
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the H Share Offer and the Delisting, this Composite Document or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huaneng Renewables, you should at once hand this Composite Document and the accompanying Form of Acceptance, forms of proxy and reply slips to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the H Share Offer.

CHINA HUANENG GROUP CO., LTD.*
中國華能集團有限公司

(A limited liability company incorporated in the People's Republic of China)



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)

COMPOSITE DOCUMENT
(1) VOLUNTARY CONDITIONAL OFFER
BY CLSA LIMITED ON BEHALF OF CHINA HUANENG
TO ACQUIRE ALL OF THE ISSUED H SHARES IN HUANENG RENEWABLES
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL
OF LISTING OF THE H SHARES OF HUANENG RENEWABLES
AND
(3) NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING
AND
(4) NOTICE OF THE 2020 FIRST H SHARE CLASS MEETING

EXCLUSIVE FINANCIAL ADVISER TO CHINA HUANENG



A CITIC Securities
Company

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE



Gram Capital Limited
嘉林資本有限公司

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is jointly issued by China Huaneng and Huaneng Renewables to the H Shareholders. A letter from CLSA Limited, containing, among other things, the terms of the H Share Offer, is set out on pages 11 to 20 of this Composite Document. A letter from the Huaneng Renewables Board is set out on pages 21 to 30 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent H Shareholders in relation to the H Share Offer and the Delisting is set out on pages 31 to 32 of this Composite Document. A letter from Gram Capital containing its advice to the Independent Board Committee in relation to the H Share Offer and the Delisting is set out on pages 33 to 56 of this Composite Document.

The procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the H Share Offer should be received by the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on Monday, 20 January 2020, being the First Closing Date, or such later date and time as China Huaneng may decide and announce and the Executive may approve.

The Extraordinary General Meeting convened to approve the Delisting will be held at 9:30 a.m. on Monday, 6 January 2020 and the H Share Class Meeting convened to approve the Delisting will be held at 10:00 a.m. on Monday, 6 January 2020.

A notice of the Extraordinary General Meeting is set out in Appendix VI to this Composite Document and a notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. A proxy form for each of the Extraordinary General Meeting and the H Share Class Meeting is enclosed with this Composite Document.

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof in person, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

A reply slip for each of the Extraordinary General Meeting and the H Share Class Meeting is also enclosed. You are reminded to complete and sign the reply slips (if you are entitled to attend the Extraordinary General Meeting and/or the H Share Class Meeting) and return the signed reply slips to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Monday, 16 December 2019 in accordance with the instructions printed thereon.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "8. Overseas H Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether to accept the H Share Offer.

21 November 2019

* For identification purpose only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by China Huaneng and Huaneng Renewables by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this Composite Document refer to Hong Kong dates and times.

Despatch date of this Composite Document and commencement of the H Share Offer ^(Note 1)	Thursday, 21 November 2019
Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the Extraordinary General Meeting and/or the H Share Class Meeting	4:30 p.m. on Thursday, 5 December 2019
Closure of the Register for the determination of entitlements of the Independent H Shareholders to attend and vote at the Extraordinary General Meeting and/or the H Share Class Meeting	Friday, 6 December 2019 to Monday, 6 January 2020 (both dates inclusive)
Last day for return of reply slip for the Extraordinary General Meeting and/or the H Share Class Meeting ^(Note 2)	Monday, 16 December 2019
Latest time for lodging proxy form(s) in respect of the Extraordinary General Meeting ^(Note 3)	9:30 a.m. on Sunday, 5 January 2020
Latest time for lodging proxy form(s) in respect of the H Share Class Meeting ^(Note 3)	10:00 a.m. on Sunday, 5 January 2020
Extraordinary General Meeting	9:30 a.m. on Monday, 6 January 2020
H Share Class Meeting	10:00 a.m. on Monday, 6 January 2020
Announcement of the results of the Extraordinary General Meeting and the H Share Class Meeting	by 7:00 p.m. on Monday, 6 January 2020
Re-opening of the Register	Tuesday, 7 January 2020
First Closing Date ^(Note 4)	Monday, 20 January 2020
Latest time for acceptance of the H Share Offer on the First Closing Date ^(Note 5)	4:00 p.m. on Monday, 20 January 2020
Announcement of the results of the H Share Offer on the First Closing Date	by 7:00 p.m. on Monday, 20 January 2020

EXPECTED TIMETABLE

Latest time for the H Share Offer to become or be declared unconditional as to acceptances (if not already unconditional) <i>(Note 7)</i>	7:00 p.m. on Monday, 20 January 2020
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the First Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <i>(Note 6)</i>	Friday, 31 January 2020
Final Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <i>(Note 8)</i>	Monday, 17 February 2020
Latest time for the H Share Offer remaining opening for acceptance on the Final Closing Date and closing of the H Share Offer <i>(Note 8)</i>	4:00 p.m. on Monday, 17 February 2020
Announcement of the results of the H Share Offer on the Final Closing Date	by 7:00 p.m. on Monday, 17 February 2020
Last day of trading in the H Shares on the Stock Exchange, assuming the Delisting is approved	Monday, 17 February 2020
Voluntary withdrawal of the listing of the H Shares from the Stock Exchange <i>(Note 9)</i>	4:00 p.m. on Monday, 24 February 2020
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the Final Closing Date (assuming the H Share Offer has become unconditional in all respects on the First Closing Date) <i>(Note 6)</i>	Wednesday, 26 February 2020

EXPECTED TIMETABLE

Notes:

- (1) The H Share Offer is made on Thursday, 21 November 2019, the date of posting of the Composite Document, and is capable of being accepted on and from this date.
- (2) The reply slip should be duly completed and returned to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on Monday, 16 December 2019 (i.e. 20 clear days prior to the date of convening of the Extraordinary General Meeting and the H Share Class Meeting). Failure to return the reply slip will not affect the Independent H Shareholders' right to attend the Extraordinary General Meeting and the H Share Class Meeting.
- (3) The proxy form should be deposited with the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event by the time stated above, in order to be valid. Completion and return of a proxy form for the Extraordinary General Meeting and/or the H Share Class Meeting will not preclude an Independent H Shareholder from attending the Extraordinary General Meeting and/or the H Share Class Meeting and, as the case may be, voting in person if he/she/it so wishes and if such Independent H Shareholder has notified Huaneng Renewables not less than 24 hours in writing before the time appointed for any adjournment of the Extraordinary General Meeting and the H Share Class Meeting. In such event, the returned proxy form will be deemed to have been revoked.
- (4) It is assumed that the H Share Offer has not become unconditional as to acceptances or in all respects prior to the First Closing Date. In accordance with the Takeovers Code, the H Share Offer must initially be opened for acceptance for at least 21 days following the date on which the Composite Document was posted. Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the posting of the Composite Document.
- (5) Unless the H Share Offer has previously become or been declared unconditional, revised or extended, the latest time and date for acceptance of the H Share Offer is 4:00 p.m. on the First Closing Date. Please refer to Appendix I to the Composite Document for additional information on how to accept the H Share Offer.
- (6) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Offer will be made within 7 business days (as defined under the Takeovers Code) of the later of the date on which the H Share Offer has become or is declared unconditional and the date on which the H Shares are tendered for acceptance of the H Share Offer. Relevant documents of title must be received by the Registrar to render each acceptance of the H Share Offer complete and valid. Remittances in respect of the H Shares tendered for acceptance and taken up by China Huaneng under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom) will be posted to the H Shareholders by ordinary post at their own risk.
- (7) Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th date after the Composite Document was posted. China Huaneng may further apply to extend the latest date to declare the H Share Offer unconditional as to acceptances beyond Monday, 20 January 2020 and the Executive may or may not grant such consent.
- (8) In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer is closed to the H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. China Huaneng reserves the right to extend the H Share Offer beyond this 28-day period.
- (9) It is currently expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 4:00 p.m. on Monday, 24 February 2020, subject to the satisfaction of any conditions for delisting such securities from the Stock Exchange, and receipt of any regulatory approvals required for such delisting.

EXPECTED TIMETABLE

- (10) Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
- (11) The latest time and date for acceptance of the H Share Offer, the latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances, the last day of trading of H Shares and voluntary withdrawal of listing of the H Shares will not take effect if there is a tropical cyclone warning signal number 8 above, or a “black” rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the such relevant date. Instead, such relevant date will be rescheduled to the same time on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the H Share Offer to the Overseas H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Based on the Register as at the Latest Practicable Date, only one of the H Shareholders registered as a shareholder on the Register is an Overseas H Shareholder located in Cayman Islands. China Huaneng and Huaneng Renewables had been advised by the legal adviser as to Cayman Islands law that this Composite Document and the accompanying Form of Acceptance may be forwarded to such Overseas H Shareholder and will do so accordingly.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Articles”	the existing articles of association of a company
“associates”	has the meaning given to it in the Takeovers Code
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Huaneng”	China Huaneng Group Co., Ltd.* (中國華能集團有限公司), a limited liability company incorporated in the PRC
“China Huaneng Board”	the board of directors of China Huaneng
“CLSA Capital Markets”	CLSA Capital Markets Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the exclusive financial adviser to China Huaneng in respect of the H Share Offer, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CLSA Group”	CLSA Capital Markets and persons controlling, controlled by or under the same control as CLSA Capital Markets, all of which are presumed to be acting in concert with China Huaneng under class (5) of the definition of acting in concert in the Takeovers Code
“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030), being the agent making the H Share Offer on behalf of China Huaneng
“Closing Date”	the date to be stated in the Composite Document as the First Closing Date or any subsequent closing date of the H Share Offer as may be announced by China Huaneng and in compliance with the Takeovers Code

DEFINITIONS

“Composite Document”	the composite document jointly issued by China Huaneng and Huaneng Renewables to the Shareholders in connection with, among other things, the detailed terms of the H Share Offer, in accordance with the Takeovers Code and the Listing Rules
“concert parties”	in respect of a person, persons acting in concert with such a person
“Conditions”	the conditions of the H Share Offer, as set out under the paragraph headed “Conditions of the H Share Offer” in the Letter from CLSA Limited and “Condition” means any of them
“Delisting”	the voluntary withdrawal of the listing of the H Shares on the Stock Exchange
“Deloitte”	Deloitte Touche Tohmatsu
“Disclosure Period”	the period beginning six (6) months prior to the date of the Rule 3.7 Announcement and ending with the Latest Practicable Date, both dates inclusive
“Domestic Share(s)”	ordinary share(s) in the capital of Huaneng Renewables, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Shareholders”	registered holders of the Domestic Shares, namely, China Huaneng and Huaneng Capital
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extraordinary General Meeting”	the 2020 First Extraordinary General Meeting of the Shareholders to be convened, and any adjournment thereof, for the purpose of approving the Delisting
“GW”	unit of energy, gigawatt, 1GW = 1 million kW
“Final Closing Date”	17 February 2020, which has assumed that the H Share Offer becomes unconditional in all respects on the First Closing Date and the H Share Offer will be open for acceptance for 28 days after the First Closing Date
“First Closing Date”	20 January 2020, being the first closing date of the H Share Offer assuming the H Share Offer has not become unconditional as to acceptances or in all respects prior to this date

DEFINITIONS

“Form of Acceptance”	the form of acceptance and transfer in respect of the H Share Offer accompanying this Composite Document
“Huaneng Capital”	Huaneng Capital Services Corporation Limited* (華能資本服務有限公司), a limited liability company incorporated in the PRC and owned as to approximately 61.22% by China Huaneng
“Huaneng No. 1 Fund”	Huaneng Structural Adjustment No. 1 Securities Investment Private Equity Fund* (華能結構調整1號證券投資私募基金), which is managed by Tianjin Huaren Investment Management Co., Ltd* (天津華人投資管理有限公司), a wholly-owned subsidiary of Huaneng Investment Management Co., Ltd.* (華能投資管理有限公司), which is in turn indirectly controlled by China Huaneng
“Huaneng Renewables”	Huaneng Renewables Corporation Limited* (華能新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Huaneng Renewables Board”	the board of directors of Huaneng Renewables
“Huaneng Renewables Group”	Huaneng Renewables and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of Huaneng Renewables with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Share Class Meeting”	the 2020 First Extraordinary General Meeting of the H Shareholders to be convened, and any adjournment thereof, for the purpose of approving the Delisting
“H Share Offer”	the voluntary conditional offer to be made by CLSA Limited on behalf of China Huaneng to acquire all of the H Shares
“H Share Offer Price”	The cash offer price of the H Share Offer, being HK\$3.17 per H Share
“H Shareholder(s)”	registered holder(s) of H Shares

DEFINITIONS

“Independent Board Committee”	the independent committee of the Huaneng Renewables Board comprising all of the independent non-executive directors of Huaneng Renewables, being Mr. Qi Hesheng, Ms. Zhang Lizi, Mr. Woo Kar Tung, Raymond and Mr. Zhu Xiao, which is formed to advise Independent H Shareholders in relation to the H Share Offer and the Delisting
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited (嘉林資本有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser to advise the Independent Board Committee in respect of the H Share Offer and the Delisting
“Independent H Shareholders”	the H Shareholders other than China Huaneng and persons acting in concert with China Huaneng
“Last Trading Day”	26 September 2019, being the last full trading day in the H Shares immediately before the publication of the Rule 3.5 Announcement
“Latest Practicable Date”	18 November 2019, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“NDRC”	National Development and Reform Commission of the PRC
“MOFCOM”	Ministry of Commerce of the PRC
“Offer Period”	has the meaning ascribed to it in the Takeovers Code and commencing from 2 September 2019, being the date of the Rule 3.7 Announcement until 4:00 p.m. on the Closing Date, or such other time and/or date to which China Huaneng may decide to extend the H Share Offer in accordance with the Takeovers Code
“Overseas H Shareholders”	H Shareholders who are not residents in Hong Kong
“PRC”	the People’s Republic of China, excluding for the purposes of this Composite Document, Hong Kong, Macau and Taiwan
“Register”	the register of H Shareholders of Huaneng Renewables

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, the H Share registrar and transfer office of Huaneng Renewables
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.5 Announcement”	the joint announcement dated 3 October 2019 jointly issued by China Huaneng and Huaneng Renewables pursuant to Rule 3.5 of the Takeovers Code
“Rule 3.7 Announcement”	the announcement dated 2 September 2019 made by Huaneng Renewables pursuant to Rule 3.7 of the Takeovers Code
“SAFE”	State Administration of Foreign Exchange of the PRC (including its successors and local counterparts)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	H Shareholders and Domestic Shareholders
“Shares”	Domestic Shares and H Shares
“State Council”	State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Unconditional Date”	the date on which the H Share Offer becomes or is declared unconditional in all respects
“%”	per cent

LETTER FROM CLSA LIMITED

21 November 2019

To the H Shareholders

Dear Sir or Madam

**(1) VOLUNTARY CONDITIONAL OFFER BY CLSA LIMITED ON BEHALF
OF CHINA HUANENG TO ACQUIRE ALL OF THE ISSUED H SHARES IN
HUANENG RENEWABLES**

**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H
SHARES OF HUANENG RENEWABLES**

INTRODUCTION

On 3 October 2019, China Huaneng Board and Huaneng Renewables Board jointly announced that the CLSA Limited, on behalf of China Huaneng, firmly intended to make a voluntary conditional cash offer to acquire all the issued H Shares.

The H Share Offer is subject to the fulfilment of a number of Conditions as set out in this Composite Document, including the approval of the voluntary withdrawal of the listing of the H Shares on the Stock Exchange by the Independent H Shareholders at the H Share Class Meeting and the Extraordinary General Meeting.

This letter forms part of this Composite Document and sets out certain background information on China Huaneng, explains why China Huaneng is making the H Share Offer and the intention in relation to the Huaneng Renewables Group.

The details of (a) the terms of the H Share Offer are set out in the “Letter from CLSA Limited” in this Composite Document, (b) the procedures for acceptance of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance; and (c) the meetings to be convened for approving the Delisting are set out in the section headed “The Extraordinary General Meeting and the H Share Class Meeting” in the “Letter from the Huaneng Renewables Board” in this Composite Document.

Terms defined in this Composite Document have the same meaning when used in this letter.

THE H SHARE OFFER

As at the Latest Practicable Date, Huaneng Renewables has 10,566,532,192 Shares in issue, with 5,535,311,200 Domestic Shares and 5,031,220,992 H Shares. Apart from the aforementioned, there were no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by Huaneng Renewables as at the Latest Practicable Date.

LETTER FROM CLSA LIMITED

Consideration for the H Share Offer

The H Share Offer will be made by CLSA Limited on behalf of China Huaneng on the following basis:

For each H Share HK\$3.17

The H Share Offer Price was determined after taking into account the publicly available financial information of Huaneng Renewables, China Huaneng's review of Huaneng Renewables' business, and with reference to other privatisation transactions in Hong Kong in recent years.

China Huaneng will not increase the H Share Offer Price for the H Share Offer as set out above. Shareholders and potential investors of Huaneng Renewables should be aware that, following the making of this statement, China Huaneng will not be allowed to increase the H Share Offer Price and China Huaneng does not reserve the right to increase the H Share Offer Price.

Comparison of value

The H Share Offer Price offered under the H Share Offer represents:

- (a) a premium of approximately 6.38% over the closing price of HK\$2.98 per H Share as quoted on the Stock Exchange on 18 November 2019 (being the Latest Practicable Date);
- (b) a premium of approximately 46.08% over the closing price of HK\$2.17 per H Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- (c) a premium of approximately 18.73% over the closing price of HK\$2.67 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 50.95% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (e) a premium of approximately 55.72% over the average closing price of approximately HK\$2.04 per H Share as quoted on the Stock Exchange for the last thirty (30) trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (f) a premium of approximately 51.17% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last sixty (60) trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;

LETTER FROM CLSA LIMITED

- (g) a premium of approximately 51.28% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last ninety (90) trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement; and
- (h) a discount of approximately 4.62% to the unaudited consolidated net asset value of Huaneng Renewables of approximately HK\$3.32 per Share as at 30 June 2019, based on the exchange rate of RMB1: HK\$1.1368.
- (i) a premium of approximately 4.02% to the audited consolidated net asset value of Huaneng Renewables of approximately HK\$3.05 per Share as at 31 December 2018, based on the exchange rate of RMB1: HK\$1.1413.

Highest and lowest prices

During the Disclosure Period, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$3.01 on 24 October 2019, 30 October 2019 and 5 November 2019, and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.92 on 20 May 2019 and 14 August 2019.

Consideration

Based on the H Share Offer Price of HK\$3.17 per H Share and 5,031,220,992 H Shares in issue as at the date of this Composite Document, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there is no change in the share capital of Huaneng Renewables) is approximately HK\$15,948,970,545. The consideration will be paid in cash.

Settlement of consideration

Settlement of consideration in respect of acceptance of the H Share Offer will be made as soon as possible but in any event within seven (7) Business Days of (i) the date of receipt of a complete and valid acceptance in respect of the H Share Offer or (ii) the Unconditional Date, whichever is later.

Conditions of the H Share Offer

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

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- (b) the passing of a resolution by the Independent H Shareholders approving the Delisting at the Extraordinary General Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;
- (c) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as China Huaneng may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in the PRC and other relevant jurisdictions;
- (e) no action, decision, order, proceeding, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental, regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of China Huaneng to proceed with or consummate the H Share Offer);
- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code; and
- (g) the filing of NDRC and MOFCOM and the registration of SAFE, in relation to the H Share Offer having been completed and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC.

All the issued Domestic Shares are held by China Huaneng and Huaneng Capital (being a party acting in concert with China Huaneng), and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote in the Extraordinary General Meeting to be convened for approving the Delisting.

The 33,268,000 H Shares held by Huaneng No. 1 Fund and the 904,000 H Shares held by members of the CLSA Group will not be considered as H Shares held by the Independent H Shareholders for the purpose of Condition (c) set out above.

LETTER FROM CLSA LIMITED

All Conditions are incapable of being waived. After consulting its legal advisors, China Huaneng is not aware of any necessary authorisations, consents and approvals of any governmental or regulatory body required in relation to the H Share Offer at the date of this Composite Document, save as disclosed in Conditions (f) and (g) above. China Huaneng has submitted the application for the filing of NDRC and MOFCOM and will submit the application for SAFE registration after the filing of NDRC and MOFCOM is completed. Save for Condition (e) above, no Conditions have been satisfied at the date of this Composite Document.

According to the applicable PRC laws and regulations, the H Share Offer requires the filing of NDRC and MOFCOM and the registration of SAFE, and such regulatory requirements shall be complied with, irrespective of the funding arrangement mentioned in the paragraph headed "Confirmation of financial resources in respect of the H Share Offer" of this Composite Document. According to the applicable PRC laws and regulations, each of the filing of NDRC and MOFCOM and the registration of SAFE is required to be completed prior to the completion of the H Share Offer.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, China Huaneng will not invoke any of the conditions above so as to cause the H Share Offer to lapse unless the circumstances which give rise to a right to invoke the condition are of material significance to China Huaneng in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

The Huaneng Renewables Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer is required pursuant to any agreement to which any member of the Huaneng Renewables Group is a party.

In addition to the Conditions set out above, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to China Huaneng that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Rule 3.5 Announcement or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

As of the Latest Practicable Date, Huaneng Renewables has not declared any dividends, the record date of which falls on or after the date of the Rule 3.5 Announcement. Huaneng Renewables does not have any intention to declare, make or pay any future dividends or make other distributions until the Closing Date.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

The latest time on which China Huaneng can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the H Share Offer becomes or is declared unconditional in all respects,

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the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, and H Shareholders will be notified as soon as possible by way of an announcement in accordance with the Takeovers Code and the Listing Rules.

Completion of the H Share Offer

Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

China Huaneng and Huaneng Renewables will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which China Huaneng can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

WARNING

The Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced.

REASONS FOR AND BENEFITS OF THE H SHARE OFFER AND THE DELISTING

For Huaneng Renewables to deliver long-term growth and remain competitive, continuous equity fund raising is crucial. Since and including its initial public offering in 2011, Huaneng Renewables has conducted equity fund raising for a total of HK\$12.131 billion. But pursuant to Opinions on Standardisation of the Work Relating to the Reconstructing of State-owned Enterprises (關於規範國有企業改制工作的意見) imposed by SASAC, Huaneng Renewables has not been able to raise additional funds in the equity capital markets since August 2018 when its Price-to-Book ratio fell below one. Given the loss of the ability to raise funds in the equity capital market, Huaneng Renewables being a public entity could no longer offer a viable source of funding to develop its businesses.

China Huaneng considers that the privatisation of Huaneng Renewables will assist business integration between China Huaneng and Huaneng Renewables, which will provide China Huaneng with greater flexibility and efficiency to support the future business development of Huaneng Renewables and to withstand any potential uncertainties from the perspectives of market competition, macro environment and sector regulation.

During the Disclosure Period, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$3.01 on 24 October 2019, 30 October 2019 and 5 November 2019, and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.92 on 20 May 2019 and 14 August 2019. In addition, the historically highest closing price of the H Shares as quoted on the Stock Exchange from 30 August 2018 to 29 August 2019 (being the last trading day prior to the publication of the Rule 3.7 Announcement) was HK\$2.55 per H Share on 12 March 2019. China Huaneng believes that the

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price for the H Share Offer represents a premium to the price at which the market had valued Huaneng Renewables and had reflected the potential value of the development of the business of Huaneng Renewables in the next few years under its current state and provides an opportunity for the H Shareholders to immediately realise their investments. The H Share Offer therefore allows the H Shareholders to redeploy capital from accepting the H Share Offer into other investment opportunities that they may consider more attractive in the current market environment.

INTENTION IN RELATION TO HUANENG RENEWABLES

If the H Share Offer is completed, China Huaneng intends that Huaneng Renewables will continue to carry on its existing business and, save for transactions in the ordinary course of business, does not expect there to be a redeployment of the fixed assets of Huaneng Renewables. Under current market conditions, China Huaneng has no plans to effect any redundancies in respect of the employees of Huaneng Renewables Group (other than in the ordinary course of business).

Delisting

Upon the H Share Offer becoming unconditional, Huaneng Renewables will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the Delisting will become effective.

Voluntary Withdrawal of Listing of the H Shares

China Huaneng has no right under the laws of the PRC and Huaneng Renewables' Articles to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. China Huaneng has applied to the Executive for, and the Executive has granted, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution of the independent shareholders to approve a delisting to be made subject to the offeror(s) being entitled to exercise, and exercising, its/their rights of compulsory acquisition requirements.

Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, Huaneng Renewables may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether Huaneng Renewables remains as a public company thereafter.

Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

LETTER FROM CLSA LIMITED

CONFIRMATION OF FINANCIAL RESOURCES IN RESPECT OF THE H SHARE OFFER

China Huaneng intends to satisfy the consideration required and the buyer's ad valorem stamp duty for the H Share Offer by cash from a loan facility in a maximum amount of up to HK\$17.2 billion provided by the Bank of China (Hong Kong) Limited and Bank of China Limited Macau Branch to China Huaneng's wholly-owned subsidiary.

China Huaneng does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the loan facility will depend to any significant extent on the business of Huaneng Renewables.

CLSA Capital Markets, the exclusive financial adviser to China Huaneng in respect of the H Share Offer, is satisfied that sufficient financial resources are available to China Huaneng to satisfy full acceptance of the H Share Offer.

INFORMATION AND PRINCIPAL BUSINESS OF CHINA HUANENG

China Huaneng is a key state-owned enterprise established with the approval of the State Council. Established in 1985, China Huaneng is an integrated energy company primarily focused on power generation. China Huaneng had total installed capacity of over 176GW by the end of 2018, with over 59GW of clean and low-carbon installed capacity. China Huaneng is also engaged in the sectors of coal production, finance, technology research and development, transportation and technical retrofit engineering service, etc. that support the core business of power generation. China Huaneng was the first Chinese power producer to join the ranks of Fortune 500 Companies, ranking 289th in 2018.

China Huaneng directly owns 5,258,545,640 Domestic Shares, representing approximately 49.77% of the total issued share capital of Huaneng Renewables and 95% of the total issued Domestic Shares of Huaneng Renewables.

Huaneng Capital directly owns 276,765,560 Domestic Shares, representing approximately 2.62% of the total issued share capital of Huaneng Renewables and 5% of the total issued Domestic Shares of Huaneng Renewables. Huaneng Capital is owned as to approximately 61.22% by China Huaneng, approximately 15% by Shenzhen Overseas Chinese Town Capital Investment Management Company Limited* (深圳華僑城資本投資管理有限公司), approximately 10% by Yunnan Nengtou Capital Investment Company Limited* (雲南能投資本投資有限公司), approximately 7.65% by Guoxin Shengde Investment (Beijing) Company Limited* (國新盛德投資(北京)有限公司), approximately 3.27% by China Structural Reform Fund Corporation Limited* (中國國有企業結構調整基金股份有限公司) and approximately 2.86% by Beijing Urban Construction Investment Development Company Limited* (北京城建投資發展股份有限公司). Huaneng Capital is a party acting in concert with China Huaneng.

China Huaneng and Huaneng Capital own the entire issued Domestic Shares.

Huaneng No. 1 Fund through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect owns 33,268,000 H Shares, representing approximately 0.31% of the total issued share capital of Huaneng Renewables. Huaneng No. 1 Fund is managed by its fund manager, Tianjin Chinese Investment Management Company Limited* (天津華人投資管理有限公司). Tianjin Chinese Investment

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Management Company Limited is wholly-owned by Huaneng Investment Management Company Limited* (華能投資管理有限公司). Huaneng Investment Management Company Limited is owned as to 55% by Huaneng Capital, 25% by China Petroleum Assets Management Company Limited* (中油資產管理有限公司) and 20% by Three Gorges Capital Holding Company Limited* (三峽資本控股有限責任公司). Huaneng No. 1 Fund is indirectly controlled by China Huaneng and is a party acting in concert with China Huaneng. H Shares owned by Huaneng No.1 Fund will be subject to the H Share Offer, but will not be voted on in the Extraordinary General Meeting and the H Share Class Meeting.

Save for (i) a total of 33,268,000 H Shares purchased by Huaneng No. 1 Fund during the period from 20 May 2019 to 26 July 2019 through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect with the highest price being HK\$2.01 per H Share, the average price being approximately HK\$1.9868 per H Share and the total consideration being HK\$66,097,480, (ii) certain dealings by members of the CLSA Group, being presumed concert parties of China Huaneng, consisting of 1,784,000 H Shares purchased and 880,000 H Shares sold during the period from 13 March 2019 to 9 September 2019 (such dealings do not result in an obligation to set a minimum level of offer price) and (iii) certain dealings in the H Shares on behalf of non-discretionary investment clients of members of the CLSA Group, there have been no dealings in the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Huaneng Renewables by China Huaneng and parties who are acting in concert with China Huaneng during the Disclosure Period. The details of the said dealings of Huaneng No. 1 Fund and members of the CLSA Group are set out in the table below:

Huaneng No. 1 Fund

Transaction Date	H Shares purchased	Highest Price per H Share (HK\$)	Lowest Price per H Share (HK\$)	Average Price per H Share (HK\$)	Total Transaction Amount (HK\$)
20 May 2019	2,500,000	1.95	1.91	1.9300	4,825,000
21 May 2019	4,016,000	1.99	1.91	1.9804	7,953,440
22 May 2019	3,000,000	1.98	1.98	1.9800	5,940,000
23 May 2019	3,912,000	1.98	1.95	1.9751	7,726,640
24 May 2019	4,184,000	1.99	1.96	1.9815	8,290,400
27 May 2019	3,000,000	1.99	1.99	1.9900	5,970,000
25 July 2019	4,000,000	2.00	2.00	2.0000	8,000,000
26 July 2019	<u>8,656,000</u>	<u>2.01</u>	<u>2.00</u>	<u>2.0092</u>	<u>17,392,000</u>
Total	<u>33,268,000</u>	<u>2.01</u>	<u>1.91</u>	<u>1.9868</u>	<u>66,097,480</u>

LETTER FROM CLSA LIMITED

CLSA Group members

Trade Date	Type of transaction (Buy (B)/ Sell (S))	Number of H Shares	Price per H Share (HK\$)	Total Transaction Amount (HK\$)
13 March 2019	B	546,000	2.51	1,370,460
13 March 2019	B	124,000	2.5431	315,344
15 March 2019	S	670,000	2.452	1,642,840
30 May 2019	B	284,000	2.08	590,720
31 May 2019	B	180,000	2.12	381,600
2 July 2019	B	90,000	2.24	201,600
4 July 2019	B	162,000	2.22	359,640
11 July 2019	B	14,000	2.2	30,800
23 July 2019	B	192,000	2.05	393,600
24 July 2019	B	192,000	2.02	387,840
9 September 2019	S	210,000	2.68	562,800

ADDITIONAL INFORMATION

In considering what action to take in connection with the H Share Offer and the Delisting, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisers.

In making your decision, the Independent H Shareholders must rely on their own examination of the terms of the H Share Offer and the Delisting, including the merits and risks involved. Independent H Shareholders should consult their own professional advisers for professional advice.

You are also urged to read carefully (a) the letter from the Huaneng Renewables Board from pages 21 to 30 of this Composite Document; (b) the letter from the Independent Board Committee from pages 31 to 32 of this Composite Document; (c) the letter from Gram Capital from pages 33 to 56 of this Composite Document; (d) the procedures for acceptance of the H Share Offer as set out in Appendix I to this Composite Document from pages I-1 to I-10 and in the accompanying Form of Acceptance; (e) the details for meetings to be convened for approving the Delisting as set out in the section headed “The Extraordinary General Meeting and the H Share Class Meeting” in the “Letter from the Huaneng Renewables Board” in this Composite Document; (f) the report from Deloitte on the Profit Estimate from pages III-1 to III-3 of this Composite Document; (g) the report from Gram Capital on the Profit Estimate from pages IV-1 to IV-2 of this Composite Document and (h) other information as set out in the appendices to this Composite Document which form part of this Composite Document.

Yours faithfully
For and on behalf of
CLSA Limited
Edmund Chan
Managing Director, Head of M&A

LETTER FROM THE HUANENG RENEWABLES BOARD



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)

Executive Directors:

Mr. LIN Gang (*Chairman*)
Mr. CAO Shiguang (*President*)
Mr. WEN Minggang

Registered Office:

10-11th Floor
No. 23A Fuxing Road
Haidian District, Beijing, the PRC

Non-executive Directors:

Mr. WANG Kui
Mr. DAI Xinmin
Mr. ZHAI Ji

Head Office in the PRC:

10-11th Floor
No. 23A Fuxing Road
Haidian District, Beijing, the PRC

Independent Non-executive Directors:

Mr. QI Hesheng
Ms. ZHANG Lizi
Mr. WOO Kar Tung, Raymond
Mr. ZHU Xiao

Principal Place of Business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

21 November 2019

To the H Shareholders

Dear Sir or Madam,

**(1) VOLUNTARY CONDITIONAL OFFER BY CLSA LIMITED ON BEHALF
OF CHINA HUANENG TO ACQUIRE ALL OF THE ISSUED H SHARES IN
HUANENG RENEWABLES**

**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H
SHARES OF HUANENG RENEWABLES**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement jointly issued by China Huaneng and Huaneng Renewables in relation to the H Share Offer and the Delisting.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) further information relating to the Huaneng Renewables Group, China Huaneng, the H Share Offer and the Delisting; (ii) the “Letter from CLSA Limited” containing details of the H Share Offer and the Delisting; (iii) the “Letter from the Independent Board Committee” containing its

* For identification purpose only

LETTER FROM THE HUANENG RENEWABLES BOARD

recommendations to the Independent H Shareholders in respect of the H Share Offer and the Delisting; and (iv) the “Letter from Gram Capital” containing its advice to the Independent Board Committee in respect of the H Share Offer and the Delisting.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the H Share Offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

The Independent Board Committee comprising Mr. Qi Hesheng, Ms. Zhang Lizi, Mr. Woo Kar Tung, Raymond and Mr. Zhu Xiao (each being an independent non-executive director of Huaneng Renewables, representing all non-executive directors having excluded Mr. Wang Kui, Mr. Dai Xinmin and Mr. Zhai Ji who are connected to China Huaneng by way of their positions held in China Huaneng) have been formed for the purpose of making recommendations to the Independent H Shareholders in respect of the H Share Offer and the Delisting.

As disclosed in the Rule 3.5 Announcement, Gram Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee in respect of the H Share Offer and, in particular, as to whether the H Share Offer is fair and reasonable and as to its acceptance, and whether the Delisting is fair and reasonable and as to voting. Such appointment has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Independent H Shareholders and the letter from Gram Capital addressed to the Independent Board Committee and the Independent H Shareholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the H Share Offer and the Delisting.**

THE H SHARE OFFER

CLSA Limited is making the H Share Offer on behalf of China Huaneng on the following basis:

For each H Share HK\$3.17 in cash

Further details of the H Share Offer are set out in the “Letter from CLSA Limited”, the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE HUANENG RENEWABLES BOARD

CONDITIONS OF THE H SHARE OFFER

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing of a resolution by the Independent H Shareholders approving the Delisting at the Extraordinary General Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;
- (c) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as China Huaneng may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Offer (including its implementation) (if applicable) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in the PRC and other relevant jurisdictions;
- (e) no action, decision, order, proceeding, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental, regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of China Huaneng to proceed with or consummate the H Share Offer);
- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code; and

LETTER FROM THE HUANENG RENEWABLES BOARD

- (g) the filing of NDRC and MOFCOM and the registration of SAFE, in relation to the H Share Offer having been completed and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC.

All the issued Domestic Shares are held by China Huaneng and Huaneng Capital (being a party acting in concert with China Huaneng), and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote in the Extraordinary General Meeting to be convened for approving the Delisting.

All Conditions are incapable of being waived. After consulting its legal advisors, China Huaneng is not aware of any necessary authorisations, consents and approvals of any governmental or regulatory body required in relation to the H Share Offer at the date of this Composite Document, save as disclosed in Conditions (f) and (g) above. China Huaneng has submitted the application for the filing of NDRC and MOFCOM and will submit the application for SAFE registration after the filing of NDRC and MOFCOM is completed. Save for Condition (e) above, no Conditions have been satisfied at the date of this Composite Document.

According to the applicable PRC laws and regulations, the H Share Offer requires the filing of NDRC and MOFCOM and the registration of SAFE, and such regulatory requirements shall be complied with, irrespective of the funding arrangement mentioned in the paragraph headed “Confirmation of financial resources in respect of the H Share Offer” of this Composite Document. According to the applicable PRC laws and regulations, each of the filing of NDRC and MOFCOM and the registration of SAFE is required to be completed prior to the completion of the H Share Offer.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, China Huaneng will not invoke any of the conditions above so as to cause the H Share Offer to lapse unless the circumstances which give rise to a right to invoke the condition are of material significance to China Huaneng in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

The Huaneng Renewables Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer is required pursuant to any agreement to which any member of the Huaneng Renewables Group is a party.

COMPLETION OF THE H SHARE OFFER

Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

China Huaneng and Huaneng Renewables will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which China Huaneng can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

LETTER FROM THE HUANENG RENEWABLES BOARD

WARNING: The H Share Offer is conditional upon the satisfaction of the Conditions as described in this Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this Composite Document does not imply that the H Share Offer or the Delisting will be completed. Shareholders and/or potential investors of Huaneng Renewables should therefore exercise caution when dealing in the securities of Huaneng Renewables (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

INFORMATION OF THE HUANENG RENEWABLES GROUP

Principal Activities of Huaneng Renewables

Huaneng Renewables is a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which have been listed on the Main Board of the Stock Exchange since 10 June 2011. Huaneng Renewables Group 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.

There have been no significant changes in the nature of Huaneng Renewables Group's principal activities since Huaneng Renewables' listing.

Financial Information of Huaneng Renewables Group

A summary of the financial information of the Huaneng Renewables Group extracted from the annual reports for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the interim report for the six months ended 30 June 2019 of Huaneng Renewables is set out in Appendix II to this Composite Document.

On 31 October 2019, Huaneng Renewables published an overseas regulatory announcement on the unaudited financial figures of the Company and its subsidiaries as well as the unaudited financial figures of the Company alone (excluding its subsidiaries) as at 30 September 2019 (the "**Management Accounts**") pursuant to the relevant laws and regulations in the PRC in connection with the super short-term debentures and short-term debentures issued by Huaneng Renewables in the inter-bank market in the PRC. The financial information set out in the Management Accounts was prepared in accordance with the PRC Accounting Rules and Standards. As the Huaneng Renewables Group's "Net profit (losses) for the year" and "Net profit attributable to Shareholders of the Company" disclosed in the consolidated income statement of the Management Accounts constitute profit forecasts under Rule 10 of the Takeovers Code, they are reported on in accordance with Rule 10.4 of the Takeovers Code as set out in the section headed "3. Unaudited Consolidated Financial Information of Huaneng Renewables Group for the Six Months ended 30 June 2019 and for the Nine Months ended 30 September 2019" in Appendix II to the Composite Document. The respective letters from Deloitte and Gram Capital in this regard are also set out in Appendices III and IV respectively to the Composite Document.

LETTER FROM THE HUANENG RENEWABLES BOARD

Shareholding in Huaneng Renewables

As at the Latest Practicable Date, Huaneng Renewables had 10,566,532,192 Shares in issue, with 5,535,311,200 Domestic Shares and 5,031,220,992 H Shares. China Huaneng directly owned 5,258,545,640 Domestic Shares, representing approximately 49.77% of the total issued share capital of Huaneng Renewables and 95% of the total issued Domestic Shares of Huaneng Renewables. Huaneng Capital directly owned 276,765,560 Domestic Shares, representing approximately 2.62% of the total issued share capital of Huaneng Renewables and 5% of the total issued Domestic Shares of Huaneng Renewables. Huaneng No. 1 Fund through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect owned 33,268,000 H Shares, representing approximately 0.31% of the total issued share capital of Huaneng Renewables. Members of CLSA Group hold a total of 904,000 H Shares, representing approximately 0.01% of the total issued share capital and approximately 0.02% of the total issued H Shares of Huaneng Renewables. Save for the shareholding of Huaneng No. 1 Fund and the shareholding of members of CLSA Group, none of China Huaneng or the parties acting in concert with it legally or beneficially owns any H Share. The 33,268,000 H Shares held by Huaneng No. 1 Fund and the 904,000 H Shares held by members of CLSA Group will not be considered as H Shares held by the Independent H Shareholders for the purpose of Condition (c) set out in the paragraph headed “Conditions of the H Share Offer”.

The rights of the holders of Domestic Shares and H Shares rank *pari passu* to each other, including voting rights, right to receive dividend payment (except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to H Shareholders) and capital (including right to return of capital). As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives, convertible securities or other securities which confer any right to subscribe for, convert or exchange into Domestic Shares or H Shares and/or rights over the Domestic Shares or H Shares issued by Huaneng Renewables.

LETTER FROM THE HUANENG RENEWABLES BOARD

The table below sets out the shareholding structure of Huaneng Renewables as at the Latest Practicable Date and immediately after the completion of the H Share Offer (assuming that the H Share Offer is fully accepted by the H Shareholders):

	As at the Latest Practicable Date		Immediately after the completion of the H Share Offer (assuming the H Share Offer is fully accepted by the H Shareholders)	
	Number of Shares	Approximate percentage over the total issued share capital of Huaneng Renewables	Number of Shares	Approximate percentage over the total issued share capital of Huaneng Renewables
Domestic Shares	5,535,311,200	52.39%	5,535,311,200	52.39%
China Huaneng	5,258,545,640	49.77%	5,258,545,640	49.77%
Huaneng Capital ^(Note i)	276,765,560	2.62%	276,765,560	2.62%
Total Domestic Shares held by China Huaneng and its concert party	5,535,311,200	52.39%	5,535,311,200	52.39%
H Shares	5,031,220,992	47.61%	5,031,220,992	47.61%
Huaneng No. 1 Fund ^(Note ii)	33,268,000	0.31%	0	0%
CLSA Group ^(Note iii)	904,000	0.01%	0	0%
China Huaneng	0	0%	5,031,220,992	47.61%
Total H shares held by China Huaneng and its concert party	34,172,000	0.32%	5,031,220,992	47.61%
Independent H Shareholders	4,997,048,992	47.29%	0	0%
Total Shares in issue	<u>10,566,532,192</u>	<u>100.00%</u>	<u>10,566,532,192</u>	<u>100.00%</u>

Notes:

- (i) Huaneng Capital is owned as to approximately 61.22% by China Huaneng and is a party acting in concert with China Huaneng.
- (ii) Huaneng No. 1 Fund is managed by its fund manager, Tianjin Chinese Investment Management Company Limited* (天津華人投資管理有限公司), which is indirectly controlled by China Huaneng, and is a party acting in concert with China Huaneng.
- (iii) CLSA Capital Markets is a party presumed to be acting in concert with China Huaneng under class (5) of the definition of “acting in concert” in the Takeovers Code as a result of it being the financial adviser of the China Huaneng. Any persons controlling, controlled by or under the same control as CLSA Capital Markets is also a party presumed to be acting in concert with China Huaneng under class (5) of the definition of “acting in

LETTER FROM THE HUANENG RENEWABLES BOARD

concert” in the Takeovers Code. H Shares owned by CLSA Capital Markets and its presumed concert parties will be subject to the H Share Offer, but will not be voted on in the Extraordinary General Meeting and the H Share Class Meeting.

Your attention is drawn to Appendices II and V to this Composite Document which contain further financial and general information of the Huaneng Renewables Group.

INFORMATION OF CHINA HUANENG

Your attention is drawn to the section headed “Information and Principal Business of China Huaneng” in the “Letter from CLSA Limited” as set out in this Composite Document.

CHINA HUANENG’S INTENTION IN RELATION TO HUANENG RENEWABLES

Please refer to the section headed “Intention in relation to Huaneng Renewables” in the “Letter from CLSA Limited” as set out in this Composite Document for detailed information on China Huaneng’s intention on the business and management of the Huaneng Renewables Group. The Huaneng Renewables Board acknowledged and accepted such intention, and is willing to render reasonable cooperation with China Huaneng.

Voluntary Withdrawal of Listing of the H Shares

China Huaneng has no rights under the laws of the PRC and Huaneng Renewables’ Articles to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. China Huaneng has applied to the Executive for, and the Executive has granted, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution of the independent shareholders to approve a delisting to be made subject to the offeror(s) being entitled to exercise, and exercising, its/their rights of compulsory acquisition requirements.

Upon the H Share Offer becoming unconditional, Huaneng Renewables will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 of the Listing Rules.

Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, Huaneng Renewables may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether Huaneng Renewables remains as a public company thereafter.

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

LETTER FROM THE HUANENG RENEWABLES BOARD

Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

CONFLICT OF INTEREST

Mr. Wang Kui, Mr. Dai Xinmin and Mr. Zhai Ji, who are all non-executive directors of Huaneng Renewables, hold certain positions in China Huaneng. Save for their positions in China Huaneng, they were not interested in any shares in Huaneng Renewables or any convertible securities, warrants, options or derivatives in respect of the shares in Huaneng Renewables. Accordingly, they were not considered to have any conflict of interest in respect of the H Share Offer and the Delisting.

THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING

The Extraordinary General Meeting will be convened to approve the Delisting at 9:30 a.m. on Monday, 6 January 2020 and the H Share Class Meeting will be convened to approve the Delisting at 10:00 a.m. on Monday, 6 January 2020, respectively. A notice of the Extraordinary General Meeting is set out in Appendix VI to this Composite Document. A notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. China Huaneng and the parties acting in concert with China Huaneng will abstain from voting in respect of all such Shares in the Extraordinary General Meeting and the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code.

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

You are requested to complete the accompanying reply slip in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Monday, 16 December 2019. Voting at the H Share Class Meeting and the Extraordinary General Meeting will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

LETTER FROM THE HUANENG RENEWABLES BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out from pages 31 to 32 of this Composite Document, which contains the recommendations of the Independent Board Committee to the Independent H Shareholders in respect of the H Share Offer and the Delisting, and (ii) the “Letter from Gram Capital” as set out from pages 33 to 56 of this Composite Document, which contains the advice of Gram Capital to the Independent Board Committee and the Independent H Shareholders in respect of the H Share Offer and the Delisting and the principal factors considered by it before arriving at its advice and recommendation.

ADDITIONAL INFORMATION

The Independent H Shareholders are urged to read the aforesaid letters, this Composite Document together with the accompanying Form of Acceptance carefully before taking any action in respect of the H Share Offer and the Delisting. Your attention is also drawn to the additional information contained in the appendices to this Composite Document. Finally, in considering what action to take in response to the H Share Offer and the Delisting, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully

By order of the Huaneng Renewables Board
Huaneng Renewables Corporation Limited*

LIN Gang

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

21 November 2019

To the Independent H Shareholders

Dear Sir or Madam,

- (1) VOLUNTARY CONDITIONAL OFFER BY CLSA LIMITED ON BEHALF OF CHINA HUANENG TO ACQUIRE ALL OF THE ISSUED H SHARES IN HUANENG RENEWABLES**
- (2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF HUANENG RENEWABLES**

INTRODUCTION

We refer to the Composite Document dated 21 November 2019 jointly issued by China Huaneng and Huaneng Renewables of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the H Share Offer and the Delisting and to make a recommendation to the Independent H Shareholders as to whether, in our opinion, the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned, and as to the acceptance of the H Share Offer and the voting of the Delisting. Gram Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of Gram Capital's advice and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the "Letter from Gram Capital" from pages 33 to 56 of the Composite Document.

We also wish to draw your attention to the "Letter from the Huaneng Renewables Board", the "Letter from CLSA Limited" and the additional information set out in the appendices to the Composite Document.

We, being the members of the Independent Board Committee, have declared that, as disclosed in Appendix V to the Composite Document, we are independent and do not have any conflict of interest in respect of the H Share Offer and the Delisting or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer and the Delisting and to make recommendations to the Independent H Shareholders.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATIONS

Having taken into account the terms of the H Share Offer and the Delisting, together with the advice and recommendations from Gram Capital, we are of the opinion that the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned and therefore we recommend the Independent H Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolution approving the Delisting at the Extraordinary General Meeting and the H Share Class Meeting.

Notwithstanding our recommendation, the Independent H Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent H Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent H Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. QI Hesheng
*Independent Non-
executive Director*

Ms. ZHANG Lizi
*Independent Non-
executive Director*

**Mr. WOO Kar Tung,
Raymond**
*Independent Non-
executive Director*

Mr. ZHU Xiao
*Independent Non-
executive Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the H Share Offer and the Delisting for the purpose of inclusion in this Composite Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

21 November 2019

*To: The independent board committee of Huaneng Renewables Corporation Limited**

Dear Sirs,

**(1) VOLUNTARY CONDITIONAL OFFER
BY CLSA LIMITED ON BEHALF OF
CHINA HUANENG
TO ACQUIRE ALL OF THE ISSUED H SHARES IN
HUANENG RENEWABLES
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL
OF LISTING OF THE H SHARES OF HUANENG RENEWABLES**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the H Share Offer and the Delisting, details of which are set out in the Composite Document dated 21 November 2019 jointly issued by Huaneng Renewables and China Huaneng to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 3 October 2019, China Huaneng Board and Huaneng Renewables Board jointly announced that CLSA Limited, on behalf of China Huaneng, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares. Upon the H Share Offer becoming unconditional, Huaneng Renewables will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

An Independent Board Committee comprising Mr. Qi Hesheng, Ms. Zhang Lizhi, Mr. Woo Kar Tung, Raymond and Mr. Zhu Xiao (all being independent non-executive directors of Huaneng Renewables; and excluding non-executive directors, Mr. Wang Kui, Mr. Dai Xinmin and Mr. Zhai Ji who are connected to China Huaneng by way of their positions held in China Huaneng) has been formed to advise the Independent H Shareholders on (i) whether the H Share Offer is fair and reasonable and as to the acceptance of the H Share Offer; and (ii) whether the Delisting is fair and reasonable and whether to vote in favour of such resolution. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise

LETTER FROM GRAM CAPITAL

the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the H Share Offer and the Delisting. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off (i) the opinion letter from the independent financial adviser in respect of the duration of continuing connected transaction of Huaneng Renewables which was announced on 27 August 2019; (ii) the opinion letter from the independent financial adviser contained in the circular of Huaneng Renewables dated 26 September 2019 in respect of discloseable and continuing connected transactions; (iii) the opinion letter from the independent financial adviser contained in the circular of Huaneng Power International, Inc. (Stock code: 902 & SH600011, “**Huaneng Power**”) (based on Huaneng Power’s annual report for the year ended 31 December 2018, China Huaneng is a controlling shareholder of Huaneng Power) dated 12 January 2018 in respect of continuing connected transactions; and (iv) the opinion letter from the independent financial adviser contained in the circular of Huaneng Power dated 8 January 2019 in respect of continuing connected transactions.

Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and Huaneng Renewables, or any other parties that could be reasonably regarded as hindrance to Gram Capital’s independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the directors of Huaneng Renewables (the “**Directors**”) and China Huaneng (where applicable). We have assumed that all information and representations that have been provided by the Directors and China Huaneng (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and China Huaneng (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by Huaneng Renewables, its advisers and/or the Directors and China Huaneng (where applicable), which have been provided to us. Our opinion is based on the Directors’ and China Huaneng’s representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the H Share Offer and the Delisting. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

LETTER FROM GRAM CAPITAL

Your attention is drawn to the responsibility statements as set out in the section headed “1. RESPONSIBILITY STATEMENT” of Appendix V to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of Huaneng Renewables, China Huaneng or their respective subsidiaries or associates, nor have we considered the taxation implication on the Huaneng Renewables Group or the Shareholders as a result of the H Share Offer and the Delisting.

We have assumed that the H Share Offer and the Delisting will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the H Share Offer and the Delisting, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the H Share Offer and the Delisting. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. The Independent H Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the H Share Offer and the Delisting, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the H Share Offer and the Delisting

On 3 October 2019, China Huaneng Board and Huaneng Renewables Board jointly announced that CLSA Limited, on behalf of China Huaneng, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares. Upon the H Share Offer becoming unconditional, Huaneng Renewables will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

The H Share Offer

As at the Latest Practicable Date, Huaneng Renewables has 10,566,532,192 Shares in issue, with 5,535,311,200 Domestic Shares and 5,031,220,992 H Shares. China Huaneng directly owns 5,258,545,640 Domestic Shares, representing approximately 49.77% of the total issued share capital of Huaneng Renewables. Huaneng Capital directly owns 276,765,560 Domestic Shares, representing approximately 2.62% of the total issued share capital of Huaneng Renewables. Huaneng No. 1 Fund

LETTER FROM GRAM CAPITAL

through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect owns 33,268,000 H Shares, representing approximately 0.31% of the total issued share capital of Huaneng Renewables. Members of CLSA Group hold a total of 904,000 H Shares, representing approximately 0.01% of the total issued share capital of Huaneng Renewables. Save for the shareholding of Huaneng No. 1 Fund and the shareholding of Members of CLSA Group, none of China Huaneng or the parties acting in concert with it legally or beneficially owns any H Share. No offer is being made for the Domestic Shares.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives, convertible securities or other securities which confer any right to subscribe for, convert or exchange into Domestic Shares or H Shares and/or rights over the Domestic Shares or H Shares issued by Huaneng Renewables.

Principal terms of the H Share Offer

For each H Share HK\$3.17 in cash

As stated in the “Letter From CLSA Limited”, China Huaneng will not increase the H Share Offer Price for the H Share Offer as set out above. **Shareholders and potential investors of Huaneng Renewables should be aware that, following the making of the statement, China Huaneng will not be allowed to increase the H Share Offer Price and China Huaneng does not reserve the right to increase the H Share Offer Price.**

In addition to the Conditions set out under the section headed “Conditions of the H Share Offer” in the “Letter from CLSA Limited” in the Composite Document, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to China Huaneng that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Rule 3.5 Announcement or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

As at the Latest Practicable Date, Huaneng Renewables has not declared any dividends, the record date of which falls on or after the date of Rule 3.5 Announcement. Huaneng Renewables does not have any intention to declare, make or pay any future dividends or make other distributions until the Closing Date.

Total consideration for the H Share Offer Shares

Based on the H Share Offer Price of HK\$3.17 per H Share and 5,031,220,992 H Shares in issue as at the Latest Practicable Date, the maximum value (assuming the H Share Offer is accepted in full and there is no change in the share capital of Huaneng Renewables) is approximately HK\$15.949 billion. The consideration will be paid in cash.

LETTER FROM GRAM CAPITAL

Among 5,031,220,992 H Shares in issue, 4,997,048,992 H Shares were held by the Independent H Shareholders as at the Latest Practicable Date, the maximum value (assuming the H Share Offer is accepted by the Independent H Shareholders in full and there is no change in the share capital of Huaneng Renewables) of approximately HK\$15.841 billion based on the H Share Offer Price of HK\$3.17 per H Share.

(2) Information on the Huaneng Renewables Group

With reference to the “Letter from the Huaneng Renewables Board”, Huaneng Renewables is a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which have been listed on the Main Board of the Stock Exchange since 10 June 2011. Huaneng Renewables Group 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.

There have been no significant changes in the nature of Huaneng Renewables Group’s principal activities since Huaneng Renewables’ listing.

Set out below is a summary of the consolidated financial information on the Huaneng Renewables Group for each of the five years ended 31 December 2018 and the six months ended 30 June 2019 (with comparative figures of 2018) as extracted from Huaneng Renewables’ annual report for the year ended 31 December 2018 (the “**2018 Annual Report**”) and Huaneng Renewables’ interim report for the six months ended 30 June 2019 (the “**2019 Interim Report**”):

	For the year ended 31 December 2018	For the year ended 31 December 2017	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2014
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	11,650,291	10,554,355	9,238,583	7,356,881	6,151,073
<i>Year on year change (%)</i>	<i>10.38</i>	<i>14.24</i>	<i>25.58</i>	<i>19.60</i>	
Operating profit	5,895,657	5,650,943	4,908,025	4,116,216	3,345,777
<i>Year on year change (%)</i>	<i>4.33</i>	<i>15.14</i>	<i>19.24</i>	<i>23.03</i>	
Net profit attributable to the equity shareholders of Huaneng Renewables	3,086,394	3,011,736	2,658,863	1,859,549	1,121,029
<i>Year on year change (%)</i>	<i>2.48</i>	<i>13.27</i>	<i>42.98</i>	<i>65.88</i>	

LETTER FROM GRAM CAPITAL

	For the six months ended 30 June 2019 (<i>unaudited</i>) RMB'000	For the six months ended 30 June 2018 (<i>unaudited</i>) RMB'000	Year on year change %
Revenue	7,138,711	6,317,712	13.00
Operating profit	4,651,372	3,865,632	20.33
Profit attributable to owners of Huaneng Renewables	3,093,567	2,348,909	31.70

As illustrated in the above table, the Huaneng Renewables Group's revenue and net profit attributable to equity shareholders of Huaneng Renewables for the year ended 31 December 2018 (“**FY2018**”) increased by approximately 10.38% and 2.48% as compared to those for the year ended 31 December 2017 (“**FY2017**”) respectively. With reference to the 2018 Annual Report and as confirmed by the Directors, the change in the Huaneng Renewables Group's revenue was primarily due to the fact that the power sold by the Huaneng Renewables Group (in volume) in FY2018 increased by approximately 11.2% as compared to that in FY2017, slightly offset by a decrease of approximately 1.2% in the on-grid tariff (tax inclusive) of the Huaneng Renewables Group in FY2018 as compared to that in FY2017.

The Huaneng Renewables Group recorded operating profit of approximately RMB5.90 billion for FY2018, representing an increase of approximately 4.33% as compared to that for FY2017. The operating profit margin (i.e. operating profit/revenue) was approximately 50.6%, representing a decrease from approximately 53.5% for FY2017.

As illustrated in the above table, the Huaneng Renewables Group's revenue and profit attributable to owners of Huaneng Renewables for the six months ended 30 June 2019 (“**1H2019**”) also increased by approximately 13.00% and 31.70% as compared to the corresponding period in 2018 (“**1H2018**”). With reference to the 2019 Interim Report and as confirmed by the Directors, the change in the Huaneng Renewables Group's revenue was primarily due to the fact that the power sold by the Huaneng Renewables Group (in volume) for 1H2019 increased by approximately 11.5% as compared to that for 1H2018, slightly offset by a decrease of approximately 0.5% in the on-grid tariff (tax inclusive) of the Huaneng Renewables Group in 1H2019 as compared to that in 1H2018.

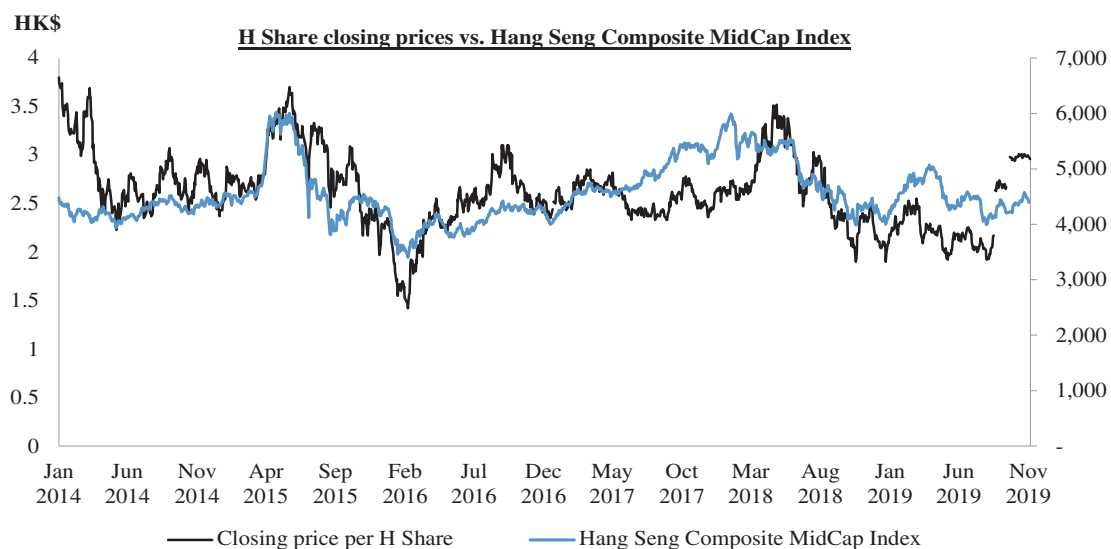
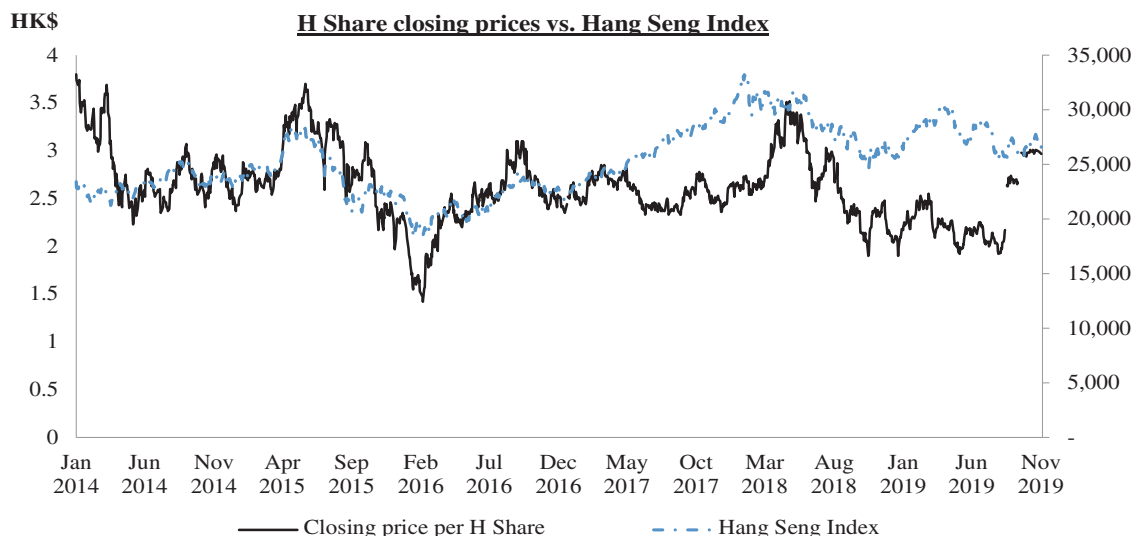
We noted that the Huaneng Renewables Group's revenue increased by approximately 89.40% from the year ended 31 December 2014 (“**FY2014**”) to FY2018 (or approximately 19.60%, 25.58%, 14.24% and 10.38% for each financial year during FY2014 to FY2018, which were mainly due to the increase in power sold by Huaneng Renewables Group (in volume) for the year as compared to that for the previous year) and Huaneng Renewables Group's net profit attributable to equity shareholders of Huaneng Renewables increased by approximately 175.32% from FY2014 to FY2018 (or approximately 65.88%, 42.98%, 13.27% and 2.48% for each financial year during FY2014 to FY2018, which were mainly due to the increase in revenue for the year as compared to that for the previous year).

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Based on 4,192,684,992 H Shares in issue, 5,535,311,200 Domestic Shares in issue and the closing price of HK\$2.51 as at 31 December 2014, Huaneng Renewables had a market capitalization of HK\$24.42 billion. Based on 5,031,220,992 H Shares in issue, 5,535,311,200 Domestic Shares in issue and the closing price of HK\$2.67 as at the Last Trading Day, Huaneng Renewables had a market capitalization of HK\$28.21 billion. Despite the growth in the Huaneng Renewables Group's business (in terms of increase in revenue and net profit attributable to equity shareholders of Huaneng Renewables) from FY2014 to FY2018, the market value of Huaneng Renewables (in terms of Huaneng Renewables' market capitalization) only increased by approximately 15.52% (the "**Historical Market Value Increase**") (or approximately -7.58%, 8.60%, 14.24% and -20.75% by comparing Huaneng Renewables' market capitalization as at the last trading day of the year with that as at the last trading day of the previous year during FY2014 to FY2018) from 31 December 2014 to the Last Trading Day. The Historical Market Value Increase could not reflect Huaneng Renewables Group's business growth from FY2014 to FY2018. Based on the closing price of HK\$2.51 per H Share as at 31 December 2014 and the dividend entitlements for FY2014 to FY2018, the total dividend yield for the period was approximately 8.37% (the "**Historical Total Dividend Yield**"). The Historical Market Value Increase, together with the Historical Total Dividend Yield, were much lower than the growth rates of the Huaneng Renewables Group's revenue and net profit attributable to equity shareholders of Huaneng Renewables.

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Set out below is two diagrams demonstrating (i) the H Share closing prices and Hang Seng Index; and (ii) the H Share closing prices and Hang Seng Composite MidCap Index for the period from 1 January 2014 up to the Latest Practicable Date:



As illustrated by the diagrams above, there was no significant variation between (i) the trend of Hang Seng Index (which reflected the general market trend of Hong Kong stock market) and the trend of H Share closing prices; and (ii) the trend of Hang Seng Composite MidCap Index (Huaneng Renewables is a constituent of this index) and the trend of H Share closing prices, during most of the period from 1 January 2014 up to the Latest Practicable Date. Under this circumstance, the Directors advised us that based on their

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understanding of capital market and communications with institutional investors and research analysts, the following factors might cause the Historical Market Value Increase not reflecting Huaneng Renewables Group's business growth from FY2014 to FY2018:

- (i) concern on increase in outstanding tariff premium (i.e. subsidy) to be received for the wind power business in recent years (Huaneng Renewables' trade debtors and bills receivable amounted to approximately RMB3.2 billion as at 31 December 2014, RMB2.9 billion as at 31 December 2015, RMB4.6 billion as at 31 December 2016, RMB7.2 billion as at 31 December 2017, RMB10.0 billion as at 31 December 2018 and RMB13.8 billion as at 30 June 2019, including receivables of approximately RMB2.4 billion as at 31 December 2014, RMB2.3 billion as at 31 December 2015, RMB3.9 billion as at 31 December 2016, RMB6.2 billion as at 31 December 2017, RMB8.7 billion as at 31 December 2018 and RMB12.3 billion as at 30 June 2019 arising from outstanding tariff premium. Days of sales outstanding (calculated by average receivables arising from outstanding tariff premium / revenue x 365) were approximately 116 days for 2015, 123 days for 2016, 174 days for 2017 and 232 days for 2018. The settlement period of outstanding tariff premium became much longer since 2015); and
- (ii) concern on issue/possible issue of wind power policies by relevant PRC government authorities (e.g. NDRC and National Energy Administration) for the purpose of wind power industry's improvement and continuous development, which (e. g. the adjustment of on-grid tariff and the adjustment of subsidy mechanism) may affect the Huaneng Renewables Group's operation.

Save as the above mentioned factors (the "**Factors**"), the Directors could not identify any specific factor which caused the Historical Market Value Increase not reflecting Huaneng Renewables Group's business growth from FY2014 to FY2018.

As further advised by the Directors, it is uncertain as to whether and when the influence of the Factors will end given that (i) the settlement of outstanding tariff premium (i.e. subsidy) is subject to the schedule of relevant PRC government authorities (e. g. NDRC, National Energy Administration and Ministry of Finance of the PRC); and (ii) relevant PRC government authorities may issue new or adjust existing wind power policies from time to time and corresponding investors' perception on the same may vary from one another.

With reference to the section headed "MATERIAL CHANGE" in Appendix II to the Composite Document, the Huaneng Renewables Group's profit attributable to owners of Huaneng Renewables for the nine months ended 30 September 2019 substantially increased as compared to that for the corresponding period in 2018. The abovementioned increase was mainly due to the increase in the Huaneng Renewables Group's revenue for the nine months ended 30 September 2019 as the result of the increase in power sold of the Huaneng Renewables Group during the same period. Despite the said growth of the Huaneng Renewables Group's profit attributable to owners of Huaneng Renewables for the nine months ended 30 September 2019 and Huaneng Renewables Group's full-year net profit attributable to equity shareholders of Huaneng Renewables from FY2014 to FY2018 as mentioned in above paragraph, it is uncertain as to whether such growth will be reflected in the future market price of the H Shares in view of the historical price performance of the H Shares (i.e. Huaneng Renewables' market capitalization only increased by approximately 15.52% from 31 December 2014 to the Last Trading Day).

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In summary:

- (i) Under the circumstance that there was no significant variation between (a) the trend of Hang Seng Index (which reflected the general market trend of Hong Kong stock market) and the trend of H Share closing prices; and (b) the trend of Hang Seng Composite MidCap Index (Huaneng Renewables is a constituent of this index) and the trend of H Share closing prices during most of the period from 1 January 2014 up to the Latest Practicable Date, the Historical Market Value Increase could not reflect Huaneng Renewables Group's business growth from FY2014 to FY2018. Save as the Factors, the Directors could not identify any specific factor which caused the above circumstance and it is uncertain as to whether and when the influence of the Factors will end.
- (ii) The H Shares' investment return (through share price appreciation and/or dividend entitlement) was at a rate much lower than the Huaneng Renewables Group's business growth from FY2014 to FY2018.

(3) Information on China Huaneng

Set out below are information on China Huaneng as extracted from "Letter from CLSA Limited" in the Composite Document:

China Huaneng is a key state-owned enterprise established with the approval of the State Council. Established in 1985, China Huaneng is an integrated energy company primarily focused on power generation. China Huaneng had total installed capacity of over 176GW by the end of 2018, with over 59GW of clean and low-carbon installed capacity. China Huaneng is also engaged in the sectors of coal production, finance, technology research and development, transportation and technical retrofit engineering service, etc. that support the core business of power generation. China Huaneng was the first Chinese power producer to join the ranks of Fortune 500 Companies, ranking 289th in 2018.

(4) Intention in relation to Huaneng Renewables

Set out below are China Huaneng's intention in relation to Huaneng Renewables as extracted from "Letter from CLSA Limited" in the Composite Document:

If the H Share Offer is completed, China Huaneng intends that Huaneng Renewables will continue to carry on its existing business and, save for transactions in the ordinary course of business, does not expect there to be a redeployment of the fixed assets of Huaneng Renewables. Under current market conditions, China Huaneng has no plans to effect any redundancies in respect of the employees of Huaneng Renewables Group (other than in the ordinary course of business).

Delisting

Upon the H Share Offer becoming unconditional, Huaneng Renewables will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules.

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No Right of Compulsory Acquisition

China Huaneng has no rights under the laws of the PRC and Huaneng Renewables' Articles to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, Huaneng Renewables may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether Huaneng Renewables remains as a public company thereafter.

(5) Reasons for and benefits of the H Share Offer and the Delisting

(a) A good opportunity for Independent H Shareholders to realise their investment for a premium

With reference to "Letter from CLSA Limited" in the Composite Document, China Huaneng believes that the H Share Offer provides an opportunity for the H Shareholders to immediately realise their investments.

For Independent H Shareholders' information purpose, the H Share Offer Price of HK\$3.17 represents premiums over recent closing prices of H Share, details of which are disclosed under the section headed "The H Share Offer Price comparison" in this letter.

(b) Difficulty for Huaneng Renewables to raise funds

Pursuant to 《關於規範國有企業改制工作的意見》(Opinions on Standardization of the Work Relating to the Reconstructing of State-owned Enterprises*) issued by SASAC in November 2003, the determination of transfer price of state-owned shares of listed companies should be subject to the listed companies' profitability and market performance and such price should not be less than the net asset value per share. Based on the Directors' understanding, if Huaneng Renewables (being a listed subsidiary of China Huaneng (a state-owned enterprise)) conducted fund raising activity by way of issuing new H Shares at an issue price being lower than its net asset value per share, the shareholding interest of China Huaneng (a state-owned enterprise) in Huaneng Renewables would be diluted at a price lower than the net asset value per Share of Huaneng Renewables, violating the Opinions on Standardization of the Work Relating to the Reconstructing of State-owned Enterprises.

Having considered that (i) Price-to-Book ratio of Huaneng Renewables fell below one, indicating that the market price of H Share being less than net asset value per Share; (ii) Huaneng Renewables could only issue new H Shares with the issue price higher than its net asset value per Share; and (iii) it would normally be unattractive to investors if the issue price of new H Shares being higher than the market price of H Share, the Directors are of the view that it would be impracticable for Huaneng Renewables to raise additional funds by way of issuing new H Shares under the current circumstances (i.e. Price-to-Book ratio fell below one since August 2018).

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We noted that Huaneng Renewables' historical Price-to-Book ratio (calculated based on Huaneng Renewables' consolidated net asset value per Share as at corresponding year end/period end and H Share daily closing price) was above one in 1,470 trading days out of 1,758 trading days during the period from the date of its listing (i.e. 10 June 2011) to 31 July 2018. After August 2018, Huaneng Renewables' historical Price-to-Book ratio had been below one up to the Latest Practicable Date.

(c) To facilitate a shift in strategy towards possible risks

According to data published by China Electricity Council (which was founded in 1988 with the approval of the State Council of the PRC and is a non-profit and self-disciplinary national trade association joined by the PRC's power enterprises and institutions on a voluntary basis), the PRC's national power consumption for the first eight months of 2019 increased by approximately 4.4% as compared to that for the corresponding period in 2018. The growth rate of national power consumption for the first eight months of 2019 (i.e. approximately 4.4%) was approximately 4.6 percentage points lower than that of the corresponding period in 2018.

The power generation by power plants above designated size in the PRC for the first eight months of 2019 increased by approximately 2.8% as compared to that for the corresponding period in 2018. Such growth rate was approximately 4.9 percentage points lower than that of the corresponding period in 2018. The nationwide wind power generation amounted to 265.1 billion kWh for the first eight months of 2019, representing a year-on-year increase of 10.4%, but such growth rate represented approximately 15.3 percentage points lower than that of the same period last year. The national average utilization hours of wind power reached 1,388 hours for the first eight months of 2019, representing a year-on-year decrease of 24 hours.

As advised by the Directors:

- The development of wind power and solar power companies closely relates to the state policy, regulations and the incentive schemes. Considering the recent policies released by government to speed up the reduction of subsidies (e.g. 《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》 (the Notice on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies*) and 《關於完善風電上網電價政策的通告》 (the Notice on Improving Wind Power On-grid Tariff Policies*), there will be certain changes in the profit model of future projects of Huaneng Renewables (e.g. currently Huaneng Renewables are entitled to subsidies from sale of wind power; while from 1 January 2021, the newly approved onshore wind power projects will fully achieve grid parity and the State will no longer provide subsidies, therefore, the Huaneng Renewables Group may pay more attention to cost control, project selection, technology improvement, etc. for new wind power projects).

As the State's requirements on eco-environmental protection becomes increasingly stringent, the difficulties in obtaining renewable power project approval and commencement of construction consequently increase (e.g. new red-lined ecological zones may overlap with project site and stringent approval procedures may also prolong project commencement).

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- Wind power and solar power generation are sensitive to climate changes. The total wind power and solar power resources in an area change every year, which is the key factor affecting the power generation in the area. Furthermore, wind farms are usually located in remote areas with adverse environment conditions and frequently occurring natural disasters. Extreme weather like freeze, typhoons, strong thunderstorm, tornadoes, poses great risks to the operation safety of the wind farm.

For instance, during September 2019, the Huaneng Renewables Group recorded increase in power generation for 11 regions and decrease in power generation for five regions, as compared to those as recorded during August 2019. As advised by the Directors, the aforesaid changes were mainly due to the variation of wind resources.

With regard to the above-mentioned risk, Huaneng Renewables adopted various measures, such as adapting to the new situation and new requirements (e.g. Huaneng Renewables optimised the layout constantly, reducing the impact of variation of wind or solar resources, meanwhile, Huaneng Renewables shifted the focus of project development to regions with better grid access conditions), closely following the policy changes, innovating profit model for new situation through strengthening the leading role of science and technology (e.g. Huaneng Renewables Group promoted the implementation of a number of perspective scientific and technological projects and obtained intellectual properties during 1H2019) and cost controlling (e.g. Huaneng Renewables strengthened project cost control in the phases of design, tendering and construction during 1H2019), grasping market dynamics in real time, intensifying ecological protection, enhancing corporate competitiveness, striving all efforts for high-quality development, optimizing the layout of the Huaneng Renewables Group's projects, etc..

However, above-mentioned measures may affect Huaneng Renewables' short-term growth profile and result in the divergence between Huaneng Renewables' view on its long-term value on one hand, and investors' views on Huaneng Renewables' share price on the other hand. Following the implementation of the privatisation, Huaneng Renewables can make strategic decisions focused on long-term benefits, free from the pressure of market expectations, profit visibility and share price fluctuation associated with being a publicly listed company.

(d) Low liquidity of H Shares may continue to cause abnormal share price fluctuation

Based on our understanding, a low trading liquidity of the shares may normally make it difficult for listed issuer's shareholders to execute substantial on-market disposals without adversely affecting the price of the shares.

We therefore performed a trading liquidity analysis of the H Shares for the period from 1 September 2018, being approximately one year prior to the date of Rule 3.7 Announcement, up to and including the Latest Practicable Date (the "**Review Period**"). The number of trading days per month, the average daily number of the H Shares traded per month, and the respective percentages of the H

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Shares' monthly trading volume as compared to (i) the total number of issued H Shares as at the Latest Practicable Date; and (ii) the total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date during the Review Period are tabulated below:

Month	Number of trading days	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	% of the Average Volume to total number of issued H Shares as at the Latest Practicable Date <i>(Note 1)</i> <i>Approximate %</i>	% of the Average Volume to total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date <i>(Note 2)</i> <i>Approximate %</i>
2018				
September	19	18,754,112	0.38	0.37
October	21	20,332,653	0.41	0.40
November	22	18,099,874	0.36	0.36
December	19	13,743,373	0.28	0.27
2019				
January	23	21,517,704	0.43	0.43
February	17	18,318,814	0.37	0.36
March	21	21,814,920	0.44	0.43
April	19	19,917,616	0.40	0.40
May	21	17,022,223	0.34	0.34
June	19	14,411,407	0.29	0.29
July	22	17,100,700	0.34	0.34
August <i>(Note 3)</i>	21	21,914,376	0.44	0.44
September <i>(Note 4)</i>	19	40,971,748	0.82	0.81
October	19	74,917,884	1.50	1.49
November (up to and including the Latest Practicable Date)	12	21,967,582	0.44	0.44

Source: the Stock Exchange's website

Notes:

1. Based on 5,031,220,992 H Shares in issue as at the Latest Practicable Date.
2. Based on 4,997,048,992 H Shares held by the Independent H Shareholders as at the Latest Practicable Date.
3. Trading in H Shares was halted with effect from 9:00 a.m. on 30 August 2019 and resumed at 9:00 a.m. on 2 September 2019.

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4. Trading in H Shares was halted with effect from 9:00 a.m. on 27 September 2019 and resumed at 9:00 a.m. on 4 October 2019.

As illustrated from the table above, the monthly average daily trading volume of the H Shares was thin during the Review Period. Before the publication of Rule 3.7 Announcement, the Average Volume of H Shares traded in each month during the entire Review Period was not higher than 0.5% of (i) the total number of existing H Shares in issue as at the Latest Practicable Date; and (ii) the total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date.

In light of the above, we also consider that the trading liquidity of the H Shares is low and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares.

(e) Cost reduction from the saving of cost of listing and cost of investor relations

As advised by the Directors, the Delisting would reduce the costs and management resources associated with the maintenance of Huaneng Renewables' listing status on the Stock Exchange, therefore the Delisting is expected to result in a more efficient and cost effective group structure and create more flexibility for the Huaneng Renewables Group to manage its business in an efficient and sustainable manner.

(6) The H Share Offer Price

The H Share Offer Price comparison ^(Note)

The H Share Offer Price of HK\$3.17 per H Share represents:

- (i) a premium of approximately 6.38% over the closing price of HK\$2.98 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 46.08% over the closing price of HK\$2.17 per H Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement (the “**Initial Premium**”);
- (iii) a premium of approximately 18.73% over the closing price of HK\$2.67 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a premium of approximately 50.95% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (v) a premium of approximately 55.39% over the average closing price of approximately HK\$2.04 per H Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement (the “**30-days Premium**”);

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- (vi) a premium of approximately 50.95% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (vii) a premium of approximately 50.95% over the average closing price of approximately HK\$2.10 per H Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (viii) a premium of approximately 1.28% to the unaudited consolidated net asset value per Share attributable to equity shareholders of Huaneng Renewables as at 30 June 2019 of approximately HK\$3.13 based on the exchange rate of RMB1:HK\$1.10;
- (ix) a discount of approximately 1.55% (the “NAV Discount”) to the unaudited consolidated net asset value per Share in Huaneng Renewables as at 30 June 2019 of approximately HK\$3.22 based on the exchange rate of RMB1:HK\$1.10; and
- (x) a premium of approximately 7.82% over the audited consolidated net asset value per Share in Huaneng Renewables as at 31 December 2018 of approximately HK\$2.94 based on the exchange rate of RMB1: HK\$1.10.

Note: The percentages may be different to those set out in the section headed “Comparison of value” in the “Letter From CLSA Limited” due to rounding of numbers.

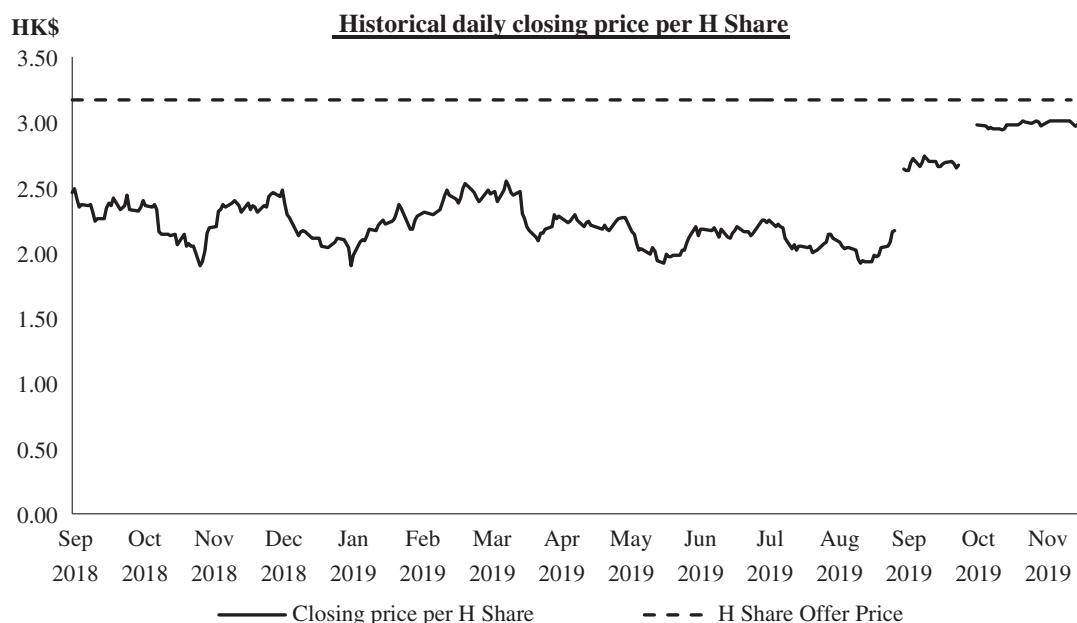
Save as the NAV Discount, the H Share Offer Price represents premiums to recent closing prices of H Shares and audited consolidated net asset value per Share in Huaneng Renewables as at 31 December 2018 and the unaudited consolidated net asset value per Share attributable to equity shareholders of Huaneng Renewables as at 30 June 2019.

Having considered that the closing prices per H Share during the Review Period were below (i) the H Share Offer Price; and (ii) the net asset value per Share of RMB2.92 (equivalent to approximately HK\$3.22) as at 30 June 2019 (i.e. as compared with the NAV Discount, the closing prices per H Share during the Review Period represented deeper discount to the unaudited consolidated net asset value per Share as at 30 June 2019), we consider the NAV Discount to be acceptable.

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Historical price performance of the H Shares

Set out below is a chart showing the movement of the closing price of the H Shares during the Review Period to illustrate the general trend and movement of the closing price of the H Shares.



Source: the Stock Exchange's website

Notes:

1. Trading in H Shares was halted with effect from 9:00 a.m. on 30 August 2019 and resumed at 9:00 a.m. on 2 September 2019.
2. Trading in H Shares was halted with effect from 9:00 a.m. on 27 September 2019 and resumed at 9:00 a.m. on 4 October 2019.

During the Review Period, the lowest and highest closing prices of the H Shares as quoted on the Stock Exchange were HK\$1.90 per H Share recorded on 29 October 2018 and 3 January 2019 and HK\$3.01 per H Share recorded on 24 October 2019, 30 October 2019 and 5 November 2019. The H Share Offer Price is above the closing price of the H Shares during the whole Review Period.

After the closing price of H Share reached the highest point on 12 March 2019 during the period from 1 September 2018 to the last trading day prior to the date of Rule 3.7 Announcement, the closing price of H Share moved towards a slight decreasing trend. The closing price of H Shares increased substantially after its trading resumption on 2 September 2019. Thereafter, from the commencement of the Offer Period on 2 September 2019 to the Last Trading Day (the last full trading day in the H Shares immediately before the publication of the Rule 3.5 Announcement), the closing price of the H Shares fluctuated between HK\$2.63 and HK\$2.74.

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After resumption of trading in H Shares on 4 October 2019 following the publication of the Rule 3.5 Announcement, the closing price of the H Shares increased substantially and stayed below H Share Offer Price up to the Latest Practicable Date.

As confirmed by the Directors, save for the release of the Rule 3.7 Announcement and the Rule 3.5 Announcement, the Directors are not aware of any specific event that caused the substantial increases in H Share closing prices immediately after the publication of Rule 3.7 Announcement and the Rule 3.5 Announcement respectively. Hence, we consider that the aforesaid increases in H Share closing prices reflected the market's reaction to the H Share Offer.

Comparison with other comparable companies

To further assess the fairness and reasonableness of the H Share offer Price, we performed the trading multiple analysis, including the price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”) as below, which are commonly used for trading price analysis. Given that property, plant and equipment, which are important for Huaneng Renewables Group's operation, forms substantial part of Huaneng Renewables Group's total assets, we also consider the PBR analysis to be appropriate. We searched for listed companies in Hong Kong (i) which are engaged in similar line of business as the Huaneng Renewables Group, being wind power generation and related businesses in the PRC (more than 50% of their turnover was derived from such continuing business based on their respective latest published financial information) for comparison; (ii) trading of shares of such listed companies were not halted/suspended for more than three months; and (iii) which recorded at least one full financial year figures after its listing. We consider that the comparability and relevancy are weak for companies which did not derive more than 50% of their turnover from wind power generation and related businesses in the PRC. We found five companies listed in Hong Kong which meet our selection criteria (the “**Comparable Companies**”), which are exhaustive.

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Set out below are PERs and PBRs of the Comparable Companies based on their closing prices as at the Latest Practicable Date, and their latest published financial information:

Company name (Stock Code)	Principal business	Year-end date	Market capitalisation as at the Latest Practicable Date Approximate HK\$'million	PER <i>(Note 1)</i>	PBR <i>(Note 2)</i>
Concord New Energy Group Limited (182)	Operating and investment in power plants, provision of power plant operation and maintenance services, provision of design, technical and consultation services	31 December 2018	3,146.7	5.69	0.50
China Ruifeng Renewable Energy Holdings Limited (527)	Operation of wind farms	31 December 2018	575.7	N/A <i>(Note 3)</i>	0.83
China Longyuan Power Group Corporation Limited (916)	Operation of power plants and the generation of electric power	31 December 2018	33,752.8	7.82	0.59
China Renewable Energy Investment Limited (987)	Alternative energy power generation businesses	31 December 2018	448.6	7.21	0.26
China Datang Corporation Renewable Power Co., Limited (1798)	Power generation and the sales of electricity	31 December 2018	5,819.0	4.84	0.41
		Maximum		7.82	0.83
		Minimum		4.84	0.26
		Average		6.39	0.52
Huaneng Renewables				9.91 <i>(Note 4)</i>	1.01 <i>(Note 5)</i>

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Notes:

1. The PERs of the Comparable Companies were calculated based on their respective latest published annual results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Latest Practicable Date.
2. The PBRs of the Comparable Companies were calculated based on their respective latest published annual results or interim results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Latest Practicable Date.
3. The company recorded loss for the year ended 31 December 2018.
4. The implied PER of the H Share Offer was calculated based on the H Share Offer Price and the Huaneng Renewables Group's audited profit attributable to equity shareholders of Huaneng Renewables for 31 December 2018.
5. The implied PBR of the H Share Offer was calculated based on the H Share offer Price and the Huaneng Renewables Group's net asset value attributable to equity shareholders of Huaneng Renewables as at 30 June 2019.

As depicted from the above table, the PERs of the Comparable Companies ranged from approximately 4.84 times to 7.82 times, with an average of approximately 6.39 times.

As also depicted from the above table, the PBRs of the Comparables Companies ranged from approximately 0.26 times to 0.83 times, with an average of approximately 0.52 times.

Given that the implied PER and PBR of the H Share Offer is approximately 9.91 times and 1.01 times, the implied PER and implied PBR of the H Share Offer are above the said PER range and PBR range of the Comparable Companies. Based on the above analysis, the H Share Offer Price is not under-priced as compared to the Comparable Companies from PER/PBR perspective.

Comparison with other privatisation transactions

To further assess the fairness and reasonableness of the H Share Offer Price, we searched for privatisation transactions (for our analysis purpose, we excluded privatisation proposals without cash consideration) as announced by Hong Kong mainboard listed companies from 1 September 2017 (being approximately two years prior to the Rule 3.7 Announcement date) up to the Latest Practicable Date. We found 16 privatisation cases which meet the aforesaid criteria for comparison (the "**Privatisation Cases**"), which are exhaustive.

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Company name (stock code)	Initial announcement date of the proposal	Premium of the offer price/the cancellation price over closing price per share on last full trading day prior to the publication of initial announcement in relation to the respective privatisation <i>Approximate %</i>	Premium of the offer price/the cancellation price over average closing price per share for the 30 full trading days prior to the publication of initial announcement in relation to the respective privatisation <i>Approximate %</i>
Welling Holding Limited (382) [△]	10 November 2017	30.4	33.8
Portico International Holdings Limited (589) [△]	7 June 2018	50.2	49.2
Hong Kong Aircraft Engineering Company Limited (44) [△]	10 June 2018	63.2 <i>(Note 1)</i>	62.4 <i>(Note 1)</i>
Guoco Group Limited (53)	29 June 2018	14.41	19.34
Sinotrans Shipping Limited (368) [△]	27 September 2018	50.0	42.9
Hopewell Holdings Limited (54) [△]	5 December 2018	46.7	55.5
Harbin Electric Company Limited (1133)	24 December 2018	82.40	77.50
China Power Clean Energy Development Company Limited (735) [△]	28 March 2019	41.9	78.1
China Hengshi Foundation Company Limited (1197) [△]	4 April 2019	10.62	17.37
China Automation Group Limited (569) [△]	3 May 2019 <i>(Note 2)</i>	23.97 <i>(Note 2)</i>	47.78 <i>(Note 2)</i>
C.P. Lotus Corporation (121) [△]	18 June 2019	10.0	29.4
Asia Satellite Telecommunications Holdings Limited (1135) [△]	27 June 2019	23.43	44.44
TPV Technology Limited (903) [△]	12 August 2019	41.39	54.50
AVIC International Holdings Limited (161)	2 October 2019	29.12	81.31
Dah Chong Hong Holdings Limited (1828)	20 October 2019	37.55	54.81
Springland International Holdings Limited (1700)	1 November 2019	63.1	56.8
	Maximum	82.40	81.31
	Minimum	10.00	17.37
	Average	38.65	50.32
Huaneng Renewables	2 September 2019 (i.e. date of Rule 3.7 Announcement) <i>(Note 2)</i>	46.08 <i>(Note 2)</i>	55.39 <i>(Note 2)</i>

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Notes:

1. The cancellation price was adjusted for dividend according to the scheme document dated 14 September 2018.
2. The initial announcement was made pursuant to Rule 3.7 of the Takeovers Code.
- △ The stock code was used before privatisation.

As depicted from the above table, the Initial Premium and the 30-days Premium fall within the relevant ranges of the Privatisation Cases and above the respective average. Therefore, we consider that the Initial Premium and the 30-days Premium are in line with market practice.

Conclusion on the H Share Offer Price

Taking into account that:

- (i) the H Share offer Price is above the closing prices of the H Shares during the whole Review Period;
- (ii) the H Share Offer Price represents premiums over the consolidated net asset value per Share attributable to equity shareholders of Huaneng Renewables as at 30 June 2019 and as at 31 December 2018; and
- (iii) the trading liquidity of the H Shares is low and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares,

we consider the H Share offer Price to be fair and reasonable and we are of the view that the H Share Offer provides an exit alternative for the Independent H Shareholders who would like to realise their investments in the H Shares.

RECOMMENDATION

In relation to the H Share Offer and the Delisting, having taken into consideration the principal factors and reasons as discussed above, in particular:

- (i) Under the circumstance that there was no significant variation between (a) the trend of Hang Seng Index (which reflected the general market trend of Hong Kong stock market) and the trend of H Share closing prices; and (b) the trend of Hang Seng Composite MidCap Index (Huaneng Renewables is a constituent of this index) and the trend of H Share closing prices during most of the period from 1 January 2014 up to the Latest Practicable Date, the Historical Market Value Increase could not reflect Huaneng Renewables Group's business growth from FY2014 to FY2018. Save as the Factors, the Directors could not identify any specific factor which caused the above circumstance and it is uncertain as to whether and when the influence of the Factors will end. The H Shares' investment return (through share price appreciation and/

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or dividend entitlement) was also at a rate much lower than the Huaneng Renewables Group's business growth from FY2014 to FY2018. In other words, the H Shares' investment return may not be satisfactory to the Independent H Shareholders before the Offer Period;

- (ii) the H Share Offer Price represents premiums over recent closing prices of H Share as disclosed under the section headed "The H Share Offer Price comparison" in this letter. As aforementioned, the substantial increases in H Share closing prices immediately after the publication of Rule 3.7 Announcement and the Rule 3.5 Announcement reflected the market's reaction to the H Share Offer. After considering the trend of the H Share closing prices before the Offer Period, there is no guarantee that the H Share price will sustain at a level close to the H Share Offer Price should the H Share Offer lapse. Having considered the aforesaid and taking into account factors (i) above, the H Share Offer represents a good opportunity for Independent H Shareholders to realise their investment for a premium;
- (iii) the low trading liquidity of the H Shares, which may normally make it difficult for listed issuer's shareholders to execute substantial on-market disposals without adversely affecting the price of the shares and also make it difficult for listed issuer's shareholders to dispose of a large number of shares when any event that has an adverse impact on the listed issuer's share price occurs. The H Share Offer (which is conditional upon, among other things, the passing of a resolution by the Independent H Shareholders approving the Delisting at the Extraordinary General Meeting and the H Share Class Meeting) provides an exit alternative for the Independent H Shareholders who would like to realise their investments in the H Shares;
- (iv) the H Share Offer Price being fair and reasonable as analysed under the section headed "The H Share Offer Price" above, summarised below are extracted from the aforesaid section for the Independent H Shareholders' easy reference;
 - the H Share offer Price is above the closing prices of the H Shares during the whole Review Period;
 - the H Share Offer Price represents premiums over the consolidated net asset value per Share attributable to equity shareholders of Huaneng Renewables as at 30 June 2019 and as at 31 December 2018; and
 - the trading liquidity of the H Shares is low and disposal of a large number of H Shares by Independent H Shareholders in the open market may have adverse impact on the price of H Shares,

we consider that the terms of the H Share Offer (including the H Share Offer Price) and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent H Shareholders to (i) accept the H Share Offer; and (ii) vote in favour of the Delisting resolutions at the H Share Class Meeting and the Extraordinary General Meeting respectively.

Those Independent H Shareholders may, having regard to their own circumstances, consider retaining all or any part of their H Shares (the "Retaining Shareholders").

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China Huaneng has no rights under the laws of the PRC and Huaneng Renewables's Articles to compulsorily acquire the H Shares that are not tendered for the acceptance pursuant to the H Share Offer.

In the event that the Retaining Shareholders do not accept the H Share Offer and given that the Delisting shall take effect following the end of the Offer Period, (i) this will result in the Retaining Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced; (ii) the rights/interests of the Retaining Shareholders will no longer be protected by the Listing Rules; and (iii) Huaneng Renewables may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong and the rights/interests of the Retaining Shareholders may no longer be protected by the Takeovers Code.

The Independent H Shareholders should also monitor the H Share price closely, if the Independent H Shareholders decide to accept the H Share Offer but the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the H Share Offer, they should sell in the market instead. They should also keep in mind that, if applicable, dealings in the H Shares will be suspended from the day following the Final Closing Date up to the withdrawal of listing of the H Shares (if approved) from the Stock Exchange.

As different Independent H Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent H Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Notes:

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.10 for information purpose only.

** For identification purposes only*

1. PROCEDURES FOR ACCEPTANCE OF THE H SHARE OFFER**1.1 The H Share Offer**

- (a) To accept the H Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the H Share Offer.
- (b) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by post or by hand, marked "Huaneng Renewables – H Share Offer" on the envelope, as soon as possible and in any event reach the Registrar no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be), or such later time and/or date as China Huaneng may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer, you must either:
 - (i) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the H Share Offer to the Registrar in an envelope marked "Huaneng Renewables – H Share Offer";
 - (ii) arrange for the H Share(s) to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked "Huaneng Renewables – H Share Offer";

- (iii) if your H Share(s) have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the H Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
 - (iv) if your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "Huaneng Renewables – H Share Offer" to the Registrar together with a letter stating that you have lost one or more of your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your H Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. China Huaneng shall have the absolute discretion to decide whether any H Shares in respect of which the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by China Huaneng.
- (e) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s) and you wish to accept the H Share Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Huaneng Renewables – H Share Offer" to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CLSA Limited and/or China Huaneng and/or any of their respective agent(s) to collect from Huaneng Renewables or the Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such H Share certificate(s), subject to the terms and conditions to the H Share Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the H Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date or such later time and/or date as China Huaneng may determine and announce in compliance with the requirements of the Takeovers Code, and is:
 - (i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those H Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant H Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant H Share(s); or
 - (ii) from a registered H Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Share(s) which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered H Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt for any Form(s) of Acceptance, H Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISION

- (a) The H Share Offer is made on Thursday, 21 November 2019, the date of posting of the Composite Document, and is capable of acceptance on and from this date.
- (b) China Huaneng has the right, subject to the Takeovers Code, to extend the H Share Offer after the despatch of the Composite Document or to revise the terms of the H Share Offer, and may introduce new conditions to be attached to any revision to any of the H Share Offer or any subsequent revision thereof to the extent necessary to implement the revised H Share Offer and subject to the consent of the Executive.
- (c) Unless the Executive consents to the extension of the H Share Offer, all acceptances must be received by 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be) in accordance with the instructions printed on the Form of Acceptance. Where the H Share Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer

is closed to the H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. China Huaneng reserves the right to extend the H Share Offer beyond this 28-day period.

- (d) If in the course of the H Share Offer, China Huaneng revises the terms of the H Share Offer, all H Shareholders, whether or not they have already accepted the H Share Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date and/or the Final Closing Date (as the case may be).
- (e) If the Closing Date of the H Share Offer is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the H Share Offer so extended.
- (f) The acceptance by or on behalf of H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant H Share Offer as so revised.
- (g) Any acceptance of the relevant revised H Share Offer and/or any election pursuant thereof shall be irrevocable unless and until the accepting H Shareholder of the H Share Offer becomes entitled to withdraw his/her/its acceptance under the paragraph headed “4. EFFECT OF ACCEPTANCE OF THE H SHARES AND RIGHT OF WITHDRAWAL” below and duly does so.

3. SETTLEMENT

- (a) Settlement of the consideration under the H Share Offer will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the Unconditional Date and (ii) the date of receipt of a complete and valid Form of Acceptance by the Registrar in respect of the H Share Offer.
- (b) In the case of the H Shareholders accepting the H Share Offer, each cheque will be despatched by ordinary post to the address specified on the relevant H Shareholder’s Form of Acceptance at his/her/its own risk or, if no name and address is specified, to the H Shareholder or the first-named of H Shareholder (in the case of joint H Shareholders) at the registered address shown in the Register.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a H Shareholder who accepts the H Share Offer will be rounded up to the nearest cent.
- (d) Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact China Huaneng for payment.

- (e) Settlement of the consideration to which a H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which China Huaneng may otherwise be, or claim to be, entitled against such H Shareholder.

4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL

- (a) By validly accepting the H Share Offer, the H Shareholders will sell to China Huaneng their tendered H Shares free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

In addition to the Conditions set out in the Letter from CLSA Limited from pages 13 to 14 of this Composite Document, the H Share Offer is made on the basis that acceptance of the H Share Offer by any H Shareholder will constitute a warranty by such H Shareholder to China Huaneng that the H Shares acquired under the H Share Offer are fully paid and sold by such H Shareholder free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

- (b) The H Share Offer is conditional upon fulfilment of the Conditions set out in the Letter from CLSA Limited from pages 13 to 14 of this Composite Document. Acceptance of the H Share Offer tendered by the H Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the H Share Offer has not by then become unconditional as to acceptances. An acceptor of the H Share Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.
- (c) Under Rule 19.2 of the Takeovers Code, if China Huaneng is unable to comply with any of the requirements of making announcements relating to the H Share Offer set out in the section headed “5. ANNOUNCEMENTS” of this Appendix I, the Executive may require that the H Shareholders who have tendered acceptances to the H Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

- (d) Upon the withdrawal of acceptance by a H Shareholder, China Huaneng shall (or shall procure), as soon as possible but in any event within ten (10) days thereof, return by ordinary post, the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the H Share(s) lodged with the Form of Acceptance to such H Shareholder.

5. ANNOUNCEMENTS

- (a) The announcement of the results of the H Share Offer will be jointly issued by China Huaneng and Huaneng Renewables and posted on the website of the Stock Exchange by 7:00 p.m. on Monday, 20 January 2020, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.
- (b) If the H Share Offer is extended, the announcement of such extension will state the next closing date or a statement that the H Share Offer will remain open until further notice. If the H Share Offer is unconditional in all respects, a statement may be made that the H Share Offer will remain open for acceptance for not less than 28 days thereafter in accordance with the Takeovers Code.
- (c) The results announcements shall specify the total number of H Shares and rights over H Shares:
 - (i) for which acceptances of the H Share Offer have been received;
 - (ii) held, controlled or directed by China Huaneng or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by China Huaneng or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code).
- (d) The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables which China Huaneng or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) has/have borrowed or lent, save for any borrowed H Shares which have been either on-lent or sold.
- (e) The results announcements shall specify the percentages of the relevant classes of share capital of Huaneng Renewables, and the percentages of voting rights, represented by these numbers.
- (f) If China Huaneng, its concert parties or its advisers make(s) any statement about the level of acceptances or the number or percentage of accepting H Shareholders during the Offer Period, then China Huaneng must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

- (g) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the H Share Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. NOMINEE REGISTRATION

To ensure the equality of treatment of all H Shareholders, H Shareholders who hold the H Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of H Share(s) whose investments are registered in the names of nominees to accept the H Share Offer, it is essential that they provide instructions of their intentions to the H Share Offer to their respective nominees.

7. POSTING

All documents and remittances to be sent to the H Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent, in the case of H Shareholders, at their addresses as they appear in the Register, in the case of joint H Shareholders, to the H Shareholder whose name appears first in the Register. None of China Huaneng, Huaneng Renewables, CLSA Capital Markets, CLSA Limited, Gram Capital, the Registrar or any of their respective directors or agents or any other person involved in the H Share Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS H SHAREHOLDERS

- (a) The H Share Offer is in respect of a company incorporated in the PRC and listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different from those in other jurisdictions. The ability of H Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the H Share Offer may be subject to the laws and regulations of the relevant jurisdictions. It is the responsibility of each such H Shareholder to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes due from such H Shareholder in such relevant jurisdictions.
- (b) Any acceptance by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to China Huaneng and Huaneng Renewables that all local laws and requirements have been complied with and that the H Share Offer can be accepted by such H Shareholder lawfully under the laws of the relevant jurisdiction. H Shareholders should consult their professional advisers if in doubt.

9. HONG KONG STAMP DUTY AND TAXATION

- (a) Seller's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration arising on acceptance of the H Share Offer will be payable by the H Shareholders who accept the H Share Offer. The relevant amount of stamp duty will be deducted from the consideration payable to such H Shareholders under the H Share Offer. China Huaneng will bear its own portion of buyer's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable in respect of acceptances of the H Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the H Shares which are validly tendered for acceptance under the H Share Offer.
- (b) There may be tax implications on the H Shareholders in relation to the H Share Offer depending on the individual circumstances of the H Shareholders. H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the H Share Offer. It is emphasised that none of China Huaneng, Huaneng Renewables and their ultimate beneficial owners and concert parties, CLSA Capital Markets, CLSA Limited, Gram Capital, the Registrar or any of their respective directors or professional advisers or any persons involved in the H Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the H Share Offer.

10. GENERAL

- (a) All communications, notices, the Form of Acceptance, H Share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the H Share Offer to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of China Huaneng, Huaneng Renewables, CLSA Capital Markets, CLSA Limited, Gram Capital, the Registrar or any of their respective directors or agents or professional advisers or any other person involved in the H Share Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the H Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the H Share Offer is made will not invalidate the H Share Offer in any way.
- (d) The H Share Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a H Shareholder will constitute such H Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the H Share Offer.

- (e) Due execution of a Form of Acceptance will constitute an authority to China Huaneng, CLSA Limited or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the H Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in China Huaneng, or such person or persons as it may direct, the H Share(s) in respect of which such person or persons has/have accepted the H Share Offer.
- (f) The settlement of the consideration to which any H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which China Huaneng may otherwise be, or claim to be, entitled against such H Shareholder.
- (g) Any H Shareholders accepting the H Share Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, H Shareholders must rely on their own examination of the Huaneng Renewables Group and the terms of the H Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of China Huaneng, Huaneng Renewables, CLSA Capital Markets CLSA Limited or their respective professional advisers. H Shareholders should consult their own professional advisers for professional advice.
- (i) The making of the H Share Offer to the overseas H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Such Overseas H Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas H Shareholders in respect of the relevant jurisdictions. The Overseas H Shareholders are recommended to seek professional advice on deciding whether or not to accept the H Share Offer.
- (j) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the H Share Offer in Hong Kong and the operating rules of the Stock Exchange.

11. INTERPRETATION

- (a) A reference in this Composite Document to a H Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of H Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.

- (b) A reference in this Composite Document and the Form of Acceptance to the H Share Offer shall include any extension thereof.

- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. FINANCIAL SUMMARY

The following summary financial information has been extracted from the audited consolidated financial statements of Huaneng Renewables Group for each of the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 in the respective annual reports of Huaneng Renewables and the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 and 30 June 2019 as extracted from the interim report of Huaneng Renewables for the six months ended 30 June 2019.

The auditors of the Huaneng Renewables Group for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the Huaneng Renewables Group for any of the three years ended 31 December 2016, 31 December 2017 and 31 December 2018. There were no items of any income or expense which are material in respect of the consolidated financial results of the Huaneng Renewables Group for each of the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the six months ended 30 June 2019.

Save for the interim report of Huaneng Renewables, the preliminary results announcement of Huaneng Renewables dated 27 August 2019, each for the six months ended 30 June 2019 and the overseas regulatory announcement dated 31 October 2019 regarding the unaudited financial figures of Huaneng Renewables and its subsidiaries as well as the unaudited financial figures of Huaneng Renewables alone (excluding its subsidiaries), there are no other interim statement or preliminary announcement made by Huaneng Renewables since the last published audited accounts of Huaneng Renewables (namely, its annual report for the year ended 31 December 2018). Save for the H Share Offer and save as disclosed in the paragraph headed "Material Change" in Appendix II to this Composite Document, there have been no other significant events of Huaneng Renewables after 31 December 2018.

Summary Consolidated Income Statement

	For the six months ended 30 June		For the year ended 31 December		
	2019	2018	2018	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	7,138,711	6,317,712	11,650,291	10,554,355	9,238,583
Profit/(loss) before income tax	3,696,350	2,799,545	3,695,184	3,407,665	2,909,529
Income tax expense	(545,859)	(399,360)	(566,724)	(346,343)	(201,515)
Profit/(loss) for the year/period	3,150,491	2,400,185	3,128,460	3,061,322	2,708,014
Attributable to:					
Owners of the company	3,093,567	2,348,909	3,086,394	3,011,736	2,658,863
Non-controlling interests	56,924	51,276	42,066	49,586	49,151
Total comprehensive income/(loss) for the year/period	3,143,461	2,337,960	3,274,455	3,038,469	2,680,333
Attributable to:					
Owners of the company	3,086,537	2,286,684	3,232,389	2,988,883	2,631,182
Non-controlling interests	56,924	51,276	42,066	49,586	49,151
Earnings/(loss) per share attributable to owners of the company (for profit for the year/period)					
Basic and diluted (<i>RMB yuan</i>)	0.2928	0.2223	0.2921	0.2938	0.2733
Dividend	–	–	464,927.416	454,360.884	433,227.820
Dividend per share (<i>RMB yuan</i>)	–	–	0.044	0.043	0.041

Summary Consolidated Statement of Financial Position

	As at 30 June 2019 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December		
	2018 <i>RMB'000</i> <i>(Audited)</i>	2017 <i>RMB'000</i> <i>(Audited)</i>	2016 <i>RMB'000</i> <i>(Audited)</i>	
Total assets	91,408,581	88,671,475	86,348,569	85,444,608
Total liabilities	60,516,504	60,457,932	60,906,667	64,450,645
	<u>30,892,077</u>	<u>28,213,543</u>	<u>25,441,902</u>	<u>20,993,963</u>
Equity attributable to owners of the company	30,029,988	27,408,378	24,601,613	20,137,150
Non-controlling interests	862,089	805,165	840,289	856,813
	<u>30,892,077</u>	<u>28,213,543</u>	<u>25,441,902</u>	<u>20,993,963</u>

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF HUANENG RENEWABLES GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018

Huaneng Renewables is required to set out or refer to in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the (i) audited consolidated financial statements of Huaneng Renewables Group for the year ended 31 December 2016, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2016 Financial Statements**”); (ii) audited consolidated financial statements of Huaneng Renewables Group for the year ended 31 December 2017, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2017 Financial Statements**”); and (iii) audited consolidated financial statements of Huaneng Renewables Group for the year ended 31 December 2018, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2018 Financial Statements**”).

The 2016 Financial Statements are set out from page 86 to 173 in the 2016 Annual Report which was published on 20 April 2017. The 2016 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and Huaneng Renewables (<http://www.hnr.com.cn>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0420/ltn20170420493.pdf>

The 2017 Financial Statements are set out from page 102 to 197 in the 2017 Annual Report which was published on 17 April 2018. The 2017 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and Huaneng Renewables (<http://www.hnr.com.cn>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0417/ltn20180417459.pdf>

The 2018 Financial Statements are set out from page 98 to 201 in the 2018 Annual Report which was published on 10 April 2019. The 2018 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and Huaneng Renewables (<http://www.hnr.com.cn>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0410/ltn20190410615.pdf>

The 2016 Financial Statements, 2017 Financial Statements and 2018 Financial Statements (but not any other parts of the 2016 Annual Report, 2017 Annual Report and 2018 Annual Report, in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF HUANENG RENEWABLES GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2019 AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

2019 Interim Financial Statements

Huaneng Renewables is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and the consolidated statement of financial position as shown in the unaudited financial results of Huaneng Renewables Group for the six months ended 30 June 2019, and significant accounting policies together with any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (“**2019 Interim Financial Statements**”).

The 2019 Interim Financial Statements are set out from page 19 to 57 in the 2019 Interim Report which was published on 11 September 2019. The 2019 Interim Report is available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and Huaneng Renewables (<http://www.hnr.com.cn>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0911/ltn20190911265.pdf>

The 2019 Interim Financial Statements (but not any other parts of the 2019 Interim Report) are incorporated by reference into this Composite Document and form part of this Composite Document.

Unaudited Financial Information for the Nine Months ended 30 September 2019

On 31 October 2019, Huaneng Renewables published an overseas regulatory announcement (“**Overseas Regulatory Announcement**”) on the unaudited financial figures of the Company and its subsidiaries as well as the unaudited financial figures of the Company alone (excluding its subsidiaries) as at 30 September 2019 (the “**Management Accounts**”) pursuant to the relevant laws and regulations in the PRC in connection with the super short-term debentures and short-term debentures issued by Huaneng Renewables in the inter-bank market in the PRC. The financial information set out in the Management Accounts was prepared in accordance with the PRC Accounting Rules and Standards. The Management Accounts were prepared based on, amongst others, the unaudited financial information of the Huaneng Renewables Group for the nine months ended 30 September 2019. An extract of the Management Accounts is set out below:

**For the nine months ended 30 September 2019
and as at 30 September 2019**

approximately RMB'million (unaudited)

Total assets	92,458
Total liabilities	61,632
Shareholders' equity	30,825
Operating income	9,103
Net profit (losses) for the year	3,231
Net profit attributable to the shareholders of Huaneng Renewables	3,164

The Management Accounts have not been audited or reviewed by Huaneng Renewables' auditors and the audit committee of Huaneng Renewables. The unaudited net profit figures relating to “Net profit (losses) for the year” and “Net profit attributable to Shareholders of the Company” as set out in the consolidated income statement of the Management Accounts constitute profit forecasts under Rule 10 of the Takeovers Code (the “**Unaudited Profit Figures**”).

The Unaudited Financial Figures were announced on 31 October 2019 and, for the purpose of reporting on such profit forecasts under Rule 10 of the Takeovers Code, the corresponding financial information based on International Financial Reporting Standards (the same as the accounting policies adopted by Huaneng Renewables Group) (“**Profit Estimate**”) is set out as below:

For the nine months ended 30 September 2019

RMB'million (unaudited)

Net profit	3,228
Profit attributable to owners of Huaneng Renewables	3,162

Shareholders should note that the Profit Estimate has been reported on by Deloitte and Gram Capital in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from Deloitte and Gram Capital in this regard are set out in Appendices III and IV respectively to the Composite Document.

4. INDEBTEDNESS

Statement of indebtedness

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of Huaneng Renewables Group prior to the printing of the Composite Document, Huaneng Renewables Group had total outstanding indebtedness of RMB54,170,016,000. Details of which are as follows:

	<i>RMB'000</i>
Bank loans	
– Secured (Note (i)) and unguaranteed	6,932,283
– Unsecured and unguaranteed	<u>38,192,923</u>
	<u>45,125,206</u>
Loan from a fellow subsidiary	
– Unsecured and unguaranteed	<u>785,000</u>
Other borrowings	
– Unsecured and unguaranteed	<u>7,084,313</u>
Lease liabilities	
– Secured (Note (ii)) and unguaranteed	1,169,304
– Unsecured and unguaranteed	<u>6,193</u>
	<u>1,175,497</u>
Total	<u><u>54,170,016</u></u>

Note (i): The secured bank loans were secured by property, plant and equipment and trade debtors of Huaneng Renewables Group.

Note (ii): The secured lease liabilities were secured by right-of-use assets, trade debtors and rental deposit of Huaneng Renewables Group.

As at the close of business on 31 August 2019, Huaneng Renewables Group has authorized but unissued super short-term debentures of RMB5,000,000,000.

Save as aforesaid and apart from intra-group liabilities and guarantee, as well as other payables in the ordinary course of the business, as at the close of business on 31 August 2019, Huaneng Renewables Group did not have other debt securities issued and outstanding, and authorized or otherwise created but unissued, outstanding mortgages, charges, debentures, guarantees or other loan capital, bank overdrafts or loans, other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptance credits, or any other material contingent liabilities.

5. MATERIAL CHANGE

Save as and except for the below, there was no material change in the financial or trading position or outlook of the Huaneng Renewables Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Huaneng Renewables Group were made up, up to and including the Latest Practicable Date:

- (i) the Huaneng Renewables Group's profit attributable to owners of Huaneng Renewables for the nine months ended 30 September 2019 (i.e. the Profit Estimate as defined on page II-5 of the Composite Document) substantially increased as compared to that for the corresponding period in 2018.

The abovementioned increase was mainly due to the increase in the Huaneng Renewables Group's revenue for the nine months ended 30 September 2019 as the result of the increase in power sold of the Huaneng Renewables Group during the same period;

- (ii) the Huaneng Renewables Group's trade debtors and bills receivables as at 30 September 2019 substantially increased as compared to that as at 31 December 2018, which was mainly attributable to the outstanding tariff premium to be received for the wind power business; and
- (iii) the Huaneng Renewables shall carry out demolition of Company's Yuntai mountain wind farm and related vegetation restoration, details of which are set out in the Huaneng Renewables' announcement dated 30 September 2019.

Huaneng Renewables expects the aforesaid demolition and related vegetation restoration might cause additional expenses to the Huaneng Renewables Group.

6. BASES OF PREPARATION

The Profit Estimate as referred to in this Composite Document was prepared based on the unaudited consolidated management accounts of Huaneng Renewables Group for the nine months ended 30 September 2019, which has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by Huaneng Renewables Group as set out in the published annual report of Huaneng Renewables for the year ended 31 December 2018, except for certain new and amendments to IFRSs issued by the IASB which are applicable for Huaneng Renewables Group's annual period beginning on 1 January 2019.

The following is the full text of the letter from Deloitte Touche Tohmatsu, Huaneng Renewables' reporting accountants, for the purpose of inclusion in this Composite Document.

Deloitte.**德勤**

21 November 2019

The Directors
Huaneng Renewables Corporation Limited
10-11th Floor
No. 23A Fuxing Road
Haidian District, Beijing, the People's Republic of China

Dear Sirs,

Huaneng Renewables Corporation Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**").

UNAUDITED CONSOLIDATED NET PROFIT OF THE GROUP AND UNAUDITED CONSOLIDATED PROFIT OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (COLLECTIVELY REFERRED TO AS THE "PROFIT ESTIMATE")

We refer to the Profit Estimate as set out in Appendix II.3 in the composite document jointly issued by China Huaneng Group Co., Ltd. ("**China Huaneng**") and the Company dated 21 November 2019 (the "**Composite Document**") in relation to the voluntary conditional offer to be made by CLSA Limited on behalf of China Huaneng to acquire all of the issued H Shares (as defined in the Composite Document) of the Company.

We have been advised by the directors of the Company that the Profit Estimate was prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2019, which had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2018, except for certain new and amendments to International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") which are applicable for the Group's annual period beginning on 1 January 2019.

The Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission.

DIRECTORS' RESPONSIBILITY

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2019.

The directors of the Company are solely responsible for the Profit Estimate.

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 (the “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” issued by the HKICPA 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’ RESPONSIBILITY

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. 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.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in the paragraph headed “Bases of preparation” in Appendix II.6 to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2018, except for certain new and amendments to IFRSs issued by the IASB which are applicable for the Group’s annual period beginning on 1 January 2019.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report received from Gram Capital, for inclusion in this Composite Document.

21 November 2019

The Board of Directors

Huaneng Renewables Corporation Limited
10-11th Floor
No. 23A Fuxing Road
Haidian District
Beijing, the PRC

**UNAUDITED CONSOLIDATED NET PROFIT OF THE GROUP AND UNAUDITED
CONSOLIDATED PROFIT OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE
COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (COLLECTIVELY
REFERRED TO AS THE “PROFIT ESTIMATE”)**

Dear Sir/Madam,

Reference is made to the Composite Document dated 21 November 2019 jointly issued by 華能新能源股份有限公司 (Huaneng Renewable Corporation Limited*, the “**Company**”, together with its subsidiaries, the “**Group**”) and 中國華能集團有限公司 (China Huaneng Group Co., Ltd.*). Capitalised terms used in this letter shall have the same respective meanings as defined in the Composite Document unless the context otherwise required.

We refer to the Profit Estimate as set out in Appendix II.3 to the Composite Document.

The Profit Estimate constitutes profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The board of directors of the Company (the “**Directors**”) prepared the Profit Estimate based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2019 (the “**Management Accounts**”). The Management Accounts were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2018, except for certain new and amendments to IFRSs issued by the IASB which are applicable for the Group’s annual period beginning on 1 January 2019 (the “**Bases**”). No assumption was involved in the making of the Profit Estimate as the Profit Estimate relate to a period already ended.

We have reviewed the Profit Estimate, the Management Accounts and the Bases which were provided by you and you as the Directors are solely responsible for. We also discussed the above with you and the senior management of the Company.

In respect of the accounting policies and calculations concerned, upon which the Profit Estimate have been made, we have considered the report as contained in Appendix III to the Composite Document addressed to the Board from Deloitte Touche Tohmatsu, being the reporting accountants of the Company. Deloitte Touche Tohmatsu is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in the paragraph headed “Bases of preparation” in Appendix II.6 to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2018, except for certain new and amendments to IFRSs issued by the IASB which are applicable for the Group’s annual period beginning on 1 January 2019.

Having considered the above, we are of the opinion that the Profit Estimate (including the Bases) have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Composite Document with the inclusion therein of this report.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

The information in this Composite Document relating to Huaneng Renewables has been supplied by the directors of Huaneng Renewables. The issue of this Composite Document has been approved by the directors of Huaneng Renewables, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to China Huaneng and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the China Huaneng Board and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of China Huaneng jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Huaneng Renewables) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Huaneng Renewables Board) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF HUANENG RENEWABLES

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of Huaneng Renewables were as follows:

Authorised:	RMB
5,535,311,200 Domestic Shares of RMB1.00 each	5,535,311,200
5,031,220,992 H Shares of RMB1.00 each	<u>5,031,220,992</u>
Total	<u><u>10,566,532,192</u></u>
Issued and fully paid:	RMB
5,535,311,200 Domestic Shares of RMB1.00 each	5,535,311,200
5,031,220,992 H Shares of RMB1.00 each	<u>5,031,220,992</u>
Total	<u><u>10,566,532,192</u></u>

All of the Domestic Shares and H Shares currently in issue rank *pari passu* in all respects with each other, including voting rights, right to receive dividend payment (except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to H Shareholders) and capital (including right to return of capital).

The number of Shares in issue at 31 December 2018, being the date to which the latest audited consolidated financial statements of the Huaneng Renewables Group were made up, was 10,566,532,192, with 5,535,311,200 Domestic Shares and 5,031,220,992 H Shares. Huaneng Renewables has not issued any Shares since that date until the Latest Practicable Date.

There were not any outstanding options, derivatives, warrants, or any conversion rights affecting the Shares issued by Huaneng Renewables as at the Latest Practicable Date and Huaneng Renewables has not entered into any agreement for the issue of such options, derivatives, warrants, or securities convertible or exchangeable into Shares, and Huaneng Renewables has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

(b) Listing

The H Shares are listed and traded on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing or permission to deal in the Shares being or proposed to be sought, on any other stock exchange.

3. MARKET PRICES

The table below shows the closing prices of the H Shares as quoted on the Stock Exchange (i) on the last trading day of each of the six (6) calendar months preceding the date of the Rule 3.7 Announcement, (ii) on 29 August 2019, being the last trading day prior to the publication of the Rule 3.7 Announcement, (iii) on 26 September 2019 (being the last trading day (a) prior to the publication of the Rule 3.5 Announcement and (b) in September 2019), (iv) on the last trading day of October 2019 and (v) on the Latest Practicable Date.

Date	Price per H Share <i>HK\$</i>
29 March 2019	2.18
30 April 2019	2.26
31 May 2019	2.12
28 June 2019	2.15
31 July 2019	2.14
29 August 2019 (being the last trading day prior to the publication of the Rule 3.7 Announcement)	2.17
26 September 2019 (being the last trading day (a) prior to the publication of the Rule 3.5 Announcement and (b) in September 2019)	2.67
31 October 2019	3.00
18 November 2019 (being the Latest Practicable Date)	2.98

During the Disclosure Period, the highest and lowest closing prices per H Share recorded on the Stock Exchange were HK\$3.01 on 24 October 2019, 30 October 2019 and 5 November 2019 and HK\$1.92 on 20 May 2019 and 14 August 2019, respectively.

4. DISCLOSURE OF INTERESTS

(a) **Interests of the directors, supervisors and chief executives of Huaneng Renewables in the securities of Huaneng Renewables and the securities of the associated corporations of Huaneng Renewables**

As at the Latest Practicable Date, none of the directors, supervisors and chief executives of Huaneng Renewables had any interests or short positions in the shares, underlying shares and debentures of Huaneng Renewables or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to Huaneng Renewables and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register required to be kept pursuant to section 352 of the SFO; or (iii) to be notified to Huaneng Renewables and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(b) **Interests of substantial shareholders in the securities of Huaneng Renewables**

As at the Latest Practicable Date, save as disclosed below, so far as was known to the Huaneng Renewables Board, no persons (not being a director, supervisor or chief executive of Huaneng Renewables) had an interest or a short position in the shares or underlying shares and debentures of Huaneng Renewables which would fall to be disclosed to Huaneng Renewables under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to Huaneng Renewables and the Stock Exchange.

Name of Shareholder	Class of Share	Capacity/Nature of interests	Number of Shares (shares)	Approximate percentage in the relevant class of Shares ⁽²⁾	Approximate percentage in the total share capital ⁽³⁾
Controlling shareholder					
China Huaneng	Domestic Shares	Beneficial owner/Interest of controlled corporation	5,535,311,200 (Long position)	100%	52.39%
	H Shares	Beneficial owner/Interest of controlled corporation	33,268,000 (Long position)	0.66%	0.31%
Other substantial shareholders					
Citigroup Inc.	H Shares	Interest of controlled corporation/Person having a security interest in share/ Approved lending agent	415,966,882 (Long position)	8.26%	3.94%
			1,581,503 (Short position)	0.03%	0.01%
			377,383,203 (Lending pool)	7.50%	3.57%

Name of Shareholder	Class of Share	Capacity/Nature of interests	Number of Shares (shares)	Approximate percentage in the relevant class of Shares ⁽²⁾	Approximate percentage in the total share capital ⁽³⁾
BlackRock, Inc.	H Shares	Interest of controlled corporation	355,360,370	7.06%	3.36%
			(Long position)	2,000,000	0.04%
			(Short position)		
Wellington Management Group L.L.P.	H Shares	Investment manager	292,996,237	5.82%	2.77%
			(Long position)		
UBS Group AG	H Shares	Interest of controlled corporation/person having a security interest in shares	556,493,029	11.06%	5.27%
			(Long position)		
Pentwater Capital Management L.P.	H Shares	Interest of controlled corporation	288,036,000	5.72%	2.73%
			(Long position)		

Notes:

- (1) As at the Latest Practicable Date, China Huaneng directly owned 5,258,545,640 Domestic Shares, representing approximately 49.77% of the total issued share capital of Huaneng Renewables; Huaneng Capital directly owned 276,765,560 Domestic Shares, representing approximately 2.62% of the total issued share capital of Huaneng Renewables; Huaneng Capital was owned as to approximately 61.22% by China Huaneng and was a party acting in concert with China Huaneng; Huaneng No. 1 Fund through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect owned 33,268,000 H Shares, representing approximately 0.31% of the total issued share capital of Huaneng Renewables; Huaneng No. 1 Fund was managed by its fund manager, Tianjin Chinese Investment Management Company Limited* (天津華人投資管理有限公司), which was indirectly controlled by China Huaneng, and was a party acting in concert with China Huaneng.
- (2) It is calculated on the basis that Huaneng Renewables has issued 5,535,311,200 Domestic Shares or 5,031,220,992 H Shares as at the Latest Practicable Date.
- (3) It is calculated on the basis that Huaneng Renewables has issued 10,566,532,192 Shares as at the Latest Practicable Date.

(c) Interests discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date,

- (i) China Huaneng directly owned 5,258,545,640 Domestic Shares, representing approximately 49.77% of the total issued share capital of Huaneng Renewables and 95% of the total issued Domestic Shares of Huaneng Renewables. Huaneng Capital directly owned 276,765,560 Domestic Shares, representing approximately 2.62% of the total issued share capital of Huaneng Renewables and 5% of the total issued Domestic Shares of Huaneng Renewables. Huaneng No. 1 Fund through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect owned 33,268,000 H Shares, representing approximately 0.31% of the total issued share capital and approximately 0.66% of the total issued H Shares of Huaneng Renewables. Members

of CLSA Group hold a total of 904,000 H Shares, representing approximately 0.01% of the total issued share capital and approximately 0.02% of the total issued H Shares of Huaneng Renewables. Save for the abovementioned shareholding of Huaneng No. 1 Fund and the abovementioned shareholding of members of CLSA Group, neither China Huaneng nor parties acting in concert with it (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) owned or had control or direction over any interests in the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Huaneng Renewables;

- (ii) no directors of China Huaneng were interested in any shares in Huaneng Renewables or any convertible securities, warrants, options or derivatives in respect of the shares in Huaneng Renewables;
- (iii) no one who owned or controlled shares, convertible securities, warrants, options or derivatives in respect of the shares of Huaneng Renewables had irrevocably committed to vote in favour of or against the resolutions at the H Share Class Meeting and/or at the Extraordinary General Meeting, or to accept or reject the H Share Offer. Huaneng No. 1 Fund intends to accept the H Share Offer in respect of the 33,268,000 H Shares it owns and has not entered into any irrevocable undertaking;
- (iv) save for the H Share Offer, no person had any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with China Huaneng or Huaneng Renewables or any of their concert parties during the period commencing from the date of the Rule 3.7 Announcement and ending on the Latest Practicable Date;
- (v) neither China Huaneng nor any parties acting in concert with it (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22) in Huaneng Renewables; and
- (vi) Save for (i) a total of 33,268,000 H Shares purchased by Huaneng No. 1 Fund through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect with the highest price being HK\$2.01 per H Share and the average price being HK\$1.9668 per H Share and (ii) certain dealings by members of CLSA Group consisting of 1,784,000 H Shares purchased and 880,000 H Shares sold during the period from 13 March 2019 to 9 September 2019 (such dealings do not result in an obligation to set a minimum level of offer price) and (iii) certain dealings in the H Shares on behalf of non-discretionary investment clients of members of CLSA Group, none of China Huaneng, the directors of China Huaneng or any parties acting in concert with any of them (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) had dealt for value in any shares of Huaneng Renewables, or any convertible securities,

warrants, options or derivatives in respect of the shares of Huaneng Renewables during the Disclosure Period. The details of the said dealings of Huaneng No. 1 Fund and members of CLSA Group are set out in the table below:

Huaneng No. 1 Fund

Transaction Date	H Shares purchased	Highest Price per H Share (HK\$)	Lowest Price per H Share (HK\$)	Average Price per H Share (HK\$)	Total Transaction Amount (HK\$)
20 May 2019	2,500,000	1.95	1.91	1.9300	4,825,000
21 May 2019	4,016,000	1.99	1.91	1.9804	7,953,440
22 May 2019	3,000,000	1.98	1.98	1.9800	5,940,000
23 May 2019	3,912,000	1.98	1.95	1.9751	7,726,640
24 May 2019	4,184,000	1.99	1.96	1.9815	8,290,400
27 May 2019	3,000,000	1.99	1.99	1.9900	5,970,000
25 July 2019	4,000,000	2.00	2.00	2.0000	8,000,000
26 July 2019	8,656,000	2.01	2.00	2.0092	17,392,000
Total	33,268,000	2.01	1.91	1.9868	66,097,480

CLSA Group members

Trade Date	Type of transaction (Buy (B)/ Sell (S))	Number of H Shares	Price per H Share (HK\$)	Total Transaction Amount (HK\$)
13 March 2019	B	546,000	2.51	1,370,460
13 March 2019	B	124,000	2.5431	315,344
15 March 2019	S	670,000	2.452	1,642,840
30 May 2019	B	284,000	2.08	590,720
31 May 2019	B	180,000	2.12	381,600
2 July 2019	B	90,000	2.24	201,600
4 July 2019	B	162,000	2.22	359,640
11 July 2019	B	14,000	2.2	30,800
23 July 2019	B	192,000	2.05	393,600
24 July 2019	B	192,000	2.02	387,840
9 September 2019	S	210,000	2.68	562,800

(d) Interests discloseable under Schedule II to the Takeovers Code

Save as disclosed above, as at the Latest Practicable Date:

- (i) Huaneng Renewables was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in China Huaneng and Huaneng Renewables had not dealt for value in the shares or relevant securities of China Huaneng during the Disclosure Period;
- (ii) none of the directors of Huaneng Renewables was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables or China Huaneng, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables or China Huaneng during the Disclosure Period;
- (iii) none of the subsidiaries of Huaneng Renewables, the pension fund of Huaneng Renewables or of its subsidiaries, or a person who is presumed to be acting in concert with Huaneng Renewables by virtue of class (5) of the definition of “acting in concert” or who is an associate of Huaneng Renewables by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables during the Disclosure Period;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Huaneng Renewables or with any person who is presumed to be acting in concert with Huaneng Renewables by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of Huaneng Renewables by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and none of such persons had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables during the Disclosure Period;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables were managed on a discretionary basis by fund managers connected with Huaneng Renewables, and none of them had dealt in any relevant securities in Huaneng Renewables during the Disclosure Period;
- (vi) none of the directors of Huaneng Renewables held any beneficial shareholdings in Huaneng Renewables which would otherwise entitle them to accept or reject the H Share Offer; and
- (vii) none of Huaneng Renewables or the directors of Huaneng Renewables had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Huaneng Renewables.

(e) Other interests

As at the Latest Practicable Date,

- (i) save for the H Share Offer, there was no agreement, arrangement or understanding between China Huaneng and any other person in relation to the transfer, charge or pledge of the Huaneng Renewables Shares to be purchased by China Huaneng or any of its wholly-owned subsidiaries upon completion of the H Share Offer;
- (ii) China Huaneng had no intention to transfer, charge or pledge any securities in Huaneng Renewables pursuant to the H Share Offer to any other person, or has no agreement, arrangement or understanding with any third party to do so;
- (iii) no benefit had been or would be given to any director of Huaneng Renewables as compensation for loss of office or otherwise in connection with the H Share Offer;
- (iv) save for the H Share Offer, no agreement, arrangement or understanding (including any compensation arrangement) existed between China Huaneng or any person acting in concert with it and any of the directors, recent directors, Shareholders or recent Shareholders having any connection with or dependence upon the H Share Offer; there was no agreement or arrangement between any director of Huaneng Renewables and any other person which is conditional on or dependent upon the outcome of the H Share Offer or otherwise connected with the H Share Offer;
- (v) there is no material contract entered into by China Huaneng in which any director of Huaneng Renewables has a material personal interest;
- (vi) there is no agreement or arrangement to which China Huaneng is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or, a condition to the H Share Offer and the consequence of its doing so;
- (vii) neither China Huaneng nor parties acting in concert with it had received any irrevocable voting commitment in respect of the Extraordinary General Meeting and/or the H Share Class Meeting and/or any irrevocable commitment to tender into the H Share Offer from any Independent H Shareholder;
- (viii) neither China Huaneng nor parties acting in concert with it has entered into any outstanding derivative in respect of securities in Huaneng Renewables;
- (ix) save for the consideration in respect of acceptance of the H Share Offer, there is no other consideration, compensation or benefits in whatever form provided (or to be provided) by China Huaneng or parties acting in concert with it to the Independent H Shareholders and parties acting in concert with them; and
- (x) there is no understanding, arrangement or agreement which constitutes a special deal between:

- China Huaneng or parties acting in concert with it on one hand and the Independent H Shareholders and parties acting concert with them on the other hand; and
- any Shareholder on one hand and Huaneng Renewables, its subsidiaries or associated companies on the other hand.

5. SERVICE CONTRACTS OF DIRECTORS

Mr. Qi Hesheng, Ms. Zhang Lizi, Mr. Woo Kar Tung, Raymond and Mr. Zhu Xiao, all being the independent non-executive director of Huaneng Renewables, had respectively entered into a service agreement with Huaneng Renewables within six months before the commencement of the Offer Period as at the Latest Practicable Date.

Each of the aforementioned independent non-executive directors entered into a service contract with Huaneng Renewables for a term of three years from 28 June 2019 to 27 June 2022, which is subject to re-election and re-appointment upon expiry of the term and may be terminated by each party thereto by giving to the other party not less than three month's prior notice in writing. The fixed remuneration payable under each of the service contract is RMB120,000 (after tax) per annum payable by 12 monthly instalments (or a pro rata amount for an incomplete month). There is no variable remuneration payable under each of the service contract.

As at the Latest Practicable Date, save as disclosed above, none of the directors of Huaneng Renewables had entered into any service agreement or letter of appointment with Huaneng Renewables or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six (6) months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of twelve (12) months or more; (iii) was a fixed term contract with more than twelve (12) months to run irrespective of the notice period; or (iv) was not determinable by Huaneng Renewables within one year without payment of compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

Within the two (2) years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, neither Huaneng Renewables nor any of its subsidiaries has entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by Huaneng Renewables or any of its subsidiaries.

7. LITIGATION

As at the Latest Practicable Date, neither Huaneng Renewables nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is pending or threatened by or against Huaneng Renewables or any of its subsidiaries.

8. PROFESSIONAL ADVISERS AND CONSENTS

The following are the name and qualification of the experts who has given opinion or advice which are contained in this Composite Document:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountant
Gram Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Deloitte and Gram Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its opinions, and the references to its name and opinions in the form and context in which they are included.

CLSA Capital Markets and CLSA Limited have jointly given and have not withdrawn their written consent to the issue of this Composite Document with the references to their respective names in the form and context in which they respectively appears.

9. MISCELLANEOUS

- (1) The principal members of the concert group of China Huaneng are China Huaneng, Huaneng Capital and Huaneng No. 1 Fund.
- (2) China Huaneng is a wholly state-owned company incorporated on 31 March 1989, under the PRC laws with approval of the State Council. The registered office of China Huaneng is at No. 23A, Fuxing Road, Haidian District, Beijing, the PRC.
- (3) The directors of China Huaneng are Mr. SHU Yinbiao, Mr. DENG Jianling, Mr. ZHANG Fusheng, Mr. ZHU Yuanchao, Mr. YANG Qing and Mr. SHEN Diancheng.
- (4) Huaneng Capital is a limited liability company incorporated in the PRC. The registered office of Huaneng Capital is Room 401-09, Building No.1, No. 18 Lize Road, Fengtai District, Beijing, the PRC.
- (5) The directors of Huaneng Capital are DING Yi, LI Jin, DONG Changqing, HE Haibin, LI Xiang, LIU Xinchang, TENG Yu, DAI Xinmin and CUI Boshan.
- (6) Huaneng No. 1 Fund is a private equity investment fund. The registered office of Huaneng No. 1 Fund is the Binhai New District Free Trade Zone (Dongjiang Free Trade Port Zone), Binhai New District, Tianjin, the PRC.
- (7) The sole director of Tianjin Chinese Investment Management Company Limited* (天津華人投資管理有限公司), the fund manager of Huaneng No. 1 Fund, is Li Ming.

- (8) As at the Latest Practicable Date, China Huaneng is directly owned as to 90% by SASAC and as to 10% by National Council for Social Security Fund.
- (9) The registered office of CLSA Capital Markets and CLSA Limited is situated at 18/F, One Pacific Place, 88 Queensway, Hong Kong.
- (10) The registered office and head office in the PRC of Huaneng Renewables is at 10-11th Floor, No. 23A Fuxing Road, Haidian District, Beijing, the PRC and the principal place of business in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (11) The Registrar is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (12) The registered office of Gram Capital is at Suite 1209, 12/F, Nan Fung Tower, 173 Des Voeux Road, Central, Hong Kong.
- (13) The English text of this Composite Document, the Form of Acceptance, the forms of proxy and reply slips shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (1) on the website of Huaneng Renewables at www.hnr.com.cn; (2) on the website of the SFC at www.sfc.hk; and (3) at the principal place of business of Huaneng Renewables in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) from the date of the Composite Document onwards for so long as the H Share Offer remains open for acceptance:

- (1) the Articles of China Huaneng;
- (2) the Articles of Huaneng Renewables;
- (3) the annual reports for each of the two (2) years ended 31 December 2017 and the 2018 and the interim report for the six (6) months ended 30 June 2019 of Huaneng Renewables;
- (4) the letter from CLSA Limited, the text of which is set out from pages 11 to 20 of this Composite Document;
- (5) the letter from the Huaneng Renewables Board, the text of which is set out from pages 21 to 30 of this Composite Document;
- (6) the letter from the Independent Board Committee, the text of which is set out from pages 31 to 32 of this Composite Document;

- (7) the letter from Gram Capital, the text of which is set out from pages 33 to 56 of this Composite Document;
- (8) the report from Deloitte on the Profit Estimate, the text of which is set out from pages III-1 to III-3 of this Composite Document;
- (9) the report from Gram Capital on the Profit Estimate, the text of which is set out from pages IV-1 to IV-2 of this Composite Document;
- (10) the service contracts referred to in the section headed “5. Service Contracts of Directors” in this Appendix V;
- (11) the written consent referred to in the section headed “8. Consent and Qualifications” of this Appendix V; and
- (12) this Composite Document.

**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)

NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the 2020 First Extraordinary General Meeting (the “EGM”) of Huaneng Renewables Corporation Limited (the “Company”) will be held at the head office of the Company at No. 23A Fuxing Road, Haidian District, Beijing, the People's Republic of China (the “PRC”) at 9:30 a.m. on Monday, 6 January 2020 for the purpose of considering and, if thought fit, passing the following resolution by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy at the EGM, and with the number of votes cast by poll against the resolution at the EGM by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders.

Capitalised terms defined in the composite document dated 21 November 2019 jointly issued by the Company and China Huaneng shall have the same meanings when used herein unless otherwise specified.

SPECIAL RESOLUTION:

THAT subject to the passing of this same resolution by the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the H Share Class Meeting and with the number of votes cast by poll against the resolution by the Independent H Shareholders at the H Share Class Meeting amounting to not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders:

- (a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as China Huaneng may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and
- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
 - (i) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;

* For identification purpose only

- (ii) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to Shareholders and other documentation regarding the Delisting and making appropriate disclosure;
- (iii) signing and submitting any report or document to any government regulatory authorities;
- (iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
- (v) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

By order of the Board
Huaneng Renewables Corporation Limited
LIN Gang
Chairman of the Board

Beijing, the PRC, 21 November 2019

As at the date of this notice, the Company's Executive Directors are Mr. LIN Gang, Mr. CAO Shiguang and Mr. WEN Minggang; Non-executive Directors are Mr. WANG Kui, Mr. DAI Xinmin and Mr. ZHAI Ji; and Independent Non-executive Directors are Mr. QI Hesheng, Ms. ZHANG Lizi, Mr. WOO Kar Tung, Raymond and Mr. ZHU Xiao.

Notes:

1. In order to determine the shareholders of H shares who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 6 December 2019 to Monday, 6 January 2020, both days inclusive, during which period no transfer of the Company's shares will be registered. To be eligible to attend and vote at the EGM, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 5 December 2019. Shareholders whose names are recorded in the register of members of the Company on Friday, 6 December 2019 are entitled to attend the EGM.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the EGM on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong within 24 hours prior to the holding of the EGM. If such instrument is signed by another person under a power of attorney or

other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.

5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board of directors or other governing bodies may attend the EGM on behalf of the appointer.
6. The Company has the right to request a proxy who attends the EGM on behalf of a shareholder to provide proof of identity.
7. Shareholders intending to attend the EGM must return the reply slip to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H shares of the Company), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by hand, by post or by fax on or before Monday, 16 December 2019.

**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)

NOTICE OF 2020 FIRST H SHARE CLASS MEETING

Notice is hereby given that the 2020 First H Share Class Meeting of Huaneng Renewables Corporation Limited (the “**Company**”) will be held at the head office of the Company at No. 23A Fuxing Road, Haidian District, Beijing, the People’s Republic of China (the “**PRC**”) at 10:00 a.m. on Monday, 6 January 2020 for the purpose of considering and, if thought fit, passing the following resolution by at least 75% of the votes attaching to the H Shares of the Company held by the Independent H Shareholders of the Company that are cast by poll either in person or by proxy at the H Share Class Meeting, and with the number of votes cast by poll against the resolution at the H Share Class Meeting by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the H Shares of the Company held by the Independent H Shareholders of the Company.

Capitalised terms defined in the composite document dated 21 November 2019 jointly issued by the Company and China Huaneng shall have the same meanings when used herein unless otherwise specified.

SPECIAL RESOLUTION:

THAT subject to the passing of this same resolution by the Independent H Shareholders at the Extraordinary General Meeting, as approved by way of poll by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy at the Extraordinary General Meeting and with the number of votes cast by poll against the resolution at the EGM by the Independent H Shareholders amounting to not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders:

- (a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as China Huaneng may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and
- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
 - (i) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;

* For identification purpose only

- (ii) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to shareholders and other documentation regarding the Delisting and making appropriate disclosure;
- (iii) signing and submitting any report or document to any government regulatory authorities;
- (iv) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
- (v) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

By order of the Board
Huaneng Renewables Corporation Limited
LIN Gang
Chairman of the Board

Beijing, the PRC, 21 November 2019

As at the date of this notice, the Company's Executive Directors are Mr. LIN Gang, Mr. CAO Shiguang and Mr. WEN Minggang; Non-executive Directors are Mr. WANG Kui, Mr. DAI Xinmin and Mr. ZHAI Ji; and Independent Non-executive Directors are Mr. QI Hesheng, Ms. ZHANG Lizi, Mr. WOO Kar Tung, Raymond and Mr. ZHU Xiao.

Notes:

1. In order to determine the shareholders of H shares who will be entitled to attend and vote at the H Share Class Meeting, the register of members of the Company will be closed from Friday, 6 December 2019 to Monday, 6 January 2020, both days inclusive, during which period no transfer of the Company's shares will be registered. To be eligible to attend and vote at the H Share Class Meeting, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 5 December 2019. Shareholders whose names are recorded in the register of members of the Company on Friday, 6 December 2019 are entitled to attend the H Share Class Meeting.
2. A shareholder entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the H Share Class Meeting on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong within 24 hours prior to the holding of the H Share Class Meeting. If such instrument is signed by another person under a power

of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.

5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board of directors or other governing bodies may attend the H Share Class Meeting on behalf of the appointer.
6. The Company has the right to request a proxy who attends the H Share Class Meeting on behalf of a shareholder to provide proof of identity.
7. Shareholders intending to attend the H Share Class Meeting must return the reply slip to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H shares of the Company), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by hand, by post or by fax on or before Monday, 16 December 2019.