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

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

ANNOUNCEMENT

CONNECTED TRANSACTION ENTERING INTO HIWLR-TAIKANG RENEWABLES DEVELOPMENT FUND COOPERATION FRAMEWORK AGREEMENT AND TIANJIN HIWLR-TAIKANG RENEWABLES EQUITY INVESTMENT FUND CENTRE (LIMITED PARTNERSHIP) LIMITED PARTNERSHIP AGREEMENT

ENTERING INTO HIWLR-TAIKANG RENEWABLES DEVELOPMENT FUND COOPERATION FRAMEWORK AGREEMENT AND TIANJIN HIWLR-TAIKANG RENEWABLES EQUITY INVESTMENT FUND CENTRE (LIMITED PARTNERSHIP) LIMITED PARTNERSHIP AGREEMENT

On 20 March 2017, the Company, HIWLR and Taikang Assets entered into the HIWLR-Taikang Renewables Development Fund Cooperation Framework Agreement to jointly establish HIWLR-Taikang Renewables Development Fund and raise RMB5 billion.

On the same day, the Company, Tianjin Huaxu, Taikang Life Insurance and Tianjin HIWLR Ruichi also entered into the Tianjin HIWLR-Taikang Renewables Equity Investment Fund Centre (Limited Partnership) Limited Partnership Agreement to raise the first tranche of HIWLR-Taikang Renewables Development Fund amounting to RMB2.006 billion and agree on the management of the first tranche of HIWLR-Taikang Renewables Development Fund.

As at the date of this announcement, Huaneng Group holds an approximately 56.90% equity interest in the Company, including an approximately 54.06% direct equity interest held by Huaneng Group and an approximately 2.85% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group.

* *For identification purpose only*

Huaneng Capital holds 50% equity interest in HIWLR, and Tianjin Huaxu is a wholly-owned subsidiary of HIWLR. As such, HIWLR and Tianjin Huaxu are connected persons of the Company and the transaction contemplated under the Cooperation Framework Agreement and Limited Partnership Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) exceeds 0.1% but all are less than 5%, the Cooperation Framework Agreement and Limited Partnership Agreement are only subject to the reporting and announcement requirements set out in Chapter 14A of the Hong Kong Listing Rules but are exempt from the independent shareholders' approval requirements.

I. BACKGROUND

On 20 March 2017, the Company, HIWLR and Taikang Assets entered into the HIWLR-Taikang Renewables Development Fund Cooperation Framework Agreement to jointly establish HIWLR-Taikang Renewables Development Fund and raise RMB5 billion.

On the same day, the Company, Tianjin Huaxu, Taikang Life Insurance and Tianjin HIWLR Ruichi also entered into the Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) Limited Partnership Agreement to raise the first tranche of HIWLR-Taikang Renewables Development Fund amounting to RMB2.006 billion and agree on the management of the first tranche of HIWLR-Taikang Renewables Development Fund.

II. THE HIWLR-TAIKANG RENEWABLES DEVELOPMENT FUND COOPERATION FRAMEWORK AGREEMENT

Date: 20 March 2017

Parties: The Company
HIWLR
Taikang Assets

Name of the Fund: The Fund is named as HIWLR-Taikang Renewables Development Fund. It is proposed that Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) (subject to the name finally registered in the business license) will be the operating entity of the first tranche of the Fund.

Total Capital: It is estimated that the Fund will raise RMB5 billion, among which the Company will subscribe for not more than RMB1 billion, and the remaining will be further agreed by the parties. The first tranche of the Fund will be RMB2.006 billion.

Cooperation Model: The first tranche of the Fund will be managed as agreed in the Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) Limited Partnership Agreement, and the management of the remaining will be further agreed by the parties.

Investment Area : The Fund will invest in renewables projects including wind power, solar power and power storage, micro grid, power distribution and sale, by constructing new projects or acquiring existing projects.

Post-investment Management: For the projects that are invested by the Fund, the Fund will engage the Company to provide operation and maintenance services on the same conditions and based on the principle of profit maximum. The Company will enter into entrusted management agreements with the project companies. The Company will implement consistent internal management and assessment standards among project companies. The entrusted management agreements and fees are to be agreed separately.

Pre-emptive Right: When the Fund exits the project that it invests, the Company has pre-emptive right. For the projects that the Company proposes to acquire, Taikang Assets has the right to participate in the acquisition according to percentage ratio of 49%:51%. The detailed acquisition arrangements are to be agreed separately by the relevant agreements among the Company, Taikang Assets and the Fund. If the Company or Taikang Assets desires to acquire similar assets, in the same region and on the same conditions, it shall acquire the projects invested by the Fund.

Avoidance of Conflict of Interest:

The parties agree that the Fund, the Company and Taikang Assets will make investments according to their respective investment decision making process and based on the principle of profit maximum. For the projects that are independently developed by the Company or Taikang Assets, the Company or Taikang Assets shall invest. For other projects (including cooperation, acquisition and minor investment), if it is more profitable for the Fund to invest, the Fund shall invest. During the decision making period of the Fund, the Company and Taikang Assets has the right to co-invest.

The terms of the Cooperation Framework Agreement were arrived after arm’s length negotiation among the parties.

III. TIANJIN HIWLR-TAIKANG EQUITY INVESTMENT FUND CENTRE (LIMITED PARTNERSHIP) LIMITED PARTNERSHIP AGREEMENT

Date: 20 March 2017

Parties: Tianjin Huaxu as General Partner
The Company as Limited Partner
Taikang Life Insurance as Limited Partner
Tianjin HIWLR Ruichi as Special Limited Partner

Name of the Partnership: The Partnership is proposed to be named as Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) (subject to the name finally registered in the business license).

Place of Registration: The Partnership is proposed to be registered at (1-4-110, #6 Building, Haifeng Logistic Park), 601 Luoyang Avenue, Tianjin Free Trade Trial Zone (Dongjiang Tax Free Port Area) (subject to the address finally registered in the business license).

Capital Contribution:	The Partnership will be the operating entity of the first tranche of the Fund. The total capital contribution of the first tranche of the Fund is RMB2.006 billion, among which Tianjin Huaxu will subscribe for RMB5 million, the Company will subscribe for RMB400 million, Taikang Life Insurance will subscribe for RMB1.6 billion, and Tianjin HIWLR Ruichi will subscribe for RMB1 million. The capital commitment to the first tranche of the Fund was determined after arm's length negotiation between the parties with reference to the anticipated capital requirement of the first tranche of the Fund. The Company will make capital contribution with internal resources of the Group.
Registration:	After the first phase of capital raising is completed, the General Partner will register the Partnership pursuant to the rules of Asset Management Association of China.
Partner's Liability for the Debts of the Partnership:	The General Partner will assume unlimited liabilities for the debts of the Partnership, and limited partners will be liable for the Partnership to the extent of the capital they subscribe for.
Investment Goal of the Partnership:	The Partnership will mainly invest in companies or projects in renewables and related industries, which are registered in China and those registered outside China, but whose main business and asset are within China.
Methods of Capital Contribution:	All the partners shall contribute capital in RMB cash. All the partners shall contribute capital by instalment pursuant to capital contribution notices as issued by the General Partner from to time. Each phase of the capital shall be paid by each partner according to respective percentage ratio.
Duration of the Partnership:	The duration of the Partnership is 12 years from the date of first completion, and can be extended by agreements among the parties.
Implementation of the Partnership Affairs:	The General Partner serving as the executive partner will implement partnership affairs. HIWLR, an affiliated company of the General Partner will provide the Partnership with daily operations and investment management service as the manager.

Decision-making of the Investment:

The General Partner or the manager will establish an Investment Decision-making Committee and make professional decisions on the approval, investment and exit of projects. The General Partner or the manager will establish an Expert Committee. The Investment Decision-making Committee shall seek professional advice from the Expert Committee prior to making investment decisions. The ultimate decision-making power belongs to the Investment Decision-making Committee.

Pre-emptive right:

If the Partnership exits investment project by selling equity or assets of a portfolio company, the Limited Partners are entitled the pre-emptive right under the same conditions; during the public bidding procedure for purchasing equity or assets of a portfolio company, each Limited Partner has discretion as to whether exercise pre-emptive right by taking into account of the offers of the other bidders other than the Limited Partners. Among the Limited Partners, the Company has pre-emptive right on the same conditions, and Taikang Life Insurance has right but not obliged to acquire together with the Company. Taikang Life Insurance's proportion of acquisition shall not be higher than 49% of the target equity.

Management fees:

The Partnership shall pay an annual management fee to the manager that equals to 1.33% of the total capital contribution that the Limited Partners (except for special limited partners) actually contributed.

Distributions:

Among all the partners that engaged in the project, this project's distributable cash of the partnership shall be allocated according to everyone's proportion (the capital it actually contributed in this project divided by the total investment expense of the project). Then the amount calculated in proportion to the General Partner is allocated to the General Partner, the amount calculated in proportion to the special limited partner is allocated to the special limited partner. As for the amount in proportion to the Limited Partners, the distribution process is the following:

- (1) First, distribution of partnership fee (exclusive of investment expense) and investment expense: shall be paid to the Limited Partners, until the amount received in total reaches the plus of the following two fees:

- ① The amount that the Limited Partner has paid in the actual fees of the Partnership (except those have been calculated in investment expense) multiplies the proportion of the Limited Partner's cost of the realized projects in its total cost of projects.
 - ② The investment expense the Limited Partner has afforded in all the projects where it engaged and have been realized ;
- (2) Next, priority return: If there is any balance, it shall be allocated to the Limited Partners until the amount of the above paragraph (1) is reached. After actually contributed their subscribed capital, the Limited Partners have 8% annual internal rate of return to achieve a priority return, until they recover the contributed capital;
 - (3) Then, supplement of revenue allocation: the revenue shall be allocated to the General Partner and the special limited partner, making the amount they acquire in this paragraph reaches the amount calculated by this formula: the amount calculated in paragraph (2)/80%*10%;
 - (4) Lastly, allocate the profit with twenty against eighty: 20% of the distributable cash shall be allocated to the General Partner and special limited partner, and 80% shall be allocated to the Limited Partners.

Governing Law:

The Limited Partnership Agreement shall be governed by the laws of the PRC.

Dispute Resolution:

The parties shall submit disputes to the China International Economic and Trade Arbitration Commission (CIETAC). The disputes shall be settled in Beijing in accordance with effective arbitration rules of the CIETAC.

The terms of the Limited Partnership Agreement were arrived after arm's length negotiation among the parties.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO COOPERATION FRAMEWORK AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

The Fund will mainly invest in companies or projects in renewables and related industries, which are registered in China and those registered outside China, but whose main business and asset are within China. By entering into Cooperation Framework Agreement and Limited Partnership Agreement, the Company will expedite the reservation of wind power and solar power resources in the market. The Fund will serve as a business incubator. Moreover, the Company can effectively use the funds of other parties, reduce the Company's capital expenditure and save funds. In addition, with the pre-emptive right, the Company may purchase high-quality projects after construction completions, which reduces development risks.

V. HONG KONG LISTING RULES IMPLICATIONS IN RELATION TO COOPERATION FRAMEWORK AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

As at the date of this announcement, Huaneng Group holds an approximately 56.90% equity interest in the Company, including an approximately 54.06% direct equity interest held by Huaneng Group and an approximately 2.85% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group.

Huaneng Capital holds 50% equity interest in HIWLR, and Tianjin Huaxu is a wholly-owned subsidiary of HIWLR. As such, HIWLR and Tianjin Huaxu are connected persons of the Company and the transaction contemplated under the Cooperation Framework Agreement and Limited Partnership Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) exceeds 0.1% but all are less than 5%, the Cooperation Framework Agreement and Limited Partnership Agreement are only subject to the reporting and announcement requirements set out in Chapter 14A of the Hong Kong Listing Rules but are exempt from the independent shareholders' approval requirements.

The Board has considered and approved a resolution in connection with the Cooperation Framework Agreement and Limited Partnership Agreement. Mr. CAO Peixi, being a Director of the Company, is the President of Huaneng Group. Mr. ZHANG Tingke, being a Director of the Company, is the Vice President of Huaneng Group. Mr. WANG Kui, being a Director of the Company, is the chief of the Planning Department of Huaneng Group. Therefore, Mr. CAO Peixi, Mr. ZHANG Tingke and Mr. WANG Kui are deemed to have an interest in the Cooperation Framework Agreement and Limited Partnership Agreement, and had abstained from voting on the resolutions in respect of the Cooperation Framework Agreement and Limited Partnership Agreement.

The Board (including the independent non-executive Directors) considers that the Cooperation Framework Agreement and Limited Partnership Agreement, and the transactions as contemplated therein are entered into (i) on terms that are fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no independent non-executive Director has any material interest in the Cooperation Framework Agreement and Limited Partnership Agreement, and the transactions as contemplated therein.

VI. GENERAL INFORMATION OF THE PARTIES

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

Huaneng Group mainly engages in the development, investment, construction, operation and management of power sources, the production and sale of power (heat), the development, investment, construction, production and sale of businesses and products relating to energy, transportation, renewable energy and environmental protection. As at the date of this announcement, Huaneng Group holds a 56.90% equity interest in the Company, including a 54.06% direct equity interest held by Huaneng Group and a 2.85% equity interest held through Huaneng Capital.

Taikang Assets is a subsidiary of Taikang Insurance Group Co., Ltd., and is one of the largest institutional investors approved by the China Insurance Regulatory Commission to invest in domestic bond market, deposit market, fund and stock market. It is currently entrusted to manage more than RMB one trillion assets.

Taikang Life Insurance is a subsidiary of Taikang Insurance Group Co.,Ltd.. Approved by the China Insurance Regulatory Commission for its establishment, Taikang Life Insurance is the platform to integrate the insurance business of Taikang Insurance Group Co.,Ltd., including its subsidiaries and branch companies. As a member of Taikang Insurance Group, Taikang Life entrusts its assets to Taikang Assets for making equity investment.

HIWLR is a fund management company jointly established by Huaneng Capital and INVESCO Asset Management Limited, and mainly engages in fund management business. HIWLR is the manager of the first tranche of the Fund.

Tianjin Huaxu is a wholly-owned subsidiary of HIWLR, and is nominated by HIWLR to be the executive partner of the first tranche of the Fund.

Tianjin HIWLR Ruichi is a limited partnership established by middle-level and senior management of HIWLR, and is a remuneration incentive platform established by HIWLR.

VII. DEFINITIONS

“Board”	the board of Directors of the Company;
“Company”	Huaneng Renewables Corporation Limited (華能新能源股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“connected transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Cooperation Framework Agreement”	the HIWLR-Taikang Renewables Development Fund Cooperation Framework Agreement entered into on 20 March 2017;
“Directors”	the directors of the Company;
“Fund”	HIWLR-Taikang Renewables Development Fund;
“Partnership”	Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) (subject to the name finally registered in the business license), the operating entity of the first tranche of the Fund ;
“General Partner”	general partner of the Partnership;
“Group”	the Company and its subsidiaries from time to time;
“HIWLR”	Huaneng Invesco WLR (Beijing) Investment Fund Management Co., Ltd. (華能景順羅斯(北京)投資基金管理有限公司), a company established under the laws of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Huaneng Capital”	Huaneng Capital Services Corporation Ltd. (華能資本服務有限公司), a company established under the laws of the PRC and owned as to 100% by Huaneng Group;
“Huaneng Group”	China Huaneng Group (中國華能集團公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company;
“Limited Partner(s)”	limited partner(s) of the Partnership;
“Limited Partnership Agreement”	the Tianjin HIWLR-Taikang Equity Investment Fund Centre (Limited Partnership) Limited Partnership Agreement entered into on 20 March 2017;
“PRC” or “China”	the People’s Republic of China, except Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Taikang Assets”	Taikang Assets Management Co, Ltd. (泰康資產管理有限責任公司), a company established under the laws of the PRC;
“Taikang Life Insurance”	Taikang Life Insurance Co., Ltd. (泰康人壽保險有限責任公司), a company established under the laws of the PRC;
“Tianjin HIWLR Ruichi”	Tianjin HIWLR Ruichi Enterprise Management Consulting Partnership (Limited Partnership) (天津華景瑞馳企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC; and
“Tianjin Huaxu”	Tianjin Huaxu Renewables Technology Development Co., Ltd. (天津華旭新能源科技發展有限公司), a company established under the laws of the PRC.

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

Beijing, the PRC, 20 March 2017

As at the date of this announcement, the Company's non-executive directors are Mr. CAO Peixi, Mr. ZHANG Tingke and Mr. WANG Kui; executive directors are Mr. LIN Gang, Mr. XIAO Jun, Ms. YANG Qing and Mr. HE Yan; and independent non-executive directors are Mr. QIN Haiyan, Ms. DAI Huizhu, Mr. ZHOU Shaopeng and Mr. WAN Kam To.