



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:

10-11 th 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*

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 incash

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.

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

- (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).

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.

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.

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

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” 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.

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.

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.

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*

A handwritten signature in black ink, consisting of several fluid, connected strokes, positioned above a horizontal line.

LIN Gang
Executive Director and Chairman