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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)

JOINT CLARIFICATION ANNOUNCEMENT

EXCLUSIVE FINANCIAL ADVISER TO CHINA HUANENG



A CITIC Securities
Company

Reference is made to (i) the announcement issued by Huaneng Renewables Corporation Limited* (“**Huaneng Renewables**”) dated 2 September 2019 in relation to the possible conditional voluntary cash general offer; (ii) the announcement jointly issued by China Huaneng Group Co., Ltd.* (“**China Huaneng**”) and Huaneng Renewables dated 3 October 2019 in relation to the voluntary conditional offer by CLSA Limited on behalf of China Huaneng to acquire all of the issued H Shares in Huaneng Renewables (the “**H Share Offer**”) and the proposed voluntary withdrawal of listing of the H Shares of Huaneng Renewables (the “**Delisting**”); and (iii) the composite document dated 21 November 2019 (the “**Composite Document**”) jointly issued by China Huaneng and Huaneng Renewables in relation to the H Share Offer and the Delisting.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

* *For identification purpose only*

CLARIFICATION INFORMATION ON THE COMPOSITE DOCUMENT

It has recently come to the attention of China Huaneng that there are some H Shares held by a concert party of China Huaneng which China Huaneng has inadvertently omitted to make disclosure thereof. As at the date of this announcement, WLR China Energy Infrastructure Fund L.P. (“**CEIF**”) holds 4,656,000 H Shares, representing approximately 0.09% of the total issued H Shares and approximately 0.04% of the total issued share capital of Huaneng Renewables.

CEIF is an investment fund established in the Cayman Islands as an exempted limited partnership and its primary objective is to generate capital appreciation and yield through equity-related investments in energy infrastructure and related businesses such as clean and renewable energy, clean energy technology, energy distribution and services. WLR China Energy Associates, Ltd., a Cayman Islands exempted company (“**CEIF General Partner**”), is the general partner of CEIF and is responsible for the management of the operations of CEIF. CEIF General Partner is wholly owned by HIW Private Equity Investment Management Limited (“**JV Company**”), which is owned as to 50% by Huaneng Capital, a subsidiary of China Huaneng, and 50% by a joint venture partner. The investments and interests of CEIF are held for limited partners investing in CEIF on a pro-rata basis according to their partnership interests.

Huaneng Capital has nominated one out of four members of the Investment Committee of CEIF, which makes all investment decisions for CEIF subject to unanimous approval. CEIF is a party acting in concert with China Huaneng.

H Shares owned by CEIF will be subject to the H Share Offer, but will not be voted in the Extraordinary General Meeting and the H Share Class Meeting. Save for the shareholding of Huaneng No. 1 Fund, CEIF and 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, the 4,656,000 H Shares held by CEIF 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) as set out in the “Conditions of the H Share Offer” in the “Letter from CLSA Limited” in the Composite Document.

The references to the shareholding structure of Huaneng Renewables in the Composite Document should be clarified as per the table below, which sets out the shareholding structure of Huaneng Renewables as at the date of this announcement 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 date of this announcement		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 <i>(Note i)</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 <i>(Note ii)</i>	33,268,000	0.31%	0	0%
CLSA Group <i>(Note iii)</i>	904,000	0.01%	0	0%
CEIF <i>(Note iv)</i>	4,656,000	0.04%	0	0%
China Huaneng	0	0%	5,031,220,992	47.61%
Total H shares held by China Huaneng and its concert party	38,828,000	0.37%	5,031,220,992	47.61%
Independent H Shareholders	4,992,392,992	47.25%	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 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.
- (iv) Huaneng Capital holds 50% of JV Company, which in turn wholly owns CEIF General Partner, the general partner of CEIF, and CEIF is a concert party of China Huaneng.

As at the date of this announcement:

1. 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. CEIF owns 4,656,000 H Shares, representing approximately 0.04% of the total issued share capital and approximately 0.09% 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 China Huaneng, Huaneng Capital, Huaneng No. 1 Fund, CEIF and 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.
2. 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 while CEIF intends to accept the H Share Offer in respect of the 4,656,000 H Shares it owns. Both Huaneng No. 1 Fund and CEIF have not entered into any irrevocable undertaking.
3. 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 on pages 19 to 20 and V-5 to V-6 of the Composite Document.

The principal members of the concert group of China Huaneng are China Huaneng, Huaneng Capital, Huaneng No. 1 Fund and CEIF. The registered office of CEIF General Partner, the general partner of CEIF, is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The directors of CEIF General Partner are Nadim Zulfiqar Ali Qureshi and Stephen James Toy.

Save as stated above, all information set out in the Composite Document remains unchanged.

The board of directors of Huaneng Renewables has been informed by Gram Capital, the Independent Financial Adviser, that they have reviewed and considered the clarification information on the Composite Document and confirmed that their opinion and recommendation in respect of the H Share Offer and the Delisting contained in the “Letter from Gram Capital” in the Composite Document remain unchanged.

WARNING: The Independent H Shareholders should read the Composite Document (together with the Form of Acceptance) carefully, including the recommendation of the Independent Board Committee and the advice from Gram Capital, before deciding whether or not to accept the H Share Offer.

The H Share Offer is conditional upon the satisfaction of the Conditions as described in the Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of the 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.

On behalf of the board of
China Huaneng Group Co., Ltd.*
SHU Yinbiao
Chairman

On behalf of the board of
Huaneng Renewables Corporation Limited*
LIN Gang
Chairman

Beijing, the PRC, 26 December 2019

As at the date of this joint announcement, the China Huaneng Board comprises: Mr. SHU Yinbiao, Mr. DENG Jianling, Mr. ZHANG Fusheng, Mr. ZHU Yuanchao, Mr. YANG Qing and Mr. SHEN Diancheng.

The directors of China Huaneng jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Huaneng Renewables) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that 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 joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date hereof, the Huaneng Renewables Board comprises: Mr. LIN Gang, Mr. CAO Shiguang and Mr. WEN Minggang as executive directors, Mr. WANG Kui, Mr. DAI Xinmin and Mr. ZHAI Ji as non-executive directors, and Mr. QI Hesheng, Ms. ZHANG Lizi, Mr. WOO Kar Tung, Raymond and Mr. ZHU Xiao as independent non-executive directors.

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

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