
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should obtain independent professional advice.

If you have sold or transferred all your shares in Huaneng Power International, Inc., you should at once hand this circular and, where applicable, the form of proxy and reply slip to the purchaser or transferee or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

**PROPOSAL REGARDING THE GRANTING OF THE GENERAL MANDATE TO
ISSUE DOMESTIC AND/OR OVERSEAS DEBT FINANCING INSTRUMENTS;
PROPOSAL REGARDING THE GRANTING OF GENERAL MANDATE TO THE
BOARD OF DIRECTORS TO ISSUE DOMESTIC SHARES AND/OR OVERSEAS
LISTED FOREIGN SHARES;**

**PROPOSAL ON EXTENDING THE VALIDITY PERIODS OF THE RESOLUTION
ON THE NON-PUBLIC ISSUANCE OF A SHARES AND THE AUTHORISATION
DELEGATED TO THE BOARD OF DIRECTORS BY SHAREHOLDERS'
GENERAL MEETING;**

**PROPOSAL ON THE SHAREHOLDERS' RETURN PLAN IN THE NEXT THREE
YEARS (2018-2020) OF THE COMPANY;**

**PROPOSAL REGARDING THE AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF THE COMPANY;**

AND

NOTICE OF 2017 ANNUAL GENERAL MEETING

The Company will convene the AGM at 9:00 a.m. on 3 May 2018 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC. A notice convening the AGM is set out on pages 18 to 21 of this circular.

A reply slip and a form of proxy for use at the AGM are enclosed. If you intend to attend the AGM, you should complete and return the reply slip in accordance with the instructions printed thereon as soon as possible.

Whether or not you are able to attend the AGM, you should complete and return the form of proxy in accordance with the instructions printed thereon and return it to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 24 hours before the time appointed for holding such meeting (i.e. before 9:00 a.m. on 2 May 2018) or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

14 March 2018

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2017 Circular”	the circular published by the Company on 27 April 2017 regarding the Non-public Issuance of A Shares
“A Share(s)”, “Domestic Share(s)”	domestic tradable shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“ADSs”	American Depositary Shares, each representing the ownership of 40 H Shares, which are listed on the New York Stock Exchange Inc.
“AGM”, “General Meeting”	the 2017 annual general meeting of the Company to be held at 9:00 a.m. on 3 May 2018 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors of the Company
“Company”, “HPI”	Huaneng Power International, Inc., a sino-foreign joint stock limited company incorporated in the PRC and the H Shares, ADSs and A Shares of which are listed on the Hong Kong Stock Exchange, the New York Stock Exchange Inc. and the Shanghai Stock Exchange, respectively, and its subsidiaries (as the case may be)
“Company Law”	the Company Law of the PRC
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	9 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC”, “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Shareholder(s)”	the shareholders of the Company

LETTER FROM THE BOARD



華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

Directors:

Cao Peixi
Liu Guoyue
Huang Jian
Wang Yongxiang
Mi Dabin
Guo Hongbo
Cheng Heng
Lin Chong

Legal Address:

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Xicheng District
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PRC

Independent Non-executive Directors:

Yue Heng
Xu Mengzhou
Liu Jizhen
Xu Haifeng
Zhang Xianzhi

14 March 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSAL REGARDING THE GRANTING OF THE GENERAL MANDATE TO
ISSUE DOMESTIC AND/OR OVERSEAS DEBT FINANCING INSTRUMENTS;
PROPOSAL REGARDING THE GRANTING OF GENERAL MANDATE TO THE
BOARD OF DIRECTORS TO ISSUE DOMESTIC SHARES AND/OR OVERSEAS
LISTED FOREIGN SHARES;
PROPOSAL ON EXTENDING THE VALIDITY PERIODS OF THE RESOLUTION
ON THE NON-PUBLIC ISSUANCE OF A SHARES AND THE AUTHORISATION
DELEGATED TO THE BOARD OF DIRECTORS BY SHAREHOLDERS'
GENERAL MEETING;
PROPOSAL ON THE SHAREHOLDERS' RETURN PLAN IN THE NEXT THREE
YEARS (2018-2020) OF THE COMPANY;
PROPOSAL REGARDING THE AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF THE COMPANY;
AND
NOTICE OF 2017 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with relevant information to enable you to make an informed decision on whether to vote for or against the proposals relating to (among others) the proposal regarding the granting of the general mandate to issue domestic and/or overseas debt financing instruments, the proposal regarding the granting of general mandate to the Board of Directors to issue domestic shares and/or overseas listed foreign shares, the proposal on extending the validity periods of the resolution on the Non-public Issuance of A Shares and the authorization delegated to the Board of Directors by Shareholders' General Meeting, the proposal on the Shareholders' Return Plan in the next three years (2018-2020) of the Company and the proposal regarding the amendments to the Articles of Association of the Company to be proposed at the AGM.

2. PROPOSAL REGARDING THE GRANTING OF THE GENERAL MANDATE TO ISSUE DOMESTIC AND/OR OVERSEAS DEBT FINANCING INSTRUMENTS

The Board of Directors of the Company proposed that:

- i. the Company shall, subject to the approval of relevant regulatory authority and within 24 months from the date of obtaining approval at its general meeting, issue domestic and/or overseas debt financing instruments (in either one or multiple tranches on a rolling basis) with a principal amount of up to RMB34.3 billion or equivalent in or outside the People's Republic of China, such instruments including but not limited to corporate bonds and enterprise bonds in the domestic market, medium-term notes in the interbank bond market, offshore RMB-denominated bonds, overseas USD denominated bonds and bonds denominated in other foreign currencies in the overseas market (including domestic and overseas perpetual bonds, which include without limitation perpetual mid-term notes, renewable corporate bonds and renewable enterprise bonds in the domestic market, perpetual bonds in the overseas market or other perpetual bonds denominated in RMB or any other foreign currency that are permitted under applicable laws and regulations to be issued in or outside the People's Republic of China without a definite maturity date). (For the avoidance of doubt, reference to "debt financing instruments" in this proposal does not include short-term debentures, super short-term debentures and private placement notes issued in the domestic interbank bond market.)
- ii. an approval is proposed to be obtained at the general meeting for granting an unconditional general mandate to the Board or more than two Directors of the Company to, based on the Company's needs and market conditions and in accordance with relevant regulatory requirements, determine the terms and conditions for the issue of the relevant debt financing instruments and attend to other relevant matters (which include but are not limited to):
 - (1) determining the details regarding the issue of the relevant debt financing instruments, including but not limited to the type of the bond to be issued, the issuer, whether to issue in tranches, the currency, amount and term of each tranche, the term for and method of repayment of the principal and accrued interest, the method of issue, the method and terms of placement, the interest rate and ways to determine it, and the security arrangements. Issue of corporate bonds in the domestic market must also meet the following requirements: the bonds under such issue shall have a maturity of no more

LETTER FROM THE BOARD

than 20 years (except perpetual bonds) and could be bonds with a single maturity date or a portfolio of bonds with different maturity dates; the proceeds of the issue will be used to meet the Company's production and operation needs, adjust its debt structure, replenish its working capital and/or make project investments; subject to the provisions of applicable laws and regulatory requirements, the issue may be a public or non-public issue or a placement to the shareholders of the Company. Method of issue and placement details (including whether to place or not and the size of placement) shall be determined by the Board or more than two Directors of the Company according to market conditions and details of the issue.

- (2) representing the Company in engaging in all the negotiations, signing all the agreements and other necessary documents and making proper disclosures of information in connection with the issue of the relevant debt financing instruments;
 - (3) procuring approval of the issue of the relevant debt financing instruments with relevant regulatory authority and making proper adjustments to the detailed issue plan based on the comments and opinions, if any, of the regulatory authority; and
 - (4) taking all the necessary actions to decide on/attend to other particular matters relating to the issue of the relevant debt financing instruments.
- iii. The resolution adopted at the Company's general meeting in relation to the issue of the relevant debt financing instruments shall be valid for 24 months from the date of adoption of such resolution. If the Board or more than two Directors have determined the issue or partial issue of the relevant debt financing instruments within the validity term of the mandate and the Company has procured the approval, permit, filing or registration, as applicable, for the issue with relevant regulatory authority, the Company may complete the issue or partial issue of the relevant debt financing instruments within the term of validity of such approval, permit, filing or registration.

The above proposal shall be submitted to the AGM as a special resolution for consideration and approval by the Shareholders.

3. PROPOSAL REGARDING THE GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE DOMESTIC SHARES AND/OR OVERSEAS LISTED FOREIGN SHARES

The Company seeks to obtain approval from its Shareholders to approve the proposal regarding the granting of general mandate to the Board of Directors to issue domestic shares and/or overseas listed foreign shares.

Scope of the authorisation is set out below:

- (1) Subject to paragraphs (3) and (4) and pursuant to the Company Law and the relevant regulations of the places where the shares of Huaneng Power International are listed (as amended from time to time), the Board (or the directors authorised by the Board) be and is

LETTER FROM THE BOARD

hereby granted an unconditional general mandate to exercise all the powers of Huaneng Power International within the Relevant Period (as defined below) to separately or concurrently allot, issue and deal with domestic shares and/or overseas listed foreign shares (including securities convertible into shares, option to subscribe for any shares or such convertible securities), and to determine the terms and conditions for allotting, issuing and dealing with such new shares including but not limited to the following terms:

- (a) class and number of new shares to be issued;
 - (b) pricing mechanism and/or issue price of the new shares to be issued (including price range);
 - (c) the starting and closing dates of such issue;
 - (d) the class and number of the new shares to be issued to existing shareholders; and/or
 - (e) the making or granting of proposals, agreements and options for the purpose of exercising the authority mentioned above.
- (2) The approval in paragraph (1) shall authorise the Board (or the directors authorised by the Board) of Huaneng Power International within the Relevant Period, to make or grant any offers, commitments and options of which might be exercised after the expiry of the Relevant Period.
- (3) The number of new domestic shares or new overseas listed foreign shares (other than those issued by conversion of the surplus reserve into share capital in accordance with the Company Law of the PRC and the articles of Huaneng Power International) conditionally or unconditionally separately or concurrently allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board (or the directors authorised by the Board) of Huaneng Power International within the Relevant Period pursuant to the approval in paragraph (1) shall not exceed 20% of each class of the existing domestic shares and overseas listed foreign shares of Huaneng Power International in issue at the time when this resolution is passed at the Annual General Meeting.
- (4) In exercising the mandate granted in paragraph (1) above, the Board (or the directors authorized by the Board) of Huaneng Power International shall a) comply with the Company Law of the PRC and the relevant regulatory stipulations (as amended from time to time) of the places where the shares of Huaneng Power International are listed; and b) obtain approval from China Securities Regulatory Commission and other relevant PRC government departments.
- (5) For the purpose of this resolution:

“Relevant Period” means the period from the date of passing this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of Huaneng Power International; and

LETTER FROM THE BOARD

- (b) the date on which the general mandate set out in this resolution is revoked or varied by a special resolution of the shareholders of Huaneng Power International at a general meeting.
- (6) Subject to the approval(s) of the relevant authorities of the PRC and in accordance with the relevant laws, administrative regulations, and the regulatory stipulations of the places where the shares of Huaneng Power International are listed and the articles of Huaneng Power International, the Board (or the directors authorised by the Board) of Huaneng Power International be and is hereby authorised to increase the registered capital of Huaneng Power International in accordance with the exercise of the powers pursuant to paragraph (1) above.
- (7) The Board (or the directors authorised by the Board) of Huaneng Power International be and is hereby authorized to sign any necessary documents, complete any necessary formalities and procedures and take other necessary steps to complete the allotment, issuance and listing of the new shares upon the exercise of the powers pursuant to paragraph (1) above, provided the same do not violate the relevant laws, administrative regulations, the relevant regulatory stipulations of the places where the shares of Huaneng Power International are listed and the articles of Huaneng Power International.
- (8) Subject to the approval of the relevant PRC authorities, the Board (or the directors authorised by the Board) of Huaneng Power International be and is hereby authorized to make appropriate and necessary amendments to the articles of Huaneng Power International after completion of the allotment and issue of new shares with reference to the method, type and number of new shares allotted and issued by Huaneng Power International and the shareholding structure of Huaneng Power International at the time of completion of the allotment and issue of new shares in order to reflect the alteration of the share capital structure and registered capital of Huaneng Power International pursuant to the exercise of this general mandate.

No shareholders' class meetings shall be required to be convened by the Company when the Board of Directors exercises the General Mandate to issue A Shares. If, as required by the relevant domestic law and regulations in the PRC, a general meeting needs to be convened even if the General Mandate to issue Shares is obtained, then it is still subject to the approval by all Shareholders at the general meeting.

As at the Latest Practicable Date, the Company had in issue 15,200,383,440 Shares comprising 10,500,000,000 A Shares and 4,700,383,440 H Shares. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company will be allowed to allot, issue and deal with up to a maximum of 2,100,000,000 A Shares and/or 940,076,688 H Shares on the basis that no further A Shares and/or H Shares will be issued by the Company prior to the General Meeting.

The above proposal shall be submitted to the AGM as a special resolution for consideration and approval by the Shareholders.

LETTER FROM THE BOARD

4. PROPOSAL ON EXTENDING THE VALIDITY PERIODS OF THE RESOLUTION ON THE NON-PUBLIC ISSUANCE OF A SHARES AND THE AUTHORISATION DELEGATED TO THE BOARD OF DIRECTORS BY SHAREHOLDERS' GENERAL MEETING

The Company held the 2017 second extraordinary general meeting on 16 May 2017 to consider and approve the “Proposal regarding the Company’s Scheme for Non-public Issuance of A Shares” and the “Proposal regarding the Convening a General Meeting to Authorize the Board to Deal with the Issues Related to the Non-public Issuance of A Shares”. Pursuant to the aforesaid proposals, the Company’s non-public offering of A Shares and the authorization delegated to the Board of Directors to deal with the non-public issuance of A Shares by Shareholders’ General Meeting shall be valid for 12 months from the date of approval at the shareholders’ general meeting.

Given that currently matters regarding the Non-public Issuance of A Shares have been approved by the Public Review Committee of the CSRC, the implementation of the A Shares Issuance is still subject to obtaining the approval from the CSRC. In order to maintain the continuity and effectiveness of the Company’s Non-public Issuance of A Shares, the Company proposes to extend the validity periods of the resolution on the Non-public Issuance of A Shares and the authorisation delegated to the Board of Directors by shareholders’ general meeting for 12 months from the date of expiry.

Apart from extending the validity periods of the resolution on the Non-public Issuance of A Shares and the authorisation delegated to the Board of Directors by shareholders’ general meeting as aforesaid, the other terms regarding the Non-public Issuance of A Shares shall remain unchanged. With respect to the terms of the Non-public Issuance of A Shares, please refer to Appendix I of this circular which sets out, among others, the key terms of the Non-public Issuance of A Shares, and the 2017 Circular.

The above proposal shall be submitted to the AGM as a special resolution for consideration and approval by the Shareholders.

5. PROPOSAL REGARDING THE SHAREHOLDERS’ RETURN PLAN IN THE NEXT THREE YEARS (2018-2020) OF THE COMPANY

The Company has always attached importance to the reasonable return on investment of investors, in order to maintain the consistency and stability of profit distribution policy. According to the *Notice on Further Implementing Relevant Matters Concerning Cash Dividends of Listed Companies* of the CSRC, the *Regulatory Guidelines for Listed Companies No.3 – Cash Dividends of Listed Companies* and relevant provisions, the Company formulated the *Shareholders’ Return Plan of Huaneng Power International, Inc. in the Next Three Years (2018 – 2020)*.

I. Considerations for formulating shareholder return plan

The Company establishes a sustainable, stable and scientific return plan and mechanism for investors by focusing on the long-term, sustainable development and taking into account the actual situation of the company, the Company’s strategic planning and development goals, industry trends, thus making institutional arrangements of the profit distribution to ensure the consistency and stability of profit distribution policy.

LETTER FROM THE BOARD

II. Principles for formulating the shareholder return plan

The Company shall establish and maintain a consistent and stable profit distribution policy, where positive distribution methods (including without limitation giving preference to payment of cash dividends) shall be used to ensure reasonable returns of investment for the shareholders while taking into account the long-term interests of the Company, the interests of all the shareholders as a whole and the reasonable funding requirements and sustainable development of the Company. The Company may pay dividends in cash, stock or a combination of both. The Company may distribute interim cash dividends when it deems appropriate.

III. Specific shareholder return plan in the next three years (2018-2020)

1. Form of profit distribution

The Company can make dividend distribution in the form of cash, stock or a combination of both. The Company may distribute interim cash dividends.

2. Specific conditions and proportion of Company's cash dividends

The Company may pay cash dividends in any year when its earnings and accumulated undistributed profits are positive and its cash flows are sufficient for the normal conduct of business and sustainable development of the Company, provided that the profits to be distributed by the Company in cash shall, in principle, not be less than 70% of the distributable profits realized in that year as indicated in the consolidated accounts and that the dividend per Share shall not be less than RMB0.1.

3. Specific conditions for the company to issue stock dividends

Where the Company operates well and the Board believes that the Company's share price does not match with its equity scale and that the distribution of cash dividends will be conducive to the interest of the Company and its shareholders as a whole, then subject to satisfying the condition for cash dividends as mentioned above, the Company may propose to profit distribution policy for cash dividends.

4. Review procedures of the Company's profit distribution plan

The profit distribution plan of the Company shall be prepared by the management and submitted to the Board and the Board of Supervisors for approval. The Board shall fully discuss the reasonableness of the plan and submit its decision to the general meeting for approval. Where the Company decides not to pay cash dividends under special circumstances, the Board shall explain the reasons for not paying cash dividends and clarify the purpose of use of the Company's retained earnings, its anticipated investment income, etc. Such clarification and explanation, along with the comments on them from the independent directors, shall be submitted to the general meeting for approval and to make disclosure.

LETTER FROM THE BOARD

After the resolution in respect of the profit distribution plan is approved at the general meeting, the Board shall complete the distribution of dividends (or bonus shares) within two months after the meeting.

5. *Review procedures of the Company's adjustment of profit distribution policy*

With respect to any adjustment to the Company's profit distribution policy, the Board shall conduct a special discussion to demonstrate the reasons for such adjustment and form a report to be reviewed by the independent directors, which shall then be submitted to the general meeting for approval by way of special resolution.

Where the Board does not propose distribution of cash dividends despite the profitability of the Company or where the Company adjusts its cash dividend policy, online voting shall be made accessible to the shareholders in determining such proposal(s).

The Company shall establish various channels of communication to grant the minority shareholders an opportunity to give their opinions on the Company's profit distributions and the changes in the Company's profit distribution policy.

IV. Formulation cycle of the shareholder return plan

The Company shall review the shareholder return plan at least once every three years and determines the shareholder return plan for that period based on the Company's operations and the opinions of the shareholders (especially the small and medium shareholders).

V. Adjustment of the shareholder return plan

1. The plan shall come into force on the date when it is approved by the general meeting, which applies to the relevant revision.
2. The provisions in relevant laws and regulations, normative documents and the Articles of Association shall be implemented for matters not covered by the plan.
3. The plan shall be interpreted by the Board of the Company.

The above proposal shall be submitted to the AGM as a special resolution for consideration and approval by the Shareholders.

6. PROPOSAL REGARDING THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the "Guidance for Articles of Listed Company (Revised in 2014)", "Constitution of the Communist Party of China" and other relevant laws and regulations and normative documents, the Company proposes to revise and enhance the relevant provisions of the Articles of Association.

LETTER FROM THE BOARD

Details of the amendments to the Articles of Association are set out below:

1. Addition to Chapter 1 “General Principles”

Articles 8: According to the provisions of the “Company Law” and the “Constitution of the Communist Party of China”, the Company shall establish a working organisation for the Party, which shall be equipped with sufficient staff to deal with the affairs of the Party and provided with sufficient funds for operation of the Party organisation. The Party organisation shall perform the core leadership and political function of the Company.

2. Addition to Chapter 10 “Board of Directors”

Article 103: Prior to making decisions on material issues such as the direction of the reform and development of the Company, its main objectives and tasks, and key work arrangement, the Board of Directors shall seek advice from the Party organisation. When the Board of Directors appoints senior management personnel of the Company, the Party organisation shall first deliberate on the candidate(s) and make recommendations.

After the amendments, the number of articles shall be increased from 186 articles to 188 articles, and that the numbers of the relevant articles shall correspondingly be adjusted.

The Articles of Association are written in Chinese and the translation into English language is for reference only. In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

According to the Articles of Association and the relevant rules and regulations, the proposed amendments are subject to the approval of the Shareholders of the Company by way of special resolution at the general meeting. Further, the proposed amendments will become effective after obtaining the approval from the relevant PRC authorities.

The Directors consider that the proposed amendments are in the interest of the Company and its Shareholders as a whole. Advice has been obtained from independent legal advisers that the amended Articles of Association comply with the laws of the PRC and the Hong Kong Listing Rules requirements.

7. THE AGM

A notice convening the AGM to be held at 9:00 a.m. on 3 May 2018 at Conference Room A102, the headquarters of the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC is set out on pages 18 to 21 of the circular. No shareholder is required to abstain from voting in connection with the matters to be resolved at the AGM. Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, voting at the AGM will be conducted by poll. The poll results will be published on the websites of the Company and of the Hong Kong Stock Exchange in accordance with the Hong Kong Listing Rules following the AGM.

LETTER FROM THE BOARD

Whether or not you intend to attend the meeting in person, you are requested to complete and return the reply slip and the form of proxy in accordance with the instructions printed thereon. The form of proxy should be completed and returned to Hong Kong Registrars Limited (for holders of H Shares of the Company) at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company's head office in China (for holders of Domestic Shares of the Company), as soon as possible and in any event not later than 24 hours before the time fixed for holding the AGM (i.e. before 9:00 a.m. on 2 May 2018) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

8. RECOMMENDATIONS

The Board believes that the proposed resolutions set out in the notice of the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favor of the resolutions as set out in the notice of the AGM.

9. OTHER INFORMATION

Your attention is drawn to the other information set out in the appendices to this circular.

10. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully

By order of the Board

Huaneng Power International, Inc.

Huang Chaoquan

Company Secretary

1. KEY TERMS OF THE NON-PUBLIC ISSUANCE OF A SHARES

The following sets out the key terms of the Non-public Issuance of A Shares (Please refer to the 2017 Circular for further details):

(1) Issuing methods and issuing time

This issuance of Shares is made in the form of non-public issuance. Shares are issued to specific investors at any appropriate time within six month after being approved by the CSRC and SASAC.

(2) Type and face value of the Shares to be issued

The shares to be issued are domestic listed RMB ordinary Shares (A shares), with face value of RMB1.00 each.

(3) Target investors and subscription method

The target investors of the non-public issuance are no more than 10 specific ones including securities investment fund management companies, securities companies, trust and investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other domestic corporate investors and natural persons, etc., which are in line with the provisions of the CSRC. Securities investment fund management company shall be regarded as one issue object if subscribed shares with two and more funds under its management; as the issue object, the trust and investment company shall only subscribe shares with its own funds. The controlling shareholder of the Company and the enterprises under its control do not participate in the subscription of this non-public issuance.

The target investors are expected to be third party independent from the Company and its connected persons. If A Shares are issued to any connected persons of the Company, the Company will comply with the requirements under Chapter 14A of the Hong Kong Listing Rules including announcement and independent shareholders' approval.

After the obtaining of approval from the CSRC, ultimate target investors will be determined by the Board through negotiating with the sponsor (lead underwriter) of this issuance according to the subscription of the investors in accordance with the scope of authorization from the Shareholders at the general meeting.

All target investors will subscribe the shares under this issuance in cash.

(4) Pricing ex-date, issue price and pricing principles

The pricing ex-date of this non-public issuance is the first day of issuance. To protect the State's interest, and maintain and increase the value of the State's assets, the issuance price of the non-public issuance will not be lower than the audited net asset per share of the Company. As at 31 December 2016, the audited net asset per share of the Company is RMB5.36 per share. According to the 24th meeting of the eight session of the Board, the profit distribution plan of the Company in 2016 was: taking the total share capital as its base, the Company distributes cash dividends of RMB0.29 for each ordinary share (tax inclusive) to all shareholders. After the distribution is completed, the net asset of the Company is RMB5.07 per Share. Additionally, pursuant to provisions of the Administrative Measures for the Issuance of Securities by Listed Companies and the Detailed Implementation Rules for the Non-public Issuance of Stocks by Listed Companies, the issuance price of the non-public issuance is not less than 90% of the average price of the Company's Shares on the 20 trading days prior to the pricing ex-date (The formula is: $\frac{\text{The average price of Share price of 20 trading days before the pricing ex-date} \times \text{The total trading amount of Shares during the 20 trading days before the pricing ex-date}}{\text{The total amount of stock transactions during the 20 trading days before the pricing ex-date}}$). Therefore, the issuance price of the non-public issuance will not be lower than RMB5.07 per share, and 90% of the average price of the Company's A Shares on the 20 trading days prior to the pricing ex-date.

Issue Price will be negotiated and determined in the principle of price priority by the Board (as authorized by the shareholders' meeting) and the sponsor (major underwriter) based upon the subscription price of investors in accordance with "Implementation Rules of Non-public Offering of Shares of Listed Companies" (as revised in 2017) after this non-public issuance is approved by the CSRC.

(5) Number of shares to be issued

The total number of non-public issuance of shares does not exceed 800,000,000 shares (inclusive); the number of shares issued approved by the CSRC shall prevail. In case of dividend distribution, share allocation, capital reserve turning to increase capital and other ex-right and ex-dividend matters during the period from the date on which the Board Resolution on this issuance is adopted to the issuance date, the Company shall adjust the number of shares to be issued accordingly.

(6) Lock-up period

A Shares subscribed for under non-public issuance may not be transferred within 12 months following the close of this non-public offering.

APPENDIX I**KEY TERMS OF THE NON-PUBLIC ISSUANCE OF
A SHARES AND SHAREHOLDING STRUCTURE OF
THE COMPANY BEFORE AND IMMEDIATELY
AFTER COMPLETION OF THE NON-PUBLIC
ISSUANCE OF A SHARES**

(7) Amount and use of proceeds to be raised

The gross proceeds raised by this Non-public Issuance of A Shares shall be not more than RMB5,000,000,000, which, after deducting the expenses, will be invested in the Xiegang Gas Turbine Project in Guangdong, Dafeng Offshore Wind Power Project in Jiangsu, Mianchi Phoenix Mountain Wind Power Project in Henan, Longchi Wind Power Project in Anhui Yangpu Thermal Power Project in Hainan and Ruijing Coal-fired Project Phase II in Jiangxi. Details are set out as follows:

S/N	Project Name	Total investment in the project (RMB0'000)	Proceeds to be applied in the project (RMB0'000)
1	Xiegang Gas Turbine Project in Guangdong (800MW)	360,000.00	72,000.00
2	Dafeng Offshore Wind Power Project in Jiangsu (300MW)	564,815.00	248,227.23
3	Mianchi Phoenix Mountain Wind Power Project in Henan (100MW)	85,381.85	17,076.37
4	Longchi Wind Power Project in Anhui (100MW)	85,622.00	17,124.40
5	Yangpu Thermal Power Project in Hainan (700MW)	401,300.00	72,234.00
6	Ruijin Coal-fired Project Phase II in Jiangxi (2000MW)	719,000.00	73,338.00
Total		2,216,118.85	500,000.00

If the actual net proceeds raised is less than the amount of proceeds proposed to be invested, the insufficient part shall be raised by the Company itself. Before the capital raised by this Non-public Issuance of Shares is put in place, the Company will invest the capital raised by itself first according to the actual project progress, and replace it after the proceeds is in place.

(8) The arrangement of the undistributed profits before the non-public issuance

The undistributed profits of the Company before this non-public issuance shall be shared by the old and new shareholders after the non-public issuance is completed.

(9) The valid period of the resolution of the issuance

The resolution on the non-public issuance is valid for twelve months since the date on which the proposal regarding issuance is considered and approved by the general meeting.

APPENDIX I

**KEY TERMS OF THE NON-PUBLIC ISSUANCE OF
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(10) Place of listing

The Company will apply for the listing of the shares under this issuance on Shanghai Stock Exchange.

2. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND IMMEDIATELY AFTER COMPLETION OF THE NON-PUBLIC ISSUANCE OF A SHARES

For illustrative purposes only and to the best knowledge of the Company, assuming (i) a total of 800,000,000 A Shares will be issued under the non-public issuance; and (ii) no connected person (as defined in the Hong Kong Listing Rules) of the Company will subscribe for the A Shares nor will any subscriber of the A Shares become a connected person (as defined in the Hong Kong Listing Rules) of the Company upon the completion of the non-public issuance of A Shares, the table below sets out the impact on the Company's share capital structure:

Share capital	As at the Latest Practicable Date		Immediately after the completion of the non-public issuance of A Shares	
	Number of Shares	Approximate percentage of share capital	Number of Shares	Approximate percentage of share capital
Non-public Shareholders				
A Shares				
- China Huaneng Group Co., Ltd. ("Huaneng Group")	1,555,124,549	10.23%	1,555,124,549	9.72%
- Huaneng International Power Development Corporation ("HIPDC") ⁽¹⁾	5,066,662,118	33.33%	5,066,662,118	31.67%
- China Huaneng Finance Corporation Limited ("Huaneng Finance") ⁽²⁾	74,139,853	0.49%	74,139,853	0.46%
H Shares				
- China Hua Neng Group Hong Kong Limited ("Huaneng HK") ⁽³⁾	472,000,000	3.11%	472,000,000	2.95%
Sub-total	7,167,926,520	47.16%	7,167,926,520	44.80%
Public Shareholders				
A Shares	3,804,073,480	25.03%	4,604,073,480	28.77%
H Shares	4,228,383,440	27.81%	4,228,383,440	26.43%
Sub-total	8,032,456,920	52.84%	8,832,456,920	55.20%
Total	15,200,383,440	100%	16,000,383,440	100%

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Notes:

- (1) Huaneng Group holds a 75% direct interest in HIPDC. Huaneng Group also holds a 100% interest in Pro-Power Investment Co., Ltd. through Huaneng HK, and Shanghua Investment Co., Ltd holds 25% interest in HIPDC.
- (2) Huaneng Finance is a controlling subsidiary of Huaneng Group.
- (3) Huaneng Group holds a 100% direct interest in Huaneng HK.



華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 annual general meeting (the “**Annual General Meeting**” or “**General Meeting**”) of Huaneng Power International, Inc. (the “**Company**”) will be held at 9:00 a.m. on 3 May 2018 at Conference Room A102, the headquarters the Company, Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the People's Republic of China for considering and approving the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the working report from the Board of Directors of the Company for 2017
2. To consider and approve the working report from the Supervisory Committee of the Company for 2017
3. To consider and approve the audited financial statements of the Company for 2017
4. To consider and approve the profit distribution plan of the Company for 2017 (*Note 1*)
5. To consider and approve the proposal regarding the appointment of the Company's auditors for 2018 (*Note 2*)

SPECIAL RESOLUTIONS

6. To consider and approve the proposal regarding the granting of the general mandate of issue domestic and/or overseas debt financing instruments (*Note 3*)
7. To consider and approve the proposal regarding the granting of general mandate to the Board of Directors to issue domestic shares and/or overseas listed foreign shares (*Note 3*)
8. To consider and approve the proposal on extending the validity periods of the resolution on the Non-public Issuance of A Shares and the authorization delegated to the Board of Directors by Shareholders' General Meeting (*Note 3*)
9. To consider and approve the proposal on the Shareholders' Return Plan in the next three years (2018-2020) of the Company (*Note 3*)

10. To consider and approve the proposal regarding the amendments to the articles of association of the Company (*Note 3*)

By Order of the Board
Huaneng Power International, Inc.
Huang Chaoquan
Company Secretary

As at the date of this notice, the directors of the Company are:

Cao Peixi (<i>Executive Director</i>)	Yue Heng (<i>Independent Non-executive Director</i>)
Liu Guoyue (<i>Executive Director</i>)	Xu Mengzhou (<i>Independent Non-executive Director</i>)
Huang Jian (<i>Non-executive Director</i>)	Liu Jizhen (<i>Independent Non-executive Director</i>)
Wang Yongxiang (<i>Non-executive Director</i>)	Xu Haifeng (<i>Independent Non-executive Director</i>)
Mi Dabin (<i>Non-executive Director</i>)	Zhang Xianzhi (<i>Independent Non-executive Director</i>)
Guo Hongbo (<i>Non-executive Director</i>)	
Cheng Heng (<i>Non-executive Director</i>)	
Lin Chong (<i>Non-executive Director</i>)	

Beijing, the PRC

14 March 2018

Notes:

1. The profit distribution plan of the Company for 2017

As per the annual financial statements audited by KPMG Huazhen LLP and KPMG, the net profits attributable to equity holders of the Company for the accounting year ended 31 December 2017 under the PRC GAAP and the International Financial Reporting Standards were RMB1,793.151 million and RMB1,579.836 million respectively. Pursuant to the *Company Law of the People's Republic of China* and the Company's Articles, the Company shall apportion 10% of the net profit attributable to equity holders of the Company for year 2017 based on the calculation according to the PRC GAAP as statutory surplus reserve. There need not be any apportionment when the accumulated statutory surplus reserve is equal to or more than 50% of the registered share capital of the Company. Given that the remaining balance of the statutory surplus reserve of the Company was more than 50% of its registered share capital, there will not be any apportionment of the statutory surplus reserve for 2017. The Company will not apportion any discretionary surplus reserve for 2017.

The Company's proposed profit distribution plan for 2017 is a cash dividend of RMB0.1 (tax inclusive) for each ordinary share of the Company, which is on the basis of the total share capital of the Company. It was estimated that the total amount of cash to be paid as dividends will be RMB1,520.04 million.

2. Proposal regarding the appointment of the Company's auditors for 2018

The board of directors (the "**Board of Directors**") of the Company proposes to appoint KPMG Huazhen LLP as the Company's domestic auditors and the auditors for U.S. 20F annual report, and KPMG as the Company's Hong Kong auditors for 2018 with a total remuneration of RMB45,030,000. In particular, the remuneration for financial audit and for internal control audit were estimated to be RMB34,930,000 and RMB10,100,000 respectively.

3. Please refer to the circular of the Company dated 14 March 2018 for details.

4. Proxy

1. A member eligible to attend and vote at the Annual General Meeting is entitled to appoint, in written form, one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder.
2. A proxy should be appointed by a written instrument signed by the appointor or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointor, the power of attorney authorising that attorney to sign or other authorisation document(s) shall be notarised.
3. To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company and, in the case of holders of H Shares, to Hong Kong Registrars Limited, not less than 24 hours before the time designated for holding of the Annual General Meeting (i.e. before 9:00 a.m. on 2 May 2018).
4. If more than one proxy is appointed by a shareholders such proxies shall only exercise the right to vote by poll.
5. The resolutions set out in this Notice will be voted by poll.

5. Registration procedures for attending the Annual General Meeting

1. A shareholder or his proxy shall produce proof of identity when attending the meeting. If a shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such shareholder may attend the Annual General Meeting by producing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person(s) to attend the meeting.
2. Holders of H Shares intending to attend the Annual General Meeting should return the reply slip for attending the Annual General Meeting to the Company on or before 13 April 2018.
3. Shareholders may send the reply slip to the Company in person, by post or by fax.

6. Registration Matters for H Shareholders

1. Closure of Register of Members of H Shares for attending the Annual General Meeting

In order to determine the shareholders of H shares who will be entitled to attend the Annual General Meeting, the Company will suspend registration of transfer of H shares from 13 April 2018 to 3 May 2018 (both days inclusive).

In order to qualify to attend and vote at the Annual General Meeting, non-registered holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates to the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 12 April 2018. Holders of H shares whose names are recorded in the register of member of the Company on 13 April 2018 are entitled to attend the Annual General Meeting.

2. Closure of Register of Members for Payment of the Final Dividend for 2017

In order to determine the H Shareholders entitled to receive the 2017 Final Dividend, the Company will suspend registration of transfer of H Shares from 11 May 2018 to 16 May 2018 (both days inclusive).

Non-registered holders of H Shares of the Company who have not had their transfer documents registered must deposit the transfer documents accompanied by relevant share certificate(s) to the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road

East, Wanchai, Hong Kong by no later than 4:30 p.m. on 10 May 2018. The H Shareholders whose names are recorded in the register of members of the Company on 16 May 2018 are entitled to receive the 2017 Final Dividend.

7. Other Businesses

1. Shareholders and their proxies who attend shall bear their own accommodation and travelling expenses.
2. The address of the Share Registrar for H Shares of the Company, Hong Kong Registrars Limited, is at:

1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
3. The address for contact:

Capital Market Department of
Huaneng Power International, Inc.
Huaneng Building,
6 Fuxingmennei Street,
Xicheng District, Beijing 100031,
The People's Republic of China
4. Contact Persons: Xie Meixin, Liu Tianyu
Contact Telephone No: (+86)10-6322 6590 (+86)10-6322 6595
Facsimile No: (+86)10-6322 6888
Email address: xiemx@hpi.com.cn
5. Time and dates in this notice are Hong Kong time and dates.