

HUANENG POWER INTERNATIONAL INC  
Form 6-K  
August 22, 2017

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
The Securities Exchange Act of 1934

For the month of August 2017

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b):

82-\_\_\_\_\_. )

N/A

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Huaneng Building,  
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This Form 6-K consists of:

A copy of 2017 interim reports of Huaneng Power International, Inc. (the Registrant”), filed by the Registrant with the Hong Kong Stock Exchange on August 18, 2017.

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## INTERIM RESULTS

The Board of Directors of Huaneng Power International, Inc. (the “Company”) announces the unaudited operating results for the six months ended 30 June 2017 and a comparison with the operating results for the same period of last year. For the six months ended 30 June 2017, the Company and its subsidiaries recorded consolidated operating revenue of RMB71.434 billion, representing an increase of 34.97% compared to the same period of last year. The net profit attributable to equity holders of the Company was RMB0.244 billion, representing a decrease of 96.05% compared to the same period of last year. The earnings per share was RMB0.02.

Please refer to the unaudited financial information below for details of the operating results.

## BUSINESS REVIEW FOR THE FIRST HALF OF THE YEAR

During the first half of 2017, against the challenges of new change in power system reforms and drastic rise of coal prices, the Company actively participated in market competition, strived to open up the market and controlled costs, thus laying the foundation for attaining the annual target.

### 1. POWER GENERATION

In the first half of this year, the power plants of the Company in operation within China achieved a total power generation of 186.685 billion kWh on a consolidated basis, representing an increase of 27.80% from the same period of last year, as well as an aggregate sales volume of 176.121 billion kWh, representing an increase of 27.55% from the same period of last year, and with 1,901 utilization hours, representing an increase of 62 hours compared to the same period of the previous year.

The increase in the Company’s power generation was mainly attributable to the following factors: (1) the acquisition of the power generation assets in Heilongjiang, Jilin and Shandong contributed to the significant rise in the Company’s power generation capacity; and (2) thermal power generation in Central China and East China showed a year-on-year rebound.

In addition, the aggregate power generation of Tuas Power Ltd., which is wholly owned by the Company, accounted for a market share of 21.5%, representing a slight decrease of 0.1 percentage point from the same period of last year.

### 2. COST CONTROL

The coal market prices followed the trend from the fourth quarter last year and continued to be high and volatile for the first half of 2017. With a close watch on market development trends, the relevant State authorities took a series of actions to free up advanced coal production capacity, secure coal supply and stabilize coal prices. After thorough market research and analysis, the Company strengthened and deepened cooperation with large coal companies and strictly adhered to long- and medium-term thermal coal contracts to ensure full delivery of coal supplies. Meanwhile, the Company put in place strict measures to curb prices as well as regulate bidding procurement of market coals, and optimize imported coals so as to fully control the fuel costs.

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### 3. ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION

The Company attaches great importance to energy conservation and environmental protection and has so far equipped all of its coal-fired generating units with desulfurization, denitrification and dust removal devices in compliance with applicable environmental standards. The Company carried on with the ultra-low emission technical upgrade on its coal-fired generating units as planned. For the first half of this year, the Company completed the ultra-low emission upgrade of 36 generating units, which means more than 80% (on an accumulative basis) of the Company's coal-fired generating units have met the ultra-low emission standard.

### 4. PROJECT DEVELOPMENT AND CONSTRUCTION

For the first half of 2017, the Company's power generation projects went well and a total capacity of 702.18MW had been put into operation, including Unit 1 and Unit 2 (100MW) of Liaoning Yingkou Xianrendao Thermal Power Plant, the 24 wind power units with a total capacity of 48MW of Hebei Zhuolu Dabao Wind Power Plant, the 106.4MW (12×4.2+14×4) wind power units of Jiangsu Rudong Offshore Wind Farm, the 52MW (26×2) wind power units of Jiangxi Linghuashan Wind Power Plant, the 20MW photovoltaic power units (PV units) of Shandong Jining Photovoltaic Power Plant, the 20MW PV units of Shandong Laiwu Niuquan Photovoltaic Power Plant, the 40MW PV units of Ash Field Photovoltaic Project of Huaneng Jiangsu Taicang Power Plant, the 10MW PV units of Hunan Yueyang Xingang Photovoltaic Power Plant, the 20MW PV units of Ash Field Photovoltaic Project of Henan Qinbei Power Plant, the 20MW PV units of Hunan Yueyang Leigutai Photovoltaic Power Plant, the 6.3MW PV units of Shandong Furuite Rooftop Photovoltaic Power Plant, the 19.8MW PV units of Shandong Ruyi Helan Photovoltaic Power Plant, the 50MW PV units of Shanxi Yushe Photovoltaic Power Plant, the 15MW PV units of Jilin Linjiang Jubao Photovoltaic Power Plant, the 10MW PV units of Fujian Changle Photovoltaic Power Plant, the 16.13MW PV units of Zhejiang Huzhou Distributed Photovoltaic Power Plant, the 2.2MW PV units of Tianjin Chenxi Photovoltaic Power Plant, the 14.1 MW PV units of Jiangsu Guanyun Photovoltaic Power Plant, the 19.75MW PV units of Shandong Weihai Haibu Photovoltaic Power Plant, the 100MW PV units of Shandong Zhanhua Qingfenghu Photovoltaic Power Plant and the 12.5MW PV units of Ash Field Photovoltaic Project of Hainan Haikou Power Plant. Meanwhile, the installed capacity of certain power plants invested by the Company also changed. As of 30 June 2017, the Company had a controlled installed capacity of 101,698MW and an equity-based installed capacity of 90,796MW, of which 13.36% was from clean energy sources (gas turbine, hydro, wind, photovoltaic and biomass power generation).

### PROSPECTS FOR THE SECOND HALF OF 2017

In the first half of this year, despite the rising uncertainties in the international outlook and the increasingly intense competition in the markets, China's economy continued to grow, though with difficulties for future development. In the second half of the year, the Company will continue to seek progress while keeping performance stable in face of all kinds of challenges and focus on structural reform on the supply side, with particular emphasis on encouraging innovation, optimizing environment and enhancing quality efficiency, striving to accomplish the Company's development goals for the whole year.

In terms of the power market, China's power market reform continues to grow steadily. Economic growth and increase in power demand will remain steady in the second half of the year, with newly increased installed capacity still large in scale and nationwide power supply capability sufficient on the whole. The Company will strengthen its communication and coordination with all levels of governments and power grid companies, actively participate in the power industry reform and closely monitor market trends to identify and seize opportunities to maintain and expand its market share.

In terms of the coal market, effective coal supply will further increase in the second half of the year under the influence of the State's policies and initiatives for securing supply and stabilizing price in the coal market. Meanwhile, the rapid increase in power generation from clean energy sources in China will result in a drop in thermal coal consumption and keep a relatively balanced supply mix. Besides, from the national perspective, it is intended to keep the coal prices within a controllable range which is conducive to guiding coal prices within a relatively reasonable range. The Company will continue to study and analyse the market and get hold of policies and will intensify its efforts to develop new resources; it will also strive to ensure full delivery of coal supplies and on-site procurement under the long- and medium-term contracts, optimize imported coal so as to firmly control fuel costs.

In terms of the capital market, at the beginning of 2017, the People's Bank of China stated that monetary policy should remain "stable and neutral", which means that the overall capital market during the year will be tighter than that of the previous year. The performance of the market in the first half of the year also proved tightening of the capital market. Although we cannot confirm whether the central bank will adjust the benchmark lending interest rate in the second half of the year, the capital market will certainly remain in a "tight balance" status in the second half of the year. It is anticipated that the central bank will ensure the stability of monetary credit and social financing scale through timely pro-cyclical fine-tuning in the second half of the year. The Company will also pay close attention to the capital market in order to ensure fund safety of the Company.

The Company will continue to focus on safe and clean production, adhere to the principle of quality and efficiency and expedite power structure adjustments; actively participate in various market transactions and strive to increase market share; further control fuel costs and expenses, and endeavour to enhance operational efficiency; and continue to create long-term, stable and increasing return for the shareholders of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (PREPARED UNDER IFRS)

### I. COMPARISON AND ANALYSIS OF OPERATING RESULTS

#### Summary

In January 2017, the Company completed the acquisition under common control of the subsidiaries of Huaneng Group Huaneng Shandong Power Generation Co., Ltd., Huaneng Jilin Power Generation Co., Ltd., Huaneng Heilongjiang Power Generation Co., Ltd., and Huaneng Henan Zhongyuan Gas Power Generation Co., Ltd.. The aforementioned entities are included in the consolidated financial statements.

According to the preliminary statistics of the Company, for the second quarter of 2017, the Company's total power generation by the power plants within China on consolidated basis amounted to 90.697 billion kWh, representing an increase of 31.03% over the same period last year. Total electricity sold by the Company amounted to 85.624 billion kWh, representing an increase of 31.02% over the same period last year. In the first half of 2017, the Company's total power generation by the power plants within China on consolidated basis amounted to 186.685 billion kWh, representing an increase of 27.80% over the same period last year. Total electricity sold by the Company amounted to 176.121 billion kWh, representing an increase of 27.55% over the same period last year. In the first half of 2017, the Company's average on-grid electricity settlement price for its power plants within China amounted to RMB407.49 per MWh, representing an increase of 3.30% over the same period last year.

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The increase in the Company's power generation was mainly attributable to the following factors: (i) the acquisition of power generation assets in several regions including Heilongjiang, Jilin and Shandong, which contributed to the significant rise in the Company's power generation; and (ii) a year-on-year increase in thermal power generation in central and eastern China.

The power generation (in billion kWh) by each region of the Company's domestic operations is listed below:

| Region                 | Power Generation         |           |                            |           | Electricity sold         |           |                            |          |
|------------------------|--------------------------|-----------|----------------------------|-----------|--------------------------|-----------|----------------------------|----------|
|                        | April<br>to June<br>2017 | Change    | January<br>to June<br>2017 | Change    | April<br>to June<br>2017 | Change    | January<br>to June<br>2017 | Change   |
| *Heilongjiang Province | 3.183                    | 2.16 %    | 6.416                      | 6.15 %    | 2.983                    | 2.12 %    | 6.015                      | 6.33 %   |
| *Coal-fired            | 2.867                    | -1.32 %   | 5.981                      | 4.92 %    | 2.674                    | -1.46 %   | 5.588                      | 5.08 %   |
| *Wind-power            | 0.316                    | 50.33 %   | 0.436                      | 26.63 %   | 0.309                    | 49.03 %   | 0.426                      | 26.08 %  |
| *Jilin Province        | 1.982                    | 17.89 %   | 3.983                      | 11.89 %   | 1.877                    | 17.26 %   | 3.752                      | 12.45 %  |
| *Coal-fired            | 1.620                    | 15.05 %   | 3.416                      | 8.50 %    | 1.528                    | 15.27 %   | 3.211                      | 8.59 %   |
| *Wind-power            | 0.283                    | 44.58 %   | 0.426                      | 51.70 %   | 0.274                    | 35.01 %   | 0.410                      | 57.65 %  |
| *Hydro-power           | 0.038                    | 30.15 %   | 0.045                      | 47.01 %   | 0.038                    | 30.14 %   | 0.044                      | 47.04 %  |
| *PV                    | 0.0003                   | —         | 0.0003                     | —         | 0.0003                   | —         | 0.0003                     | —        |
| *Biomass power         | 0.041                    | -15.47 %  | 0.096                      | -3.81 %   | 0.036                    | -14.78 %  | 0.086                      | -3.50 %  |
| Liaoning Province      | 3.361                    | -10.78 %  | 8.571                      | -3.79 %   | 3.135                    | -11.28 %  | 8.013                      | -4.28 %  |
| Coal-fired             | 3.237                    | -11.14 %  | 8.371                      | -4.10 %   | 3.012                    | -11.68 %  | 7.815                      | -4.61 %  |
| Wind-power             | 0.102                    | -3.52 %   | 0.169                      | 9.95 %    | 0.101                    | -3.73 %   | 0.168                      | 9.79 %   |
| Hydro-power            | 0.013                    | -18.98 %  | 0.014                      | -40.66 %  | 0.013                    | -19.31 %  | 0.014                      | -40.84 % |
| PV                     | 0.0094                   | 226.58 %  | 0.0171                     | 496.13 %  | 0.0091                   | 250.64 %  | 0.0165                     | 539.50 % |
| Inner Mongolia         | 0.063                    | -11.44 %  | 0.112                      | -6.26 %   | 0.063                    | -12.00 %  | 0.111                      | -6.58 %  |
| Wind-power             | 0.063                    | -11.44 %  | 0.112                      | -6.26 %   | 0.063                    | -12.00 %  | 0.111                      | -6.58 %  |
| Hebei Province         | 3.901                    | 7.69 %    | 6.767                      | 2.40 %    | 3.673                    | 7.80 %    | 6.364                      | 2.12 %   |
| Coal-fired             | 3.828                    | 6.83 %    | 6.640                      | 1.51 %    | 3.604                    | 6.90 %    | 6.257                      | 1.44 %   |
| Wind-power             | 0.061                    | 60.63 %   | 0.106                      | 59.14 %   | 0.059                    | 62.97 %   | 0.087                      | 37.15 %  |
| PV                     | 0.0109                   | 3503.47 % | 0.0208                     | 6786.72 % | 0.0103                   | —         | 0.0196                     | —        |
| Gansu Province         | 1.928                    | -20.98 %  | 5.110                      | 0.31 %    | 1.818                    | -21.62 %  | 4.844                      | -0.46 %  |
| Coal-fired             | 1.520                    | -27.46 %  | 4.397                      | -0.26 %   | 1.428                    | -28.19 %  | 4.157                      | -1.21 %  |
| Wind-power             | 0.408                    | 18.51 %   | 0.713                      | 3.95 %    | 0.390                    | 17.91 %   | 0.686                      | 4.30 %   |
| Ningxia                | 0.0004                   | —         | 0.0004                     | —         | 0.0004                   | —         | 0.0004                     | —        |
| PV                     | 0.0004                   | —         | 0.0004                     | —         | 0.0004                   | —         | 0.0004                     | —        |
| Beijing                | 0.958                    | -29.80 %  | 3.347                      | -12.21 %  | 0.935                    | -26.95 %  | 3.149                      | -11.04 % |
| Coal-fired             | —                        | -100.00 % | 1.086                      | -36.18 %  | —                        | -100.00 % | 0.945                      | -36.08 % |
| Combined Cycle         | 0.958                    | 11.40 %   | 2.261                      | 7.13 %    | 0.935                    | 10.86 %   | 2.204                      | 6.91 %   |
| Tianjin                | 1.477                    | 32.13 %   | 3.245                      | -1.80 %   | 1.398                    | 32.54 %   | 3.050                      | -2.00 %  |
| Coal-fired             | 1.060                    | 27.44 %   | 2.690                      | 8.07 %    | 0.991                    | 27.73 %   | 2.509                      | 8.26 %   |
| Combined Cycle         | 0.417                    | 45.76 %   | 0.554                      | -31.96 %  | 0.407                    | 45.95 %   | 0.541                      | -31.94 % |
| PV                     | 0.00001                  | —         | 0.00001                    | —         | —                        | —         | —                          | —        |
| Shanxi Province        | 2.842                    | -8.17 %   | 5.408                      | -10.14 %  | 2.668                    | -7.92 %   | 5.096                      | -10.02 % |
| Coaled-fired           | 2.115                    | -25.48 %  | 3.444                      | -23.89 %  | 1.960                    | -26.01 %  | 3.185                      | -24.40 % |
| Combined Cycle         | 0.727                    | 182.71 %  | 1.964                      | 31.48 %   | 0.709                    | 184.08 %  | 1.911                      | 31.76 %  |
| PV                     | 0.0004                   | —         | 0.0004                     | —         | —                        | —         | —                          | —        |
| Shandong Province      | 21.212                   | 101.94 %  | 41.852                     | 114.58 %  | 19.927                   | 101.05 %  | 39.218                     | 113.55 % |
| *Coal-fired            | 21.042                   | 100.32 %  | 41.540                     | 112.98 %  | 19.761                   | 99.38 %   | 38.917                     | 111.91 % |

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|             |        |        |   |        |        |   |        |      |   |        |        |   |
|-------------|--------|--------|---|--------|--------|---|--------|------|---|--------|--------|---|
| *Wind-power | 0.133  | 28.08  | % | 0.257  | 14.13  | % | 0.132  | 0.00 | % | 0.250  | 12.77  | % |
| *PV         | 0.0367 | 182.82 | % | 0.0547 | 175.17 | % | 0.0336 | 0.00 | % | 0.0508 | 215.39 | % |

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| Region             | Power Generation         |          |                            |          | Electricity sold         |          |                            |          |
|--------------------|--------------------------|----------|----------------------------|----------|--------------------------|----------|----------------------------|----------|
|                    | April<br>to June<br>2017 | Change   | January<br>to June<br>2017 | Change   | April<br>to June<br>2017 | Change   | January<br>to June<br>2017 | Change   |
| Henan Province     | 4.890                    | 16.15 %  | 10.872                     | 21.48 %  | 4.616                    | 15.97 %  | 10.257                     | 21.21 %  |
| Coal-fired         | 4.376                    | 3.94 %   | 9.863                      | 10.20 %  | 4.112                    | 3.33 %   | 9.269                      | 9.53 %   |
| *Combined Cycle    | 0.494                    | 31.68 %  | 0.970                      | 14.04 %  | 0.483                    | 31.60 %  | 0.949                      | 13.99 %  |
| Wind-power         | 0.019                    | –        | 0.038                      | –        | 0.018                    | –        | 0.038                      | –        |
| PV                 | 0.0014                   | –        | 0.0014                     | –        | 0.0014                   | –        | 0.0014                     | –        |
| Jiangsu Province   | 11.499                   | 20.03 %  | 21.385                     | 9.27 %   | 10.921                   | 20.10 %  | 20.292                     | 9.04 %   |
| Coal-fired         | 10.193                   | 15.71 %  | 18.942                     | 5.19 %   | 9.641                    | 15.66 %  | 17.918                     | 4.91 %   |
| Combined Cycle     | 1.098                    | 69.60 %  | 2.013                      | 57.04 %  | 1.076                    | 69.37 %  | 1.974                      | 56.76 %  |
| Wind-power         | 0.197                    | 58.21 %  | 0.419                      | 48.86 %  | 0.192                    | 57.15 %  | 0.388                      | 43.47 %  |
| PV                 | 0.012                    | –        | 0.012                      | –        | 0.0117                   | –        | 0.0117                     | –        |
| Shanghai           | 3.604                    | -13.35 % | 8.766                      | -2.77 %  | 3.410                    | -13.52 % | 8.312                      | -2.87 %  |
| Coal-fired         | 3.183                    | -14.18 % | 7.838                      | -4.54 %  | 2.999                    | -14.38 % | 7.405                      | -4.71 %  |
| Combined Cycle     | 0.421                    | -6.54 %  | 0.929                      | 15.30 %  | 0.412                    | -6.65 %  | 0.908                      | 15.29 %  |
| Chongqing          | 1.554                    | -6.11 %  | 4.211                      | -1.64 %  | 1.432                    | -6.26 %  | 3.912                      | -1.42 %  |
| Coal-fired         | 1.353                    | -6.17 %  | 3.482                      | -4.86 %  | 1.237                    | -6.36 %  | 3.202                      | -4.82 %  |
| Combined Cycle     | 0.201                    | -5.72 %  | 0.729                      | 17.34 %  | 0.195                    | -5.61 %  | 0.710                      | 17.47 %  |
| Zhejiang Province  | 7.185                    | 42.01 %  | 13.443                     | 20.88 %  | 6.904                    | 42.32 %  | 12.915                     | 21.13 %  |
| Coal-fired         | 7.034                    | 40.48 %  | 13.204                     | 20.29 %  | 6.757                    | 40.78 %  | 12.682                     | 20.54 %  |
| Combined Cycle     | 0.138                    | 177.59 % | 0.216                      | 54.63 %  | 0.135                    | 176.55 % | 0.211                      | 54.28 %  |
| PV                 | 0.0133                   | 387.75 % | 0.0227                     | 401.74 % | 0.0126                   | 356.12 % | 0.0218                     | 399.95 % |
| Hubei Province     | 2.492                    | 19.39 %  | 6.531                      | 9.52 %   | 2.320                    | 18.85 %  | 6.111                      | 9.05 %   |
| Coal-fired         | 2.297                    | 17.96 %  | 6.232                      | 8.17 %   | 2.130                    | 17.25 %  | 5.819                      | 7.61 %   |
| Wind-power         | 0.080                    | 187.07 % | 0.146                      | 151.05 % | 0.078                    | 186.88 % | 0.143                      | 152.02 % |
| Hydro-power        | 0.115                    | 2.63 %   | 0.154                      | 6.26 %   | 0.112                    | 3.28 %   | 0.149                      | 6.51 %   |
| PV                 | 0.00001                  | –        | 0.00001                    | –        | –                        | –        | –                          | –        |
| Hunan Province     | 1.358                    | 19.74 %  | 3.908                      | 25.87 %  | 1.263                    | 19.36 %  | 3.654                      | 25.17 %  |
| Coal-fired         | 1.104                    | 26.09 %  | 3.419                      | 30.67 %  | 1.013                    | 26.11 %  | 3.171                      | 30.11 %  |
| Wind-power         | 0.136                    | -9.55 %  | 0.289                      | 5.39 %   | 0.135                    | -9.69 %  | 0.286                      | 5.36 %   |
| Hydro-power        | 0.116                    | 7.78 %   | 0.198                      | -7.23 %  | 0.114                    | 7.80 %   | 0.195                      | -7.23 %  |
| PV                 | 0.0014                   | –        | 0.0014                     | –        | 0.0014                   | –        | 0.0014                     | –        |
| Jiangxi Province   | 4.458                    | 35.45 %  | 8.988                      | 18.59 %  | 4.251                    | 36.01 %  | 8.590                      | 18.88 %  |
| Coal-fired         | 4.415                    | 35.00 %  | 8.893                      | 18.10 %  | 4.217                    | 35.80 %  | 8.503                      | 18.48 %  |
| Wind-power         | 0.043                    | 103.92 % | 0.096                      | 92.06 %  | 0.035                    | 67.45 %  | 0.086                      | 76.87 %  |
| Anhui Province     | 1.343                    | 12.92 %  | 2.846                      | 1.33 %   | 1.281                    | 14.74 %  | 2.724                      | 2.30 %   |
| Coal-fired         | 1.285                    | 15.48 %  | 2.737                      | 0.96 %   | 1.224                    | 15.72 %  | 2.616                      | 1.30 %   |
| Wind-power         | 0.025                    | 47.82 %  | 0.059                      | 243.35 % | 0.025                    | –        | 0.058                      | –        |
| Hydro-power        | 0.032                    | -45.36 % | 0.050                      | -37.92 % | 0.032                    | -45.48 % | 0.050                      | -38.03 % |
| Fujian Province    | 2.182                    | 22.32 %  | 4.025                      | 18.68 %  | 2.056                    | 22.49 %  | 3.793                      | 18.82 %  |
| Coal-fired         | 2.182                    | 22.30 %  | 4.025                      | 18.68 %  | 2.056                    | 22.49 %  | 3.793                      | 18.82 %  |
| PV                 | 0.0002                   | –        | 0.0002                     | –        | –                        | –        | –                          | –        |
| Guangdong Province | 5.231                    | 30.34 %  | 9.234                      | 17.59 %  | 4.995                    | 30.46 %  | 8.837                      | 17.70 %  |
| Coal-fired         | 5.226                    | 30.21 %  | 9.224                      | 17.46 %  | 4.990                    | 30.32 %  | 8.827                      | 17.57 %  |
| PV                 | 0.0052                   | –        | 0.0100                     | –        | 0.0052                   | –        | 0.0100                     | –        |
| Yunnan Province    | 0.900                    | -23.19 % | 1.881                      | -10.93 % | 0.833                    | -22.97 % | 1.743                      | -10.38 % |

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|            |       |          |       |          |       |          |       |          |
|------------|-------|----------|-------|----------|-------|----------|-------|----------|
| Coal-fired | 0.801 | -27.16 % | 1.631 | -16.32 % | 0.736 | -27.18 % | 1.501 | -16.21 % |
| Wind-power | 0.100 | 36.65 %  | 0.250 | 53.61 %  | 0.097 | 37.69 %  | 0.242 | 57.43 %  |

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| Region           | Power Generation   |            |                      |          | Electricity sold   |            |                      |          |
|------------------|--------------------|------------|----------------------|----------|--------------------|------------|----------------------|----------|
|                  | April to June 2017 |            | January to June 2017 |          | April to June 2017 |            | January to June 2017 |          |
|                  | 2017               | Change     | 2017                 | Change   | 2017               | Change     | 2017                 | Change   |
| Guizhou Province | 0.014              | -0.95 %    | 0.034                | 39.87 %  | 0.014              | 2.07 %     | 0.033                | 91.29 %  |
| Wind-power       | 0.014              | -0.95 %    | 0.034                | 39.87 %  | 0.014              | 2.07 %     | 0.033                | 91.29 %  |
| Hainan Province  | 3.074              | -21.03 %   | 5.742                | -17.26 % | 2.852              | -21.38 %   | 5.335                | -17.56 % |
| Coal-fired       | 2.984              | -22.52 %   | 5.591                | -18.33 % | 2.763              | -23.00 %   | 5.187                | -18.73 % |
| Combined Cycle   | 0.002              | -91.43 %   | 0.008                | -80.34 % | 0.002              | -91.07 %   | 0.008                | -79.59 % |
| Wind-power       | 0.020              | 12.22 %    | 0.053                | 14.45 %  | 0.019              | 12.02 %    | 0.051                | 14.35 %  |
| Hydro-power      | 0.063              | 2,500.62 % | 0.080                | 878.87 % | 0.062              | 2,909.88 % | 0.079                | 952.18 % |
| PV               | 0.0055             | -          | 0.0101               | -        | 0.0054             | -          | 0.0099               | -        |
| Total            | 90.697             | 31.03 %    | 186.685              | 27.80 %  | 85.624             | 31.02 %    | 176.121              | 27.55 %  |

Note: The remarks \* represent the regional companies or power plants involved in the new acquisition by the Company at the end of 2016. They have been consolidated in the Company's financial statements since 1 January 2017, and the comparative data (which have not been consolidated into the statistics for 2016) are for reference only.

For the second quarter of 2017, the power generation of Tuas Power Limited in Singapore, which is wholly-owned by the Company, accounted for a market share of 21.8% in Singapore, representing an increase of 0.4 percentage point compared to the same period of last year. In the first half of 2017, the accumulated power generation accounted for a market share of 21.5%, representing a decrease of 0.1 percentage point compared to the same period last year.

The consolidated net profit attributable to the equity holders of the Company for the first half of 2017 was RMB0.244 billion, representing a decrease of 96.05% over RMB6.177 billion for the same period of last year. The net profit attributable to the equity holders of the Company from domestic operations was RMB0.489 billion, representing a 92.35% decrease over the same period of last year, which is mainly due to increase of fuel costs. The net loss attributable to the equity holders of the Company from its operations in Singapore was RMB245 million, representing an increase of RMB31 million over the same period of last year.

#### 1. Operating revenue and tax and levies on operations

Operating revenue mainly represents revenue from electricity sold. For the first half of 2017, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB71.434 billion, representing a 34.97% increase over RMB52.924 billion for the same period of last year. The operating revenue from domestic operations of the Company increased by RMB17.632 billion over the same period last year, of which operating revenue from newly acquired units and newly operated generating units was RMB15.397 billion. The operating revenue from operations of the Company in Singapore increased by RMB0.877 billion over the same period last year.

Tax and levies on operations mainly consist of value-added tax surcharges. According to relevant administrative regulations, these surcharges include the City Construction Tax and Education Surcharges which are calculated at a prescribed percentage of the amount of the value-added tax paid by the Company. For the first half of 2017, the tax and levies on operations of the Company were RMB649 million, representing an increase of RMB192 million from RMB457 million for the same period last year.

## 2. Operating expenses

For the first half of 2017, the consolidated operating expenses of the Company and its subsidiaries were RMB65.718 billion, representing an increase of 65.42% over the same period last year. The operating expenses from domestic operations of the Company increased by RMB25.077 billion, or 70.36%, over the same period of last year, which was mainly due to dual influence of increased domestic fuel costs and operation expansion. The operating expenses of newly acquired units and newly operated generating units amounted to RMB14.754 billion. The operating expenses from operations of the Company in Singapore increased by RMB0.913 billion, or 22.34%, over the same period last year.

### 2.1 Fuel costs

Fuel costs represent the largest portion of the operating expenses of the Company and its subsidiaries, which were RMB44.001 billion for the first half of 2017, representing an increase of 89.95% over the same period last year. The fuel costs from domestic operations of the Company increased by RMB20.476 billion over the same period last year, which was mainly due to increased fuel costs as well as the operation expansion. Fuel costs for newly acquired units and newly operated generating units amounted to RMB7.989 billion. The operating expenses from the Company's operations in Singapore increased by RMB0.360 billion over the same period last year.

### 2.2 Depreciation

Depreciation expenses of the Company and its subsidiaries for the first half of 2017 were RMB10.147 billion, which represents an increase of RMB2.727 billion over the same period last year, mainly due to operation expansion. The depreciation expenses for domestic operations of the Company increased by RMB2.660 billion over the same period last year, of which the depreciation expenses for newly acquired units and newly operated generating units were RMB2.778 billion. The depreciation expenses of its operations in Singapore increased by RMB67 million over the same period last year.

### 2.3 Labor

Labor costs include salaries payable to employees; housing funds, medical insurance, pension and unemployment insurance payable to relevant government authorities; and accrued training expenses. Labor costs of the Company and its subsidiaries amounted to RMB4.314 billion for the first half of 2017, representing an increase of RMB0.953 billion from RMB3.361 billion for the same period last year, which is mainly due to operation expansion. The labor costs for domestic operations of the Company increased by RMB0.945 billion over the same period last year, of which RMB1.049 billion is attributable to operation of the newly acquired units and newly operated generating units in China. The labor costs for the operations of the Company in Singapore increased by RMB8 million.

### 2.4 Maintenance

Maintenance expenses of the Company and its subsidiaries amounted to RMB1.715 billion for the first half of 2017, representing an increase of RMB86 million from RMB1.629 billion for the same period last year. The maintenance expenses for domestic operations of the Company increased by RMB77 million, of which the maintenance expenses for the newly acquired units and newly operated generating units were RMB293 million. The maintenance expenses for the Company's operations in Singapore increased by RMB9 million.

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2.5 Other operating expenses (including electricity purchase costs and service fees payable to Huaneng International Power Development Corporation)

Other operating expenses (including electricity purchase costs and the services fees payable to Huaneng International Power Development Corporation) of the Company and its subsidiaries amounted to RMB5.541 billion for the first half of 2017, representing an increase of RMB1.387 billion from RMB4.154 billion for the first half of 2016, which is mainly due to operation expansion. Other operating expenses for domestic operations increased by RMB0.918 billion over the same period last year, of which RMB0.413 billion is attributable to operation of the newly acquired units and newly operated generating units. Other operating expenses for operations of the Company in Singapore increased by RMB0.469 billion.

3. Financial expenses, net

The consolidated net financial expenses of the Company and its subsidiaries for the first half of 2017 amounted to RMB4.612 billion, representing an increase of RMB1.137 billion from RMB3.475 billion for the same period last year, which is mainly due to increased interest bearing debts and operation expansion. The financial expenses of domestic operations increased by RMB1.154 billion, of which RMB1.107 billion is attributable to the newly acquired units and newly operated generating units. The financial expenses of the Company's operations in Singapore decreased by RMB17 million.

4. Share of profits less losses of associates and joint ventures

The share of profits less losses of associates and joint ventures of the Company and its subsidiaries for the first half of 2017 was RMB156 million, representing a decrease of RMB402 million from RMB558 million for the same period last year. This was mainly attributable to the decreased profits of the associates and joint ventures of the Company.

5. Income tax expenses

For the first half of 2017, the Company and its subsidiaries recognised a consolidated income tax expenses of RMB0.479 billion, representing a decrease of RMB1.935 billion from RMB2.414 billion for the same period last year. The income tax expenses for the domestic operations decreased by RMB1.927 billion over the same period last year mainly due to the reduced profitability of domestic operations during the period. The income tax credit of the Company's operations in Singapore increased by RMB8 million over the same period last year.

6. Consolidated net profit attributable to equity holders of the Company (excluding non-controlling interests)

The consolidated net profit attributable to equity holders of the Company amounted to RMB0.244 billion for the first half of 2017, representing a decrease of 96.05% from RMB6.177 billion for the same period last year. The net profit attributable to equity holders of the Company from its domestic operations was RMB0.489 billion, representing a decrease of 92.35% over the same period last year. The decrease was mainly due to increased fuel costs. The net loss attributable to equity holders of the Company from its operations in Singapore was RMB245 million, representing an increase of RMB31 million over the same period last year.

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7. Comparison of financial positions

As of 30 June 2017, consolidated total assets of the Company and its subsidiaries were RMB399.125 billion, representing an increase of 26.77% from RMB314.840 billion as of 31 December 2016. As of 30 June 2017, total assets of the Company's operations in Singapore were RMB28.333 billion, representing an increase of 0.18% from RMB28.283 billion as of 31 December 2016.

8. Major financial position ratios

Calculation formula of the financial ratios:

Ratio of liabilities to shareholders' equity = balance of liabilities at the end of the period/balance of shareholders' equity (excluding non-controlling interests) at the end of the period

Current ratio = balance of the current assets at the end of the period/balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period – net amounts of inventories at the end of the period)/balance of current liabilities at the end of the period

Multiples of interest earned = (profit before tax + interest expenses)/interest expenditure (including capitalized interest)

| Item   | The Company<br>and its<br>subsidiaries |                                 |
|--|--|---------------------------------|
|  | As<br>of<br>30<br>June<br>2017         | As of<br>31<br>December<br>2016 |
| Ratio of liabilities to shareholders' equity | 3.59                                   | 2.47                            |
| Current ratio                                | 0.30                                   | 0.28                            |
| Quick ratio                                  | 0.25                                   | 0.23                            |

| Item                         | For<br>the<br>six<br>months<br>ended<br>30<br>June<br>2017 |      | For the six<br>months<br>ended 30<br>June 2016 |
|------------------------------|--|------|--|
|                              |  |      |  |
| Multiples of interest earned | 1.11   | 3.65 |  |

The ratio of liabilities to shareholders' equity increased from the beginning of this year principally due to increased amount of interest-bearing liabilities. Current ratio and quick ratio generally kept stable from the beginning of this year. The multiples of interest earned decreased because of the decreased pre-tax profit for the first half of 2017.

As of June 30 2017, the Company and its subsidiaries had net current liabilities of RMB118.965 billion. Based on the successful financing history of the Company, the undrawn banking facilities available to the Company and its good credit rating, the Company believes it would be able to meet its liabilities as and when they fall due and secure the funds required for operations. In addition, the Company continued to capitalise on its favorable credit rating and minimized interest expense by obtaining short-term borrowings with relatively lower interest rates.

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## II. LIQUIDITY AND CASH RESOURCES

## 1. Liquidity

|   | For the<br>six<br>months<br>ended<br>30 June<br>2017<br>(RMB<br>in<br>billion) | For the<br>six<br>months<br>ended<br>30 June<br>2016<br>(RMB<br>in<br>billion) | Change<br>(%) |
|---|--|--|---------------|
| Net cash from operating activities                            | 14.302   | 19.466   | (26.53 %)     |
| Net cash used in investing activities                         | (20.269)   | (6.818 )   | 197.29 %      |
| Net cash from/(used in) financing activities                  | 10.269   | (11.359)   | (190.40%)     |
| Effect of exchange rate fluctuations on cash held             | 0.022  | 0.092  | (76.09 %)     |
| Net increase in cash and cash equivalent                      | 4.324  | 1.381  | 213.17 %      |
| Cash and cash equivalent at beginning of the reporting period | 7.811  | 7.478  | 4.45 %        |
| Cash and cash equivalent at the end of the reporting period   | 12.135   | 8.859  | 36.98 %       |

The net cash provided by operating activities of the Company was RMB14.302 billion for the first half of 2017, representing a decrease of 26.53% over the same period last year. The decrease was mainly due to the increase of fuel costs.

Net cash used in investing activities of the Company was RMB20.269 billion, representing an increase of 197.29% from the same period last year, which was mainly due to consideration paid for acquisition.

The financing activities of the Company were principally debt financings. During the first half of 2017, the Company drew down new loans of RMB72.215 billion, issued super short-term bonds of RMB16.000 billion, and repaid loans of RMB57.190 billion and super short-term bonds of RMB17.000 billion upon maturity.

As of 30 June 2017, cash and cash equivalents of the Company and its subsidiaries denominated in RMB and Singapore dollar, U.S. dollar and Japanese Yen, each of which is measured at RMB equivalent, were RMB10.895 billion, RMB1.001 billion, RMB0.313 billion and RMB0.1976 million, respectively.



## 2. Capital expenditure and cash resources

### 2.1 Capital expenditure for infrastructure construction and renovation projects

The capital expenditure for construction and renovation projects of the Company for the first half of 2017 was RMB10.483 billion, including RMB848 million for Baxianjiao Offshore Wind Power, RMB664 million for Beijing Cogeneration, RMB502 million for Luoyuan Power, RMB461 million for Taishan Power, RMB432 million for Zhanhua Renewable, RMB283 million for Xianrendao Cogeneration, RMB240 million for Mianchi Cogeneration, RMB240 million for Taicang Power, RMB224 million for Jiuquan Wind Power II, RMB215 million for Fujian Harbor, RMB193 million for Hainan Power, RMB183 million for Yushe Photovoltaic Power, RMB178 million for Guanyun Cogeneration, RMB160 million for Changrun Heating, RMB159 million for SinoSing Power, RMB152 million for Laiwu Power, RMB140 million for Luohuang Power Plant, RMB130 million for Ruyi Coal-fired, RMB130 million for Yueyang Power Plant, RMB129 million for Suzhou Turbine Cogeneration, RMB129 million for Changxing Power plant, RMB124 million for Yantai Bajiao, RMB123 million for Qinbei Power Plant, RMB122 million for Jianchang Photovoltaic Power, RMB121 million for Dezhou Power Plant, RMB119 million for Weihai Power Plant, RMB114 million for Jiangxi Renewable, RMB113 million for Laiwu Renewable, RMB112 million for Yingkou Power Plant, RMB110 million for Diandong Energy, RMB108 million for Dalian Power Plant, and RMB101 million for Yingcheng Cogeneration. Expenditure for other infrastructure construction and renovation projects was RMB3.424 billion.

The above capital expenditures are sourced mainly from internal capital, cash flows provided by operating activities and debt financing. The Company expects to have significant capital expenditures in the next few years. During the course, the Company will make active efforts to improve project planning process on a commercially viable basis. The Company will also actively develop new projects to pave the way for its long-term growth. The Company expects to finance the above capital expenditures through internal capital, cash flows provided by operating activities, and debt and equity financing.

### 2.2 Cash resources and anticipated financing costs

The Company expects to finance its capital expenditure and acquisition costs primarily from internal capital, cash flows from operating activities, and debt and equity financings.

Good operating results and sound credit status provide the Company with strong financing capabilities. As of 30 June 2017, the undrawn banking facilities available to the Company and its subsidiaries amount to more than RMB287.8 billion from, among others, Bank of China, China Construction Bank and Industrial and Commercial Bank of China.

The Company issued five installments of unsecured super short-term bonds of RMB4 billion, RMB3 billion, RMB3 billion, RMB4 billion and RMB2 billion with coupon rate of 3.40%, 3.67%, 3.60%, 3.60% and 4.19% on 13 January, 17 February, 16 March, 14 April and 27 June, respectively. Each installment of super short-term bonds is issued at par value in RMB and matures in 270, 270, 180, 90 and 150 days after issuance, respectively.

As of 30 June 2017, the Company and its subsidiaries had outstanding short-term loans of RMB77.105 billion (RMB57.669 billion at the end of 2016), of which borrowings from banks were charged at annual interest rates ranging from 3.05% to 4.35% (2.77% to 4.35% at the end of 2016).

As of 30 June 2017, the Company and its subsidiaries had outstanding short-term bonds of RMB26.354 billion (RMB27.311 billion at the end of 2016).

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As of 30 June 2017, the Company and its subsidiaries had outstanding long-term loans (including those maturing within a year) of RMB122.608 billion (RMB74.551 billion at the end of 2016), including RMB denominated loans of RMB106.912 billion (RMB58.876 billion at the end of 2016), U.S. dollar denominated loans of US\$380 million (US\$410 million at the end of 2016), Euro denominated loans of €35 million (€39 million at the end of 2016), Singapore dollar denominated loans of S\$2.582 billion (S\$2.581 billion at the end of 2016), and Japanese yen denominated loans of ¥2.648 billion (¥2.703 billion at the end of 2016). All loans denominated in US dollar and Singapore dollar were floating rate, and loans denominated in all other foreign currencies were fixed rate. As of 30 June 2017, the long-term loans of the Company and its subsidiaries from banks were charged at annual interest rates ranging from 0.75% to 5.65% (0.75% to 5.65% at the end of 2016).

The Company will maintain close watch on fluctuations of exchange rate and interest rate markets, and prudently assess currency and interest rate risks.

In addition to meeting cash requirements from operations, constructions and acquisitions in its ordinary course, the Company, along with due consideration of overall development of power generation industry and growth of the Company, will make efforts to control financing costs and financial risks, establish an optimal capital structure for effective financial management activities, with the view to providing sustainable and stable returns to its shareholders.

### 2.3 Other financing requirements

The objective of the Company is to bring long-term, consistent and growing returns to its shareholders. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. Upon the approval from the annual general meeting of the shareholders for the year 2016 held on 13 June 2017, the Company declared a cash dividend of RMB0.29 per ordinary share (inclusive of tax), with total dividends of approximately RMB4.408 billion. As of 30 June 2017, RMB3.045 billion of the aforementioned dividends have been paid, with RMB1.363 billion remaining.

## III. PERFORMANCE AND PROSPECTS OF SIGNIFICANT INVESTMENTS

The Company acquired 25% equity interests in Shenzhen Energy Group (“Shenneng Group”) with payment of RMB2.39 billion on 22 April 2003. In 2011, Shenneng Group divided into a remainder company Shenneng Group and a new company Shenneng Energy Management Company, and the Company holds 25% equity interests in each of the two successors. The Company acquired 200 million shares from Shenzhen Energy Corporation (“Shenzhen Energy”), a subsidiary of Shenneng Group, in December 2007. Shenzhen Energy allotted shares with its capital surplus in 2011. In February 2013, Shenzhen Energy merged Shenzhen Energy Management Company through the combination of directional seasoned offering and cash payment to the shareholders of Shenzhen Energy Management Company. After the merger, the Company directly held 991,741,659 shares of Shenzhen Energy, representing 25.02% of its equity interests. These investments brought a net profit attributable to the equity holders of the Company of RMB72 million for the Company for the first half of 2017 under IFRS. This investment is expected to provide steady returns to the Company.

The Company held 60% direct equity interests in Sichuan Hydropower as of 31 December 2006. In January 2007, Huaneng Group increased its capital investment in Sichuan Hydropower by RMB615 million, thus reducing the Company’s equity interests in Sichuan Hydropower to 49% and making Huaneng Group the controlling shareholder of Sichuan Hydropower. This investment brought to the Company a net profit attributable to the equity holders of the Company of RMB66 million for the first half of 2017 under IFRS. This investment is expected to provide steady returns to the Company.

#### IV. EMPLOYEE BENEFITS POLICIES

As of 30 June 2017, the Company and its subsidiaries had 56,598 employees. During this reporting period, there was no significant change regarding remuneration policies and training programs of the Company.

#### V. GUARANTEE FOR LOANS AND RESTRICTED ASSETS

As of 30 June 2017, the Company provided guarantees of approximately RMB12.684 billion for the long-term bank loans of Tuas Power; Huaneng Heilongjiang Power Generation Co., Ltd., a subsidiary of the Company, provided guarantees of approximately RMB550 million, RMB1,080 million and RMB537 million for the long-term bank loans of its subsidiaries Huaneng Daqing Cogeneration Co., Ltd., Daqing Lvyuan Wind Power Co., Ltd., and Huaneng Tongjiang Wind Power Co., Ltd., respectively; Huaneng Shandong Ruyi Coal-fired Co., Ltd., a subsidiary of the Company, provided guarantees of RMB80 million for the long-term bank loans of its subsidiary Huaneng Jiexiang Power Co., Ltd..

As of 30 June 2017, the details of secured loans of the Company and its subsidiaries are as follows:

1. As of 30 June 2017, short-term loans of approximately RMB71 million represented the notes receivable that were discounted with recourse. As these notes receivable had not yet matured, the proceeds received were recorded as short-term loans.

2. As of 30 June 2017, long-term loans of approximately RMB6.033 billion of the Company and its subsidiaries were secured by certain property, plant and equipment, with net book value of RMB6.310 billion.

3. As of 30 June 2017, long-term loans of approximately RMB11.529 billion were secured by future electricity revenue of the Company and its subsidiaries.

As of 30 June 2017, the restricted bank deposits of the Company and its subsidiaries were RMB95 million (RMB71 million as of 31 December 2016).

As of 30 June 2017, notes receivable endorsed neither matured nor derecognized of the Company and its subsidiaries with net book value amounted to RMB1.241 billion.

As of 30 June 2017, property, plant and equipment held under finance leases of the Company and its subsidiaries with net book value amounted to RMB2.280 billion.

As of 30 June 2017, the Company and its subsidiaries had no material contingent liability.

#### VI. RISK FACTORS

For the second half of 2017, the PBOC will continue implementing prudent monetary policies and make timely and fine-tuned adjustment to benchmark borrowing and lending interest rates. Most of the Company's debts are interest bearing debts denominated in RMB, and the change of RMB interest rates will directly affect the Company's borrowing costs. The Company will keep close watch on market conditions to make reasonable financing arrangements, explore new financing initiatives to control financing costs while meeting funding requirements. The interest bearing debts denominated in non-RMB currencies are mostly charged with floating interest rates. The Company has hedged approximately half of its debts with floating interest rates by interest rate swap agreements, and the fluctuation of the interest rates on non-RMB currency borrowings will not have material adverse impact on the Company.

The Company had certain debts denominated in U.S. dollar and Euro, and could incur exchange gain or loss from fluctuation of relevant exchange rates. The debts denominated in foreign currencies accounted for less than 3% of the total interest bearing debts of the Company, most of which were denominated in U.S. dollar. The recent fluctuations in

exchange rates are not expected to have material adverse impact on the Company due to limited amount of its borrowings denominated in foreign currencies.

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## SHARE CAPITAL STRUCTURE

As at 30 June 2017, total issued share capital of the Company amounted to 15,200,383,440 shares, of which 10,500,000,000 shares were domestic shares, representing 69.08% of the total issued share capital of the Company, and 4,700,383,440 shares were foreign shares, representing 30.92% of the total issued share capital of the Company. In respect of foreign shares, China Huaneng Group (“Huaneng Group”) through its wholly-owned subsidiary China Hua Neng Group Hong Kong Limited held 472,000,000 shares, representing 3.11% of the total issued share capital of the Company. In respect of domestic shares, Huaneng International Power Development Corporation (“HIPDC”) owned a total of 5,066,662,118 shares, representing 33.33% of the total issued share capital of the Company, while Huaneng Group held 1,555,124,549 shares, representing 10.23% of the total issued share capital of the Company. Through its controlling subsidiary China Huaneng Finance Corporation Limited, Huaneng Group held 74,139,853 shares, represents 0.49% of the total issued share capital of the Company. Other domestic shareholders held a total of 3,804,073,480 shares, representing 25.03% of the total issued share capital of the Company.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company and its subsidiaries did not sell any other types of its securities and did not purchase or redeem its own shares or other securities in the first half of 2017.

## MAJOR SHAREHOLDING STRUCTURE

The following table summarizes the shareholdings of the top ten shareholders of the Company as at 30 June 2017:

| Name of Shareholders   | Total Shareholdings | Percentage of shareholding in total issued shares (%) |   |
|--|---------------------|---|---|
| Huaneng International Power Development Corporation                  | 5,066,662,118       | 33.33   | % |
| HKSCC Nominees Limited*  | 3,940,346,460       | 25.92   | % |
| China Huaneng Group  | 1,555,124,549       | 10.23   | % |
| Hebei Construction & Investment Group Co., Ltd.                      | 527,548,946         | 3.47  | % |
| China Hua Neng Group Hong Kong Limited                               | 472,000,000         | 3.11  | % |
| Jiangsu Provincial Investment & Management Limited Liability Company | 416,500,000         | 2.74  | % |
| China Securities Finance Corporation Limited                         | 413,567,472         | 2.72  | % |
| Liaoning Energy Investment (Group) Limited Liability Company         | 388,619,936         | 2.56  | % |
| Fujian Investment Development (Group) Co., Ltd.                      | 365,818,238         | 2.41  | % |
| Dalian Municipal Construction Investment Company Limited             | 301,500,000         | 1.98  | % |

Notes:

\* HKSCC Nominees Limited acts as nominee of holders of H shares of the Company and its shareholdings in the Company represent the total number of H shares held by it as nominee of H shareholders.

**MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2017, the interests or short positions of persons who were entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors, Supervisors and chief executive) in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

| Name of shareholder  | Class of shares | Number of shares held (share) | Capacity                      | Approximate percentage of shareholding in the Company's total issued share capital | Approximate percentage of shareholding in the Company's total issued domestic shares | Approximate Percentage of shareholding in the Company's total issued H Shares |
|--|-----------------|-------------------------------|-------------------------------|--|--|---|
| Huaneng International Power Development Corporation (Note 2) | Domestic shares | 5,066,662,118 (L)             | Beneficial owner              | 33.33% (L)   | 48.25% (L)   | –   |
| China Huaneng Group (Note 3)                                 | Domestic shares | 1,555,124,549 (L)             | Beneficial owner              | 10.23% (L)   | 14.81% (L)   | –   |
| China Huaneng Group (Note 4)                                 | H shares        | 472,000,000 (L)               | Beneficial owner              | 3.11% (L)  | –  | 10.04% (L)  |
| Hebei Provincial Construction Investment Company             | Domestic shares | 527,548,946 (L)               | Beneficial owner              | 3.47% (L)  | 5.02% (L)  | –   |
| Blackrock, Inc (Note 5)                                      | H shares        | 470,711,125 (L)               | Interest in controlled entity | 3.09% (L)  | –  | 10.01% (L)  |
|  |                 | 3,176,000 (S)                 | Interest in controlled entity | 0.02% (S)  | –  | 0.06% (S)   |
| JPMorgan Chase & Co. (Note 6)                                | H shares        | 86,293,770 (L)                | Beneficiary owner             | 0.56% (L)  | –  | 1.83% (L)   |
|  |                 | 21,974,958 (S)                | Beneficiary owner             | 0.14% (S)  | –  | 0.46% (S)   |
|  |                 | 261,328,000 (L)               | Investment manager            | 1.71% (L)  | –  | 5.55% (L)   |
|  |                 | 11,160 (L)                    | Trustee                       | 0.00007% (L)   | –  | 0.0002% (L)   |
|  |                 | 116,316,122 (P)               | Custodian                     | 0.76% (L)  | –  | 5.55% (L)   |

Notes:

(1) The letter “L” denotes a long position. The letter “S” denotes a short position. The letter “P” denotes interest in a lending pool.

- (2) As of the Latest Practicable Date, Huaneng Group holds 75% direct interests and an additional 25% indirect interests in HIPDC.
- (3) Of the 1,555,124,549 domestic shares, Huaneng Group held 74,139,853 domestic shares through its controlling subsidiary, Huaneng Finance.
- (4) Huaneng Group held 472,000,000 H shares of the Company through its wholly owned subsidiary, China Hua Neng Group Hong Kong Limited.
- (5) Long position of 850,080 shares and short position of 284,000 shares were held through cash settled derivatives (on exchange).

Long position of 1,402,640 shares and short position of 467,480 shares were held through physically settled derivatives (on exchange). Short position of 2,898,000 shares was held through cash settled derivatives (on exchange). Short position of 15,561,478 shares were held through physically settled derivatives (off exchange). Long position of 1,436,000 shares and short position of 3,048,000 shares were held through cash settled derivatives (off exchange).

Save as stated above, as at 30 June 2017, in the register required to be kept under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the equity derivatives of the Company.

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#### DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES

The Company has adopted a code with the standard not lower than that of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). Following enquiries made by the Company, all Directors and Supervisors confirmed that they have complied with the Code throughout the first half of 2017.

As at 30 June 2017, none of the directors, chief executive officer or supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the definition of Part XV of the Securities and Futures Ordinance ("SFO") which was required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, chief executive officer or Supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

#### PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules and as agreed with the Hong Kong Stock Exchange, based on the information that is publicly available to the Company and within the knowledge of the directors of the Company.

#### DIVIDENDS

It was resolved by the Board not to distribute dividends for the first half of 2017.

#### DISCLOSURE OF MATERIAL EVENTS

The Company held the annual general meeting on 13 June 2017, at which it considered the proposals for the election of the new session of the Board of Directors and the Supervisory Committee and elected Mr. Cao Peixi, Mr. Guo Junming, Mr. Liu Guoyue, Mr. Fan Xiaxia, Mr. Huang Jian, Mr. Wang Yongxiang, Mr. Mi Dabin, Mr. Guo Hongbo, Mr. Cheng Heng and Mr. Lin Chong as Directors of the ninth session of the Board of Directors, Mr. Yue Heng, Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng and Mr. Zhang Xianzhi as the Independent Non-executive Directors of the ninth session of the Board of Directors, and Mr. Ye Xiangdong, Mr. Mu Xuan, Ms. Zhang Mengjiao, Mr. Gu Jianguo, Ms. Zhang Xiaojun and Mr. Zhu Daqing as supervisors for the ninth session of the Supervisory Committee of the Company. On the same day, the Company held the first meeting of the ninth session of Board of Directors and the first meeting of the ninth session of Supervisory Committee, whereat it elected Mr. Cao Peixi as the Chairman and Mr. Guo Junming as the Vice-Chairman of the Company's Board of Directors, and Mr. Ye Xiangdong as the chairman and Mr. Mu Xuan as the vice-chairman of the Company's Supervisory Committee. At the same time, Mr. Li Shiqi, Mr. Zhu Yousheng, Ms. Li Song, Mr. Li Zhensheng, Mr. Geng Jianxin and Mr. Xia Qing officially left office.

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Due to work requirements, Mr. Du Daming tendered a written report to the Company for resignation from the position as the Vice President and the Secretary to the Board of Directors of the Company. On 22 May 2017, upon election by the Board of Directors and approval by Hong Kong Stock Exchange, the Company appointed Mr. Huang Chaoquan as the secretary to the Board of Directors of the Company. At the same time, Mr. Du Daming officially left office.

## CORPORATE GOVERNANCE

The Company always places emphasis on corporate governance. After years of experience and practice, the Company has gradually formed a standardized and enhanced governance structure, thereby establishing a sound and effective system that is appropriate to the Company's own development requirements. The Company persists on maximizing the benefits of the Company and its shareholders as a whole, treating all of its shareholders fairly and striving for the long-term, stable and increasing returns for shareholders of the Company.

During the reporting period, the Company has complied with the relevant provisions of Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules.

### (A) CODE OF CORPORATE GOVERNANCE

In recent years, the Company adopted the following measures in order to strengthen corporate governance and enhance the Company's operation quality:

#### (1) Enhancing and improving corporate governance

In addition to complying with the provisions of the applicable laws, as a public company listed in three markets both domestically and internationally, the Company is subject to the regulations of the securities regulatory authorities of the three listing places and the supervision of investors at-large. Accordingly, our fundamental principles are to adopt a corporate governance structure that balances and coordinates the decision-making powers, supervisory powers and operating powers, to act with honesty and integrity, and to operate in accordance with laws and regulations.

Over the years, the Board has formulated and implemented the Rules and Procedures of the General Meetings; Rules and Procedures of the Board of Directors Meetings; the Rules and Procedures of the Supervisory Committee Meetings; the Detailed Rules on the Work of the General Manager; the Detailed Rules on the Work of the Strategy Committee of the Board of Directors; the Detailed Rules on the Work of the Audit Committee of the Board of Directors; the Detailed Rules on the Work of the Nomination Committee of the Board of Directors; the Detailed Rules on the Work of the Remuneration and Appraisal Committee of the Board of Directors; the System on Work of Independent Directors, the System on Work of Independent Directors on the annual report and the Work Regulations on Annual Report for the Audit Committee, and amended the Articles of Association according to the applicable laws and the Company's development need.

In October 2014, on the basis of combining the requirements of the rules of the Stock Exchange and the actual needs of the Company, the Company has formulated the Diversification Policy on Members of the Board of Directors (the "Diversification Policy") in accordance with the requirements of the Hong Kong Stock Exchange to further enhance the Company's corporate governance. The Diversification Policy is comprised of seven sections – purpose, significance, declaration of policies, measurable goals, monitoring and reporting, review policy and disclosure of the policy.

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In April 2016, to further enhance the Company's overall risk management, the Company has revised the Detailed Rules on the Work of the Strategy Committee of the Board of Directors by incorporating the Company's risk management work decisions into the Strategy Committee's responsibilities, strengthening its role responsible for the Company's risk management. At the same time, the Company made a comprehensive revision to the Risk Management Measures of the Company which was formally promulgated and adopted for use from 26 April 2006 until now, having made reference to "Guidelines for Management of Comprehensive Risks of Central Enterprises" from the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance's "Basic Internal Control Norms for Enterprises", and the "Guidelines for Management of Overall Risks of China Huaneng Group". The subject matters including definition of overall risk management and risk management process, responsibility and labour division of risk management organs at all levels, risk classification, assessment and reporting procedures, control and prevention of risk, evaluation and supervision, the establishment of corporate risk management culture, etc. By revising and enhancing the above two systems, it would further consolidate the basis of the risk management system which provided the Company with a more effective theoretical guidance for comprehensive risk management, thus playing an important role in maintaining the Company's healthy development. During the reporting period, the Company has complied with the "Corporate Governance Code" and the requirements on relevant provisions regarding risk management and internal control.

In order to better adapt to market and regulatory changes, the Company has also revised the "Detailed Rules of the Secretary of the Board of Directors" on primarily the assessment of the work of the Secretary of the Board of Directors and further enhanced the management system of the Secretary of the Board of Directors.

All members of the Board jointly perform the duty of corporate governance. During the reporting period, the Board has included the followings in its scope of duties and authority:

1. Establishing and reviewing the Company's corporate governance policies and codes, and making such amendments as it deems necessary to ensure the effectiveness of such policies and codes;
  2. Reviewing and supervising the training and sustained professional development of the Company's directors and senior management;
  3. Reviewing and supervising the Company's policies and codes regarding the observance of laws and regulatory requirements;
  4. Formulating, reviewing and supervising the codes of conduct and compliance handbook (if any) applicable to directors and employees; and
  5. Reviewing the Company's compliance with the Code on Corporate Governance Practices and the disclosures made in the Corporate Governance Report.
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(2) Enhancing and improving the information disclosure system

The Company stresses on the importance of external information disclosure. The Company has established the Information Disclosure Committee which comprises the secretary to the Board of Directors, the chief accountant, managers of each functional department, and is responsible for reviewing the Company's regular reports. The Company has implemented the system of holding regular information disclosure meetings every Monday chaired by the secretary to the Board of Directors and the chief accountant who will report on the Company's important matters of the week, thereby ensuring the Company's performance of the relevant information disclosure obligations. The Company has successively formulated and implemented the relevant information disclosure system, and has made timely amendments thereto according to regulatory requirements. The current functioning systems include the Measures on Information Disclosure Management, the Measures on Connected Transaction Management, Management Measures on Insiders, the Measures on Investor Relations Management, the Detailed Rules on the Work of the Information Disclosure Committee, Management Measures for Pursuing Responsibility regarding Material Errors in Information Disclosure of Annual Report, etc. The above measures and system ensure the regulated operation of the Company, strengthen the truthfulness, accuracy, completeness and the timely disclosure of information, and at the same time enhance the quality as well as transparency of the information disclosure.

Relevant departments of the Company compiled answers (and subsequent updates) to questions regarding the hot topics of market concerns, and the Company's production, operation and operating results in a timely manner. The replies shall become the basis of external communication upon the approval of the Company's management and the authorized representatives of the Information Disclosure Committee. Also, the Company engages professional personnel to conduct specialized training for the staff of the Company who are responsible for information disclosure on an irregular basis in order to continuously enhance their expertise.

(3) Regulating financial management system, strengthening internal control

In 2017, the Company sticks to its principle of good faith and fair treatment to its shareholders and makes a lot of detailed work in preparing the financial reports and connected practice standard and on aspect of internal controls. The credibility of a listed company, to a large extent, relates to the quality of the preparation of financial statements and a regulated operation of financial activities. In order to regulate its financial management, the Company has completed a large amount of specific and detailed work, including:

In order to strictly implement the accounting rules, accounting standards and accounting systems, to strengthen accounting and accounts supervision, and to truthfully and fairly reflect the financial position, operating results and cash flow, the Company has formulated the Measures on Accounting, the Measures on Capital Construction Accounting, the Measures on Fixed Assets Management, Lists of Fixed Assets and the Measures on Cost Management. The Company's Board, the Supervisory Committee and the Audit Committee have reviewed the Company's financial reports on a regular basis and the Company has fulfilled the requirements of making the Chairman, the President and the Chief Accountant responsible for the truthfulness and completeness of the financial reports.

In order to safeguard the independence of the listed company, the Company maintained the separation of personnel within organizational structure and specifically established the relevant institutions responsible for the entrusted business so that the Company may realize the complete separation of the listed company and the controlling shareholder in terms of personnel, assets and finances according to the laws and regulations of the State and the requirements of regulatory rules.

- In regard to fund management, the Company has formulated a number of management measures including the Measures on Financial Management, the Measures on the Management of the Income and Expenditure of the Funds, the Measures on the Assessment of Management of Receipt and Payment of Funds, the Measures on the Use and Management of Large Amount by Headquarter of the Company, the Measures on the Management of Bills of Exchange, the Measures on Management of Fund Raising, Rules on the Management of Transactions Involving Financial Derivatives, the Measures on the Management of Provision of Security to Third Parties and the Measures for Regulating Fund Transfers with the Related Parties. The Company's Articles of Association also set out provisions relating to loans, guarantees and investment. In the annual reports of the Company over the previous years, the Company has engaged certified accountants to conduct auditing on the use of funds by the controlling shareholders and other related parties, and issue specific statements according to the requirements of the China Securities Regulatory Commission ("China Securities Regulatory Commission") and the Shanghai Stock Exchange ("Shanghai Stock Exchange") for confirmation that there has not been any violation of rules relating to the use of funds. Moreover, the Company also conducted quarterly checking and clearing with related parties in relation to the operational fund transfers in order to ensure the safety of funds.
- 3.

- The overall objective of internal control of the Company is to promote implementation of the corporate strategy.
4. Specific goals are to maintain lawful operation and management of the Company, asset safety, and truthfulness and completeness of financial reports and related information, thus promoting the overall enhancement of operating efficiency and actual effect.

The Company has formulated a comprehensive system for five businesses including development and construction, production and management, financial assets, integrated management and supervision and evaluation in order to achieve the institutionalization of management. The Company has comprehensively sort out internal and external risks and various business processes, and completed the "Internal Control Manual", the fifth version of which in use detailed 23 business processes and organizational structures including income, material procurement, fuel management and fund management, and 19 soft elements including human resources management, anti-fraud and risk management in terms of five areas including environment control, risk assessment, process control, information and communication, and monitoring, thereby comprehensively elaborating the Company's guiding principles and policies, work procedures and job duties of various posts, regulating the standard procedures of various business processes and realizing a streamlined system.

The Company has compiled the "Internal Control Evaluation Handbook" specifying the three-tier internal control evaluation management system, the internal control evaluation mode comprised of routine evaluation and supervision on key area, regulating the internal control evaluation procedures, evaluation methods, defect defining procedures and standards in order to realize standardization of internal control evaluation. The Company conducts annual assessment on the applicability and effectiveness of the above system and regularly conducts revision and perfection in order to realize dynamic maintenance of the internal control system.

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The Company has established 48 items of risks falling into 16 categories involving strategic management, production and operation, legal affairs, financial management, use of capital, safety protection, energy conservation and environment protection, fundamental construction and compliance observation, and has divided risk management at all levels of business departments. For the purpose of risk identification, the “Internal Control Manual” stipulates the corresponding control measures and defines key control points. Through the implementation of the “one post for one item system” at each control point, the control responsibility is divided to every post at various levels so that internal control and job responsibilities are combined and all members of staff can participate in the construction of internal control. The Company has implemented the internal control routine evaluation mechanism, set up the post of internal control evaluators in each department and subordinate unit respectively, conducted monthly internal control evaluation, and established a three-tier evaluation quality supervision mechanism respectively at the three levels of the Company, regional offices and basic level units by way of the internal control management system in order to conduct real-time tracking of the implementation of internal control. During the first half of the year, the Company has successfully completed a six-month internal control routine evaluation, and launched key inspection on high-risk units after combining the risk assessment results thus effectively protecting and promoting the sustained and healthy development of the businesses of the Company and realizing the stable operation of the internal control system. The Company has combined the new requirements and new changes in business and management and constantly advanced experience and common issues, and launched comprehensive and multi-level internal control training each year, and widely publicized internal control concepts and knowledge, thus continuously optimizing the internal control environment.

The internal control and management departments, internal audit department and external auditors regularly report the internal control work situation to the Audit Committee of the Board of Directors respectively, thus ensuring the continued and effective operation of the internal control system. The Company constantly improves the internal control review system, formulated the “Internal Control Review and Evaluation Management Regulations”, regularly conducts internal control target reviews and comprehensive evaluations, circulating notices within the Company after combining the assessment results, thus realizing the review results in a timely manner, effectively guiding the units at all levels to focus on the quality of internal control work and practically realizing of the deep-level objective of management enhanced by internal control.

Upon full assessment, the management of the Company is of the opinion that the internal control system of the Company is sound and effective.

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**(B) SECURITIES TRANSACTIONS BY DIRECTORS**

As the Company is listed in three jurisdictions, the Company has strictly complied with the relevant restrictive clauses on securities transactions by directors imposed by the regulatory authorities of the US, Hong Kong and China and we insist on the principle of complying with the strictest clause, which is, abiding by the strictest clause among three jurisdictions. We have adopted a set of standards not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the model code for securities dealings by directors of the Company, namely, Management Rules regarding the Company's Securities Information and Trading. The Company has also formulated and implemented the Management Rules in respect of the Shares of the Company held by the Directors, Supervisors and Senior Management of Huaneng Power International, Inc. The model codes for the trading of securities by the Company's directors include: trading the Company's shares strictly in accordance with the Companies Law and relevant regulations, prohibiting those who are in possession of securities transaction inside information using inside information in securities trading; and setting out detailed rules for those who are in possession of inside information. Following a specific enquiry on all the directors and senior management of the Company, all the directors and senior management currently do not hold any shares of the Company and there is no material contract in which the directors and senior management directly or indirectly have material interests.

**(C) BOARD OF DIRECTORS**

The Board of Directors of the Company comprises of 15 members. Of the members of the eighth session of the board of directors, Mr. Cao Peixi acted as Chairman, and Mr. Guo Junming as Vice Chairman of the Board. The Executive Directors of the Company are Mr. Cao Peixi, Mr. Liu Guoyue (President) and Mr. Fan Xiaxia (Vice President); the Non-executive Directors are Mr. Li Shiqi, Mr. Huang Jian, Mr. Mi Dabin, Mr. Guo Hongbo, Mr. Zhu Yousheng and Ms. Li Song. Mr. Li Zhensheng, Mr. Yue Heng, Mr. Geng Jianxin, Mr. Xia Qing and Mr. Xu Mengzhou were the independent non-executive Directors of the Company. On 13 June 2017, the Company elected the members of the new session of the Board of Directors. Members of the ninth session of the Board of Directors are as follows: Mr. Cao Peixi as the Chairman, Mr. Guo Junming as the Vice-Chairman; Mr. Cao Peixi, Mr. Liu Guoyue (the President) and Mr. Fan Xiaxia (the Vice President) as the Executive Directors; Mr. Wang Yongxiang, Mr. Huang Jian, Mr. Mi Dabin, Mr. Guo Hongbo, Mr. Cheng Heng and Mr. Lin Chong as the Non-executive Directors; and Mr. Yue Heng, Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng and Mr. Zhang Xianzhi as the Independent Non-executive Directors.

The Board of Directors of the Company has held five meetings during the reporting period including regular meetings and ad hoc meetings. For details, please see the relevant announcements.

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Details of the attendance of directors at the board meetings are as follows:

| Name                                       | Number of meetings to be attended | Number of meetings attended in person | Number of meetings attended by proxy | Rate of Attendance (%)                   |
|--|-----------------------------------|---------------------------------------|--------------------------------------|--|
| <b>Executive Directors</b>                 |                                   |                                       |                                      |  |
| Cao Peixi                                  | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| Liu Guoyue                                 | 5                                 | 5                                     | 0                                    | 100%                                     |
| Fan Xiaxia                                 | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| <b>Non-executive Directors</b>             |                                   |                                       |                                      |  |
| Guo Junming                                | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| Wang Yongxiang                             | 1                                 | 1                                     | 0                                    | 100%                                     |
| Huang Jian                                 | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| Mi Dabin                                   | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| Guo Hongbo                                 | 5                                 | 4                                     | 1                                    | 80%<br>(Attendance by proxy rate of 20%) |
| Cheng Heng                                 | 1                                 | 1                                     | 0                                    | 100%                                     |
| Lin Chong                                  | 1                                 | 1                                     | 0                                    | 100%                                     |
| <b>Independent non-executive Directors</b> |                                   |                                       |                                      |  |
| Yue Heng                                   | 5                                 | 5                                     | 0                                    | 100%                                     |
| Xu Mengzhou                                | 5                                 | 5                                     | 0                                    | 100%                                     |
| Liu Jizhen                                 | 1                                 | 1                                     | 0                                    | 100%                                     |
| Xu Haifeng                                 | 1                                 | 1                                     | 0                                    | 100%                                     |
| Zhang Xianzhi                              | 1                                 | 1                                     | 0                                    | 100%                                     |
| <b>Directors who had resigned</b>          |                                   |                                       |                                      |  |
| Li Shiqi                                   | 4                                 | 3                                     | 1                                    | 75%<br>(Attendance by proxy rate of 25%) |
| Zhu Yousheng                               | 4                                 | 4                                     | 0                                    | 100%                                     |
| Li Song                                    | 4                                 | 3                                     | 1                                    | 75%<br>(Attendance by proxy rate of 25%) |
| Li Zhensheng                               | 4                                 | 4                                     | 0                                    | 100%                                     |
| Geng Jianxin                               | 4                                 | 4                                     | 0                                    | 100%                                     |

|          |   |   |   |   |
|----------|---|---|---|---|
| Xia Qing | 4 | 3 | 1 | 75%<br>(Attendance by<br>proxy rate of 25%) |
|----------|---|---|---|---|

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As stated in the previous Corporate Governance Reports, the Company's Articles of Association set out in detail the duties and operational procedures of the Board (please refer to the Company's Articles of Association for details). The Board of the Company holds regular meetings to hear the reports on the Company's operating results and makes timely decisions. Material decisions on operation shall be discussed and approved by the Board. Ad hoc meetings may be held if necessary. Board meetings include regular meetings and ad hoc meetings. Regular meetings of the Board include: annual meetings, first quarterly meetings, half-yearly meetings and third quarterly meetings.

All arrangements for regular meetings have been notified to all directors at least 14 days prior to the meeting and the Company has ensured that each director thoroughly understood the agenda of the meeting and fully expressed his/her opinions, while all Independent Non-executive Directors expressed their independent directors' opinions on their respective duties. Minutes have been taken for all the meetings and filed at the Office of the Board.

Moreover, the Independent Non-executive Directors have submitted their independent non-executive director confirmation letters of 2016 according to the requirements of the Listing Rules.

The Directors considered that they have complied with the laws and regulations, and provisions of the Articles of Association, and have actively performed the duties faithfully and diligently. Apart from regular and ad hoc meetings, the Directors obtained information through the Chairman Office and the President Office in a timely manner in order to monitor the objectives and strategies of the management, the Company's financial position and operating results and signing and performance of material agreements. The Directors reviewed the reports, data etc. of the Company regularly to understand the situation on production operation of the Company. Through on-site investigation, the independent non-executive Directors provided practical resolutions to the Company. All specialized committees under the Board actively carried out works and provided recommendations and policies which formed the basis of accurate policies for the Board.

During the period when the Board was not in session, the Chairman, together with the Vice Chairman, discharged part of the duties of the Board, including (1) to examine and approve the proposals in respect of establishing or cancelling development and construction projects; (2) to examine and approve proposals of the in relation to the appointment, removal and transfer of managers of various departments of the Company and managers of external branches; (3) to examine and approve plans on the use of significant funds; (4) to examine and approve proposals on the establishment or cancellation of branch companies or branch organs; and (5) to examine and approve other major issues.

The Board has summarized the implementation and execution of work during the reporting period taking into consideration of opinions of the Supervisory Committee and the Senior Management of the Company. The Board is of the opinion that it has effectively fulfilled its duties to safeguard the interests of the Company and its shareholders.

Directors who attended the 2017 first extraordinary general meeting of the Company were Mr. Liu Guoyue (Director and the Chairman of the Strategy Committee), Mr. Mi Dabin (Director) and Mr. Geng Jianxin (Independent non-executive Director and Chairman of the Remuneration and Appraisal Committee of the Board of Directors). Director who attended the 2017 second extraordinary general meeting of the Company was Mr. Liu Guoyue (director and the Chairman of the Strategy Committee). Directors who attended the annual general meeting for 2016 of the Company were Mr. Liu Guoyue (director and the Chairman of the Strategy Committee), Mr. Mi Dabin (Director), Mr. Yue Heng (Independent non-executive Director and Chairman of the Audit Committee) and Mr. Xu Mengzhou (Independent non-executive Director).

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(D) CHAIRMAN AND PRESIDENT

The Company shall have a Chairman and a President who shall perform their duties respectively and separately according to the Articles of Association. During the reporting period, Mr. Cao Peixi acts as Chairman of the Board and Mr. Liu Guoyue acts as President of the Company.

The division of duties of the Board and the senior management remained the same as disclosed in the previous Corporate Governance Reports.

(E) NON-EXECUTIVE DIRECTORS

According to the Articles of Association, the term of office of each member of the Board of the Company shall not exceed three years (inclusive) and the members may be eligible for re-election. However, the term of office of Independent Non-executive Directors shall not exceed six years (inclusive) according to the relevant regulations of the China Securities Regulatory Commission.

The respective terms of office of the Non-executive Directors are as follows:

Name of Non-executive Directors Term of office

|                |                   |
|----------------|-------------------|
| Guo Junming    | 13 June 2017-2020 |
| Huang Jian     | 13 June 2017-2020 |
| Wang Yongxiang | 13 June 2017-2020 |
| Mi Dabin       | 13 June 2017-2020 |
| Guo Hongbo     | 13 June 2017-2020 |
| Cheng Heng     | 13 June 2017-2020 |

(F) DIRECTORS' REMUNERATION

According to the relevant PRC laws and the Articles of Association, the Board has established the Remuneration and Appraisal Committee which operates in accordance with the Detailed Rules on the Work of the Remuneration and Appraisal Committee and is mainly responsible for studying the appraisal standards of the directors and senior management personnel of the Company, conducting appraisals and making proposals; responsible for studying and examining the remuneration policies and proposals of the directors and senior management personnel of the Company; and is to be accountable to the Board. The Remuneration and Appraisal Committee will review and submit annual total wages to the board of directors annually. Each of the Executive Directors has signed a director's service contract in accordance with the requirement of the Hong Kong Stock Exchange.

The Remuneration and Appraisal Committee comprises of seven members. Members of the eighth session of the Remuneration and Appraisal Committee were: Mr. Geng Jianxin, Mr. Liu Guoyue, Mr. Guo Hongbo, Mr. Zhu Yousheng, Mr. Li Zhensheng, Mr. Yue Heng and Mr. Xia Qing. On 13 June 2017, the Company elected Mr. Zhang Xianzhi, Mr. Liu Guoyue, Mr. Guo Hongbo, Mr. Cheng Heng, Mr. Yue Heng, Mr. Liu Jizhen and Mr. Xu Haifeng as members of the ninth session of the Remuneration and Appraisal Committee, among whom Mr. Yue Heng, Mr. Liu Jizhen, Mr. Xu Haifeng and Mr. Zhang Xianzhi are Independent Non-executive Directors and Mr. Zhang Xianzhi is the chairman of the committee.

The operation of the Remuneration and Appraisal Committee under the Board complied with the Detailed Rules on the Work of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee convened the first meeting in 2017 on 20 March 2017, at which the Report of Total Wage Expenses was reviewed and the Company's arrangement for the total wage in 2017 was approved. The Remuneration and Appraisal Committee will carry out the work according to the actual situation and the above Detailed Rules at appropriate time.

During the reporting period, the attendance of meetings of the Remuneration and Appraisal Committee of the Company's Board was as follows:

| Name of meeting  | Date of meeting | Members who attended the meeting in person                                 | Members who attended the meeting by proxy |
|--|-----------------|--|---|
| First meeting of the Remuneration and Appraisal Committee of the Eighth Session of the Board in 2017 | 20 March 2017   | Geng Jianxin, Liu Guoyue, Guo Hongbo, Zhu Yousheng, Li Zhensheng, Yue Heng | Xia Qing                                  |

#### (G) NOMINATION OF DIRECTORS

According to the relevant PRC laws and the relevant provisions of the Articles of Association, the Board has established the Nomination Committee. Governed by the Detailed Rules on the Works of the Nomination Committee, the Committee is mainly responsible for studying the selection standards and procedures for candidates for directors and senior management personnel of the Company according to the directors' qualifications requirements under the Companies Law and Securities Law and the needs of the operational management of the Company, and making proposals thereon to the Board; searching for qualified candidates for directors and suitable persons for senior management personnel on a wide basis; and examining the candidates for directors and suitable persons for senior management personnel and making proposals thereon. Currently, the nomination of the candidates for directors of the Company is mainly made by shareholders. The nominations, after examination of the relevant qualification by the Nomination Committee, will be submitted to the Board of Directors. The President of the Company was appointed by the Board and the candidates for the Vice President and management were nominated by the President. Such nominations, after examination of the relevant qualification by the Nomination Committee, will be submitted to the Board of Directors.

The Nomination Committee comprises of seven members. Members of the Nomination Committee of the eighth session were Mr. Li Zhensheng, Mr. Fan Xiaxia, Mr. Mi Dabin, Ms. Li Song, Mr. Yue Heng, Mr. Geng Jianxin and Mr. Xu Mengzhou. On 13 June 2017, the Company elected Mr. Liu Jizhen, Mr. Fan Xiaxia, Mr. Mi Dabin, Mr. Lin Chong, Mr. Yue Heng, Mr. Xu Mengzhou and Mr. Zhang Xianzhi as members of the ninth session of the Nomination Committee, among whom Mr. Liu Jizhen, Mr. Yue Heng, Mr. Zhang Xianzhi and Mr. Xu Mengzhou are Independent Non-executive Directors and Mr. Liu Jizhen is the chairman of the committee.

The Nomination Committee of the Board of Directors operates in accordance with the Detailed Rules of the Nomination Committee. The Company convened the First Meeting and the Second Meeting of the Nomination Committee for 2017 on 20 March 2017 and 16 May 2017, respectively, at which the proposals regarding the change of session of the Board of Directors of the Company and the assessment report on the qualification of the candidate for the secretary to the Board of Directors of the Company were approved, the qualifications of the candidate for the directors and supervisors for the new session and the candidate for the secretary to the Board of Directors were reviewed and the corresponding review reports were rendered, for the purpose of providing the basis and suggestions for determination by the Board of Directors. During the second half of 2017, the Nomination Committee will carry out the work according to the actual situation and the above Detailed Rules at appropriate time.



During the reporting period, the attendance of the meeting of the Nomination Committee of the Company's Board of Directors was as follows:

| Name of meeting   | Date of meeting | Members who attended the meeting in person   | Members who attended the meeting by proxy |
|---|-----------------|--|---|
| First meeting of the Nomination Committee of the Eighth Session of the Board in 2017  | 20 March 2017   | Li Zhensheng, Fan Xiaxia, Yue Heng, Geng Jianxin, Xu Mengzhou                      | Mi Dabin, Li Song                         |
| Second Meeting of the Nomination Committee of the Eighth Session of the Board in 2017 | 16 May 2017     | Li Zhensheng, Fan Xiaxia, Li Song, Zhang Shouwen, Yue Heng, Mi Dabin, Geng Jianxin | —   |

#### (H) APPOINTMENT OF AUDITORS

As approved at the 2016 annual general meeting, the Company has appointed KPMG Huazhen LLP as the domestic auditors and U.S. 20-F annual report auditors of the Company, and KPMG as the Company's Hong Kong auditors for 2017.

#### (I) AUDIT COMMITTEE

According to the requirements of the regulatory authorities of the jurisdictions where the Company is listed and the relevant provisions of the Articles of Association, the Board has established the Audit Committee. Governed by the Detailed Rules on the work of the Audit Committee, the Audit Committee is mainly responsible for assisting the Board in the supervision of:

- (1) the accuracy of the Company's financial statement;
- (2) the Company's compliance with laws and regulations;
- (3) the qualification and independence of the Company's independent auditors;
- (4) the performance of the Company's independent auditors and internal auditing departments of the Company; and
- (5) the control and management of the related party transactions of the Company.

The Company convenes four regular meetings of the Audit Committee of the Board of Directors each year, at least two of which will be conducted with the Company's external auditors to listen to reports on audit planning, work arrangement and audit works generally. The Board has formulated the Management Rules on Whistler Blowing through telephone or emails, and, pursuant to which the Audit Committee will be responsible for the management.

Members of the Audit Committee comprises of five directors. Members of the Audit Committee of the eighth session are, namely, Mr. Yue Heng, Mr. Li Zhensheng, Mr. Geng Jianxin, Mr. Xia Qing and Mr. Xu Mengzhou. On 13 June 2017, the Audit Committee of the Company conducted an election on change of session and elected Mr. Yue Heng, Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng, Mr. Zhang Xianzhi as members of the ninth session of the Audit Committee, among whom Mr. Yue Heng is the chairman of the committee.

During the reporting period, the Audit Committee has held three meetings. As per Audit Committee's duties, the Audit Committee has communicated separately and respectively with the Company's counsels, external auditors, management and the relevant functional departments of the Company. With the understandings on the applicable laws and regulations of those jurisdictions in which the shares of the Company are listed, the anti-fraud position in the Company, the recruitment of staff, the implementation and execution of internal control mechanisms and the audit work carried out by external auditors, the Audit Committee has rendered their views and suggestions.

During the reporting period, the attendance of meetings of members of the Audit Committee was as follows:

| Name of meeting  | Date of meeting  | Members who attended the meeting in person                  | Members who attended the meeting by proxy |
|--|------------------|---|---|
| First meeting of the Audit Committee of the Eighth Session of the Board in 2017  | 24 February 2017 | Yue Heng, Li Zhensheng, Geng Jianxin, Xia Qing, Xu Mengzhou | –   |
| Second meeting of the Audit Committee of the Eighth Session of the Board in 2017 | 20 March 2017    | Yue Heng, Li Zhensheng, Geng Jianxin, Xu Mengzhou           | Xia Qing                                  |
| Third meeting of the Audit Committee of the Eighth Session of the Board in 2017  | 24 April 2017    | Yue Heng, Li Zhensheng, Geng Jianxin, Xia Qing, Xu Mengzhou | –   |

(J) RESPONSIBILITY STATEMENT BY THE DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

The Directors of the Company confirm that they shall assume the relevant responsibility in relation to the preparation of the financial statements of the Company, ensure that the preparation of the financial statements of the Company complies with the relevant laws and regulations and the applicable accounting standards and also warrant that the financial statements of the Company will be published in a timely manner.

(K) SHARES HELD BY SENIOR MANAGEMENT

None of the senior management of the Company holds shares of the Company.

(L)STRATEGY COMMITTEE

For compliance with the relevant requirements of the regulations in the jurisdictions where the shares of the Company are listed as well as the Articles of Association of the Company, the Board has established a Strategy Committee. Governed by the Detailed Rules on the Work of the Strategy Committee, the Strategy Committee is primarily responsible for:

- (1) reviewing and advising on the Company’s long-term strategic development plan;
- (2) reviewing and advising on the major fund raising proposals that need to be approved by the Board;
- (3) reviewing and advising on the major production and operating projects that need to be approved by the Board;
- (4) studying and advising on the matters that would significantly affect the development of the Company;
- (5) examining the implementation of the above-mentioned matters;
- (6) comprehensive risk management of the Company to improve the Company’s overall risk resistance; and
- (7) other matters as requested by the Board of Directors.

Strategy Committee of the Board of Directors comprises of six directors. Member of the Strategy Committee for the eighth session were Mr. Liu Guoyue, Mr. Li Shiqi, Mr. Huang Jian, Mr. Fan Xiaxia, Mr. Li Zhensheng, Mr. Xia Qing. On 13 June 2017, the Strategic Committee of the Company conducted an election on change of session. The ninth session of the Strategy Committee comprises of six directors, namely, Mr. Liu Guoyue, Mr. Fan Xiaxia, Mr. Huang Jian, Mr. Wang Yongxiang, Mr. Liu Jizhen, Mr. Xu Haifeng, of whom Mr. Liu Jizhen and Mr. Xu Haifeng are Independent Non-executive Directors and Mr. Liu Guoyue is the chairman of the committee.

On 25 April 2017, the Strategy Committee considered and approved the Enterprise Comprehensive Risk Management Report of Huaneng Power International, Inc. in 2017, and submitted the report to the Audit Committee of the Board of the Company on 31 July 2017 for review.

The risk management work of the Company has been conducted in an orderly manner, which effectively controlled each risk and successively strengthened and enhanced the Company’s internal controls and risk management system.

During the reporting period, the attendance of meetings of the Strategy Committee was as follows:

| Name of meeting  | Date of meeting | Members who attended the meeting in person                           | Members who attended the meeting by proxy |
|--|-----------------|--|---|
| First meeting of the Strategy Committee of the Eighth Session of the Board in 2017 | 25 April 2017   | Liu Guoyue, Li Shiqi, Huang Jian, Fan Xiaxia, Li Zhensheng, Xia Qing | –   |

**(M)DIRECTORS' AND SENIOR MANAGEMENT'S TRAINING**

The Company organizes its Directors and Supervisors to attend the training provided by regulatory authorities annually. During the reporting period, the directors and supervisors of the Company attended training of directors and supervisors according to regulatory requirements. The secretary to the Board attended the training development course (specifically for A+H Companies) provided jointly by The Shanghai Stock Exchange and The Hong Kong Institute of Chartered Secretaries and some of the seminar conferences every year.

The Company conducts introduction by lawyers in places where the Company's shares are listed specifically to all Independent Non-executive Directors of the Audit Committee of the Company twice a year with respect to the updated regulatory laws, the application of relevant systems to the Company and the Company's performance of the rules and regulations in places where the Company's shares are listed.

The Company attaches importance to the training and continuing development of senior management. The Company organizes members of senior management to participate the training courses provided by relevant State authorities, industrial managing authorities and industrial associations.

**REVIEW BY THE AUDIT COMMITTEE**

The interim results of 2017 have been reviewed by the Audit Committee of the Company.

**LEGAL PROCEEDINGS**

In April 2015, an engineering contractor of a subsidiary of the Company filed an application for arbitration over a dispute on payment of engineering settlement, claiming against the subsidiary for payment of the construction fees together with the interest of approximately RMB83.46 million. As at 30 June 2017, the Company had not been able to reasonably estimate the financial impact of the pending arbitration and as such had not made provision.

Save as disclosed, as at 30 June 2017, the Company was not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company as far as the Company is aware.

**DOCUMENTS FOR INSPECTION**

Apart from this report, the Company will also file the interim report in Form 6-K with the US Securities and Exchange Commission. Copies of the interim report for 2017 will be available at the following addresses and websites:

Huaneng Power International, Inc.  
Huaneng Building  
6 Fuxingmennei Street  
Xicheng District  
Beijing  
PRC The People's Republic of China

Telephone Number: (8610) 6322 6999  
Fax Number: (8610) 6322 6888  
Website: <http://www.hpi.com.cn>

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Hong Kong Wonderful Sky Financial Group Limited  
Unit 3102-05, 31/F., Office Tower,  
Convention Plaza, 1 Harbour Road,  
Wanchai, Hong Kong

Tel: (852) 2851 1038  
Fax: (852) 2851 1352

Websites of the Company <http://www.hpi.com.cn>;  
<http://www.hpi-ir.com.hk>

By Order of the Board  
Huaneng Power International, Inc.  
Cao Peixi  
Chairman

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

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

Beijing, the PRC  
2 August 2017

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## Condensed Consolidated Interim Statement of Financial Position (Unaudited)

AS AT 30 JUNE 2017

(Amounts expressed in thousands of RMB)

|  | Note | As at<br>30 June<br>2017 | As at<br>31 December<br>2016 |
|--|------|--------------------------|------------------------------|
| <b>ASSETS</b>                                |      |                          |                              |
| Non-current assets                           |      |                          |                              |
| Property, plant and equipment                | 5    | 285,019,219              | 223,061,809                  |
| Investments in associates and joint ventures |      | 19,760,762               | 19,632,113                   |
| Available-for-sale financial assets          |      | 3,902,551                | 3,406,032                    |
| Land use rights                              | 6    | 11,533,837               | 8,456,347                    |
| Power generation license                     |      | 3,940,627                | 3,849,199                    |
| Mining rights                                |      | 1,646,271                | 1,646,271                    |
| Deferred income tax assets                   | 20   | 1,683,235                | 1,263,957                    |
| Derivative financial assets                  | 7    | 18,965                   | 99,721                       |
| Goodwill                                     | 8    | 15,549,874               | 12,135,729                   |
| Other non-current assets                     | 9    | 5,537,168                | 4,321,945                    |
| Total non-current assets                     |      | 348,592,509              | 277,873,123                  |
| Current assets                               |      |                          |                              |
| Inventories                                  |      | 8,398,282                | 6,879,143                    |
| Other receivables and assets                 | 10   | 7,651,518                | 5,533,770                    |
| Accounts receivable                          | 11   | 20,038,580               | 16,393,471                   |
| Derivative financial assets                  | 7    | 81,623                   | 278,602                      |
| Bank balances and cash                       | 25   | 12,219,809               | 7,881,630                    |
| Assets held for sale                         | 12   | 2,142,890                | –                            |
| Total current assets                         |      | 50,532,702               | 36,966,616                   |
| Total assets                                 |      | 399,125,211              | 314,839,739                  |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

|  |    | As at<br>30 June<br>2017 | As at<br>31 December<br>2016 |
|--|----|--------------------------|------------------------------|
| EQUITY AND LIABILITIES   |    |                          |                              |
| Capital and reserves attributable to equity holders of the Company |    |                          |                              |
| Share capital  |    | 15,200,383               | 15,200,383                   |
| Capital surplus  |    | 24,801,971               | 24,760,331                   |
| Surplus reserves   |    | 8,140,030                | 8,140,030                    |
| Currency translation differences                                   |    | (500,769 )               | (787,881 )                   |
| Retained earnings  |    | 34,525,965               | 38,690,132                   |
|  |    | 82,167,580               | 86,002,995                   |
| Non-controlling interests  |    | 22,302,905               | 16,183,742                   |
| Total equity   |    | 104,470,485              | 102,186,737                  |
| Non-current liabilities  |    |                          |                              |
| Long-term loans  | 14 | 107,318,620              | 64,990,361                   |
| Long-term bonds  | 15 | 8,188,137                | 12,182,971                   |
| Deferred income tax liabilities                                    | 20 | 4,752,552                | 2,262,752                    |
| Derivative financial liabilities                                   | 7  | 222,137                  | 201,169                      |
| Other non-current liabilities                                      | 16 | 4,676,012                | 2,819,498                    |
| Total non-current liabilities                                      |    | 125,157,458              | 82,456,751                   |
| Current liabilities  |    |                          |                              |
| Accounts payable and other liabilities                             | 17 | 38,142,261               | 28,325,227                   |
| Taxes payable  |    | 920,031                  | 1,089,105                    |
| Dividends payable  |    | 2,666,754                | 1,575,180                    |
| Salary and welfare payables  |    | 503,634                  | 421,390                      |
| Derivative financial liabilities                                   | 7  | 136,029                  | 133,569                      |
| Short-term bonds   | 18 | 26,353,976               | 27,311,103                   |
| Short-term loans   | 19 | 77,104,608               | 57,668,874                   |
| Current portion of long-term loans                                 | 14 | 15,289,596               | 9,560,885                    |
| Current portion of long-term bonds                                 | 15 | 7,290,257                | 3,294,736                    |
| Current portion of other non-current liabilities                   | 16 | 702,328                  | 816,182                      |
| Liabilities held for sale  | 12 | 387,794                  | –                            |
| Total current liabilities  |    | 169,497,268              | 130,196,251                  |
| Total liabilities  |    | 294,654,726              | 212,653,002                  |
| Total equity and liabilities                                       |    | 399,125,211              | 314,839,739                  |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.



## Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

(Amounts expressed in thousands of RMB, except per share data)

|   |      | For the six months<br>ended 30 June |              |
|---|------|-------------------------------------|--------------|
|   | Note | 2017                                | 2016         |
| Operating revenue   | 4    | 71,433,689                          | 52,924,371   |
| Tax and levies on operations  |      | (648,556 )                          | (457,279 )   |
| Operating expenses  |      |                                     |              |
| Fuel  |      | (44,001,200)                        | (23,164,638) |
| Maintenance   |      | (1,715,061 )                        | (1,629,269 ) |
| Depreciation  |      | (10,146,899)                        | (7,419,917 ) |
| Labor   |      | (4,314,259 )                        | (3,361,015 ) |
| Service fees on transmission and<br>transformer facilities of HIPDC |      | (48,360 )                           | (70,386 )    |
| Purchase of electricity   |      | (1,807,341 )                        | (1,326,249 ) |
| Others  |      | (3,684,999 )                        | (2,757,063 ) |
| Total operating expenses  |      | (65,718,119)                        | (39,728,537) |
| Profit from operations  |      | 5,067,014                           | 12,738,555   |
| Interest income   |      | 95,234                              | 71,770       |
| Financial expenses, net   |      |                                     |              |
| Interest expense  |      | (4,662,641 )                        | (3,379,503 ) |
| Exchange gain/(loss) and bank charges, net                          |      | 50,667                              | (95,901 )    |
| Total financial expenses, net                                       |      | (4,611,974 )                        | (3,475,404 ) |
| Share of profits less losses of associates and joint ventures       |      | 156,070                             | 558,118      |
| Loss on fair value changes of financial assets/liabilities          |      | (6,374 )                            | (17,828 )    |
| Other investment income   |      | 120,066                             | 134,067      |
| Profit before income tax expense                                    | 22   | 820,036                             | 10,009,278   |
| Income tax expense  | 23   | (478,875 )                          | (2,414,004 ) |
| Net profit  |      | 341,161                             | 7,595,274    |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

| Note  | For the six months<br>ended 30 June |            |
|---|-------------------------------------|------------|
|   | 2017                                | 2016       |
| Other comprehensive income, net of tax  |                                     |            |
| Items that may be reclassified subsequently to profit or loss:  |                                     |            |
| Fair value changes of available-for-sale financial asset  | 293,611                             | (206,692 ) |
| Share of other comprehensive income of investees<br>accounted for under the equity method               | (3,574 )                            | (148,845 ) |
| Effective portion of cash flow hedges   | (248,452)                           | 489,032    |
| Translation differences of the financial statements<br>of foreign operations                            | 282,485                             | 866,505    |
| Other comprehensive income, net of tax  | 324,070                             | 1,000,000  |
| Total comprehensive income  | 665,231                             | 8,595,274  |
| Net profit attributable to:   |                                     |            |
| – Equity holders of the Company   | 243,944                             | 6,176,840  |
| – Non-controlling interests   | 97,217                              | 1,418,434  |
|   | 341,161                             | 7,595,274  |
| Total comprehensive income attributable to:   |                                     |            |
| – Equity holders of the Company   | 572,696                             | 7,176,054  |
| – Non-controlling interests   | 92,535                              | 1,419,220  |
|   | 665,231                             | 8,595,274  |
| Earnings per share attributable to the<br>equity holders of the Company<br>(expressed in RMB per share) |                                     |            |
| – Basic and diluted   | 24 0.02                             | 0.41       |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)  
 FOR THE SIX MONTHS ENDED 30 JUNE 2017  
 (Amounts expressed in thousands of RMB)

|  | Attributable to equity holders of the Company |               |                 |  |                       | Subtotal   | Surplus reserves | Currency translation differences |
|--|---|---------------|-----------------|--|-----------------------|------------|------------------|----------------------------------|
|  | Capital surplus                               |               |                 | Available-for-sale financial asset revaluation reserve | Other capital reserve |            |                  |                                  |
|  | Share Capital                                 | Share premium | Hedging reserve | Available-for-sale financial asset revaluation reserve | Other capital reserve | Subtotal   | Surplus reserves | Currency translation differences |
| Balance as at 1 January 2016   | 15,200,383                                    | 22,226,889    | (1,039,187)     | 2,516,173  | 1,111,614             | 24,815,489 | 8,140,030        | (1,327,839)                      |
| Profit for the six months ended 30 June 2016   | —   | —             | —               | —  | —                     | —          | —                | —                                |
| Other comprehensive income/(loss):   |   |               |                 |  |                       |            |                  |                                  |
| Fair value changes of available-for-sale financial asset, net of tax                               | —   | —             | —               | (206,692 )   | —                     | (206,692 ) | —                | —                                |
| Share of other comprehensive income of investees accounted for under the equity method, net of tax | —   | —             | —               | (148,845 )   | —                     | (148,845 ) | —                | —                                |
| Effective portion of cash flow hedges, net of tax  | —   | —             | 489,032         | —  | —                     | 489,032    | —                | —                                |
| Currency translation differences   | —   | —             | —               | —  | —                     | —          | —                | 865,719                          |
| Total comprehensive income/(loss) for the six months ended 30 June 2016                            | —   | —             | 489,032         | (355,537 )   | —                     | 133,495    | —                | 865,719                          |
| Dividends relating to 2015   | —   | —             | —               | —  | —                     | —          | —                | —                                |
|  | —   | —             | —               | —  | —                     | —          | —                | —                                |

Capital injections  
from  
non-controlling  
interests of  
subsidiaries

Balance as at 30

|           |            |            |            |           |           |            |           |            |
|-----------|------------|------------|------------|-----------|-----------|------------|-----------|------------|
| June 2016 | 15,200,383 | 22,226,889 | (550,155 ) | 2,160,636 | 1,111,614 | 24,948,984 | 8,140,030 | (462,120 ) |
|-----------|------------|------------|------------|-----------|-----------|------------|-----------|------------|

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

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|  | Attributable to equity holders of the Company |               |                 |  |                       |            |           |                  | Retained earnings |
|--|---|---------------|-----------------|--|-----------------------|------------|-----------|------------------|-------------------|
|  | Capital surplus                               |               |                 |  |                       |            | Subtotal  | Surplus reserves |                   |
|  | Share Capital                                 | Share premium | Hedging reserve | Available-for-sale financial asset revaluation reserve | Other capital reserve |            |           |                  |                   |
| Balance as at 1 January 2017   | 15,200,383                                    | 22,226,889    | (24,084 )       | 1,445,912  | 1,111,614             | 24,760,331 | 8,140,030 | (787,881)        | 38,248,199        |
| Profit for the six months ended 30 June 2017   | —   | —             | —               | —  | —                     | —          | —         | —                | 24,000            |
| Other comprehensive income/(loss):   |   |               |                 |  |                       |            |           |                  |                   |
| Fair value changes of available-for-sale financial asset, net of tax                               | —   | —             | —               | 293,666  | —                     | 293,666    | —         | —                | —                 |
| Share of other comprehensive income of investees accounted for under the equity method, net of tax | —   | —             | —               | (3,574 )   | —                     | (3,574 )   | —         | —                | —                 |
| Effective portion of cash flow hedges, net of tax  | —   | —             | (248,452)       | —  | —                     | (248,452 ) | —         | —                | —                 |
| Currency translation differences   | —   | —             | —               | —  | —                     | —          | —         | 287,112          | —                 |
| Total comprehensive (loss)/income for the six months ended 30 June 2017                            | —   | —             | (248,452)       | 290,092  | —                     | 41,640     | —         | 287,112          | 24,000            |
| Dividends relating to 2016 (Note 13)   | —   | —             | —               | —  | —                     | —          | —         | —                | (4,000)           |
| Capital injections from non-controlling interests of subsidiaries                                  | —   | —             | —               | —  | —                     | —          | —         | —                | —                 |

|                                |            |            |           |           |           |            |           |           |    |
|--------------------------------|------------|------------|-----------|-----------|-----------|------------|-----------|-----------|----|
| Business combination (Note 28) | -          | -          | -         | -         | -         | -          | -         | -         | -  |
| Balance as at 30 June 2017     | 15,200,383 | 22,226,889 | (272,536) | 1,736,004 | 1,111,614 | 24,801,971 | 8,140,030 | (500,769) | 34 |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Cash Flows (Unaudited)  
 FOR THE SIX MONTHS ENDED 30 JUNE 2017  
 (Amounts expressed in thousands of RMB)

|   |      | For the six months<br>ended 30 June |              |
|---|------|-------------------------------------|--------------|
|   | Note | 2017                                | 2016         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |      |                                     |              |
| Cash generated from operations  |      | 18,954,210                          | 27,480,024   |
| Tax paid  |      | (4,652,195 )                        | (8,014,365 ) |
| Net cash provided by operating activities   |      | 14,302,015                          | 19,465,659   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |      |                                     |              |
| Payment for the purchase of property, plant and<br>equipment and other non-current non-financial assets |      | (10,482,941)                        | (7,317,235 ) |
| Cash consideration paid for acquisition of subsidiaries,<br>net of cash acquired                        | 28   | (10,817,107)                        | –            |
| Other cash flows arising from investing activities  |      | 1,030,663                           | 499,096      |
| Net cash used in investing activities   |      | (20,269,385)                        | (6,818,139 ) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |      |                                     |              |
| Issuance of short-term bonds  |      | 15,988,679                          | 20,188,000   |
| Proceeds from loans   |      | 77,214,819                          | 46,771,649   |
| Repayments of bonds and loans   |      | (74,200,417)                        | (73,968,314) |
| Interest paid   |      | (4,777,300 )                        | (3,829,046 ) |
| Dividends paid to shareholders of the Company   |      | (3,045,000 )                        | –            |
| Other cash flow arising from financing activities   |      | (911,996 )                          | (521,323 )   |
| Net cash provided by/(used in) financing activities   |      | 10,268,785                          | (11,359,034) |
| Effect of exchange rate fluctuations on cash held   |      | 22,665                              | 92,249       |
| Net increase in cash and cash equivalents   |      | 4,324,080                           | 1,380,735    |
| Cash and cash equivalents as at beginning of the period   |      | 7,810,501                           | 7,478,250    |
| Cash and cash equivalents as at end of the period   | 25   | 12,134,581                          | 8,858,985    |

The notes on pages 40 to 81 are an integral part of this unaudited condensed consolidated interim financial information.

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Notes to the Unaudited Condensed Consolidated Interim Financial Information  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

1. COMPANY ORGANIZATION AND PRINCIPAL ACTIVITIES

Huaneng Power International, Inc. (the “Company” or “HPI”) was incorporated in the People’s Republic of China (the “PRC”) as a Sino-foreign joint stock limited company on 30 June 1994. The registered address of the Company is Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC. The Company and its subsidiaries are principally engaged in the generation and sale of electric power to the respective regional or provincial grid companies in the PRC and in the Republic of Singapore (“Singapore”). The Company conducts its business in Singapore through SinoSing Power Pte. Ltd. (“SinoSing Power”) and its subsidiaries.

The directors consider Huaneng International Power Development Corporation (“HIPDC”) and China Huaneng Group (“Huaneng Group”) as the parent company and ultimate parent company of the Company, respectively. Both HIPDC and Huaneng Group are incorporated in the PRC. HIPDC does not produce financial statements available for public use.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”). This unaudited condensed consolidated interim financial information was approved for issue on 1 August 2017.

As at and for the six months ended 30 June 2017, a portion of the Company and its subsidiaries’ funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 30 June 2017, the Company and its subsidiaries have net current liabilities of approximately Renminbi Yuan (“RMB”) 118.96 billion. Taking into consideration of the expected operating cash flows of the Company and its subsidiaries and the undrawn available banking facilities of approximately RMB287.8 billion as at 30 June 2017, the Company and its subsidiaries are expected to refinance certain of its short term loans and bonds and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Company and its subsidiaries will be able to meet its liabilities as and when they fall due within the next twelve months and accordingly, the unaudited condensed consolidated interim financial information are prepared on a going concern basis.

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### 3. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the principal accounting policies adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2016 described in those annual financial statements.

The Company and its subsidiaries have adopted the following new amendments to standards that are first effective for the current accounting period:

- ▲Amendments to IAS 7, ‘Disclosure initiative’
- ▲Amendments to IAS 12, ‘Income taxes – Recognition of deferred tax assets for unrealised losses’
- ▲Annual improvements to IFRSs 2014-2016 Cycle.

None of these developments have had a material effect on how the Company and its subsidiaries’ results and financial position for the current or prior periods have been prepared or presented. The Company and its subsidiaries has not applied any new standard or interpretation that is not yet effective for current accounting period.

### 4. REVENUE AND SEGMENT INFORMATION

Revenues recognized during the period are as follows:

|                         | For the six months<br>ended 30 June |                |
|-------------------------|-------------------------------------|----------------|
|                         | 2017                                | 2016           |
| Sales of power and heat | 70,079,782                          | 52,484,142     |
| Port service            | 110,489                             | 98,880         |
| Transportation service  | 42,450                              | 46,219         |
| Others                  | 1,200,968                           | 295,130        |
| <br>Total               | <br>71,433,689                      | <br>52,924,371 |

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#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

Directors and certain senior management of the Company perform the function as the chief operating decision maker (collectively referred to as the “senior management”). The senior management reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. The Company has determined the operating segments based on these reports. The reportable segments of the Company are the PRC power segment, Singapore segment and all other segments (mainly including port and transportation operations). No operating segments have been aggregated to form a reportable segment.

Senior management assesses the performance of the operating segments based on a measure of profit before income tax expense under China Accounting Standard for Business Enterprises (“PRC GAAP”) excluding dividend income received from available-for-sale financial assets and operating results of the centrally managed and resource allocation functions of headquarters (“Segment results”). Other information provided, except as noted below, to the senior management of the Company is measured under PRC GAAP.

Segment assets exclude prepaid income tax, deferred income tax assets, available-for-sale financial assets and assets related to the centrally managed and resource allocation functions of headquarters that are not attributable to any operating segment (“corporate assets”). Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and liabilities related to the centrally managed and resource allocation functions of headquarters that are not attributable to any operating segment (“corporate liabilities”). These are part of the reconciliation to total assets and liabilities of statement of financial position.

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

(Under PRC GAAP)

|  | PRC power<br>segment | Singapore<br>segment | All other<br>segments | Total        |
|--|----------------------|----------------------|-----------------------|--------------|
| For the six months ended<br>30 June 2017                         |                      |                      |                       |              |
| Total revenue  | 66,384,778           | 4,893,158            | 333,282               | 71,611,218   |
| Inter-segment revenue  | –                    | –                    | (177,529)             | (177,529 )   |
| Revenue from external customers                                  | 66,384,778           | 4,893,158            | 155,753               | 71,433,689   |
| Segment results  | 2,057,236            | (295,187 )           | (54,403 )             | 1,707,646    |
| Interest income  | 59,217               | 35,281               | 736                   | 95,234       |
| Interest expense   | (4,296,671 )         | (226,908 )           | (77,495 )             | (4,601,074 ) |
| Impairment loss  | 5                    | (900 )               | –                     | (895 )       |
| Depreciation and amortization                                    | (8,990,464 )         | (458,019 )           | (103,217 )            | (9,551,700 ) |
| Net (loss)/gain on disposal<br>of non-current assets             | (117 )               | 148                  | –                     | 31           |
| Share of profits less losses of<br>associates and joint ventures | 132,941              | –                    | (22,588 )             | 110,353      |
| Income tax expense   | (742,136 )           | 50,576               | (3,241 )              | (694,801 )   |
| For the six months ended<br>30 June 2016 (Restated*)             |                      |                      |                       |              |
| Total revenue  | 59,991,182           | 4,015,851            | 256,339               | 64,263,372   |
| Inter-segment revenue  | –                    | –                    | (113,976)             | (113,976 )   |
| Revenue from external customers                                  | 59,991,182           | 4,015,851            | 142,363               | 64,149,396   |
| Segment results  | 14,008,304           | (255,736 )           | (155,399)             | 13,597,169   |
| Interest income  | 50,674               | 35,330               | 241                   | 86,245       |
| Interest expense   | (3,945,168 )         | (246,223 )           | (65,495 )             | (4,256,886 ) |
| Impairment loss  | (361,272 )           | 550                  | (202 )                | (360,924 )   |
| Depreciation and amortization                                    | (8,650,758 )         | (391,045 )           | (100,377)             | (9,142,180 ) |
| Net loss on disposal of<br>non-current assets                    | (43,542 )            | (4 )                 | –                     | (43,546 )    |
| Share of profits less losses of<br>associates and joint ventures | 508,645              | –                    | (73,971 )             | 434,674      |
| Income tax expense   | (3,399,782 )         | 42,529               | 4,354                 | (3,352,899 ) |

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

(Under PRC GAAP)

|   | PRC power<br>segment | Singapore<br>segment | All other<br>segments | Total         |
|---|----------------------|----------------------|-----------------------|---------------|
| 30 June 2017  |                      |                      |                       |               |
| Segment assets  | 332,487,586          | 28,186,420           | 11,562,702            | 372,236,708   |
| Including:  |                      |                      |                       |               |
| Additions to non-current assets<br>(excluding financial assets and<br>deferred income tax assets) | 9,879,684            | 144,259              | 346,463               | 10,370,406    |
| Investments in associates   | 12,429,557           | –                    | 2,981,503             | 15,411,060    |
| Investments in joint ventures   | 2,166,606            | –                    | 720,420               | 2,887,026     |
| Segment liabilities   | (267,067,252)        | (14,365,311)         | (5,186,826)           | (286,619,389) |
| 31 December 2016 (Restated*)  |                      |                      |                       |               |
| Segment assets  | 331,939,958          | 28,141,718           | 11,789,504            | 371,871,180   |
| Including:  |                      |                      |                       |               |
| Additions to non-current assets<br>(excluding financial assets and<br>deferred income tax assets) | 34,552,009           | 230,974              | 854,484               | 35,637,467    |
| Investments in associates   | 12,527,711           | –                    | 2,880,368             | 15,408,079    |
| Investments in joint ventures   | 2,202,002            | –                    | 790,610               | 2,992,612     |
| Segment liabilities   | (246,200,555)        | (14,027,606)         | (5,620,515)           | (265,848,676) |

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

A reconciliation of revenue from external customers to operating revenue is provided as follows:

|  | For the six months ended<br>30 June |                     |
|--|-------------------------------------|---------------------|
|  | 2017                                | 2016<br>(Restated*) |
| Revenue from external customers (PRC GAAP)   | 71,433,689                          | 64,149,396          |
| Reconciling item:  |                                     |                     |
| Impact of restatement under PRC GAAP in relation<br>to business combination under common control*(Note 28) | –                                   | (11,225,025)        |
| Operating revenue per unaudited condensed consolidated<br>interim statement of comprehensive income        | 71,433,689                          | 52,924,371          |

A reconciliation of segment results to profit before income tax expense is provided as follows:

|  | For the six months<br>ended 30 June |                     |
|--|-------------------------------------|---------------------|
|  | 2017                                | 2016<br>(Restated*) |
| Segment results (PRC GAAP)   | 1,707,646                           | 13,597,169          |
| Reconciling items:   |                                     |                     |
| Loss related to the headquarters   | (152,363 )                          | (296,338 )          |
| Investment income from China Huaneng<br>Finance Co., Ltd. (“Huaneng Finance”)                                      | 62,436                              | 59,284              |
| Dividend income of available-for-sale financial assets   | 114,241                             | 103,163             |
| Impact of restatement under PRC GAAP in relation to<br>business combination under common control* (Note 28)        | –                                   | (3,232,269 )        |
| Impact of other IFRS adjustments**   | (911,924 )                          | (221,731 )          |
| Profit before income tax expense per unaudited condensed<br>consolidated interim statement of comprehensive income | 820,036                             | 10,009,278          |

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

Reportable segments' assets are reconciled to total assets as follows:

|  | As at<br>30 June<br>2017 | As at<br>31 December<br>2016<br>(Restated*) |
|--|--------------------------|---|
| Total segment assets (PRC GAAP)  | 372,236,708              | 371,871,180                                 |
| Reconciling items:   |                          |   |
| Investment in Huaneng Finance  | 1,267,518                | 1,314,603                                   |
| Deferred income tax assets   | 2,366,589                | 2,447,648                                   |
| Prepaid income tax   | 254,020                  | 204,182                                     |
| Available-for-sale financial assets  | 3,952,551                | 3,560,928                                   |
| Corporate assets   | 364,763                  | 360,854                                     |
| Impact of restatement under PRC GAAP in relation to<br>business combination under common control * (Note 28) | –                        | (70,341,769 )                               |
| Impact of other IFRS adjustments**   | 18,683,062               | 5,422,113                                   |
| Total assets per unaudited condensed consolidated interim<br>statement of financial position                 | 399,125,211              | 314,839,739                                 |

Reportable segments' liabilities are reconciled to total liabilities as follows:

|  | As at<br>30 June<br>2017 | As at<br>31 December<br>2016<br>(Restated*) |
|--|--------------------------|---|
| Total segment liabilities (PRC GAAP)   | (286,619,389)            | (265,848,676)                               |
| Reconciling items:   |                          |   |
| Current income tax liabilities   | (250,065 )               | (572,515 )                                  |
| Deferred income tax liabilities  | (1,310,675 )             | (1,429,859 )                                |
| Corporate liabilities  | (3,884,801 )             | (4,717,617 )                                |
| Impact of restatement under PRC GAAP in relation to<br>business combination under common control * (Note 28) | –                        | 59,917,072                                  |
| Impact of other IFRS adjustments**   | (2,589,796 )             | (1,407 )                                    |
| Total liabilities per unaudited condensed consolidated<br>interim statement of financial position            | (294,654,726)            | (212,653,002)                               |

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

Other material items:

|  | Reportable  |              | Investment | Impact of   |               |               |
|--|-------------|--------------|------------|-------------|---------------|---------------|
|  | Segment     | Headquarters | income     | restatement | Impact of     |               |
|  | total       |              | from       | under PRC   | other IFRS    | Total         |
|  |             |              | Huaneng    | GAAP        | adjustments** |               |
|  |             |              | Finance    | in relation |               |               |
|  |             |              |            | to          |               |               |
|  |             |              |            | business    |               |               |
|  |             |              |            | combination |               |               |
|  |             |              |            | under       |               |               |
|  |             |              |            | common      |               |               |
|  |             |              |            | control*    |               |               |
| For the six months<br>ended 30 June 2017                         |             |              |            |             |               |               |
| Interest expense   | (4,601,074) | (61,567 )    | –          | –           | –             | (4,662,641 )  |
| Depreciation and amortization                                    | (9,551,700) | (21,183 )    | –          | –           | (806,660 )    | (10,379,543 ) |
| Impairment loss  | (895 )      | –            | –          | –           | –             | (895 )        |
| Share of profits less losses of<br>associates and joint ventures | 110,353     | –            | 62,436     | –           | (16,719 )     | 156,070       |
| Net gain/(loss) on disposal<br>of non-current assets             | 31          | (4 )         | –          | –           | (18 )         | 9             |
| Income tax expense   | (694,801 )  | –            | –          | –           | 215,926       | (478,875 )    |
| For the six months<br>ended 30 June 2016<br>(Restated*)          |             |              |            |             |               |               |
| Interest expense   | (4,256,886) | (66,175 )    | –          | 943,558     | –             | (3,379,503 )  |
| Depreciation and amortization                                    | (9,142,180) | (25,794 )    | –          | 1,775,913   | (191,546 )    | (7,583,607 )  |
| Impairment loss  | (360,924 )  | –            | –          | 213,399     | –             | (147,525 )    |
| Share of profits less losses of<br>associates and joint ventures | 434,674     | –            | 59,284     | 63,280      | 880           | 558,118       |
| Net loss on disposal of<br>non-current assets                    | (43,546 )   | (9 )         | –          | 1,183       | 407           | (41,965 )     |
| Income tax expense   | (3,352,899) | –            | –          | 876,960     | 61,935        | (2,414,004 )  |

The Company completed the acquisition of equity interests of four companies from Huaneng Group, see Note 28 for details. As the acquisition is a business combination under common control, the transaction is accounted for under merger accounting method under PRC GAAP. The assets and liabilities acquired in business combinations are \* measured at the carrying amounts of the acquirees on the acquisition date. The operating results for all periods presented are retrospectively restated as if the current structure and operations resulting from the acquisition had been in existence from the date when the acquirees first became under the control of the same ultimate controlling party. Therefore the relevant comparative figures in the segment information were restated under PRC GAAP while the acquisition is accounted for using acquisition method under IFRS.

\*\*

Other GAAP adjustments above primarily represented the classification adjustments and other adjustments. Other than the classification adjustments, the differences will be gradually eliminated following subsequent depreciation and amortization of related assets or the extinguishment of liabilities.

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Under IFRS):

(i) External revenue generated from the following countries:

|           | For the six months<br>ended 30 June |            |
|-----------|-------------------------------------|------------|
|           | 2017                                | 2016       |
| PRC       | 66,540,531                          | 48,908,520 |
| Singapore | 4,893,158                           | 4,015,851  |
| Total     | 71,433,689                          | 52,924,371 |

(ii) Non-current assets (excluding financial assets and deferred income tax assets) are located in the following countries:

|           | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|-----------|-----------------------|------------------------------|
| PRC       | 318,140,077           | 249,155,921                  |
| Singapore | 23,600,756            | 23,369,766                   |
| Total     | 341,740,833           | 272,525,687                  |

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## 4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Under IFRS): (Continued)

The information on sales to major customers of the Company and its subsidiaries at amount equal to or more than 10% of external revenue is as follows:

|  | For the six months ended 30 June |            |           |            |  |  |
|--|----------------------------------|------------|-----------|------------|--|--|
|  | 2017                             |            | 2016      |            |  |  |
|  | Amount                           | Proportion | Amount    | Proportion |  |  |
| State Grid Shandong Electric Power Company | 13,157,354                       | 18 %       | 5,960,882 | 11 %       |  |  |

## 5. PROPERTY, PLANT AND EQUIPMENT

|  | As at 30      | As at 31      |
|--|---------------|---------------|
|  | June 2017     | December 2016 |
| Beginning of the period/year                       | 223,061,809   | 219,673,070   |
| Business combination (Note 28)                     | 63,768,916    | 319,505       |
| Additions  | 9,671,002     | 19,382,330    |
| Disposals  | (57,253 )     | (811,085 )    |
| Reclassification to assets held for sale (Note 12) | (1,459,017 )  | –             |
| Disposal of a subsidiary                           | (8,619 )      | –             |
| Depreciation charge                                | (10,161,517 ) | (14,844,164 ) |
| Impairment charge                                  | –             | (1,063,735 )  |
| Currency translation differences                   | 203,898       | 405,888       |
| End of the period/year                             | 285,019,219   | 223,061,809   |

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## 6. LAND USE RIGHTS

The movements in the carrying amount of land use rights during the period/year are as follows:

|  | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|--|-----------------------|------------------------------|
| Beginning of the period/year                       |                       |                              |
| Cost   | 10,525,537            | 10,059,872                   |
| Accumulated amortization                           | (1,792,367 )          | (1,530,972 )                 |
| Accumulated impairment losses                      | (276,823 )            | (215,134 )                   |
| Net book value                                     | 8,456,347             | 8,313,766                    |
| Movements:   |                       |                              |
| Business combination (Note 28)                     | 3,182,914             | 61,027                       |
| Addition   | 95,919                | 364,280                      |
| Amortization charge for the period/year            | (184,121 )            | (242,400 )                   |
| Impairment charge for the period/year              | –                     | (51,981 )                    |
| Reclassification to assets held for sale (Note 12) | (23,683 )             | –                            |
| Disposals and transfer out                         | –                     | (1,969 )                     |
| Currency translation differences                   | 6,461                 | 13,624                       |
| End of the period/year                             | 11,533,837            | 8,456,347                    |
| Cost   | 13,781,399            | 10,525,537                   |
| Accumulated amortization                           | (1,972,324 )          | (1,792,367 )                 |
| Accumulated impairment losses                      | (275,238 )            | (276,823 )                   |
| Net book value                                     | 11,533,837            | 8,456,347                    |

All the lands located in the PRC and Singapore are leased from respective governments according to corresponding regulations applied across the countries. The Company and its subsidiaries will renew the leases according to the operation requirements of the Company and its subsidiaries and the related regulations of respective countries.

## 7. FINANCIAL INSTRUMENTS

## (a) Fair value measurements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets and liabilities of the Company and its subsidiaries that are measured at fair value at 30 June 2017 and 31 December 2016:

As at 30 June 2017:

|  | The Company and its subsidiaries |                |          | Total            |
|--|----------------------------------|----------------|----------|------------------|
|  | Level 1                          | Level 2        | Level 3  |                  |
| <b>Assets</b>  |                                  |                |          |                  |
| Financial assets at fair value through profit or loss      |                                  |                |          |                  |
| – Trading derivatives                                      | –                                | 61             | –        | 61               |
| Derivatives used for hedging                               | –                                | 100,527        | –        | 100,527          |
| Available-for-sale financial assets                        |                                  |                |          |                  |
| – Equity securities  | 2,220,581                        | –              | –        | 2,220,581        |
| <b>Total assets</b>  | <b>2,220,581</b>                 | <b>100,588</b> | <b>–</b> | <b>2,321,169</b> |
| <b>Liabilities</b>   |                                  |                |          |                  |
| Financial liabilities at fair value through profit or loss |                                  |                |          |                  |
| – Trading derivatives                                      | –                                | 1,067          | –        | 1,067            |
| Derivatives used for hedging                               | –                                | 357,099        | –        | 357,099          |
| <b>Total liabilities</b>                                   | <b>–</b>                         | <b>358,166</b> | <b>–</b> | <b>358,166</b>   |



## 7. FINANCIAL INSTRUMENTS (Continued)

## (a) Fair value measurements (Continued)

As at 31 December 2016:

|  | The Company and its subsidiaries |                |          |                  |
|--|----------------------------------|----------------|----------|------------------|
|  | Level 1                          | Level 2        | Level 3  | Total            |
| <b>Assets</b>  |                                  |                |          |                  |
| Financial assets at fair value through profit or loss      |                                  |                |          |                  |
| – Trading derivatives                                      | –                                | 5,881          | –        | 5,881            |
| Derivatives used for hedging                               | –                                | 372,442        | –        | 372,442          |
| Available-for-sale financial assets                        |                                  |                |          |                  |
| – Equity securities  | 1,820,713                        | –              | –        | 1,820,713        |
| <b>Total assets</b>  | <b>1,820,713</b>                 | <b>378,323</b> | <b>–</b> | <b>2,199,036</b> |
| <b>Liabilities</b>   |                                  |                |          |                  |
| Financial liabilities at fair value through profit or loss |                                  |                |          |                  |
| – Trading derivatives                                      | –                                | 619            | –        | 619              |
| Derivatives used for hedging                               | –                                | 334,119        | –        | 334,119          |
| <b>Total liabilities</b>                                   | <b>–</b>                         | <b>334,738</b> | <b>–</b> | <b>334,738</b>   |

The fair value of financial instruments traded in active markets is based on quoted market prices on the date of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company and its subsidiaries is the current bid price. These instruments are included in level 1. Instruments included in level 1 represents equity investments classified as available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

7. FINANCIAL INSTRUMENTS (Continued)

(a) Fair value measurements (Continued)

Specific valuation techniques used to value financial instruments include:

The forward exchange contracts and fuel oil swaps are both valued using quoted market prices or dealer quotes for similar instruments.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Instruments included in level 2 comprise forward exchange contracts, fuel oil swaps and interest rate swaps.

During the six months ended 30 June 2017, there are no transfers of financial instruments between level 1 and level 2, or transfers into or out of level 3.

(b) Fair value disclosures

The carrying value less provision for doubtful accounts of accounts receivable, other receivables and assets, accounts payable and other liabilities, short-term bonds and short-term loans approximated their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and its subsidiaries for similar financial instruments.

The estimated fair value of long-term loans and long-term bonds (both including current maturities) was approximately RMB122.58 billion and RMB15.49 billion as at 30 June 2017 (31 December 2016: RMB74.48 billion and RMB15.71 billion), respectively. The aggregate book value of these liabilities was approximately RMB122.61 billion and RMB15.48 billion as at 30 June 2017 (31 December 2016: RMB74.55 billion and RMB15.48 billion), respectively.

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## 8. GOODWILL

The movements of goodwill are as follows:

|                                  | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|----------------------------------|-----------------------|------------------------------|
| Beginning of the period/year     |                       |                              |
| Cost                             | 15,391,642            | 14,919,930                   |
| Accumulated impairment losses    | (3,255,913 )          | (3,242,748 )                 |
| Net book value                   | 12,135,729            | 11,677,182                   |
| Movements                        |                       |                              |
| Business combination (Note)      | 3,167,566             | –                            |
| Currency translation differences | 246,579               | 458,547                      |
| End of the period/year           | 15,549,874            | 12,135,729                   |
| Cost                             | 18,812,867            | 15,391,642                   |
| Accumulated impairment losses    | (3,262,993 )          | (3,255,913 )                 |
| Net book value                   | 15,549,874            | 12,135,729                   |

Note: Huaneng Shandong Power Generation Co., Ltd. (“Shandong Power”) owns goodwill of RMB1.587 billion, the remaining goodwill of RMB1.581 billion comes from the acquisition from Huaneng Group (Note 28).

## 9. OTHER NON-CURRENT ASSETS

Details of other non-current assets are as follows:

|   | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---|-----------------------|------------------------------|
| Intangible assets                                 | 579,099               | 411,308                      |
| Deferred employee housing subsidies               | 2,714                 | 3,041                        |
| Prepayments for switch house and metering station | 8,675                 | 8,877                        |
| Prepaid connection fees                           | 124,998               | 108,365                      |
| Prepaid territorial waters use right              | 205,422               | 777,994                      |
| Finance lease receivables                         | 567,548               | 563,099                      |
| VAT recoverable                                   | 2,299,301             | 1,651,891                    |
| Others  | 1,749,411             | 797,370                      |
| Total   | 5,537,168             | 4,321,945                    |

## 10. OTHER RECEIVABLES AND ASSETS

Other receivables and assets comprised the following:

|   | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---|-----------------------|------------------------------|
| Prepayments for inventories                         | 668,916               | 252,389                      |
| Prepayments for pre-construction cost               | 966,704               | 885,051                      |
| Prepayments for capacity quota                      | 303,399               | 303,399                      |
| Prepaid income tax                                  | 254,020               | 141,423                      |
| Others  | 293,021               | 121,810                      |
| <b>Total prepayments</b>                            | <b>2,486,060</b>      | <b>1,704,072</b>             |
| Staff advances                                      | 27,444                | 11,939                       |
| Dividends receivable                                | 639,241               | 861,408                      |
| Financial lease receivables                         | 21,911                | 21,247                       |
| Interest receivables                                | 22,564                | 112                          |
| Technical service receivable                        | 357,356               | –                            |
| Others  | 1,382,397             | 874,998                      |
| <b>Subtotal other receivables</b>                   | <b>2,450,913</b>      | <b>1,769,704</b>             |
| Less: provision for doubtful accounts               | 27,694                | 28,961                       |
| <b>Total other receivables, net</b>                 | <b>2,423,219</b>      | <b>1,740,743</b>             |
| VAT recoverable                                     | 2,548,429             | 2,008,955                    |
| Designated loan to a joint venture and an associate | 193,810               | 80,000                       |
| <b>Gross total</b>                                  | <b>7,679,212</b>      | <b>5,562,731</b>             |
| <b>Net total</b>                                    | <b>7,651,518</b>      | <b>5,533,770</b>             |

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## 11. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following:

|                                       | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---------------------------------------|-----------------------|------------------------------|
| Accounts receivable                   | 17,264,031            | 14,050,096                   |
| Notes receivable                      | 2,863,622             | 2,432,264                    |
|                                       | 20,127,653            | 16,482,360                   |
| Less: provision for doubtful accounts | 89,073                | 88,889                       |
| Total                                 | 20,038,580            | 16,393,471                   |

The Company and its subsidiaries usually grant about one month's credit period to local power grid customers from the end of the month in which the sales are made, except for SinoSing Power which provides credit period that ranged from 5 to 60 days from the dates of billings. Certain accounts receivable of Singapore subsidiaries are backed by bankers' guarantees and/or deposit from customers. It is not practicable to determine the fair value of the collaterals that correspond to these accounts receivable.

(a) Aging analysis of accounts receivable and notes receivable was as follows:

|                      | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|----------------------|-----------------------|------------------------------|
| Within 1 year        | 19,490,345            | 16,152,038                   |
| Between 1 to 2 years | 431,265               | 279,694                      |
| Between 2 to 3 years | 155,502               | 29,123                       |
| Over 3 years         | 50,541                | 21,505                       |
| Total                | 20,127,653            | 16,482,360                   |

As at 30 June 2017, the maturity period of the notes receivable ranged from 1 month to 12 months (31 December 2016: from 1 month to 12 months).

## 11. ACCOUNTS RECEIVABLE (Continued)

(b) Aging analysis of accounts receivable and notes receivable that are neither individually nor collectively considered to be impaired are as follows:

|                               | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|-------------------------------|-----------------------|------------------------------|
| Neither past due nor impaired | 19,295,530            | 16,063,215                   |
| Less than 1 year past due     | 478,900               | 248,597                      |
| Between 1 to 2 years past due | 186,153               | 63,094                       |
| Between 2 to 3 years past due | 60,676                | 17,944                       |
| Over 3 years past due         | 17,321                | 621                          |
| Total                         | 20,038,580            | 16,393,471                   |

Receivables that were past due but not impaired relate to a number of independent customers that have long term business relationship with the Company and its subsidiaries. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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## 12. DISPOSAL GROUP HELD FOR SALE

In June 2017, the Company signed an agreement with the non-controlling shareholder of a subsidiary to sell its 51% equity interests. The directors are of the view that the subsidiary does not constitute a separate major line of business and accordingly does not meet the criteria of discontinued operations. The subsidiary was previously consolidated by the company and the related assets and liabilities have been reclassified as disposal group held for sale and presented separately in the consolidated statement of financial position as at 30 June 2017. The fair value of the disposal is higher than the carrying amount of the net assets of the subsidiary attributable to the Company.

|  | As at 30 June 2017 |            |
|--|--------------------|------------|
|  | Book value         | Fair value |
| Property, plant and equipment and other non-current assets | 2,060,315          | 2,117,440  |
| Land use rights  | 23,683             | 40,143     |
| Deferred income tax assets                                 | 2,059              | 2,059      |
| Inventories  | 2,889              | 3,091      |
| Other receivables and assets                               | 8,100              | 8,100      |
| Accounts receivable  | 36,517             | 36,517     |
| Bank balances and cash                                     | 9,327              | 9,327      |
| <br>   |                    |            |
| Assets held for sale                                       | 2,142,890          | 2,216,677  |
| <br>   |                    |            |
| Long-term loans  | 227,500            | 227,500    |
| Other non-current liabilities                              | 9,051              | 5,873      |
| Accounts payable and other liabilities                     | 32,600             | 32,600     |
| Taxes payable  | 245                | 245        |
| Short-term loans   | 32,798             | 32,798     |
| Current portion of non-current liabilities                 | 85,600             | 85,600     |
| <br>   |                    |            |
| Liabilities held for sale                                  | 387,794            | 384,616    |

## 13. DIVIDENDS

On 13 June 2017, upon the approval from the annual general meeting of the shareholders, the Company declared 2016 final dividend of RMB0.29 (2015 final: RMB0.47) per ordinary share, totaling approximately RMB4,408 million (2015 final: RMB7,144 million). As at 30 June 2017, the Company made dividend payments of RMB3,045 million and RMB1,363 million was to be paid. (no dividend paid during the six months ended 30 June 2016).

## 14. LONG-TERM LOANS

Long-term loans comprised the following:

|   | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---|-----------------------|------------------------------|
| Loans from Huaneng Group and its subsidiaries (a) | 7,740,803             | 3,818,807                    |
| Bank loans and other loans (b)                    | 114,867,413           | 70,732,439                   |
|   | 122,608,216           | 74,551,246                   |
| Less: Current portion of long-term loans          | 15,289,596            | 9,560,885                    |
| Total   | 107,318,620           | 64,990,361                   |

## (a) Loans from Huaneng Group and its subsidiaries

Details of loans from Huaneng Group and its subsidiaries are as follows:

|  | As at 30 June 2017 |                             |                        |                         |
|--|--------------------|-----------------------------|------------------------|-------------------------|
|  | RMB<br>equivalent  | Less:<br>Current<br>portion | Non-current<br>portion | Annual<br>interest rate |
| Loans from Huaneng Group   |                    |                             |                        |                         |
| Unsecured  |                    |                             |                        |                         |
| RMB  | 665,015            | 640,485                     | 24,530                 | 4.75 %                  |
| Loans from HIPDC   |                    |                             |                        |                         |
| Unsecured  |                    |                             |                        |                         |
| RMB  | 210                | 210                         | —                      | 4.75 %                  |
| Loans from Huaneng Finance   |                    |                             |                        |                         |
| Unsecured  |                    |                             |                        |                         |
| RMB  | 2,585,500          | 302,000                     | 2,283,500              | 4.28%-4.66%             |
| Loans from Huaneng Tiancheng<br>Financial Leasing Co., Ltd.<br>("Tiancheng Financial Leasing")<br>(Note) |                    |                             |                        |                         |
| Secured  |                    |                             |                        |                         |
| RMB  | 4,490,078          | 766,852                     | 3,723,226              | 4.06%-4.51 %            |
| Total  | 7,740,803          | 1,709,547                   | 6,031,256              |                         |



## 14. LONG-TERM LOANS (Continued)

## (a) Loans from Huaneng Group and its subsidiaries (Continued)

As at 31 December 2016

|  | RMB<br>equivalent | Less:<br>Current<br>portion | Non-current<br>portion | Annual<br>interest rate |   |
|--|-------------------|-----------------------------|------------------------|-------------------------|---|
| Loans from Huaneng Group   |                   |                             |                        |                         |   |
| Unsecured  |                   |                             |                        |                         |   |
| RMB  | 665,015           | 640,485                     | 24,530                 | 4.75                    | % |
| Loans from HIPDC   |                   |                             |                        |                         |   |
| Unsecured  |                   |                             |                        |                         |   |
| RMB  | 210               | –                           | 210                    | 4.75                    | % |
| Loans from Huaneng Finance   |                   |                             |                        |                         |   |
| Unsecured  |                   |                             |                        |                         |   |
| RMB  | 286,000           | 60,000                      | 226,000                | 4.41%-4.75              | % |
| Loans from Huaneng Tiancheng<br>Financial Leasing Co., Ltd.<br>("Tiancheng Financial Leasing")<br>(Note) |                   |                             |                        |                         |   |
| Secured  |                   |                             |                        |                         |   |
| RMB  | 2,867,582         | 154,737                     | 2,712,845              | 4.42                    | % |
| Total  | 3,818,807         | 855,222                     | 2,963,585              |                         |   |

Certain subsidiaries of the Company enforced the sales and leaseback agreements with Tiancheng Financial Leasing. According to the agreements, these subsidiaries have an option to buy back the equipment at a nominal price when the lease term expires in the future. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period. As at 30 June 2017, the power generation equipment mentioned above has a total carrying amount of RMB4.950 billion (31 December 2016: RMB2.999 billion) while the long-term borrowings from Tiancheng Financial Leasing is RMB4.490 billion (31 December 2016: RMB2.868 billion).

## 14. LONG-TERM LOANS (Continued)

## (b) Bank loans and other loans

Details of bank loans and other loans are as follows:

As at 30 June 2017

|           | RMB<br>equivalent | Less:<br>Current<br>portion | Non-current<br>portion | Annual<br>interest rate |
|-----------|-------------------|-----------------------------|------------------------|-------------------------|
| Secured   | 13,071,749        | 2,428,665                   | 10,643,084             | 4.28%-4.90%             |
| Unsecured | 101,795,664       | 11,151,384                  | 90,644,280             | 0.75%-6.03%             |
| Total     | 114,867,413       | 13,580,049                  | 101,287,364            |                         |

As at 31 December 2016

|           | RMB<br>equivalent | Less:<br>Current<br>portion | Non-current<br>portion | Annual<br>interest rate |
|-----------|-------------------|-----------------------------|------------------------|-------------------------|
| Secured   | 9,065,810         | 1,259,230                   | 7,806,580              | 4.41%-4.90%             |
| Unsecured | 61,666,629        | 7,446,433                   | 54,220,196             | 0.75%-5.65%             |
| Total     | 70,732,439        | 8,705,663                   | 62,026,776             |                         |

As at 30 June 2017, long-term loans of RMB6,033 million (31 December 2016: RMB2,902 million) is secured by certain property, plant and equipment with net book value amounting to RMB6,310 million (31 December 2016: RMB3,105 million).

As at 30 June 2017, long-term loans of approximately RMB11,529 million (31 December 2016: RMB9,032 million) were secured by future electricity revenue.

As at 30 June 2017, long-term loans of approximately RMB423 million (31 December 2016: RMB161 million) were guaranteed by the third parties. About the loans guaranteed by Huaneng Group and HIPDC, please refer to Note 26(d).

## 15. LONG-TERM BONDS

The Company issued bonds with maturity of 5 years, 7 years and 10 years in December 2007 with face values of RMB1 billion, RMB1.7 billion and RMB3.3 billion bearing annual interest rates of 5.67%, 5.75% and 5.90%, respectively. The total actual proceeds received by the Company were approximately RMB5.885 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 6.13%, 6.10% and 6.17%, respectively. Interest paid per annum during the tenure of the bonds is RMB57 million, RMB98 million and RMB195 million, respectively. The bond with original maturity of 5 years had matured in December 2012 and the Company repaid the principal of RMB1 billion. The bond with original maturity of 7 years had matured in December 2014 and the Company repaid the principal of RMB1.7 billion. As at 30 June 2017, interest payables for the unmatured bonds amounted to approximately RMB100.28 million (31 December 2016: RMB3.73 million).

The Company also issued bonds with maturity of 10 years in May 2008 with a face value of RMB4 billion bearing an annual interest rate of 5.20%. The actual proceeds received by the Company were approximately RMB3.933 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rate of bond is 5.42%. Interest paid per annum during the tenure of the bonds is RMB208 million. As at 30 June 2017, interest payable for these bonds amounted to approximately RMB30.20 million (31 December 2016: RMB135.06 million).

The Company issued medium-term notes with maturity of 5 years in July 2014 with a face value of RMB4 billion bearing an annual interest rate of 5.30%. The actual proceeds received by the Company were approximately RMB3.988 billion. These notes are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the notes fall due. The annual effective interest rate of these notes is 5.37%. Interest paid per annum during the tenure of the notes is RMB212 million. As at 30 June 2017, interest payable for the bonds amounted to approximately RMB204.45 million (31 December 2016: RMB99.32 million).

The Company issued corporate bonds with maturity of 5 years and 10 years in June 2016 with face values of RMB3 billion and RMB1.2 billion bearing annual interest rates of 3.48% and 3.98%, respectively. The total actual proceeds received by the Company were approximately RMB4.2 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 3.48% and 3.98%, respectively. Interest paid per annum during the tenure of the bonds is RMB104.40 million and RMB47.76 million, respectively. As at 30 June 2017, interest payable for the bonds amounted to approximately RMB5.15 million (31 December 2016: RMB57.78 million) and RMB2.36 million (31 December 2016: RMB26.43 million), respectively.

Please refer to Note 26(d) for details of long-term bonds of the Company guaranteed by HIPDC and government-related banks.

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## 16. OTHER NON-CURRENT LIABILITIES

|  | As at 30   | As at 31      |
|--|------------|---------------|
|  | June 2017  | December 2016 |
| Finance lease payables                           | 1,147,685  | 1,088,846     |
| Government Grant                                 |            |               |
| – Environmental subsidies (a)                    | 1,297,640  | 1,122,406     |
| – Other government grant                         | 155,564    | 174,216       |
| Mining rights payables                           | 380,000    | 380,000       |
| Others   | 2,397,451  | 870,212       |
| <br>   |            |               |
| Subtotal   | 5,378,340  | 3,635,680     |
| <br>   |            |               |
| Current portion of finance lease payables        | (386,101 ) | (568,645 )    |
| Current portion of other non-current liabilities | (316,227 ) | (247,537 )    |
| <br>   |            |               |
| Subtotal   | (702,328 ) | (816,182 )    |
| <br>   |            |               |
| Total  | 4,676,012  | 2,819,498     |

(a) These primarily represented subsidies for the construction of desulphurization equipment and other environmental protection projects.

## 17. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities comprised:

|   | As at 30   | As at 31      |
|---|------------|---------------|
|   | June 2017  | December 2016 |
| Accounts and notes payable                          | 16,092,663 | 12,059,004    |
| Provisions  | 19,395     | 21,758        |
| Construction and retention payables to constructors | 17,326,409 | 12,277,827    |
| Others  | 4,703,794  | 3,966,638     |
| <br>  |            |               |
| Total   | 38,142,261 | 28,325,227    |

Aging analysis of accounts and notes payable was as follows:

|                      | As at 30   | As at 31      |
|----------------------|------------|---------------|
|                      | June 2017  | December 2016 |
| Within 1 year        | 15,845,890 | 11,902,522    |
| Between 1 to 2 years | 141,150    | 100,092       |

|              |            |            |
|--------------|------------|------------|
| Over 2 years | 105,623    | 56,390     |
| Total        | 16,092,663 | 12,059,004 |

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## 18. SHORT-TERM BONDS

The Company issued unsecured short-term bonds with face values of RMB3 billion and RMB3 billion bearing annual interest rates of 2.50% and 2.60% in August 2016 and October 2016. Such bonds are denominated in RMB, issued at par and mature in 365 days. The annual effective interest rates of these bonds are 2.91% and 3.01%. As at 30 June 2017, interest payables for the bonds amounted to approximately RMB67.81 million (31 December 2016: RMB30.62 million) and RMB54.71 million (31 December 2016: RMB16.03 million), respectively.

The Company issued unsecured super short-term bonds with face values of RMB4 billion, RMB3 billion, RMB3 billion, RMB4 billion, RMB2 billion, RMB3 billion and RMB2 billion bearing annual interest rates of 2.42%, 2.62%, 2.73%, 2.50%, 2.79%, 2.98% and 3.45% in April 2016, April 2016, May 2016, July 2016, November 2016, November 2016 and December 2016, respectively. Such bonds are denominated in RMB, issued at face value and mature in 270 days, 270 days, 270 days, 270 days, 270 days, 180 days and 270 days from the issuance dates respectively. The annual effective interest rates of these bonds are 2.73%, 2.93%, 3.04%, 2.81%, 3.10%, 3.19% and 3.78% respectively. The two bonds issued in April 2016 were fully repaid in January 2017, The bond issued in May 2016 were fully repaid in February 2017, The bond issued in July 2016 were fully repaid in April 2017, The bond issued in November 2016 with matured date of 180 days were fully repaid in May 2017, As at 30 June 2017, interest payables for the outstanding bonds amounted to approximately RMB35.62 million (31 December 2016: RMB7.95 million), RMB39.32 million (31 December 2016: RMB5.10 million), respectively.

The Company issued unsecured super short-term bonds with face values of RMB4 billion, RMB3 billion, RMB3 billion, RMB4 billion, RMB2 billion, bearing annual interest rates of 3.40%, 3.67%, 3.60%, 3.60%, 4.19% in January 2017, February 2017, March 2017, April 2017, June 2017, respectively. Such bonds are denominated in RMB, issued at face value and mature in 270 days, 270 days, 180 days, 90 days, 150 days, from the issuance dates respectively. The annual effective interest rates of these bonds are 3.69%, 3.86%, 3.76%, 3.68%, 4.25%, respectively. As at 30 June 2017, interest payables for the outstanding bonds amounted to approximately RMB62.97 million, RMB40.42 million, RMB31.66 million, RMB30.77 million, RMB0.92 million, respectively.

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## 19. SHORT-TERM LOANS

Short-term loans are as follows:

|           | As at 30 June 2017 |                         | As at 31 December 2016 |                         |
|-----------|--------------------|-------------------------|------------------------|-------------------------|
|           | RMB<br>equivalent  | Annual<br>interest rate | RMB<br>equivalent      | Annual<br>interest rate |
| Secured   | 71,000             | 3.05%-4.30%             | 125,534                | 2.77%-3.80%             |
| Unsecured | 77,033,608         | 3.57%-4.35%             | 57,543,340             | 3.57%-4.35%             |
| Total     | 77,104,608         |                         | 57,668,874             |                         |

As at 30 June 2017, short-term loans of RMB71 million (31 December 2016: RMB126 million) represented the notes receivable that were discounted with recourse. As these notes receivable had not yet matured, the proceeds received were recorded as short-term loans.

As at 30 June 2017, a short-term loan borrowed from Xi'an Thermal Power Research Institute Co., Ltd ("Xi'an Thermal") amounted to RMB100 million (31 December 2016: RMB100 million) with annual interest rate of 3.92%.

As at 30 June 2017, short-term loans borrowed from Huaneng Finance amounted to RMB6,507 million (31 December 2016: RMB3,355 million) with annual interest rate ranged from 3.92% to 4.35% (31 December 2016: from 3.92% to 4.13%).

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## 20. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The deferred income tax assets and liabilities are as follows:

|   | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---|-----------------------|------------------------------|
| Deferred income tax assets before offsetting      | 3,762,575             | 2,432,552                    |
| Offset amount                                     | (2,079,340)           | (1,168,595)                  |
| Deferred income tax assets after offsetting       | 1,683,235             | 1,263,957                    |
| Deferred income tax liabilities before offsetting | (6,831,892)           | (3,431,347)                  |
| Offset amount                                     | 2,079,340             | 1,168,595                    |
| Deferred income tax liabilities after offsetting  | (4,752,552)           | (2,262,752)                  |
|   | (3,069,317)           | (998,795 )                   |

The gross movement on the deferred income tax accounts is as follows:

|  | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|--|-----------------------|------------------------------|
| Beginning of the period/year                       | (998,795 )            | (1,429,752)                  |
| Business combination (Note 28)                     | (2,322,513)           | (58,929 )                    |
| Credited to profit or loss (Note 23)               | 328,096               | 440,817                      |
| (Charged)/credited to other comprehensive income   | (49,905 )             | 87,775                       |
| Reclassification to assets held for sale (Note 12) | (2,059 )              | –                            |
| Currency translation differences                   | (24,141 )             | (38,706 )                    |
| End of the period/year                             | (3,069,317)           | (998,795 )                   |

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21. ADDITIONAL FINANCIAL INFORMATION ON UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2017, the net current liabilities of the Company and its subsidiaries amounted to approximately RMB118,965 million (31 December 2016: RMB93,230 million). On the same date, total assets less current liabilities were approximately RMB229,628 million (31 December 2016: RMB184,643 million).

22. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense was determined after charging/(crediting) the following:

|  | For the six months<br>ended 30 June |            |
|--|-------------------------------------|------------|
|  | 2017                                | 2016       |
| Total interest expense on borrowings   | 4,925,548                           | 3,667,480  |
| Less: amounts capitalized in property, plant and equipment   | 262,907                             | 287,977    |
| Interest expense charged in unaudited condensed consolidated interim statement of comprehensive income | 4,662,641                           | 3,379,503  |
| Operating lease charge   | 208,633                             | 149,653    |
| Depreciation of property, plant and equipment  | 10,146,899                          | 7,419,917  |
| Net (gain)/loss on disposal of non-current assets  | (9 )                                | 41,965     |
| Amortization of land use rights  | 168,850                             | 114,125    |
| Amortization of other non-current assets   | 63,794                              | 49,565     |
| Impairment loss of property, plant and equipment   | –                                   | 96,027     |
| Impairment loss of land use rights   | –                                   | 51,980     |
| Recognition/(reversal) of provision for doubtful accounts  | 347                                 | (212 )     |
| Recognition/(reversal) for inventory obsolescence  | 548                                 | (270 )     |
| Government grants  | (98,662 )                           | (122,263 ) |

Other operating expenses consist of impairment loss of property, plant and equipment, land use rights, environmental protection expenses, substituted power arrangement expenses, insurance, government grants and other miscellaneous expenses.

## 23. INCOME TAX EXPENSE

|                               | For the six months<br>ended 30 June |           |
|-------------------------------|-------------------------------------|-----------|
|                               | 2017                                | 2016      |
| Current income tax expense    | 806,971                             | 2,424,348 |
| Deferred income tax (Note 20) | (328,096)                           | (10,344 ) |
| Total                         | 478,875                             | 2,414,004 |

No Hong Kong profits tax has been provided as there were no estimated assessable profits in Hong Kong for the six months ended 30 June 2017 (for the six months ended 30 June 2016: nil).

The reconciliation of the effective income tax rate from the notional income tax rate is as follows:

|  | For the six<br>months<br>ended 30 June |          |
|--|--|----------|
|  | 2017                                   | 2016     |
| Notional tax on profit before income tax expense, calculated at the applicable income tax rates in the countries concerned | 27.88%                                 | 25.20%   |
| Effect of tax losses not recognized  | 27.27%                                 | 0.61 %   |
| Net effect of deductible temporary differences utilized  | (1.05 %)                               | (0.03 %) |
| Effect of non-taxable income   | (8.31 %)                               | (1.65 %) |
| Effect of non-deductible expenses  | 12.71%                                 | 0.19 %   |
| Others   | (0.10 %)                               | (0.20 %) |
| Effective tax rate   | 58.40%                                 | 24.12%   |

The Company and its PRC branches and subsidiaries are subject to income tax at 25%, except for certain PRC subsidiaries that are taxed at preferential tax rates ranging from 0% to 15%.

Pursuant to Guo Shui Han [2009] No. 33, starting from 1 January 2008, the Company and its PRC branches calculate and pay income tax on a consolidated basis according to relevant tax laws and regulations. The income tax of subsidiaries remains to be calculated individually based on their individual operating results.

For the six months ended 30 June 2017, the income tax rate applicable to Singapore subsidiaries is 17% (for the six months ended 30 June 2016: 17%).

## 24. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the equity holders of the Company by the weighted average number of the Company's outstanding ordinary shares during the period:

|   | For the six months<br>ended 30 June |            |
|---|-------------------------------------|------------|
|   | 2017                                | 2016       |
| Consolidated net profit attributable to equity holders of the Company       | 243,944                             | 6,176,840  |
| Weighted average number of the Company's outstanding ordinary shares ('000) | 15,200,383                          | 15,200,383 |
| Basic earnings per share (RMB)  | 0.02                                | 0.41       |

There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the six months ended 30 June 2017 and 2016.

## 25. BANK BALANCES AND CASH

Bank balances and cash comprised the following:

|  | As at 30   | As at 31      |
|--|------------|---------------|
|  | June 2017  | December 2016 |
| Cash and cash equivalents                                | 12,134,581 | 7,810,501     |
| Less: Reclassification to assets held for sale (Note 12) | 9,327      | –             |
| Add: Restricted cash                                     | 94,555     | 71,129        |
| Total  | 12,219,809 | 7,881,630     |

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## 26. RELATED PARTY TRANSACTIONS

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

| Names of related parties  | Nature of relationship          |
|---|---------------------------------|
| Huaneng Group   | Ultimate parent company         |
| HIPDC   | Parent company                  |
| Huaneng Energy & Communications Holdings Co., Ltd. and its subsidiaries       | Subsidiaries of Huaneng Group*  |
| Huaneng Property Co., Ltd. and its subsidiaries                               | Subsidiaries of Huaneng Group   |
| Xi'an Thermal and its subsidiaries  | Subsidiaries of Huaneng Group   |
| Huaneng Group Technology Innovation Center                                    | A subsidiary of Huaneng Group   |
| Huaneng Hulunbeier Energy Development Company Ltd.                            | A subsidiary of Huaneng Group   |
| Gansu Huating Coal and Power Co., Ltd.  | A subsidiary of Huaneng Group   |
| Alltrust Insurance Co., Ltd.  | A subsidiary of Huaneng Group   |
| North United Power Co., Ltd. and its subsidiaries                             | Subsidiaries of Huaneng Group   |
| Huaneng Group Clean Energy Technology Research Institute Co., Ltd.            | A subsidiary of Huaneng Group   |
| Huaneng Renewables Corporation Limited and its subsidiaries                   | Subsidiaries of Huaneng Group   |
| Huaneng Carbon Assets Management Company Limited                              | A subsidiary of Huaneng Group   |
| Huaneng Huajialing Wind Power Co., Ltd.                                       | A subsidiary of Huaneng Group   |
| Huaneng Group Hong Kong Limited Company                                       | A subsidiary of Huaneng Group   |
| Huaneng Lancangjiang Hydropower Co., Ltd.                                     | A subsidiary of Huaneng Group   |
| Changping Huaneng Training Center   | A subsidiary of Huaneng Group   |
| Huangeng Hainan Industry Co.,Ltd.   | A subsidiary of Huaneng Group   |
| Huaneng Baishan Coal Gangue Power Generation Co., Ltd.                        | A subsidiary of Huaneng Group   |
| Great Wall Securities Co., Ltd.   | A subsidiary of Huaneng Group   |
| Huaneng Nuclear Power Development Company Ltd.                                | A subsidiary of Huaneng Group   |
| Huaneng Tibet Yarlung Zangbo Hydropower Development & Investment Company Ltd. | A subsidiary of Huaneng Group   |
| Huaneng Xining Power Co., Ltd.  | A subsidiary of Huaneng Group   |
| Huaneng Coal Industry Co., Ltd.   | A subsidiary of Huaneng Group   |
| Huaneng Industry Management Co., Ltd.   | A subsidiary of Huaneng Group   |
| Huaneng Ningxia Energy Company Ltd.   | A subsidiary of Huaneng Group   |
| Huaneng Shanxi Power Limited  | A subsidiary of Huaneng Group   |
| Huaneng Xinjiang Energy Development Company Ltd.                              | A subsidiary of Huaneng Group   |
| Huaneng Gansu Energy Development Company Ltd.                                 | A subsidiary of Huaneng Group   |
| Huaneng Capital Services Co., Ltd.  | A subsidiary of Huaneng Group   |
| Shanghai Time Shipping Limited Company  | A joint venture of the Company  |
| Jiangsu Nantong Power Generation Co., Ltd.                                    | A joint venture of the Company  |
| Huaneng Yingkou Port Limited Liability Company                                | A joint venture of the Company  |
| Shandong Luyi Power International Co., Ltd.                                   | A joint venture of a subsidiary |
| Huaneng Shandong Ruyi (Hong Kong) Energy Company Ltd.                         | A joint venture of a subsidiary |
| Liaocheng Luxi Fuel Co., Ltd. Company   | An associate of a subsidiary    |
| Huaneng Yangquan Coal and Power Co., Ltd.                                     | An associate of the Company     |
| Zhengzhou Airport Xinggang Power Co., Ltd.                                    | An associate of the Company     |

26. RELATED PARTY TRANSACTIONS (Continued)

| Names of related parties  | Nature of relationship   |
|---|--|
| Hebei Hanfeng Power Generation Limited Liability Company        | An associate of the Company  |
| Chongqing Huaneng Lime Company Limited                          | An associate of a subsidiary                                       |
| Hainan Nuclear Power Co., Ltd.                                  | An associate of the Company  |
| Huaneng Sichuan Hydropower Co., Ltd.                            | An associate of the Company and also a subsidiary of Huaneng Group |
| Tiancheng Financial Leasing                                     | An associate of the Company and also a subsidiary of Huaneng Group |
| Shidaowan Nuclear Power Co., Ltd.                               | An associate of the Company and also a subsidiary of Huaneng Group |
| Xiapu Nuclear Power Co., Ltd.                                   | An associate of the Company and also a subsidiary of Huaneng Group |
| Huaneng Finance   | An associate of the Company and also a subsidiary of Huaneng Group |
| Huaneng (Tianjing) Coal Gasification Power Generation Co., Ltd. | An associate of the Company and also a subsidiary of Huaneng Group |
| Huaneng Group Fuel Co., Ltd. Company and its subsidiaries       | Associates of the Company and also Subsidiaries of Huaneng Group   |
| Other government-related enterprises**                          | Related parties of the Company                                     |

\* Transactions with subsidiaries of Huaneng Group which also are associates of the Company and its subsidiaries are presented as transactions with subsidiaries of Huaneng Group for note 26(a), 26(b) and 26(c).

Huaneng Group is a state-owned enterprise. In accordance with the revised IAS 24, ‘Related Party Disclosures’, \*\* government-related enterprises, other than entities under Huaneng Group, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Company and its subsidiaries (“other government-related enterprises”).

The majority of the business activities of the Company and its subsidiaries are conducted with other government-related enterprises. For the purpose of the related party transactions disclosure, the Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are government-related enterprises. However, many government-related enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatization programs. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

In addition to the related party information shown elsewhere in this unaudited condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and their related parties during the period.

## 26. RELATED PARTY TRANSACTIONS (Continued)

## (a) Procurement of goods and receiving services

|   | For the six months<br>ended 30 June |           |
|---|-------------------------------------|-----------|
|   | 2017                                | 2016      |
| Huaneng Group   |                                     |           |
| Other purchases   | 180                                 | –         |
| Subsidiaries of Huaneng Group                           |                                     |           |
| Purchase of coal and transportation services            | 9,721,555                           | 6,818,938 |
| Technical services and engineering contracting services | 434,666                             | 370,287   |
| Purchase of equipment                                   | 56,251                              | 160,074   |
| Purchase of power generation quota                      | –                                   | 27,205    |
| Other purchases   | 14,051                              | 3,587     |
| Joint ventures of the Company                           |                                     |           |
| Purchase of coal and transportation services            | 1,138,484                           | 862,451   |
| Entrusting other parties for power generation           | 3,242                               | –         |
| Associates of the Company                               |                                     |           |
| Purchase of coal and transportation services            | 638,736                             | –         |
| Other purchases   | 13,395                              | 25,107    |

## (b) Sales of goods and providing services

|   | For the six months<br>ended 30 June |        |
|---|-------------------------------------|--------|
|   | 2017                                | 2016   |
| Huaneng Group                           |                                     |        |
| Service provided                        | 732                                 | –      |
| Subsidiaries of Huaneng Group           |                                     |        |
| Sales of power generation quota         | –                                   | 29,824 |
| Sales of fuel                           | 524,408                             | –      |
| Other sales                             | 5,362                               | 1,583  |
| Service provided                        | 107                                 | 6,774  |
| Joint ventures of the Company           |                                     |        |
| Service provided                        | 16,877                              | 3,752  |
| Sales of goods                          | 5,421                               | 5,421  |
| Other related party                     |                                     |        |
| Provision of entrusted power generation | –                                   | 9,406  |

## 26. RELATED PARTY TRANSACTIONS (Continued)

## (c) Other related party transactions

## (i) Rental charge on leasehold

|                               | For the six months<br>ended 30 June |        |
|-------------------------------|-------------------------------------|--------|
|                               | 2017                                | 2016   |
| HIPDC                         | 54,213                              | 77,342 |
| Subsidiaries of Huaneng Group | 54,080                              | 65,476 |

## (ii) Rental income from leasehold

|                                | For the six months<br>ended 30 June |       |
|--------------------------------|-------------------------------------|-------|
|                                | 2017                                | 2016  |
| A Joint venture of the Company | –                                   | 541   |
| Subsidiaries of Huaneng Group  | 802                                 | 2,024 |

## (iii) Drawdown of short-term loans

|                               | For the six months<br>ended 30 June |           |
|-------------------------------|-------------------------------------|-----------|
|                               | 2017                                | 2016      |
| A subsidiary of Huaneng Group | 4,738,000                           | 1,410,000 |
| Huaneng Group                 | 24,530                              | –         |

## (iv) Interest expense on loans

|                               | For the six months<br>ended 30 June |        |
|-------------------------------|-------------------------------------|--------|
|                               | 2017                                | 2016   |
| Huaneng group                 | 17,421                              | 14,376 |
| HIPDC                         | 5                                   | 13,131 |
| Subsidiaries of Huaneng Group | 267,727                             | 93,364 |

## (v) Interest income on loans

|                                | For the six months<br>ended 30 June |       |
|--------------------------------|-------------------------------------|-------|
|                                | 2017                                | 2016  |
| A joint venture of the Company | 1,750                               | 1,810 |
| An Associate of the Company    | 1,222                               | –     |
| Subsidiaries of Huaneng Group  | 3,561                               | –     |

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## 26. RELATED PARTY TRANSACTIONS (Continued)

## (c) Other related party transactions (Continued)

|   |  |               |           |
|---|--|---------------|-----------|
| (vi) Capital injection from a subsidiary of Huaneng Group |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| A Subsidiary of Huaneng Group                             |  | 121,912       | –         |
| (vii) Capital injection to subsidiaries of Huaneng Group  |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| A Subsidiary of Huaneng Group                             |  | –             | 67,500    |
| An Associate of the Company                               |  | 52,200        | 56,295    |
| Joint ventures of the Company                             |  | 83,075        | –         |
| (viii) Pre-construction cost paid by                      |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| A Subsidiary of Huaneng Group                             |  | 4,000         | 11,564    |
| A Joint venture of the Company                            |  | 179           | –         |
| (iv) Finance lease payments received from                 |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| A Subsidiary of Huaneng Group                             |  | –             | 2,960,000 |
| (x) Entrusted management fee                              |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| Huaneng Group   |  | 12,475        | 12,475    |
| (xi) Trusteeship management income                        |  |               |           |
|   |  | For the six   |           |
|   |  | months        |           |
|   |  | ended 30 June |           |
|   |  | 2017          | 2016      |
| Huaneng Group   |  | 850           | 850       |





## 26. RELATED PARTY TRANSACTIONS (Continued)

## (d) Guarantees

|                                    | As at 30<br>June 2017 | As at 31<br>December 2016 |
|------------------------------------|-----------------------|---------------------------|
| (i) Loans guaranteed by            |                       |                           |
| – Huaneng Group                    | 1,774,408             | 645,104                   |
| – HIPDC                            | 2,120,800             | 2,160,000                 |
| (ii) Long-term bonds guaranteed by |                       |                           |
| – HIPDC                            | 4,000,000             | 4,000,000                 |
| – Government-related banks         | 3,300,000             | 3,300,000                 |

## Transactions with other government-related enterprises

For the six months ended 30 June 2017 and 2016, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 4 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its domestic subsidiaries' loans are also government-related financial institutions.

For the six months ended 30 June 2017 and 2016, other collectively-significant transactions with government-related enterprises also include a large portion of fuel purchases, property, plant and equipment construction and related labor employed.

## (e) Pre-tax benefits and social insurance of key management personnel

|          | For the six<br>months<br>ended 30 June |       |
|----------|--|-------|
|          | 2017                                   | 2016  |
| Salaries | 3,852                                  | 4,456 |
| Pension  | 715                                    | 772   |
| Total    | 4,567                                  | 5,228 |

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## 27. CAPITAL AND OTHER COMMITMENTS

## (a) Capital commitments

Capital commitments mainly relate to the construction of new power projects, certain ancillary facilities and renovation projects for existing power plants. Details of such commitments are as follows:

|                                 | As at 30<br>June 2017 | As at 31<br>December<br>2016 |
|---------------------------------|-----------------------|------------------------------|
| Contracted but not provided for | 22,671,127            | 18,603,559                   |

## (b) Fuel purchase commitments

The Company and its subsidiaries have entered into various long-term fuel supply agreements with various suppliers in securing fuel supply for various periods. All the agreements require minimum, maximum or forecasted volume purchases and subject to certain termination provisions. Related purchase commitments are as follows:

|                                 | Periods   | As at 30 June 2017<br>Purchase<br>quantities     | Estimated<br>unit costs<br>(RMB) |              |
|---------------------------------|-----------|--|----------------------------------|--------------|
| A government-related enterprise | 2017-2039 | 2.80 million m <sup>3</sup> /day*                | 2.31/m                           | <sup>3</sup> |
| A government-related enterprise | 2017-2023 | 541 million m <sup>3</sup> /year*                | 2.16/m                           | <sup>3</sup> |
|                                 | 2017-2023 | 450 million m <sup>3</sup> /year*                | 2.16/m                           | <sup>3</sup> |
|                                 | 2017-2023 | 541 million m <sup>3</sup> /year*                | 2.01/m                           | <sup>3</sup> |
| Other suppliers                 | 2017-2022 | 248 BBtu**/day                                   | approximately<br>58,000/BBtu     |              |
|                                 | 2023      | 247.5-256.6 BBtu**/day                           | approximately<br>57,000/BBtu     |              |
|                                 | 2024-2028 | 49.9-81.5 BBtu**/day                             | approximately<br>64,000/BBtu     |              |
|                                 | Periods   | As at 31 December 2016<br>Purchase<br>quantities | Estimated<br>unit costs<br>(RMB) |              |
| A government-related enterprise | 2017-2039 | 2.80 million m <sup>3</sup> /day*                | 2.31/m                           | <sup>3</sup> |
| A government-related enterprise | 2017-2023 | 541 million m <sup>3</sup> /year*                | 2.16/m                           | <sup>3</sup> |
|                                 | 2017-2023 | 450 million m <sup>3</sup> /year*                | 2.16/m                           | <sup>3</sup> |
| Other suppliers                 | 2017-2022 | 248 BBtu**/day                                   | approximately<br>63,000/BBtu     |              |
|                                 | 2023      | 247.5-256.6 BBtu**/day                           | approximately<br>63,000/BBtu     |              |
|                                 | 2024-2028 | 49.9-59.0 BBtu**/day                             | approximately<br>70,000/BBtu     |              |

\*The quantities represent maximum volume, others represent minimum or forecasted volume if not specified.

\*\*Btu: Billion British Thermal Unit.

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## 28. BUSINESS COMBINATION

## (a) Acquisition from Huaneng Group

On 14 October 2016, the Company entered into equity transfer agreements with Huaneng Group to acquire:

80% equity interests of Shandong Power

100% equity interests of Huaneng Jilin Power Generation Co., Ltd. (“Jilin Power”)

100% equity interests of Huaneng Heilongjiang Power Generation Co., Ltd. (“Heilongjiang Power”)

90% equity interests of the Huaneng Henan Zhongyuan Gas Power Generation Co., Ltd. (“Zhongyuan Gas”)

These entities are all mainly engaged in power generation and sales business. In early January 2017 the acquisition was completed and since then the Company obtained the control over above mentioned entities and consolidated them in its financial statement. The acquired business contributed consolidated revenue of RMB14.451 billion (unaudited) and consolidated net loss of RMB493.800 million (unaudited) to the Company and its subsidiaries for the period from the date of acquisition to 30 June 2017.

The total consideration is RMB15.501 billion after certain adjustment of the profits generated from the date of valuation to the acquisition date in accordance with the equity transfer agreements, which has been settled in cash by 30 June 2017 after netting off with the receivables due from Huaneng Group.

|  | Acquisition<br>Date |
|--|---------------------|
| Fair value of total identifiable net assets attributable<br>to equity holders of the Company | 13,920,106          |
| Goodwill   | 1,580,664           |
| Cash consideration   | 15,500,770          |
| Less: Net settlement of the receivables due from Huaneng Group                               | 2,361,871           |
| Bank balances and cash of acquirees  | 2,342,766           |
| Less: Restricted cash  | (20,974 )           |
| Cash consideration paid for acquisition of subsidiaries,<br>net of cash acquired             | 10,817,107          |

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28. BUSINESS COMBINATION (Continued)

(a) Acquisition from Huaneng Group (Continued)

Goodwill arising from the acquisitions is attributable to the synergies expected to arise after the the acquisitions of the equity interests in the subsidiaries stated above.

Huaneng Shandong Ruyi (Pakistan) Energy (Private) Ltd. (“Shandong Ruyi Pakistan”), a subsidiary of Huaneng Shandong Ruyi (HK) Energy Limited (“HK Energy”) which is a joint venture of Shandong Power, entered into a facility agreement totaling USD1.44 billion.

In addition, HK Energy entered into a shareholder share pledge agreement with Industrial and Commercial Bank of China Limited, Karachi Branch to pledge 100% of the total issued and paid-up share capital of Shandong Ruyi Pakistan.

According to the facility agreement, Shandong Power and Shandong Ruyi Technology Group Co., Ltd. (“Ruyi Group”), as the investors of HK Energy, entered into a guarantee agreement with Industrial and Commercial Bank of China Limited, Karachi Branch to provide guarantee of any outstanding debts in the aforementioned facility agreement, excluding the amount insured by China Export and Credit Insurance Corporation.

The guarantee is an unresolved matter from the acquisition of Shandong Power. In accordance with the related transition agreement clauses in the equity transfer agreements between the Company and Huaneng Group, Huaneng Group will take over the guarantor’s responsibility which is still in progress.

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## 28. BUSINESS COMBINATION (Continued)

## (a) Acquisition from Huaneng Group (Continued)

The assets and liabilities arising from the acquisitions of above entities are as follows:

|   | Shandong Power<br>(consolidated) |                    | Jilin Power<br>(consolidated) |                    | Heilongjiang Power<br>(consolidated) |                    | Zhongyuan Gas |          |
|---|----------------------------------|--------------------|-------------------------------|--------------------|--------------------------------------|--------------------|---------------|----------|
|   | Fair value                       | Carrying<br>amount | Fair value                    | Carrying<br>amount | Fair value                           | Carrying<br>amount | Fair value    | Ca<br>am |
| Property, plant<br>and equipment                  | 41,366,757                       | 31,269,484         | 8,496,028                     | 7,723,528          | 12,525,071                           | 12,153,449         | 1,381,060     | 1,       |
| Investment in<br>associates and<br>joint ventures | 1,021,566                        | 1,021,566          | –                             | –                  | –                                    | –                  | –             | –        |
| Available-for-sale<br>financial assets            | 4,000                            | 4,000              | 100,895                       | 100,895            | –                                    | –                  | –             | –        |
| Land use rights                                   | 2,272,181                        | 1,724,580          | 228,173                       | 147,920            | 655,485                              | 22,917             | 27,075        | 11       |
| Deferred income<br>tax assets                     | 334,055                          | 605,263            | 323,522                       | 234,835            | 10,404                               | 10,404             | –             | –        |
| Goodwill  | 1,586,902                        | 1,586,902          | –                             | –                  | –                                    | –                  | –             | –        |
| Other non-current<br>assets                       | 1,285,838                        | 1,245,513          | 213,589                       | 210,118            | 210,965                              | 210,259            | 48            | 48       |
| Bank balances<br>and cash                         | 1,621,276                        | 1,621,276          | 103,045                       | 103,045            | 385,295                              | 385,295            | 222,939       | 22       |
| Inventories                                       | 952,510                          | 952,510            | 89,333                        | 89,333             | 123,889                              | 123,889            | 1,136         | 1,       |
| Trade receivables                                 | 2,509,641                        | 2,509,641          | 293,455                       | 293,455            | 127,219                              | 127,219            | 124,636       | 12       |
| Other receivables<br>and other current<br>assets  | 2,992,094                        | 2,992,094          | 2,393,835                     | 2,393,835          | 889,392                              | 889,392            | 119,974       | 11       |
| Long-term<br>borrowings                           | (15,647,367)                     | (15,647,367)       | (8,330,929)                   | (8,330,929)        | (6,742,580)                          | (6,742,580)        | (1,200,000)   | (1       |
| Deferred income<br>tax liabilities                | (2,447,672)                      | (47,581)           | (214,642)                     | –                  | (280,945)                            | (27,180)           | (47,235)      | –        |
| Other non-current<br>liabilities                  | (1,688,306)                      | (1,688,306)        | (10,291)                      | (10,291)           | (253,671)                            | (253,671)          | –             | –        |
| Short-term<br>borrowings                          | (8,082,200)                      | (8,082,200)        | (600,000)                     | (600,000)          | (1,920,000)                          | (1,920,000)        | –             | –        |
| Tax payables                                      | (270,531)                        | (270,531)          | (10,311)                      | (10,311)           | (54,302)                             | (54,302)           | (419)         | (4       |
| Dividends<br>payables                             | (136,955)                        | (136,955)          | –                             | –                  | –                                    | –                  | –             | –        |
| Salary and<br>welfare payables                    | (41,667)                         | (41,667)           | (2,969)                       | (2,969)            | (22,462)                             | (22,462)           | (717)         | (7       |
| Payables and<br>other current<br>liabilities      | (9,725,591)                      | (9,725,591)        | (2,668,626)                   | (2,668,626)        | (3,083,130)                          | (3,083,130)        | (606,115)     | (6       |
| Non-controlling<br>interests                      | (3,520,472)                      | (2,495,741)        | –                             | –                  | (583,622)                            | (313,039)          | –             | –        |
| Total identifiable<br>net assets                  | 14,386,059                       | 7,396,890          | 404,107                       | (326,162)          | 1,987,008                            | 1,506,460          | 22,382        | (1       |

attributable to  
acquirees

Percentage of  
equity interest  
acquired

80

%

100

%

100

%

90

%

Total identifiable  
net assets  
acquired

11,508,847

404,107

1,987,008

20,144



## 28. BUSINESS COMBINATION (Continued)

(b) A subsidiary transferred from a joint venture

Shanxi Xiaoyi Economic Development Zone Huaneng Energy Service Co., Ltd (“Shanxi Xiaoyi Energy”) was previously a joint venture of the Company. In 2017, non-controlling shareholder with 49% equity interests in Shanxi Xiaoyi Energy entered into a voting in concert agreement with the Company whereby it agreed to vote the same in respect of significant financial and operating decisions made by the Company effective from 15 February 2017. As a result, the Company acquired control of Shanxi Xiaoyi Energy since 15 February 2017.

Shanxi Xiaoyi Energy is a limited liability company established on 8 October 2016 in Xiaoyi, Shanxi Province. Shanxi Xiaoyi Energy is primarily engaging in selling of electricity, construction, operation and maintenance of power distribution and regional transmission and distribution grid. Financial information of Shanxi Xiaoyi Energy is as follows:

|                      |   |    |
|----------------------|---|----|
|                      | From<br>acquisition<br>date<br>to 30 June<br>2017<br>acquirees’<br>Net<br>Net cash<br>Released in |    |
| Shanxi Xiaoyi Energy | – (14)  | 14 |

The identifiable assets and liabilities of Shanxi Xiaoyi Energy as at the acquisition date are as follows:

|  | Shanxi Xiaoyi<br>Energy |                    |
|--|-------------------------|--------------------|
|  | Fair<br>Value           | Carrying<br>Amount |
| Bank balances and cash                         | 10,211                  | 10,211             |
| Accounts payable and other current liabilities | (1 )                    | (1 )               |
| Total identifiable net assets                  | 10,210                  | 10,210             |
| Non-controlling interests                      | (10 )                   |                    |
| Net assets acquired                            | 10,200                  |                    |

29. PENDING ARBITRATION

In April 2015, a subsidiary's construction contractor filed for an arbitration, demanding a compensation of RMB83.46 million, inclusive of interests from the subsidiary. As the arbitration is ongoing, the amount of settlement cannot be estimated reliably. No provision has been recognized as at 30 June 2017.

30. SUBSEQUENT EVENT

The Company issued medium-term notes with a face values of RMB5 billion bearing annual interest rate of 4.69% in July 2017. The note is denominated in RMB and mature in 5 years, with a par value of RMB100.

The Company issued non-public debt financing instrument with a face values of RMB0.5 billion bearing annual interest rate of 4.75% in July 2017. The financing instrument is denominated in RMB and mature in 3 years, with a par value of RMB100.

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## Financial Statements Reconciliation between PRC GAAP and IFRS

The financial statements, which are prepared by the Company and its subsidiaries in conformity with the Accounting Standards for Business Enterprises (“PRC GAAP”), differ in certain respects from that of IFRS. Major impact of adjustments for IFRS, on the consolidated net profit and equity attributable to equity holders of the Company, are summarized as follows:

|  | Consolidated<br>net profit attributable to<br>equity holders of the<br>Company<br>For the six months<br>ended 30 June |                    | Total equity attributable<br>to<br>equity holders of the<br>Company<br>As at<br>31<br>December<br>2016<br>(Restated) |   |
|--|---|--------------------|--|---|
|  | 2017  | 2016<br>(Restated) | As at<br>30 June<br>2017   | As at<br>31<br>December<br>2016<br>(Restated) |
| Consolidated net profit/equity attributable to equity holders of the Company under PRC GAAP  | 787,573   | 7,779,175          | 69,568,348   | 88,361,030                                    |
| Impact of IFRS adjustments:  |   |                    |  |   |
| Differences in accounting treatment on business combinations under common control and depreciation and amortization of assets acquired in business combinations under common control (a) | (886,628)   | (2,593,488)        | 15,563,120   | (5,343,589)                                   |
| Difference on depreciation related to borrowing costs capitalized in previous years (b)  | (13,503)  | (13,508)           | 195,982  | 209,485                                       |
| Amortization of the difference in the recognition of housing benefits of previous years (c)  | (326)   | (470)              | (139,715)  | (139,389)                                     |
| Others   | (11,467)  | 30,426             | (235,282)  | (223,732)                                     |
| Applicable deferred income tax impact of the GAAP differences above (d)  | 215,925   | 61,936             | 709,161  | 493,236                                       |
| Profit/equity attributable to non-controlling interests on the adjustments above   | 152,370   | 912,769            | (3,494,034)  | 2,645,954                                     |
| Consolidated net profit/equity attributable to equity holders of the Company under IFRS  | 243,944   | 6,176,840          | 82,167,580   | 86,002,995                                    |

(A) DIFFERENCES IN ACCOUNTING TREATMENT ON BUSINESS COMBINATIONS UNDER COMMON CONTROL

Huaneng Group is the parent company of HIPDC, which in turn is also the ultimate parent of the Company. The Company carried out a series of acquisitions from Huaneng Group and HIPDC. As the acquired power companies and plants and the Company were under common control of Huaneng Group before and after the acquisitions, such acquisitions are regarded as business combinations under common control.

In accordance with PRC GAAP, under common control business combination, the assets and liabilities acquired in business combinations are measured at the carrying amounts of the acquirees on the acquisition date. The difference between carrying amounts of the net assets acquired and the consideration paid is adjusted to equity account of the acquirer. The operating results for all periods presented are retrospectively restated as if the current structure and operations resulting from the acquisition had been in existence since the beginning of the earliest year presented, with financial data of previously separate entities consolidated. The cash consideration paid by the Company is treated as an equity transaction in the year of acquisition.

For the business combination occurred prior to 1 January 2007, in accordance with Previous PRC GAAP, when equity interests acquired is less than 100%, the assets and liabilities of the acquirees are measured at their carrying amounts. The excess of consideration over the proportionate share of the carrying amounts of the net assets acquired was recorded as equity investment difference and amortized on a straight-line basis for not more than 10 years. When acquiring the entire equity, the entire assets and liabilities are accounted for in a method similar to purchase accounting. Goodwill arising from such transactions is amortized over the estimated useful lives on a straight-line basis. On 1 January 2007, in accordance with PRC GAAP, the unamortized equity investment differences and goodwill arising from business combinations under common control were written off against undistributed profits.

Under IFRS, the Company and its subsidiaries adopted the purchase method to account for the acquisitions above. The assets and liabilities acquired in acquisitions were recorded at fair value by the acquirer. The excess of acquisition cost over the proportionate share of fair value of net identifiable assets acquired was recorded as goodwill. Goodwill is not amortized but is tested annually for impairment and carried at cost less accumulated impairment losses. The operating results of the acquirees are consolidated in the operating results of the Company and its subsidiaries from the acquisition dates onwards.

As mentioned above, the differences in accounting treatment under PRC GAAP and IFRS on business combinations under common control affect both equity and profit. Meanwhile, due to different measurement basis of the assets acquired, depreciation and amortization in the period subsequent to the acquisition will be affected which will also affect the equity and profit or loss upon subsequent disposals of such investments. Such differences will be gradually eliminated following subsequent depreciation, amortization and disposal of related assets.

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(B) EFFECT OF DEPRECIATION ON THE CAPITALIZATION OF BORROWING COSTS IN PREVIOUS YEARS

In previous years, under Previous PRC GAAP, the scope of capitalization of borrowing costs was limited to specific borrowings, and thus, borrowing costs arising from general borrowings were not capitalized. In accordance with IFRS, the Company and its subsidiaries capitalized borrowing on general borrowing used for the purpose of obtaining qualifying assets in addition to the capitalization of borrowing costs on specific borrowings. From 1 January 2007 onwards, the Company and its subsidiaries adopted PRC GAAP No. 17 prospectively, the current adjustments represent the related depreciation on capitalized borrowing costs included in the cost of related assets under IFRS in previous years.

(C) DIFFERENCE IN THE RECOGNITION OF HOUSING BENEFITS TO THE EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES IN PREVIOUS YEARS

The Company and its subsidiaries once provided staff quarters to the employees of the Company and its subsidiaries and sold such staff quarters to the employees of the Company and its subsidiaries at preferential prices set by the local housing reform office. Difference between cost of the staff quarters and proceeds from the employees represented the housing losses, and was borne by the Company and its subsidiaries.

Under Previous Accounting Standards and Accounting System (“Previous PRC GAAP”), in accordance with the relevant regulations issued by the Ministry of Finance, such housing losses incurred by the Company and its subsidiaries are fully charged to non-operating expenses in previous years. Under IFRS, such housing losses incurred by the Company and its subsidiaries are recognized on a straight-line basis over the estimated remaining average service lives of the employees.

(D) DEFERRED INCOME TAX IMPACT ON GAAP DIFFERENCES

This represents related deferred income tax impact on the GAAP differences above where applicable.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Huang Chaoquan

Name: Huang Chaoquan  
Title: Company Secretary

Date: August 18, 2017