Huaneng Group and its subsidiaries and associates on an on-going basis: (i) purchase of production services by the Group from Huaneng Group and its subsidiaries and associates; (ii) purchase of insurance by the Group from Huaneng Group and its subsidiaries and associates; (iii) leasing of office buildings and purchase of related property services by the Group from Huaneng Group and its subsidiaries and associates; and (iv) sale of production services by the Group to Huaneng Group and its subsidiaries and associates.

On 28 March 2017, the Company and Huaneng Group agreed to amend the Connected Transactions Framework Agreement and entered into the amended Connected Transactions Framework Agreement.

Purchase of Product and Equipment such as Power Cable and Optical Cable by the Group from Huaneng Group and its Subsidiaries and Associates

The Company and Huaneng Group agreed to add one more category of continuing connected transaction under the Connected Transactions Framework Agreement, i.e. purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates.

Pricing and payment terms

Pursuant to the Connected Transactions Framework Agreement, the pricing terms with respect to the purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates, but in any event at terms and prices no less favourable than those offered to the Group by an independent third party for the same or similar type of services in the PRC.

Members of the Group may, from time to time and as necessary, enter into separate implementation agreements with Huaneng Group (and its subsidiaries and associates, as the case maybe). Each implementation agreement will set out the specifications for the particular transaction. The implementation agreements provide for the services as contemplated by the Connected Transactions Framework Agreement, as such, they do not constitute new categories of connected transactions. The terms of such implementation agreements will be within the bounds of the Connected Transactions Framework Agreement and annual caps thereunder.

All payment made relating to the purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates will be in cash in arrears or in accordance with the payment terms under the implementation agreement(s).

Historical transaction amounts and proposed caps

The proposed annual caps for the purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively, are estimated as follows. For ease of reference, the historical transaction figures for the years ended 31 December 2014 and 31 December 2015 and 31 December 2016 are also set out below.

(in RMB ten thousand)

Historical transaction figures			Future caps		
Actual transaction amount for the year ended 31 December 2014 (audited)	Actual transaction amount for the year ended 31 December 2015 (audited)	Actual transaction amount for the year ended 31 December 2016 (audited)	Proposed cap for the year ending 31 December 2017	Proposed cap for the year ending 31 December 2018	Proposed cap for the year ending 31 December 2019
0	0	0	4,500	5,500	6,500

Basis for the proposed annual caps

The estimate of the proposed annual caps is based on the prevailing overall business scale and operational scale of the Group, changes in the market conditions, the anticipated development and growth of power plants as deemed reasonable by the Group, and the consideration that Huaneng Group and its subsidiaries and associates can offer more favourable prices. The Company will, through the Connected Transactions Framework Agreement and a series of risk management arrangements in accordance with the regulatory requirements, endeavor to maintain its independency in decision-making, the fairness of the prices and terms of the transactions as well as the flexibility in obtaining production services from independent third parties other than the connected persons so as to alleviate the reliance on its controlling shareholder. Such arrangements shall include without limitation the Company's right to make independent decisions as to the price and quantity of purchase and to access and obtain market information through various means so that the terms obtained by the Company from Huaneng Group and its subsidiaries and associates will be no less favorable than those available from independent third parties.

Reasons for conducting such transactions and their benefits to the Company

Huaneng Group has extensive experience in production and procurement of product and equipment such as power cable and optical cable, and they can offer product and equipment with superior quality and moderate price. In addition, the competitive advantage of Huaneng Group and its subsidiaries and associates in the provision of is that they can offer more favourable terms and prices to the Group. Taking into consideration the ability of Huaneng Group and its subsidiaries and associates to offer more favourable terms and prices, and owing to their close relationships with the Company, Huaneng

Group and its subsidiaries and associates are able to provide the Group with the product and equipment such as power cable and optical cable in a timely and reliable manner, thereby minimizing the management and operational costs of the Group. Therefore, the Directors believe that the provision of product and equipment such as power cable and optical cable by Huaneng Group and its subsidiaries and associates to the Group would bring benefits to the operation of the Group.

Save as disclosed above, all existing terms and conditions under the Connected Transaction Framework Agreement shall remain unchanged.

MEASURES TO SAFEGUARD THE INTERESTS OF THE INDEPENDENT SHAREHOLDERS

Directors and senior management of the Company will monitor closely and review regularly each continuing connected transaction of the Company. The Company will adopt a series of risk management arrangements, and endeavour to maintain, in relation to each continuing connected transaction, the independence of the Company; the fairness of the price of the transaction; the fairness of the terms of the transaction; and the right of the Company to conduct transactions with independent third parties other than Huaneng Group and its subsidiaries and associates. The continuing connected transactions contemplated under the Connected Transactions Framework Agreement are conducted on a non-exclusive basis. For transactions relating to the purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates, the Company will conduct such transactions according to the Company's procurement policy, which mainly stipulates that the Company will, from time to time, obtain quotations and/or invite tenders from multiple suppliers and/or in certain circumstances obtain the quotations through enquiries from among established suppliers of scale (including Huaneng Group and its subsidiaries and associates). According to the Company's procurement policy, in addition to the offer of same or more favourable terms by the counterparty in a transaction, the Company will also consider other factors, including the corporate background of the counterparty; its reputation and reliability; its ability to conduct the transaction in accordance with the terms of the contract; and its understanding of the Company's needs, in order to maximise the Company's interest in the transaction, and at the same time reduce the Company's time and costs of transaction.

The contract management department will strictly review contracts, the contract enforcement department will timely monitor the amount of connected transactions, and the relevant functional departments will supervise the compliance monitoring in production and operation. In addition to the annual review of the performance of specific contracts by the independent non-executive Directors and the Company's auditors, the independent non-executive Directors will also review and confirm whether the Company's connected transactions are fair, whether the amount is reasonable and whether is in the interests of the Company's shareholders as a whole. The Company's supervisors will also monitor the working arrangements involved in the Company's continuing connected transactions, and review whether the Company's transactions are fair, and whether the transaction prices are reasonable.

HONG KONG LISTING RULES IMPLICATIONS

The Company is committed to the investment, construction and operation of new energy projects. It focuses on developing and operating wind power projects while promoting synergistic growth of solar and other renewable energies.

Huaneng Group mainly engages in the development, investment, construction, operation and management of power sources, the production and sale of power (heat), the development, investment, construction, production and sale of businesses and products relating to energy, transportation, renewable energy and environmental protection.

As at the date of this announcement, Huaneng Group holds a 56.90% equity interest in the Company, including a 54.06% direct equity interest held by Huaneng Group and a 2.85% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group ^(note). As such, Huaneng Group (including its subsidiaries and associates) are connected persons of the Company and the Connected Transactions Framework Agreement and the transactions as contemplated therein constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the transaction scale of purchase of product and equipment such as power cable and optical cable by the Group from Huaneng Group and its subsidiaries and associates under the Connected Transactions Framework Agreement exceeds 0.1% of one or more of the applicable percentage ratios, but all such percentage ratios are less than 5% as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, and therefore the amendments to the Connected Transactions Framework Agreement is subject to the reporting, announcement and annual review requirements under the Hong Kong Listing Rules, but are exempted from independent shareholders' approval requirement.

BOARD CONFIRMATION

The Board has considered and approved a resolution on the amendments to the Connected Transaction Framework Agreement. Mr. WANG Kui, being a Director of the Company, is the chief of the Planning Department of Huaneng Group. Therefore, Mr. WANG Kui is deemed to have an interest in the a resolution on amendments to the Connected Transaction Framework Agreement, and had abstained from voting on the amendments to the Connected Transaction Framework Agreement.

The Board (including the independent non-executive Directors) considers that the amendments to the Connected Transaction Framework Agreement and the newly added transaction contemplated thereunder including proposed annual cap is 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) in the ordinary and usual course of business of the Company; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Note: Numbers may not add up due to rounding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no independent non-executive Director has any material interest in the amendments to the Connected Transaction Framework Agreement.

DEFINITIONS

The following expressions have the following meaning unless the context requires otherwise:

“Board”	means the board of Directors of the Company;
“Company”	means Huaneng Renewables Corporation Limited (華能新能源股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“connected transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Directors”	means the directors of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Huaneng Group”	means China Huaneng Group (中國華能集團公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company;
“Previous Announcements”	means the Company's announcement dated 12 August 2016 in relation to the entering into of the Connected Transaction Framework Agreement between the Company and Huaneng Group;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

“the Connected Transaction Framework Agreement” means the connected transaction framework agreement entered into on 12 August 2016 between the Company and Huaneng Group; and

“subsidiaries” has the meaning ascribed to it under the Hong Kong Listing Rules.

By order of the Board
Huaneng Renewables Corporation Limited
SONG Yuhong
Company Secretary

Beijing, the PRC, 28 March 2017

As at the date of this announcement, the Company’s Executive Directors are Mr. LIN Gang, Mr. CAO Shiguang and Ms. YANG Qing; Non-executive Directors are Mr. WANG Kui, Mr. LU Fei, Mr. SUN Deqiang and Mr. DAI Xinmin; and Independent Non-executive Directors are Mr. QIN Haiyan, Ms. DAI Huizhu, Mr. ZHOU Shaopeng and Mr. WAN Kam To.