

HUANENG POWER INTERNATIONAL INC  
Form 6-K  
August 04, 2016

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 2016

(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

Huaneng Power International, Inc.  
Huaneng Building,  
6 Fuxingmennei Street,  
Xicheng District,  
Beijing, 100031 PRC

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This Form 6-K consists of:

An announcement regarding 2016 interim results of Huaneng Power International, Inc. (the Registrant”), made by the Registrant on August 3, 2016.

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(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 902)

2016 Interim Results Announcement

Consolidated operating revenue:	RMB52.924 billion
Net profit attributable to equity holders of the Company:	RMB6.177 billion
Earnings per share:	RMB0.41

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 2016 and a comparison with the operating results for the same period of last year. For the six months ended 30 June 2016, the Company and its subsidiaries recorded consolidated operating revenue of RMB52.924 billion, representing a decrease of 18.96% compared to the same period of last year. The net profit attributable to equity holders of the Company was RMB6.177 billion, representing a decrease of 30.99% compared to the same period of last year. The earnings per share was RMB0.41.

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 2016, facing the external structural changes in the State's economy and the continued reform of the power sector, the Company focused on promoting the quality and efficiency enhancement and upgrading, proactively responding to and participating in the market competition, striving to expand the market, and exercising strict control in costs and expenditure. All the work has achieved comparatively good results, which laid a solid foundation for the completion of 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 146.080 billion kWh, representing an decrease of 8.60% from the same period last year, as well as an electricity sold of 138.075 billion kWh, a decrease of 8.35% from the same period of last year, and 1,839 utilization hours, representing a decrease of 262 hours compared to the same period in the previous year.

The decrease in the power generation was primarily attributable to the following major reasons: 1) the power consumption level of nationwide generally experienced slow growth and the utilization hour decreased; 2) trans-regional power transmission increased significantly, reducing the power generation market of thermal power generating units in Henan, Chongqing, and the southeast coastal regions such as Shanghai, Jiangsu, Zhejiang and Guangdong. The Company has a relatively high percentage of thermal power generating units in these regions and thereby was greatly affected; 3) Due to heavy rainfall in the first half of the year, the hydropower generation reduced the power generation market of thermal power in cities of central and eastern China; and 4) the output from the thermal power generation units in below mentioned areas are affected by the 2016 release of the 2015 new capacity of the new nuclear power plants in Liaoning, Guangdong and Fujian combined with the 2016 commencement of new nuclear power plants in Guangdong and Guangxi.

In addition, the accumulated power generation of Tuas Power Limited in Singapore, which is wholly owned by the Company, accounted for a market share of 21.6%, representing a decrease of 0.8 percentage point compared to the same period last year.

2. Cost Control

In the first half of the year, with orderly progress of China's coal supply-side structural reform, the production limitation and reduction policy has been strictly implemented in major coal producing areas. The government intensified the inspection on illegal coal mines and closure and suspension of mines. The prices of coal in both coal producing areas and at ports were on the rise, and coal supply and demand became a bit tight. However, the Company fully analysed the market, reinforced and deepened its cooperation with large-sale coal companies, highlighted the bids and price comparison for open-market coal, and at the same time improved coal importation, thereby effectively controlling fuel costs.

3. Energy Conservation and Environmental Protection

The Company attaches great importance to energy conservation and environmental protection. To date, all of the coal-fired generating units of the Company have been equipped with desulphurization, denitrification and dust emission devices, with all indicators meeting the environmental protection requirements. At the same time, the Company proposes to implement ultra-low emission reform to generation units in certain areas according to schedule. In the first half of 2016, the Company has completed renovation of 20 generation units, achieving a total of 54 generation units of the Company that meet the standard for ultra-low emission, accounting for 44.3% of units to be renovated in total.

4. Project Development and Construction

In the first half of 2016, the Company's power plants progressed smoothly and the Company's projects having commenced operation reached a total capacity of 240MW, including the Hubei Yingcheng Cogeneration Unit No. 1 (50MW), the Jiangsu Nanjing Cogeneration Unit No. 1 (50MW), the 25 wind power units with a total capacity of 50MW of Jiangsu Tongshan Wind Farm, the 25 wind power units with a total capacity of 50MW of Anhui Huaining Shijing Wind Farm, the 10MW photovoltaic power units of Liaoning Yingkou Cogeneration, the 10MW photovoltaic power units of Liaoning Dandong Power and the 20MW photovoltaic power units of Hebei Kangbao Xitan Photovoltaic. As of 30 June 2016, the Company had a controlled generation capacity of 82,571 MW and an equity-based generation capacity of 75,403 MW. The proportion of clean energy (gas turbine, hydro-power, wind power and photovoltaic power) reached 12.87%.

## PROSPECTS FOR THE SECOND HALF OF 2016

Based on the development of the economy, the features of new normal in China's economy are more obvious. In general, China's positive economic fundamentals and long-term trajectory remain unchanged. What also remain unchanged is the basic fact that China's economy possesses strong resilience, great potential and ample room for maneuver; the strong support and conditions favorable for continued growth; and the forward movement of the country's economic restructuring and upgrading. The economic performance is generally stable. The fundamentals of Chinese economy and the overall financial market also remain stable. The supply-side structural reform achieved new progress. However, the transition from traditional to new engines will still take time. Much work is still required to ensure the realization of the annual growth target.

In terms of the power market, China's power market reform continues to grow steadily. In the second half of the year, the economic growth and growth of electricity demand will remain stable, newly installed power generation will maintain a large scale, and there will be a surplus in the capacity of overall national electricity supply. The Company will reinforce communication and coordination with all levels of governments and the grid companies, actively participate in electricity reforms, place more effort to analyse the market situation, seize market opportunities, and maintain and expand market shares.

In terms of coal market, with further progress in supply-side structural reform, the seasonal demand of coal will soar up in the second half of this year. The coal supply will be comparatively tight with continued upward condition. However, with rising prices, some small and medium mines will have more momentum to restore production, coal supply will increase, and coal supply and demand will reach a new equilibrium. The Company will increase market analysis, reinforce cooperation with large-scale coal companies, actively explore new supply channels, strengthen coal price benchmarking with peers, and strictly control fuel costs.

In terms of the fund market, effective on 1 March 2016, the central bank lowered its reserve requirement ratio for financial institutions by 0.5 percentage point, and has flexibly used monetary policy tools for open market operations on a number of occasions, keeping liquidity in capital market, thus providing a relatively loose monetary policy environment for economic growth. It is anticipated that the stable monetary policy will remain in the second half of the year, and preset tuning control will be timely conducted. This will lead

to a steady and moderate growth of monetary credit and social financing scale. Accordingly, there will be adequate supply of funds in the overall market, which will create a conducive environment for the Company to optimize the debt structure and effectively control corporate financing costs.

The Company will continue to focus on safety production, quality and efficiency, accelerate structural adjustment of power supply, and strive to improve its operation efficiency, proactively participate in the reform of power system and cope with market changes, and persistently create a long-term, stable and growing return to shareholders of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (2016 INTERIM)

(Prepared under IFRS)

### I. COMPARISON AND ANALYSIS OF OPERATING RESULTS

#### Summary

According to the preliminary statistics of the Company, for the second quarter of 2016, the Company's total power generation by the power plants within China on consolidated basis amounted to 69.220 billion kWh, representing a decrease of 10.43% over the same period last year. Total electricity sold by the Company amounted to 65.351 billion kWh, representing a decrease of 10.06% over the same period last year. In the first half of 2016, the Company's total power generation by the power plants within China on consolidated basis amounted to 146.080 billion kWh, representing a decrease of 8.60% over the same period last year. Total electricity sold by the Company amounted to 138.075 billion kWh, representing a decrease of 8.35% over the same period last year. In the first half of 2016, the Company's average on-grid electricity settlement price for its power plants within China amounted to RMB394.46 per MWh, representing a decrease of 12.37% over the same period last year.

The decrease in the Company's power generation in the first half of the year was mainly attributable to the following factors: (1) the nationwide low growth in power consumption and a decrease in utilization hours; (2) the substantial increase of cross-regional power transmission squeezed the generation potential of the coal-fired power generators in Henan, Chongqing and the southeast coastal areas (e.g. Shanghai, Jiangsu, Zhejiang and Guangdong), which accounted for a relatively high proportion in the Company's total power generation capacities; (3) due to heavy rainfall in the first half of the year, the power generation of nationwide large-scale hydro-power plants increased by 16.7% compared to the same period of last year, which reduced the output of coal-fired power plants located in the central and eastern China; (4) the newly installed capacity in Guangdong and Guangxi in 2016, combined with the commencement of operations of new nuclear power generators in Liaoning, Guangdong and Fujian installed in 2015, had a negative impact on the output of coal-fired power units in these regions.



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

Domestic Power Plant	Power generation			Electricity sold				
	April to June 2016	Change	January to June 2016	Change	April to June 2016	Change	January to June 2016	Change
Liaoning Province	3.767	-10.10%	8.909	-4.38%	3.533	-10.19%	8.372	-4.34%
Coal-fired	3.643	-10.90%	8.729	-4.47%	3.410	-11.04%	8.193	-4.44%
Dalian	0.941	-12.62%	2.709	-3.40%	0.880	-12.92%	2.548	-3.44%
Dandong	0.420	-12.61%	1.421	-4.36%	0.394	-13.18%	1.351	-4.44%
Yingkou	1.777	-11.78%	3.129	-8.10%	1.660	-11.85%	2.912	-8.18%
Yingkou Co-generation	0.506	-2.31%	1.470	1.86%	0.476	-1.98%	1.381	2.41%
Wind-power	0.105	7.23%	0.154	-6.60%	0.105	7.43%	0.153	-6.47%
Wafangdian Wind Power	0.027	-9.58%	0.045	-17.23%	0.027	-9.10%	0.044	-16.83%
Changtu Wind Power	0.078	14.61%	0.109	-1.43%	0.078	14.63%	0.109	-1.45%
Hydro-power	0.016	383.45%	0.024	61.04%	0.016	385.19%	0.023	62.44%
Suzihe Hydropower	0.016	383.45%	0.024	61.04%	0.016	385.19%	0.023	62.44%
PV	0.0029	—	0.0029	—	0.0026	—	0.0026	—
Dandong PV	0.0028	—	0.0028	—	0.0025	—	0.0025	—
Yingkou Co-generation PV	0.0001	—	0.0001	—	0.0001	—	0.0001	—
Inner Mongolia	0.072	10.12%	0.119	6.81%	0.071	10.11%	0.118	6.79%
Wind-power	0.072	10.12%	0.119	6.81%	0.071	10.11%	0.118	6.79%
Huade Wind Power	0.072	10.12%	0.119	6.81%	0.071	10.11%	0.118	6.79%
Hebei Province	3.622	-3.06%	6.609	2.32%	3.408	-2.52%	6.232	3.14%
Coal-fired	3.584	-3.39%	6.542	2.00%	3.372	-2.85%	6.169	2.82%
Shang'an	3.584	-3.39%	6.542	2.00%	3.372	-2.85%	6.169	2.82%
Wind-power	0.038	42.16%	0.067	47.00%	0.036	42.41%	0.063	47.94%
Kangbao Wind Power	0.038	42.16%	0.067	47.00%	0.036	42.41%	0.063	47.94%
PV	0.0003	—	0.0003	—	—	—	—	—
Kangbao PV	0.0003	—	0.0003	—	—	—	—	—
Gansu Province	2.439	55.01%	5.094	40.15%	2.319	54.06%	4.866	40.40%
Coal-fired	2.096	63.81%	4.408	43.97%	1.988	62.52%	4.208	44.30%
Pingliang	2.096	63.81%	4.408	43.97%	1.988	62.52%	4.208	44.30%

Domestic Power Plant	Power generation		January to June		Electricity sold		January to June	
	April to June 2016	Change	2016	Change	April to June 2016	Change	June 2016	Change
Wind-power	0.343	16.72%	0.686	19.72%	0.331	17.35%	0.658	19.67%
Jiuquan Wind Power	0.119	-27.55%	0.224	-31.50%	0.114	-26.26%	0.215	-30.02%
Jiuquan II Wind Power	0.121	-6.95%	0.250	1.31%	0.117	-7.84%	0.242	-0.41%
Yumen Wind Power	0.047	–	0.097	–	0.045	–	0.093	–
Yigang Wind Power	0.057	–	0.115	–	0.055	–	0.108	–
Beijing	1.365	-9.13%	3.813	0.53%	1.280	-7.97%	3.540	0.89%
Coal-fired	0.505	-36.04%	1.702	-11.73%	0.437	-36.96%	1.478	-12.30%
Beijing Co-generation (Coal-fired)	0.505	-36.04%	1.702	-11.73%	0.437	-36.96%	1.478	-12.30%
Combined Cycle	0.860	20.65%	2.111	13.22%	0.843	20.79%	2.062	13.08%
Beijing Co-generation (Combined Cycle)	0.860	20.65%	2.111	13.22%	0.843	20.79%	2.062	13.08%
Tianjian	1.118	-36.78%	3.304	-8.34%	1.055	-37.11%	3.112	-8.17%
Coal-fired	0.832	-31.38%	2.489	-16.19%	0.776	-31.63%	2.318	-16.35%
Yangliuqing	0.832	-31.38%	2.489	-16.19%	0.776	-31.63%	2.318	-16.35%
Combined Cycle	0.286	-48.56%	0.815	28.39%	0.279	-48.59%	0.795	28.43%
Lingang Combined Cycle	0.286	-48.56%	0.815	28.39%	0.279	-48.59%	0.795	28.43%
Shanxi Province	3.095	2.61%	6.019	28.92%	2.898	2.76%	5.664	29.81%
Coal-fired	2.838	-5.92%	4.525	-3.08%	2.648	-6.09%	4.213	-3.44%
Yushe	0.860	-14.25%	1.356	-12.56%	0.793	-14.13%	1.252	-12.65%
Zuoquan	1.978	-1.76%	3.169	1.63%	1.856	-2.17%	2.962	1.07%
Combined Cycle	0.257	–	1.494	–	0.249	–	1.451	–
Dongshan Combined Cycle	0.257	–	1.494	–	0.249	–	1.451	–
Shandong Province	10.504	7.72%	19.504	-1.70%	9.912	7.73%	18.364	-1.77%
Coal-fired	10.504	7.72%	19.504	-1.70%	9.912	7.73%	18.364	-1.77%
Dezhou	3.890	19.48%	6.716	-1.10%	3.655	19.74%	6.290	-1.14%
Jining	0.940	-7.57%	2.027	-11.65%	0.865	-8.92%	1.871	-12.69%
Xindian	0.777	15.28%	1.564	3.75%	0.728	16.06%	1.462	3.85%
Weihai	2.447	-17.68%	4.598	-12.36%	2.343	-17.47%	4.389	-12.22%
Rizhao Phase II	2.055	34.36%	3.856	14.98%	1.957	34.56%	3.671	15.17%
Zhanhua Co-generation	0.395	30.78%	0.744	14.48%	0.364	30.90%	0.682	14.58%

Domestic Power Plant	Power generation				Electricity sold			
	April to June 2016	Change	January to June 2016	Change	April to June 2016	Change	January to June 2016	Change
Henan Province	4.210	-8.69%	8.950	-1.89%	3.980	-4.38%	8.462	0.40%
Coal-fired	4.210	-8.69%	8.950	-1.89%	3.980	-4.38%	8.462	0.40%
Qinbei	3.831	-8.34%	7.852	-9.65%	3.626	-7.76%	7.439	-9.25%
Luoyang Co-generation	0.379	-12.14%	1.098	154.51%	0.354	53.15%	1.023	342.75%
Jiangsu Province	9.580	-5.77%	19.571	-7.06%	9.093	-6.16%	18.610	-7.27%
Coal-fired	8.809	-2.34%	18.008	-5.94%	8.335	-2.68%	17.080	-6.13%
Nantong	1.386	-13.00%	2.849	-17.57%	1.309	-13.75%	2.703	-18.06%
Nanjing	0.674	18.60%	1.518	2.52%	0.634	17.91%	1.430	1.99%
Taicang	2.600	-10.00%	4.760	-10.81%	2.463	-10.22%	4.517	-11.01%
Huaiyin	1.207	-21.83%	2.594	-20.63%	1.142	-21.96%	2.461	-20.51%
Jinling (Coal-fired)	2.711	20.74%	5.852	12.28%	2.591	21.03%	5.594	12.57%
Suzhou Thermal Power	0.182	1.56%	0.386	-1.46%	0.159	-1.02%	0.337	-3.94%
Nanjing Co-generation	0.048	—	0.048	—	0.037	—	0.037	—
Combined Cycle	0.647	-37.21%	1.282	-23.86%	0.635	-37.08%	1.259	-23.66%
Jinling (Combined Cycle)	0.311	-49.34%	0.597	-38.65%	0.304	-49.26%	0.584	-38.54%
Jinling Combined Cycle Co-generation	0.336	-19.38%	0.685	-3.61%	0.331	-19.31%	0.675	-3.45%
Wind-power	0.125	6.43%	0.281	23.21%	0.122	6.30%	0.270	20.45%
Qidong Wind Power	0.080	-10.55%	0.197	11.23%	0.079	-10.64%	0.194	11.35%
Rudong Wind Power	0.017	-36.39%	0.048	-6.84%	0.017	-36.31%	0.047	-6.58%
Tongshan Wind Power	0.027	—	0.037	—	0.026	—	0.029	—
Shanghai	4.160	-10.08%	9.016	-8.70%	3.943	-10.27%	8.558	-8.82%
Coal-fired	3.709	-6.10%	8.211	-6.50%	3.502	-6.21%	7.771	-6.58%
Shidongkou First	1.158	3.83%	2.510	0.58%	1.085	4.09%	2.354	0.95%
Shidongkou Second	1.479	0.44%	2.689	-13.67%	1.405	0.51%	2.554	-13.89%
Shidongkou Power	1.072	-21.30%	3.011	-5.04%	1.013	-21.77%	2.862	-5.20%
Combined Cycle	0.451	-33.32%	0.805	-26.32%	0.441	-33.21%	0.787	-26.26%
Shanghai Combined Cycle	0.451	-33.32%	0.805	-26.32%	0.441	-33.21%	0.787	-26.26%
Chongqing	1.655	-30.29%	4.281	-26.78%	1.528	-30.45%	3.969	-26.71%
Coal-fired	1.442	-32.22%	3.660	-33.84%	1.321	-32.48%	3.364	-34.14%
Luohuang	1.442	-32.22%	3.660	-33.84%	1.321	-32.48%	3.364	-34.14%

Domestic Power Plant	Power generation				Electricity sold			
	April to June 2016	Change	January to June 2016	Change	April to June 2016	Change	January to June 2016	Change
Combined Cycle	0.213	-13.64%	0.621	97.04%	0.207	-13.89%	0.604	97.15%
Liangjiang Combined Cycle	0.213	-13.64%	0.621	97.04%	0.207	-13.89%	0.604	97.15%
Zhejiang Province	5.059	-23.23%	11.122	-13.84%	4.851	-23.03%	10.662	-13.65%
Coal-fired	5.007	-23.09%	10.977	-14.42%	4.800	-22.88%	10.521	-14.24%
Yuhuan	3.844	-21.74%	8.374	-16.39%	3.687	-21.50%	8.026	-16.25%
Changxing	1.162	-27.25%	2.603	-7.41%	1.113	-27.12%	2.494	-7.04%
Combined Cycle	0.050	-36.20%	0.140	79.94%	0.049	-36.12%	0.137	79.93%
Tongxiang Combined Cycle	0.050	-36.20%	0.140	79.94%	0.049	-36.12%	0.137	79.93%
PV	0.0028	1.36%	0.0045	20.23%	0.0028	5.36%	0.0044	18.13%
Changxing PV	0.0028	1.36%	0.0045	20.23%	0.0028	5.36%	0.0044	18.13%
Hubei Province	2.087	2.75%	5.964	7.08%	1.952	3.16%	5.604	8.76%
Coal-fired	1.947	-0.95%	5.761	5.07%	1.816	-1.13%	5.408	6.50%
Wuhan	1.269	-26.34%	4.142	-0.48%	1.175	-26.86%	3.867	-0.86%
Jingmen Thermal Power	0.456	298.47%	1.124	51.24%	0.434	299.47%	1.071	51.67%
Yingcheng Thermal Power	0.222	73.02%	0.496	-14.32%	0.208	70.36%	0.470	-0.26%
Wind-power	0.028	-	0.058	-	0.027	-	0.057	-
Jieshan Wind Power	0.028	-	0.058	-	0.027	-	0.057	-
Hydro-power	0.112	97.49%	0.145	85.48%	0.108	96.89%	0.140	85.24%
Enshi Maweigou Hydropower	0.070	249.98%	0.085	201.39%	0.068	254.56%	0.082	205.85%
Dalongtan Hydropower	0.042	13.73%	0.059	19.47%	0.041	13.18%	0.058	18.97%
Hunan Province	1.134	-27.45%	3.105	-30.23%	1.058	-27.49%	2.919	-30.14%
Coal-fired	0.876	-35.92%	2.616	-36.63%	0.803	-36.77%	2.437	-37.00%
Yueyang	0.876	-35.92%	2.616	-36.63%	0.803	-36.77%	2.437	-37.00%
Wind-power	0.151	56.88%	0.274	63.62%	0.149	65.13%	0.272	70.47%
Subaoding Wind Power	0.089	-7.82%	0.160	-4.47%	0.088	-3.13%	0.158	-0.60%
Guidong Wind Power	0.062	-	0.114	-	0.062	-	0.113	-
Hydro-power	0.108	6.72%	0.214	39.36%	0.106	6.72%	0.210	39.51%
Xiangqi Hydropower	0.108	6.72%	0.214	39.36%	0.106	6.72%	0.210	39.51%
Jiangxi Province	3.291	4.80%	7.580	13.27%	3.126	10.66%	7.226	16.17%
Coal-fired	3.270	4.70%	7.530	13.30%	3.105	10.59%	7.177	16.22%
Jinggangshan	1.466	-32.06%	3.495	-26.39%	1.393	-32.34%	3.333	-26.58%
Ruijin	0.614	-19.10%	1.450	-14.28%	0.573	-20.22%	1.367	-14.82%

Domestic Power Plant	Power generation		January		Electricity sold		January to	
	April to June 2016	Change	to June 2016	Change	April to June 2016	Change	June 2016	Change
Anyuan	1.191	474%	2.586	1,146%	1.139	3,561%	2.477	7,860%
Wind-power	0.021	22.63%	0.050	9.05%	0.021	22.28%	0.049	9.08%
Jianggongling Wind								
Power	0.021	22.63%	0.050	9.05%	0.021	22.28%	0.049	9.08%
Anhui Province	1.189	-19.72%	2.809	-13.92%	1.117	-20.67%	2.663	-14.40%
Coal-fired	1.113	-21.99%	2.711	-14.96%	1.058	-21.84%	2.583	-14.94%
Chaohu Power	1.113	-21.99%	2.711	-14.96%	1.058	-21.84%	2.583	-14.94%
Wind power	0.017	—	0.017	—	—	—	—	—
Huaining Wind Power	0.017	—	0.017	—	—	—	—	—
Hydro-power	0.059	8.13%	0.081	7.65%	0.059	8.40%	0.080	7.74%
Hualiangting								
Hydropower	0.059	8.13%	0.081	7.65%	0.059	8.40%	0.080	7.74%
Fujian Province	1.784	-39.18%	3.391	-43.70%	1.678	-39.75%	3.193	-44.26%
Coal-fired	1.784	-39.18%	3.391	-43.70%	1.678	-39.75%	3.193	-44.26%
Fuzhou	1.784	-39.18%	3.391	-43.70%	1.678	-39.75%	3.193	-44.26%
Guangdong Province	4.013	-29.73%	7.853	-32.70%	3.829	-29.84%	7.508	-32.89%
Coal-fired	4.013	-29.73%	7.853	-32.70%	3.829	-29.84%	7.508	-32.89%
Shantou Coal-fired	1.199	-15.11%	1.879	-26.75%	1.139	-14.84%	1.787	-26.73%
Haimen	1.185	-57.80%	2.724	-44.12%	1.120	-58.21%	2.582	-44.46%
Haimen Power	1.629	9.30%	3.250	-23.15%	1.570	8.97%	3.139	-23.42%
Yunnan Province	1.168	-32.49%	2.105	-35.80%	1.081	-32.52%	1.945	-35.80%
Coal-fired	1.099	-35.24%	1.949	-39.14%	1.011	-35.61%	1.791	-39.37%
Diandong Energy	0.832	-27.81%	1.681	-18.37%	0.764	-28.55%	1.544	-18.86%
Yuwan Energy	0.268	-50.93%	0.268	-76.57%	0.247	-50.70%	0.247	-76.51%
Wind-power	0.069	106.79%	0.157	101.14%	0.070	119.21%	0.154	104.20%
Fuyuan Wind Power	0.069	106.79%	0.157	101.14%	0.070	119.21%	0.154	104.20%
Guizhou Province	0.014	—	0.024	—	0.014	—	0.017	—
Wind-power	0.014	—	0.024	—	0.014	—	0.017	—
Panxian Wind Power	0.014	—	0.024	—	0.014	—	0.017	—
Hainan Province	3.892	-17.50%	6.939	-19.68%	3.627	-17.56%	6.471	-19.86%
Coal-fired	3.851	-15.39%	6.846	-18.30%	3.588	-15.32%	6.382	-18.41%
Haikou	1.552	-19.64%	2.782	-17.47%	1.418	-19.96%	2.540	-18.06%
Dongfang	2.299	-12.25%	4.064	-18.86%	2.170	-11.99%	3.842	-18.64%

Domestic Power Plant	Power generation				Electricity sold			
	April to June 2016	Change	January to June 2016	Change	April to June 2016	Change	January to June 2016	Change
Combined Cycle	0.021	-80.69%	0.040	-74.96%	0.020	-81.35%	0.037	-75.77%
Nanshan Combined Cycle	0.021	-80.69%	0.040	-74.96%	0.020	-81.35%	0.037	-75.77%
Wind-power	0.018	-30.59%	0.046	-16.12%	0.017	-31.10%	0.045	-16.49%
Wenchang Wind Power	0.018	-30.59%	0.046	-16.12%	0.017	-31.10%	0.045	-16.49%
Hydro-power	0.002	-92.32%	0.008	-82.85%	0.002	-93.31%	0.008	-83.91%
Gezhen Hydropower	0.002	-92.32%	0.008	-82.85%	0.002	-93.31%	0.008	-83.91%
Total	69.220	-10.43%	146.080	-8.60%	65.351	-10.06%	138.075	-8.35%

For the second quarter of 2016, the power generation of Tuas Power Limited in Singapore, which is wholly-owned by the Company, accounted for a market share of 21.4% in Singapore, representing a decrease of 1.4 percentage points compared to the same period of last year. In the first half of 2016, the accumulated power generation accounted for a market share of 21.6%, representing a decrease of 0.8 percentage point compared to the same period last year.

The Company experienced a decrease of 18.96% in operating revenue for the first half of 2016 over the same period of last year. The operating costs of the Company for the first half of 2016 decreased by 15.80% compared to the same period last year due to reduced fuel costs within China. The net profit attributable to the shareholders of the Company for the first half of 2016 was RMB6.177 billion, representing a decrease of 30.99% over RMB8.951 billion for the same period of last year. The net profit attributable to the shareholders of the Company from domestic operations of the Company was RMB6.391 billion, representing a 29.15% decrease over the same period of last year. The decrease was mainly due to decreased on-grid tariff for coal-fired generation units adjusted by the NDRC, reduced domestic power generation of the Company, and increased market power transaction volume nationwide. The net loss attributable to the shareholders of the Company from its operations in Singapore was RMB214 million, representing an increase of RMB144 million over the same period of last year. This was mainly because of over supply in Singapore's power and natural gas market as result of commenced operations of many

generators during recent years, which led to continued reduction of local power tariff and significantly decreased profitability of the Company's operations in Singapore.

1. Operating revenue, and tax and levies on operations

Operating revenue mainly represents revenue from electricity sold. For the first half of 2016, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB52.924 billion, representing a 18.96% decrease over RMB65.305 billion for the same period of last year. The operating revenue from domestic operations of the Company decreased by approximately RMB11.221 billion over the same period last year, and operating revenue from new operating units was RMB2.219 billion.

The operating revenue from operations of the Company in Singapore decreased by RMB1.16 billion over the same period last year. The decrease is mainly because of the continued supply over demand in Singapore's power and natural gas market, which led to continued reduction of local power tariff and decreased profitability of the Company's operations in overseas market.

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 Tax which are calculated as a prescribed percentage of the amount of the value-added tax paid by the Company. For the first half of 2016, the tax and levies on operations of the Company were RMB457 million, representing a decrease of RMB154 million from RMB611 million for the same period last year.

2. Operating expenses

For the first half of 2016, the total operating expenses of the Company and its subsidiaries were RMB39.729 billion, representing a decrease of 15.80% over the same period last year. The operating expenses from domestic operations of the Company decreased by RMB6.384 billion, or 15.19%, over the same period of last year, which was largely due to reduced domestic fuel costs. The operating expenses from operations of the Company in Singapore decreased by RMB1.07 billion, or 20.75%, over the same period last year, which was mainly due to decreased fuel costs resulting from reduced price of natural gas.

2.1

Fuel costs

Fuel costs represent the largest portion of the operating expenses of the Company and its subsidiaries, which were RMB23.165 billion for the first half of 2016, representing a decrease of 26.03% over the same period last year. The fuel costs from domestic operations of the Company decreased by RMB7.435 billion over the same period last year, which was largely due to reduced coal purchase prices. Fuel costs for new generation units were RMB1.078 billion, and the fuel costs of existing generation units decreased by RMB8.513 billion over the same period last year. The fuel costs from the Company's operations in Singapore decreased by approximately RMB717 million over the same period last year, which was mainly due to decreased fuel costs resulting from reduced price of natural gas.

2.2

Depreciation

Depreciation expenses of the Company and its subsidiaries for the first half of 2016 were RMB7.420 billion, which represents an increase of RMB329 million over the same period last year, largely due to business expansion of the Company. The depreciation expenses for domestic operations of the Company increased by RMB326 million over the same period last year, and depreciation expenses for new generating units were RMB338 million. The depreciation expenses of its operations in Singapore increased by 3 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 RMB3.361 billion for the first half of 2016, representing an increase of RMB0.195 billion from RMB3.166 billion for the same period last year, including RMB45 million from operation of new generating units in China. The labor costs for the operations of the Company in Singapore increased by RMB1 million.



2.4

Maintenance

Maintenance expenses of the Company and its subsidiaries amounted to RMB1.629 billion for the first half of 2016, representing an increase of RMB62 million from RMB1.567 billion for the same period last year. The maintenance expenses for the new generating units of domestic operations of the Company was RMB80 million. The maintenance expenses for the Company's operations in Singapore decreased by RMB10 million.

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 RMB4.154 billion for the first half of 2016, representing an increase of RMB0.112 billion from RMB4.042 billion for the first half of 2015.

3.

Financial expenses

The consolidated net financial expenses of the Company and its subsidiaries for the first half of 2016 amounted to RMB3.475 billion, representing a decrease of RMB0.455 billion from RMB3.930 billion for the same period of last year. The financial expenses of domestic new operating units were RMB226 million and the financial expenses of existing units decreased by RMB780 million. The decrease was primarily attributable to reduced RMB benchmark interest rate. The financial expenses of the Company's operations in Singapore increased by RMB99 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 2016 was RMB558 million, representing a decrease of RMB178 million from RMB736 million for the same period last year. This was mainly attributable to the decreased profit of the associates and joint ventures.

5. Income tax expense

For the first half of 2016, the Company and its subsidiaries recorded a consolidated income tax expense of RMB2.414 billion, representing a decrease of RMB1.133 billion from RMB3.547 billion for the same period last year. The income tax expense of the domestic operations of the Company decreased by RMB1.103 billion over the same period last year mainly due to the reduced profit of domestic operations during the period. The income tax expense of the Company's operations in Singapore decreased by RMB30 million over the same period last year.

6. 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 RMB6.177 billion for the first half of 2016, representing a decrease of 30.99% from RMB8.951 billion for the same period last year. The net profit attributable to equity holders of the Company from its domestic operations was RMB6.391 billion, representing a decrease of 29.15% over the same period last year. The decrease was largely due to decreased on-grid tariff for coal-fired generation units adjusted by the NDRC, reduced domestic power generation by the Company, and increased market power transaction volume nationwide. The loss attributable to equity holders of the Company from its operations in Singapore was RMB214 million, representing an increase losses of RMB144 million over the same period last year. The decrease was mainly because of continued supply over demand in Singapore's power and natural gas market as a result of commenced operations of many generators during recent years, which led to continued reduction of local power tariff and significantly decreased profitability of the Company's operations in Singapore.

7. Comparison of financial positions

As of 30 June 2016, consolidated total assets of the Company and its subsidiaries were RMB307.107 billion, representing a decrease of 0.57% from RMB308.866 billion as of 31 December 2015.

As of 30 June 2016, total assets of the Company's operations in Singapore were RMB28.905 billion, representing an increase of 4.65% from RMB27.622 billion as of 31 December 2015.

## 8. Major financial position ratios

Calculation formula of the financial ratios:

Ratio of liabilities and 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)

### The Company and its subsidiaries

Item	As of 30 June 2016	As of 31 December 2015
Ratio of liabilities and shareholders' equity	2.43	2.46
Current ratio	0.27	0.27
Quick ratio	0.22	0.23

Item	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Multiples of interest earned	3.65	4.11

The ratio of liabilities to shareholders' equity decreased slightly from the beginning of this year principally due to the decrease of interest-bearing liabilities. Current ratio and quick ratio generally maintained at the same level from the beginning of this year. The multiples of interest earned decreased because of the decreased profit before income tax for the first half of 2016.

As of 30 June 2016, the Company and its subsidiaries had net current liabilities of RMB84.621 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 capitalize on its favorable credit rating and minimized interest expense by obtaining short-term borrowings with relatively lower interest rates.

## II. LIQUIDITY AND CASH RESOURCES

### 1. Liquidity

	For the six months ended 30 June 2016 (RMB in billion)	For the six months ended 30 June 2015 (RMB in billion)	Change (%)
Net cash from operating activities	19.466	24.048	(19.06)
Net cash used in investing activities	(6.818)	(20.405)	(66.59)
Net cash used in financing activities	(11.359)	(5.885)	93.01
Effect of exchange rate fluctuations on cash held	0.092	(0.004)	(2,198.92)
Net increase/(decrease) in cash and cash equivalent	1.381	(2.246)	(161.47)
Cash and cash equivalent at beginning of the reporting period	7.478	12.238	(38.90)
Cash and cash equivalent at the end of the reporting period	8.859	9.992	(11.34)

The net cash provided by operating activities of the Company was RMB19.466 billion for the first half of 2016, representing a decrease of 19.06% over the same period last year. The decrease was mainly due to the decrease of operating revenue as a result of decreased tariff and electricity sold.

Net cash used in investing activities of the Company was RMB6.818 billion, representing a decrease of 66.59% over the same period last year, which was mainly due to consideration paid for acquisition of certain subsidiaries in the amount of RMB9.647 billion in the same period last year. There was no such cash payment in the first half of 2016.

The financing activities of the Company were principally debt financings. During the first half of 2016, the Company drew down new loans of RMB46.772 billion, issued short-term bonds of RMB16.000 billion and long-term bonds of RMB4.200 billion, repaid loans of RMB51.468 billion, super short-term bonds of RMB11.000 billion, short-term bonds of RMB5.000 billion, non-public debt financing instruments(3 year period) of RMB5.000 billion, and overseas listed bonds(3 year period) of RMB1.500 billion.

As of 30 June 2016, 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 RMB7.556 billion, RMB1.292 billion, RMB0.011 billion and RMB0.186 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 for the first half of 2016 was RMB7.317 billion, including RMB959 million for Baxianjiao Offshore Wind Power, RMB267 million for Beijing Cogeneration, RMB265 million for Xianrendao Cogeneration, RMB240 million for Tongwei Wind Power, RMB235 million for Diandong Energy, RMB229 million for Nanjing Cogeneration, RMB226 million for Jieshan

Wind Power, RMB217 million for Guilin Gas Distributed Energy, RMB199 million for Luoyuan Power, RMB198 million for Mianchi Cogeneration, RMB197 million for Jiuquan II Wind Power, RMB189 million for Shang'an Power Plant, RMB167 million for Qinbei Power Plant, RMB140 million for Yuhuan Power Plant, RMB133 million for Changxing Power Plant, RMB131 million for Yingcheng Cogeneration, RMB126 million for Dongshan Turbine, RMB123 million for Dezhou Power Plant, RMB123 million for Wuhan Power, RMB117 million for Suzhou Turbine Cogeneration, RMB113 million for Hainan Power, RMB102 million for Weihai Power Plant, and RMB101 million for Anyuan Power Plant. Expenditure for the other infrastructure construction and renovation projects was RMB2.520 billion.

## 2.2 Cash resources and anticipated financing costs

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

The Company issued six installments of unsecured super short-term bonds of RMB2 billion, RMB2 billion, RMB2 billion, RMB4 billion, RMB3 billion and RMB3 billion with coupon rate of 2.59%, 2.48%, 2.48%, 2.42%, 2.62% and 2.73% on 3 March, 9 March, 23 March, 8 April, 20 April and 26 May, respectively. Each installment of super short-term bonds is issued at par value in RMB and matures in 270 days after issue.

On 13 June 2016, the Company issued corporate bonds at an aggregate principal amount of RMB4.2 billion in two installments, comprising of RMB3.0 billion with coupon rate of 3.48% and RMB1.2 billion with coupon rate of 3.98%. Each installment is issued at par value in RMB and has a maturity of five years and ten years, respectively.

As of 30 June 2016, the Company and its subsidiaries had outstanding short-term borrowings of RMB50.391 billion (RMB49.883 billion at the end of 2015), of which borrowings from banks were charged at annual interest rates ranging from 3.83% to 4.37% (3.19% to 5.60% at the end of 2015).

As of 30 June 2016, the Company and its subsidiaries had outstanding short-term bonds of RMB19.161 billion (RMB19.348 billion at the end of 2015).

As of 30 June 2016, the Company and its subsidiaries had outstanding long-term borrowings(including those maturing within a year) of RMB74.183 billion (RMB78.379 billion at the end of 2015), including RMB57.86 billion (RMB62.441 billion at the end of 2015), US\$441 million (US\$473 million at the end of 2015), €43 million (€49 million at the end of 2015), and S\$2.619 billion (S\$2.697 billion at the end of 2015). Those included U.S. dollar borrowings of US\$441 million charged with floating interest rate (US\$473 million at the end of 2015). All borrowings in Singapore dollar were borrowed at floating interest rate. As at 30 June 2016, the long-term borrowings of the Company and its subsidiaries from banks were charged at annual interest rates ranging from 0.75% to 5.65% (0.75% to 6.55% at the end of 2015).

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 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 2015 held on 23 June 2016, the Company declared a cash dividend of RMB0.47 per ordinary share (tax included), with total dividends of approximately RMB7.144 billion.

III. PERFORMANCE AND PROSPECTS OF SIGNIFICANT INVESTMENTS

The Company acquired 25% equity interest in Shenzhen Energy Group for RMB2.39 billion on 22 April 2003. In 2011, Shenzhen Energy Group divided into a remainder company Shenzhen Energy Group and a new company Shenzhen 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 Shenzhen Energy Group, in December 2007. Shenzhen Energy allotted shares with its capital surplus in 2011. In February 2013, Shenzhen Energy merged Shenzhen Energy Management through the combination of directional seasoned offering and cash payment to the shareholders of Shenzhen Energy Management Company, Shenzhen State-owned Assets Administration Commission and the 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 profit of RMB171 million for the Company for the first half of 2016 under IFRS. This investment is expected to provide steady returns to the Company.

The Company held 60% direct equity interest 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 interest in Sichuan Hydropower to 49% and making Huaneng Group the controlling shareholder of Sichuan Hydropower. This investment brought a profit of RMB83 million for the first half of 2016 under IFRS. This investment is expected to provide steady returns to the Company.

IV. EMPLOYEE BENEFITS POLICIES

As of 30 June 2016, the Company and its subsidiaries had 41,553 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 2016, the Company provided guarantees of approximately RMB12.890 billion for the long-term bank borrowings of Tuas Power.

As of 30 June 2016, the details of secured loans of the Company and its subsidiaries are as follows:

- (1) As of 30 June 2016, a long-term loan of RMB17 million was secured by territorial waters use right with net book value of RMB77.40 million.
- (2) As of 30 June 2016, a long-term loan of RMB67 million was secured by certain property, plant and equipment, with net book value of RMB127 million.
- (3) As of 30 June 2016, a long-term loan of RMB2.945 billion was secured by certain property, plant and equipment with net book value of RMB3.078 billion.
- (4) As of 30 June 2016, long-term loans of approximately RMB9.414 billion were secured by future electricity revenue of the Company and its subsidiaries.
- (5) As of 30 June 2016, the restricted bank deposits of the Company and its subsidiaries were RMB59 million (RMB60 million as of 31 December 2015).

As of 30 June 2016, the Company and its subsidiaries had no material or contingent liability.

VI. RISK FACTORS

For the second half of 2016, 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. Although U.S. dollar appreciated against RMB during the first half of 2016, 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.

#### SHARE CAPITAL STRUCTURE

As at 30 June 2016, 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 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 China Huaneng Group held 1,555,124,549 shares, representing 10.23% of the total issued share capital of the Company. Other domestic shareholders held a total of 3,878,213,333 shares, representing 25.52% 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 2016.

## MAJOR SHAREHOLDING STRUCTURE

The following table summarizes the shareholdings of the top ten shareholders of the Company as at 30 June 2016:

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*	3,967,805,660	26.10%
China Huaneng Group	1,555,124,549	10.23%
Hebei Construction & Investment Group Co., Ltd.	603,000,000	3.97%
China Hua Neng Group Hong Kong Limited	472,000,000	3.11%
Jiangsu Provincial Investment & Management Limited Liability Company	416,500,000	2.74%
Liaoning Energy Investment (Group) Limited Liability Company	388,619,936	2.56%
Fujian Investment Development (Group) Co., Ltd.	365,818,238	2.41%
China Securities Finance Corporation Limited	312,287,027	2.05%
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.

#### 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 2016.

As at 30 June 2016, 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 announcement, 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 2016.

#### DISCLOSURE OF MATERIAL EVENT(S)

1. Due to work requirement, Mr. Zhang Shouwen, the independent non-executive director of the Company, tendered his resignation report, resigning from the position of independent non-executive director and as a member of the specialized committee. As recommended by the shareholders, the Company duly convened a meeting of the Board of Directors and shareholders' meeting on 22 March 2016 and 23 June 2016, respectively to consider the proposal on change of independent non-executive director of the Company and resolved to elect Mr. Xu Mengzhou as the independent non-executive director of the Eighth Session of the Board of Directors. Meanwhile, Mr. Zhang Shouwen officially vacated from his office.
2. Due to age, Mr. Wang Zhaobin and Ms. Zhang Ling, both the employee supervisors of the Company, tendered their resignation report, resigning from the position of employee supervisor. On 14 April 2016, the employees of the Company unanimously elected Ms. Zhang Xiaojun and Mr Zhu Daqing as the employee supervisors of the Eighth Session of the Supervisory Committee of the Company. Meanwhile, Mr. Wang Zhaobin and Ms. Zhang Lin officially vacated from their 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 growth returns for our shareholders.

During the reporting period, the Company has complied with the relevant provisions 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 comply with the law and operate in accordance with the law.

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 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.

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 the entities 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 the State-owned Assets Supervision and Administration Commission of the State Council’s Central Enterprise Comprehensive Risk Management Guidelines, the Ministry of Finance’s “Basic Internal Control Norms for Enterprises”, and the “Guidelines on the Overall Risk Management Work of China Huaneng Group”. The subject matters involved the overall risk management definition and risk management process, risk management and division of responsibilities at all levels, risk classification, assessment and reporting procedures, control and prevention, evaluation and supervision of risk management, 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 a more effective theoretical guidance for the Company and implemented a comprehensive risk management, this played 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 enhancement of 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 following 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 in connection with compliance with laws and regulatory requirements;
4. Establishing, 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.

(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 examining 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 warranting 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 systems which have been implemented include the Measures on Information Disclosure Management, the



Measures on Related Party Transaction Management, Management Measures on Inside Information, 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 disclosure, 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 after being approved by 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 level of professionalism.

(3) Regulating financial management system, strengthening internal control

In 2016, the Company continues in good faith and on principles of fair treatment to its shareholders and makes a lot of detailed work in preparing the financial reports and related 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:

1. 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 compiled the Measures on Accounting, the Measures on 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 examined 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.

2. In order to safeguard the independence of the listed company, the Company maintained the separation of personnel in 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.
3. 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 checking and clearing with related parties on a quarterly basis in relation to the operational fund transfers in order to ensure the safety of funds.

4. The overall objective of internal control of the Company is to promote implementation of the corporate strategy. Specific targets are providing reasonable assurance for the lawful operation and management of the Company, asset security, and true and complete financial reports and related information, thus promoting the overall enhancement of operating efficiency and actual results.

The Company has formulated a comprehensive system for five businesses including development and construction, production and management, asset finance, 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” detailing 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 stating the Company’s guidelines and policies, elaborating the 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” stating the three-tier internal control evaluation management system and routine evaluation, the internal control evaluation mode corresponding to the key supervision, regulating the internal control evaluation procedures, evaluation methods, defect defining procedures and standards in order to realize standardization and regulation 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.

The Company has established 48 items of risks falling into 16 categories involving strategy, production, management, finances, fraud, fundamental construction and fundamental management, 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 defining key control points. Through the implementation of the “one post for one item system” of the control point, the control responsibility is divided to every job 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 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 review and comprehensive evaluation, 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.

During the first half of the year, the Company officially launched the project on the environmental, social and governance reporting, so as to fully implement the requirement of Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide"). The Company has carried out field researches at three levels in its headquarters, regional companies and establishments, in accordance with the ESG Reporting Guide requirements and conditions of peer enterprises, to analyze the environmental, social and corporate governance situation of the Company to identify existing advantages and deficiencies. Currently, the Company is carrying out the establishment of the ESG Index System and has completed the preparation of checklist of ESG indicators to determine responsible departments and data collection mode for each indicator. This is done in preparation for data collection at the end of the year to produce the ESG report.

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

The above systems and measures have formed a sound management framework for our production and operation, ensuring an on-going standardization of operations of the Company and a gradual enhancement of corporate management quality.

(b) Securities transactions by Directors

As the Company is listed on three jurisdictions, the Company has strictly complied with the relevant binding 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, implementing the strictest clause among three places. 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 stipulations under the Companies Law and relevant regulations, prohibiting those who are in possession of securities transaction insider information using insider 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 in 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. The Company has five Independent Non-executive Directors, accounting for one-third of the members of the Company's Board of Directors, namely, Mr. Li Zhensheng, Mr. Yue Heng, Mr. Geng Jianxin, Mr. Xia Qing and Mr. Xu Mengzhou (prior to 23 June 2016, it was Mr. Zhang Shouwen).

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

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	6	6	0	100%
Liu Guoyue	6	6	0	100%
Fan Xiaxia	6	6	0	100%
<b>Non-executive Directors</b>				
Guo Junming	6	5	1	83.33% (Attendance by proxy rate of 16.67%)
Li Shiqi	6	6	0	100%
Huang Jian	6	6	0	100%
Mi Dabin	6	5	1	83.33% (Attendance by proxy rate of 16.67%)
Guo Hongbo	6	6	0	100%
Zhu Yousheng	6	6	0	100%
Li Song	6	6	0	100%
<b>Independent non-executive Directors</b>				
Li Zhensheng	6	6	0	100%
Yue Heng	6	6	0	100%
Geng Jianxin	6	5	1	83.33% (Attendance by proxy rate of 16.67%)
Xia Qing	6	5	1	83.33% (Attendance by proxy rate of 16.67%)
Xu Mengzhou	0	0	0	(Appointed as Independent Director Since 23 June 2016)
<b>Directors who had resigned</b>				
Zhang Shouwen	6	5	1	83.33% (Attendance by proxy rate of 16.67%)





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 in advance 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 2015 in relation to their independence 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 President 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 and, in doing so, considered the 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 2016 first extraordinary general meeting of the Company were Mr. Liu Guoyue (Director), Mr. Mi Dabin (Director) and Mr. Geng Jianxin (Chairman of the Remuneration and Appraisal Committee of the Board of Directors). Directors who attended the 2015 annual general meeting of the Company were Mr. Fan Xiaxia (Director), Mr. Mi Dabin (Director), Mr. Li Zhengsheng (Independent non-executive Director) (Chairman of the Nomination Committee of the Board of Directors).

(d) Chairman and President

The Company shall have a Chairman and a President who shall perform their duties respectively 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 (including three years) and the members may be eligible for re-election. However, the term of office of Independent Non-executive Directors shall not exceed six years (including six years) 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	18 September 2014-2017
Li Shiqi	18 September 2014-2017
Huang Jian	18 September 2014-2017
Mi Dabin	18 September 2014-2017
Guo Hongbo	18 September 2014-2017
Zhu Yousheng	25 June 2015-2017
Li Song	18 September 2014-2017

## (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 to be accountable to the Board. Given that the Executive Directors are senior management of the Company, their performance evaluations have to be reflected in the appraisal of the management team for assessment by the Board of Directors. During the reporting period, Mr. Liu Guoyue and Mr. Fan Xiaxia acted as Executive Directors and received remuneration from the Company, and their remuneration was listed in the annual total wages, which were managed according to the remuneration management provisions of the Company. 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 service contract in accordance with the requirement of the Stock Exchange.

The Remuneration and Appraisal Committee of the eighth session of the Board of Directors comprises of seven members. Members are Mr. Geng Jianxin, Mr. Liu Guoyue, Mr. Guo Hongbo, Mr. Zhu Yousheng, Mr. Li Zhensheng, Mr. Yue Heng and Mr. Xia Qing, of whom Mr. Geng Jianxin, Mr. Li Zhensheng, Mr. Yue Heng and Mr. Xia Qing are independent non-executive directors. Mr. Geng Jianxin acts as Chief member.

The operation of the Remuneration and Appraisal Committee under the Board did properly follow the Detailed Rules on the Work of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee convened the first meeting in 2016 on 21 March 2016, at which the Report of Total Wage Expenses was reviewed and the Company's arrangement for the total wage in 2016 was approved. During the new financial year, 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
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