



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

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

(Stock Code: 0958)



Interim Report 2015



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Interim Results

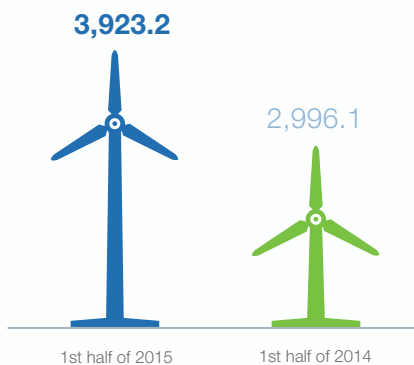
The board of directors (the “**Board**”) of Huaneng Renewables Corporation Limited (the “**Company**”) is pleased to announce the unaudited operating results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 and a comparison with the operating results for the corresponding period of 2014.

For the six months ended 30 June 2015, the Group recorded a revenue of RMB3,923.2 million, representing an increase of 30.9% over the corresponding period of last year; the Group’s profit before taxation amounted to RMB1,256.7 million, representing an increase of 66.2% over the corresponding period of last year; the Group’s net profit amounted to RMB1,159.8 million, representing an increase of 63.6% over the corresponding period of last year; net profit attributable to equity shareholders of the Company amounted to RMB1,133.9 million, representing an increase of 65.3% over the corresponding period of last year; earnings per share amounted to RMB0.1166. As of 30 June 2015, the net assets per share (excluding non-controlling interests) amounted to RMB1.75.

Note: Certain figures in this report have been subject to rounding adjustments. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

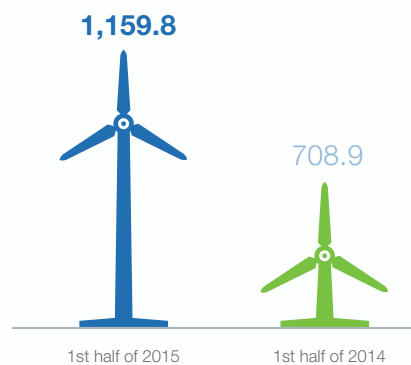
1. Revenue

(RMB in million)



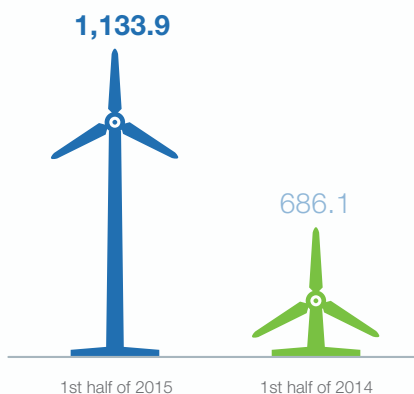
2. Net profit

(RMB in million)



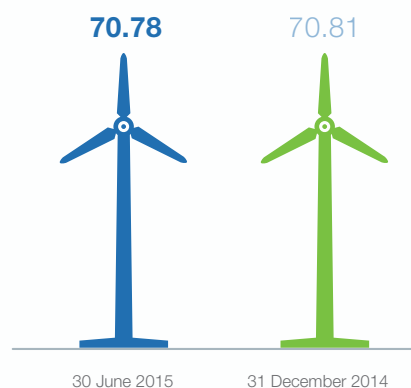
3. Net profit attributable to equity shareholders of the Company

(RMB in million)



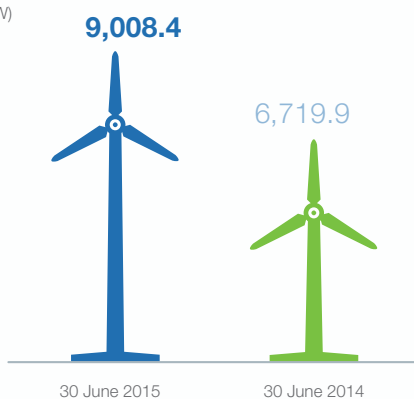
4. Net gearing ratio⁽¹⁾

(%)



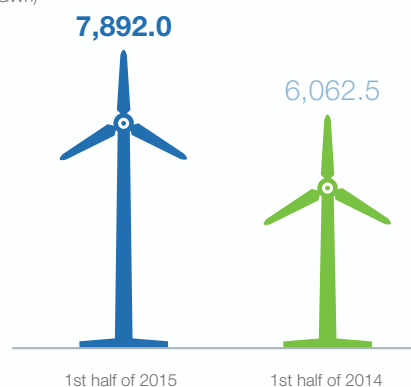
5. Installed capacity

(MW)



6. Gross power generation

(GWh)



Note:

- (1) The net gearing ratio is calculated by dividing the net debt (total borrowings and obligations under finance leases minus cash and cash equivalents) by the net debt plus total equity.

Financial Highlights

	For the six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Revenue	3,923,213	2,996,054
Profit before taxation	1,256,661	756,274
Income tax	(96,857)	(47,333)
Net profit for the period	1,159,804	708,941
Attributable to:		
Equity shareholders of the Company	1,133,936	686,057
Non-controlling interests	25,868	22,884
Total comprehensive income for the period	1,160,045	714,028
Attributable to:		
Equity shareholders of the Company	1,134,177	691,144
Non-controlling interests	25,868	22,884
Basic and diluted earnings per share (RMB cents)	11.66	7.60

Financial Highlights

	As at 30 June 2015 <i>RMB'000</i>	As at 31 December 2014 <i>RMB'000</i>
Total non-current assets	67,954,745	62,996,820
Total current assets	8,246,726	11,141,483
TOTAL ASSETS	76,201,471	74,138,303
Total current liabilities	27,482,062	25,740,898
Total non-current liabilities	30,834,986	31,512,204
TOTAL LIABILITIES	58,317,048	57,253,102
NET ASSETS	17,884,423	16,885,201
Total equity attributable to equity shareholders of the Company	17,040,871	16,101,254
Non-controlling interests	843,552	783,947
TOTAL EQUITY	17,884,423	16,885,201

Business Review for the First Half of 2015

During the first half of 2015, all the staff of the Company were led by the management to innovate business strategy and implement new measures in response to the new market situation and continuously focused on quality and efficiency. Efforts were made to enhance operation management and further consolidate the foundation for production safety. The Company also made increasingly efforts for preliminary preparation works, implemented strict control on construction progress, innovated marketing approach, improved efficiency by strengthening supervision and management and further optimized corporate governance structure. The Company's gross power generation, revenue and net profit attributable to equity shareholders achieved record highs and has been demonstrating a good development momentum.

FURTHER CONSOLIDATING THE FOUNDATION FOR PRODUCTION SAFETY AND IMPROVING PRODUCTION MANAGEMENT

During the first half of 2015, the Company further improved the production safety and supervision system, enhanced the implementation of accountability system, strengthened education and training on production safety and carried out thorough inspection and rectification of potential safety hazards, maintaining an overall stable condition of production safety. Efforts were stepped up to facilitate standardization of production management and strengthen overall management of equipment remediation, resulting in steady improvement in overall equipment conditions.

INNOVATING MANAGEMENT OF POWER MARKETING WITH SUBSTANTIAL INCREASE IN POWER GENERATION AND UTILISATION HOURS

During the first half of 2015, by seizing the favourable opportunity arising from the improvement in wind conditions nationwide and introducing innovative power marketing management, the Company actively carried out market transactions by direct power supply to major clients in the areas which were subject to stringent grid curtailment, so as to reduce loss from wind power curtailment and achieved substantial increase in power generation and utilisation hours.

In the first half of 2015, the gross power generation of the Company reached 7,892.0GWh, representing an increase of 30.2% compared to the corresponding period of last year, of which 7,512.0GWh was derived from wind power (representing an increase of 28.8% compared to the corresponding period of last year) and 380.0GWh was derived from solar power (representing an increase of 65.9% compared to the corresponding period of last year). During the first half of 2015, the utilization hours of the Company's wind power projects were 1,069 hours, representing an increase of 109 hours compared to the corresponding period of last year, and the utilization hours of the Group's solar power projects were 755 hours, representing an increase of 2 hours compared to the corresponding period of last year.

Business Review for the First Half of 2015

The gross power generation of the Company by business sector and region in the first half of 2015 and 2014 are set out as follows:

Gross power generation (MWh)			
Business sector and region	First half of 2015	First half of 2014	Change (%)
Wind power generation	7,511,985.2	5,833,444.6	28.8%
Of which: Inner Mongolia	1,673,156.2	1,282,314.1	30.5%
Liaoning	1,109,375.5	931,442.2	19.1%
Shandong	979,231.7	919,244.9	6.5%
Yunnan	1,233,283.0	887,064.6	39.0%
Guizhou	548,567.3	321,216.1	70.8%
Shanxi	679,472.9	561,436.8	21.0%
Sichuan	189,126.2	–	–
Guangdong	339,558.3	247,380.8	37.3%
Hebei	361,191.6	263,494.7	37.1%
Xinjiang	193,916.9	291,213.9	-33.4%
Shanghai	51,352.3	62,486.7	-17.8%
Jilin	96,356.9	49,429.8	94.9%
Shaanxi	54,559.6	16,720.0	226.3%
Zhejiang	2,836.8	–	–
Solar power generation	379,970.7	229,029.1	65.9%
Total	7,891,955.9	6,062,473.7	30.2%

The utilization hours of the Company by business sector and region in the first half of 2015 and 2014 are set out as follows:

Utilization hours (hour)			
Business sector and region	First half of 2015	First half of 2014	Change (%)
Wind power generation	1,069	960	11.4%
Of which: Inner Mongolia	927	734	26.3%
Liaoning	922	788	17.0%
Shandong	1,034	1,030	0.4%
Yunnan	1,864	1,889	-1.3%
Guizhou	952	840	13.3%
Shanxi	1,051	1,016	3.4%
Sichuan	1,495	–	–
Guangdong	1,008	982	2.6%
Hebei	1,170	972	20.4%
Xinjiang	975	1,526	-36.1%
Shanghai	827	1,041	-20.6%
Jilin	980	998	-1.8%
Shaanxi	1,190	929	28.1%
Solar power generation	755	753	0.3%

Business Review for the First Half of 2015

STRIVING TO PROMOTE THE CONSTRUCTION WORK, AND ACHIEVING RECORD HIGH IN NEWLY INSTALLED CAPACITY AMONG ALL CORRESPONDING PERIODS

The Company promoted the construction work in full swing. By implementing the target assessment management for construction work, the Company adopted scientific approach to monitor project progress, in an effort to put the project into operation at the earliest and improve the quality standard of projects. In the first half of 2015, the Company had newly installed capacity of 997.0MW, comprising 897.0MW installed capacity of wind power and 100.0MW installed capacity of solar power, with the newly installed capacity achieving record high among all corresponding periods. With the commencement of power generation of the Huaneng Yunhe Huangyuan Wind Power Project, the Company had achieved a breakthrough in developing the wind power business in Zhejiang province.

As of 30 June 2015, the Company had a total installed capacity of 9,008.4MW, representing an increase of 34.1% compared to the installed capacity of the corresponding period of last year, of which 8,423.4MW was derived from wind power (representing an increase of 33.3% over the corresponding period of last year) and 585.0MW was derived from solar power (representing an increase of 46.3% over the corresponding period of last year).

The Company's installed capacity by business sector and region as at 30 June 2015 and 2014 are set out as follows:

Business sector and region	Installed capacity (MW)		
	As at 30 June 2015	As at 30 June 2014	Change (%)
Wind power generation	8,423.4	6,319.9	33.3%
Of which: Inner Mongolia	2,066.2	1,716.2	20.4%
Liaoning	1,359.0	1,197.0	13.5%
Shandong	952.7	892.7	6.7%
Yunnan	867.0	571.5	51.7%
Guizhou	729.0	480.0	51.9%
Shanxi	694.0	594.0	16.8%
Sichuan	493.5	–	–
Guangdong	402.6	271.6	48.2%
Hebei	361.5	271.5	33.1%
Xinjiang	198.0	198.0	0.0%
Shanghai	108.0	60.0	80.0%
Jilin	99.0	49.5	100.0%
Shaanxi	58.5	18.0	225.0%
Zhejiang	34.5	–	–
Solar power generation	585.0	400.0	46.3%
Of which: Qinghai	255.0	190.0	34.2%
Gansu	150.0	150.0	0.0%
Inner Mongolia	70.0	20.0	250.0%
Yunnan	50.0	–	–
Ningxia	30.0	30.0	0.0%
Shanxi	20.0	–	–
Liaoning	10.0	10.0	0.0%
Total	9,008.4	6,719.9	34.1%



MAINTAINING THE LEADING POSITION IN THE DEVELOPMENT OF NEW PROJECTS WITH CONTINUOUS OPTIMISATION OF BUSINESS LAYOUT

During the first half of 2015, the Company further stepped up the development of new projects and accumulation of resource reservation. It undertook regular wind power projects with an aggregate installed capacity of 1,648.5MW which were included in the fifth batch of the “12th Five Year” wind power project pre-approval list issued by the National Energy Administration, most of which were located in regions without grid curtailment and in Tier IV Resources Regions. Of which, the Company obtained pre-approvals for projects with a total installed capacity of 208.0MW in Hunan and Henan province where the Company did not have operation, indicating a remarkable breakthrough in these two provinces. It also undertook wind power projects with an installed capacity of 433.5MW which are located in the Liangshanzhou wind power base of Sichuan province; and distributive projects with an installed capacity of 30.0MW which are located in Jilin province, totalling 2,112.0MW. The Company obtained approvals for eight wind power projects in the first half of 2015 with an aggregate installed capacity of 664.5MW, all of which were located in Tier IV Resources Regions. Meanwhile, the Company entered into agreements for the development of wind power projects with a capacity of over million KW-level in provinces with better conditions for power consumption and rich resource, laying a solid foundation for further project development.

The Company made strenuous effort to push forward the development of photovoltaic projects, and obtained new approval of projects with a capacity of 76.5MW and filing approval of projects with a capacity of 90.0MW. Furthermore, the Company strengthened cooperation with photovoltaic module manufacturers by actively exploring new cooperation and development areas as well as setting joint force to develop premium resources.

ESTABLISHING DIVERSIFIED FINANCING SYSTEM TO EFFECTIVELY ENHANCE CAPITAL MANAGEMENT AND CONTROL CAPABILITY

During the first half of 2015, the Company further diversified debt financing channels while consolidating the main credit financing channel for effective control of the finance cost so that the growth rate in finance cost was lower than the growth rate in weighted average installed capacity, thereby effectively enhanced capital management and control capability.

CONTINUOUSLY INNOVATING TECHNOLOGY MANAGEMENT TO FURTHER STRENGTHEN TECHNICAL SUPPORT

The first program under the National Project 863 that was led and undertaken by the Company, i.e. the “Establishment of the Certification System for Design, Construction, Specifications and Inspection of Operation and Maintenance of Offshore Wind Farms”, has passed the inspection and acceptance. Material progress has been made in the formulation of national and industrial standards including the “Fundamental Technology Requirements on Wind Turbines for Offshore Wind Farms”. The software and hardware equipments for the wind resource laboratory have been constantly upgraded, and an advanced resource assessment and power generation measurement system has been established, which has been successfully applied to measurement for the preliminary projects of the Company.

Business Prospect for the Second Half of 2015

Benefiting from the gradual recovery of the national economy and the loose monetary policy implemented during the first half of 2015, growth in demand for electricity is expected to increase overall during the second half of 2015. The central government enhanced efforts in administration streamlining and power decentralization, launched a series of reforms and innovative measures, and constantly deepened reforms in the power industry. As an emerging strategic industry supported by the PRC government, the development of wind power and photovoltaic power gains great support from both the central and local governments. Given the new normal pattern of economic and social development, the new trend of structural reform and new changes in the energy and power market, the Company will face both new challenges and opportunities in all aspects. By analyzing and responding to the current situation, the management of the Company shall further firm confidence and stick to the economic and efficient development philosophy, focusing on improvement of quality and efficiency to ensure accomplishment of all targets set for the year, with an aim to create sustainable, stable and increasing return for the shareholders.

For the second half of 2015, the Company will focus on the following aspects of work:

1. The Company will further strengthen the establishment of the safety management system and mechanism. By establishing the “Macro-safety” concept, the Company will gradually adopt the safety management, occupational health and environmental protection management systems. Efforts will also be made to further strengthen overall management of equipment remediation and improve the reliability of power generation equipments;
2. The Company will step up efforts in the preliminary works and accelerate development of premium resources. The Company will continue to optimize structural layout and formulate the “13th Five Year” development plan with developed insights;
3. The Company will reinforce the normalization and refinement of the management of infrastructure projects to ensure the quality standard of projects. The Company will also implement strict control over project progress to ensure accomplishment of the annual target of newly installed capacity;
4. The Company will enhance study on the power market and explore new approaches for power marketing to effectively promote power sale in the major areas, and will strive to maximize power generation, so as to consolidate and expand its market shares;
5. The Company will continue to explore more financing channels and further reduce financing cost.

Management Discussion and Analysis

OVERVIEW

In the first half of 2015, profit before taxation of the Group amounted to RMB1,256.7 million, representing an increase of RMB500.4 million or 66.2% as compared with RMB756.3 million for the corresponding period of last year. Net profit amounted to RMB1,159.8 million, representing an increase of RMB450.9 million or 63.6% as compared with RMB708.9 million for the corresponding period of last year. Net profit attributable to equity shareholders of the Company amounted to RMB1,133.9 million, representing an increase of RMB447.8 million or 65.3% as compared with RMB686.1 million for the corresponding period of last year.

REVENUE

In the first half of 2015, revenue of the Group amounted to RMB3,923.2 million, representing an increase of RMB927.1 million or 30.9% as compared with RMB2,996.1 million for the corresponding period of last year. The increase in revenue was primarily due to: in the first half of 2015, the power sold of the Group amounted to 7,512.8 million kWh, representing an increase of 1,817.7 million kWh or 31.9% as compared with 5,695.1 million kWh for the corresponding period of last year. In the first half of 2015, the tariff (tax inclusive) of the Group was RMB0.611/kWh, which is not significantly changed compared with the corresponding period of last year.

OTHER NET INCOME

In the first half of 2015, other net income of the Group amounted to RMB100.9 million, representing an increase of RMB61.3 million or 154.8% as compared with RMB39.6 million for the corresponding period of last year. The increase in the other net income was primarily due to: (1) the value added tax rebate increased by RMB29.4 million as compared to the corresponding period of last year; (2) the revenue from the subsidy of grid connection projects increased by RMB19.4 million as compared to the corresponding period of last year.

OPERATING EXPENSES

In the first half of 2015, operating expenses of the Group amounted to RMB1,674.6 million, representing an increase of RMB340.5 million or 25.5% from RMB1,334.1 million for the corresponding period of last year. This was primarily due to the increase in depreciation and amortisation expenses arising from the newly-added installed capacity of operational projects, the increase in the personnel costs, repairs and maintenance, administration expense and other operating expenses.

Depreciation and amortisation expenses: In the first half of 2015, depreciation and amortisation expenses of the Group amounted to RMB1,290.7 million, representing an increase of RMB200.7 million or 18.4% as compared with RMB1,090.0 million for the corresponding period of last year. The increase was primarily due to an increase in the depreciation and amortisation expenses arising from the expansion in the installed capacity of operational projects.

Personnel costs: In the first half of 2015, personnel costs of the Group amounted to RMB119.9 million, representing an increase of RMB27.3 million or 29.5% as compared with RMB92.6 million for the corresponding period of last year. The increase was primarily due to: (1) the increase of headcount resulting from the Company's scale expansion; (2) the commencement of operations of more projects, which resulted in recording part of the personnel costs in profit or loss.

Management Discussion and Analysis

Repairs and maintenance, administration expenses and other operating expenses: In the first half of 2015, repairs and maintenance, administration expenses and other operating expenses of the Group amounted to RMB264.1 million, representing an increase of RMB129.0 million or 95.5% as compared with RMB135.1 million for the corresponding period of last year. The increase was mainly due to: (1) the increasing in capacity of operating projects of the Group that have expired the warranty period in the first half of 2015 compared to the corresponding period of last year, and the Group undertook the repair and maintenance work related to power generation units supplied by Sinovel Wind Group Co., Ltd. (“Sinovel”), which shall be contractually undertaken by Sinovel; (2) the reversal of impairment loss of RMB17.9 million in the first half of 2014. Excluding the effect of reversal of impairment loss, the Group’s repairs and maintenance, administration expenses and other operating expenses increased by 72.6% as compared to the corresponding period of last year.

OPERATING PROFIT

In the first half of 2015, operating profit of the Group amounted to RMB2,349.5 million, representing an increase of RMB647.9 million or 38.1% as compared with RMB1,701.6 million for the corresponding period of last year.

NET FINANCE EXPENSES

In the first half of 2015, net finance expenses of the Group amounted to RMB1,092.8 million, representing an increase of RMB147.5 million or 15.6% as compared with RMB945.3 million for the corresponding period of last year. The increase was primarily due to the increase in interest expenses resulting from borrowings.

INCOME TAX

In the first half of 2015, income tax of the Group amounted to RMB96.9 million, representing an increase of RMB49.6 million or 104.9% as compared with RMB47.3 million for the corresponding period of last year. The increase was mainly due to: (1) the increase in profit before taxation; (2) the differential tax relief enjoyed by operating projects which led to the increase of overall effective tax rate.

LIQUIDITY AND SOURCE OF FUNDING

As of 30 June 2015, the current assets of the Group amounted to RMB8,246.7 million, including cash at banks and on hand and restricted deposits of RMB4,654.9 million, trade debtors and bills receivable of RMB3,366.2 million. Current liabilities of the Group amounted to RMB27,482.1 million, of which RMB17,203.5 million was short-term borrowings (including short-term debentures, long-term borrowings due within one year and bonds payable), other payables of RMB9,724.3 million (primarily consisting of payables for equipments purchased from suppliers, construction payables and retention payables). As of 30 June 2015, the current ratio (the current assets to current liabilities ratio) of the Group was 0.30, representing a decrease of 0.13 as compared with 0.43 as of 31 December 2014.

As of 30 June 2015, the Group’s outstanding borrowings (including bonds) amounted to approximately RMB44,127.9 million, representing a decrease of RMB20.4 million compared with RMB44,148.3 million as of 31 December 2014. As of 30 June 2015, the Group was yet to repay short-term borrowings (including short-term debentures, long-term borrowings due within one year and bonds payable) of RMB17,203.5 million and long-term borrowings (including corporate bonds) of RMB26,924.4 million, which were principally denominated in RMB.

CAPITAL EXPENDITURE

In the first half of 2015, the capital expenditure of the Group amounted to approximately RMB6,960.2 million, representing an increase of RMB3,066.8 million or 78.8% compared with RMB3,893.4 million for the corresponding period of last year, which was primarily incurred from the expenditure for the construction of wind power projects and solar power projects. The capital expenditure was mainly funded by internal resources and bank borrowings, etc.

NET GEARING RATIO

As of 30 June 2015, the net gearing ratio of the Group, which was calculated by dividing net debt (total borrowings and obligations under finance lease minus cash and cash equivalents) by the sum of net debt and total equity, was 70.78%, representing a decrease of 0.03 percentage points as compared with 70.81% as of 31 December 2014.

MATERIAL INVESTMENTS

The Group did not make any material investments in the first half of 2015.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals in the first half of 2015.

PLEDGE OF ASSETS

As at 30 June 2015, certain property, plant and machinery of the Group was pledged for bank loans of Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd..

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 30 June 2015.

Corporate Governance and Other Information

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency of the Board and accountability of the Board to all shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules except for the following deviation. Under the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. CAO Peixi (non-executive director, chairman of the Board and chairman of the nomination committee) was unable to attend the annual general meeting of the Company held on 25 June 2015 due to work commitment.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules to govern securities transactions by its directors and supervisors. Having made specific enquiry of all directors and supervisors of the Company, all directors and supervisors have confirmed that they strictly complied with the required standard set out in the Model Code for the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the Listing Rules. The primary duties of the audit committee are to review and supervise the Company's internal control system and financial reporting process and to maintain an appropriate relationship with the Company's independent auditors.

During the reporting period, the audit committee comprised three members, namely, Mr. ZHOU Shaopeng (independent non-executive director), Mr. WANG Kui (non-executive director) and Mr. WAN Kam To (independent non-executive director). Mr. ZHOU Shaopeng is the chairman of the audit committee.

The audit committee has reviewed, discussed with senior management members of the Company and confirmed the announcement of interim results of the Group for the six months ended 30 June 2015, the 2015 interim report and the unaudited interim financial statements for the six months ended 30 June 2015. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

BOARD DIVERSITY POLICY

The Company fully understands the benefits of diversity of Board members to its development. It has adopted a Board diversity policy and has further enriched the composition of the Board members at the re-election of a new session of the Board. The current session of the Board comprises two female Directors. The current composition of the Board members reflects differentiation and diversity in many aspects such as expertise, industry experience, age, gender, qualifications and background. In the future, the Company will continue to explore and perfect the composition of the Board based on its business characteristics, and will formulate policies in relation to diversity for implementation.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS, AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong (the “SFO”)) which would have to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which have to be recorded in the register under Section 352 of the SFO, referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2015, to the best knowledge of the Directors, the following persons (other than the Directors, chief executive or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Class of shares	Capacity/Nature of interests	Number of shares held (Shares)	Approximate percentage in the relevant class of shares ⁽²⁾	Approximate percentage in the total share capital ⁽³⁾
Controlling shareholder					
China Huaneng Group ⁽¹⁾	Domestic shares	Beneficial owner/Interest of controlled corporation	5,535,311,200 (Long position)	100%	56.90%
Other substantial shareholders					
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	329,316,800 (Long position)	7.85%	3.39%
FIL Limited	H shares	Investment manager	290,402,000 (Long position)	6.93%	2.99%
Value Partners Group Limited	H shares	Interest of controlled corporation	252,138,000 (Long position)	6.01%	2.59%
JPMorgan Chase & Co.	H shares	Beneficial owner/Investment manager/Custodian	225,889,204 (Long position)	5.38%	2.32%
			0 (Short position)	0.00%	0.00%
			217,717,646 (Lending pool)	5.19%	2.24%
GIC Private Limited	H shares	Investment manager	222,646,000 (Long position)	5.31%	2.29%

Notes:

- (1) China Huaneng Group is beneficially interested in 5,258,545,640 domestic shares, representing approximately 54.06% of the total share capital of the Company. Huaneng Capital Services Corporation Ltd. (“**Huaneng Capital**”) is interested in 276,765,560 domestic shares, representing approximately 2.85% of the total share capital of the Company. Since Huaneng Capital is a wholly-owned subsidiary of China Huaneng Group, China Huaneng Group is therefore deemed to be interested in the domestic shares held by Huaneng Capital, resulting a total interest of 56.90%. Numbers may not add up due to rounding.
- (2) It is calculated on the basis that the Company has issued 5,535,311,200 domestic shares or 4,192,684,992 H shares as of 30 June 2015.
- (3) It is calculated on the basis that the Company has issued 9,727,996,192 shares as of 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SHARE ISSUE AND LISTING

The Company issued by way of initial public offering (the “**IPO**”) an aggregate of 2,646,898,000 H shares (upon partial exercise of over-allotment option) with a nominal value of RMB1.00 each at a price of HK\$2.50 per H share. Subsequent to that, the listing of shares of the Company on the main board of the Hong Kong Stock Exchange took place in June 2011. 264,688,800 state-owned shares with a nominal value of RMB1.00 each were converted into H shares under international offering on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC. The total number of shares of the Company after the IPO was 8,446,898,000 shares, including 5,535,311,200 domestic shares and 2,911,586,800 H shares.

On 21 October 2013, the Company completed the placing of an aggregate of 582,317,360 H shares with a nominal value of RMB1.00 each, representing approximately 6.4% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.7% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares) to no less than six and no more than ten placees, who, and whose ultimate beneficial owners are, third parties independent of and not connected with the Company or its connected persons. The issue price was HK\$2.71 per share, the net price was HK\$2.67 per share, and the closing price per H share as quoted on the Hong Kong Stock Exchange on 11 October 2013 (being the last trading day before the terms of the placing were fixed. The Hong Kong Stock Exchange was closed on the date on which the terms of the placing was fixed.) was HK\$2.93. The net proceeds from the placing were intended to be used for the general corporate purposes of the Company. The placing would effectively replenish its working capital, reduce its indebtedness levels and assure financial support to its subsequent development. After the placing, the total number of issued shares of the Company increased from 8,446,898,000 shares to 9,029,215,360 shares. The total number of issued H shares increased from 2,911,586,800 H shares to 3,493,904,160 H shares. As at 31 December 2013, China Huaneng Group, the controlling shareholder of the Company, directly and indirectly held 61.30% of the Company's total issued shares. For further details, please refer to the Company's announcements dated 15 October 2013 and 21 October 2013, respectively.

Corporate Governance and Other Information

On 23 December 2014, the Company completed the placing of an aggregate of 698,780,832 H shares with a nominal value of RMB1.00 each, representing approximately 7.18% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.67% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares) to no less than six and no more than ten placees, who, and whose ultimate beneficial owners are, third parties independent of and not connected with the Company or its connected persons. The issue price was HK\$2.5 per share, the net price was HK\$2.46 per share, and the closing price per H share as quoted on the Hong Kong Stock Exchange on 16 December 2014 (being the date on which the terms of the placing were fixed) was HK\$2.54. The net proceeds from the placing were intended to be used for the general corporate purposes of the Company. The placing would effectively replenish its working capital, reduce its indebtedness levels and assure financial support to its subsequent development. After the placing, the total number of issued shares of the Company increased from 9,029,215,360 shares to 9,727,996,192 shares. The total number of issued H shares increased from 3,493,904,160 H shares to 4,192,684,992 H shares. As at 31 December 2014, China Huaneng Group, the controlling shareholder of the Company, directly and indirectly held 56.90% of the Company's total issued shares. For further details, please refer to the Company's announcements dated 16 December 2014 and 23 December 2014.

MATERIAL LITIGATION

On 22 July 2015, settlement was entered into in relation to the civil action initiated by the Company (as disclosed by way of announcement dated 29 September 2014). For details, please refer to the Company's announcement on the status of such civil action dated 22 July 2015. Save as aforementioned, as of 30 June 2015, the Company was not involved in any material litigation or arbitration. Nor were the directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2015.

**Review report to the board of directors of
Huaneng Renewables Corporation Limited**

(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 20 to 49 which comprises the consolidated statement of financial position of Huaneng Renewables Corporation Limited (the “Company”) as at 30 June 2015 and the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 August 2015

Unaudited consolidated statement of comprehensive income

For the six months ended 30 June 2015
(Expressed in RMB)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	5	3,923,213	2,996,054
Other net income	6	100,890	39,618
Operating expenses			
Depreciation and amortisation		(1,290,663)	(1,090,042)
Service concession construction costs		–	(16,360)
Personnel costs		(119,868)	(92,586)
Repairs and maintenance		(55,188)	(20,558)
Administration expenses		(76,426)	(56,201)
Other operating expenses		(132,476)	(58,367)
		(1,674,621)	(1,334,114)
Operating profit		2,349,482	1,701,558
Finance income		68,122	64,273
Finance expenses		(1,160,943)	(1,009,557)
Net finance expenses	7	(1,092,821)	(945,284)
Profit before taxation	8	1,256,661	756,274
Income tax	9	(96,857)	(47,333)
Net profit		1,159,804	708,941

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of comprehensive income

For the six months ended 30 June 2015
(Expressed in RMB)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Other comprehensive income for the period, net of tax	10		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of a subsidiary outside mainland China		241	5,087
		241	5,087
Total comprehensive income for the period		1,160,045	714,028
Net profit attributable to:			
Equity shareholders of the Company		1,133,936	686,057
Non-controlling interests		25,868	22,884
Net profit		1,159,804	708,941
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,134,177	691,144
Non-controlling interests		25,868	22,884
Total comprehensive income for the period		1,160,045	714,028
Basic and diluted earnings per share (RMB cents)	11	11.66	7.60

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of financial position

At 30 June 2015
(Expressed in RMB)

	<i>Note</i>	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	12	62,519,724	57,873,350
Lease prepayments		297,514	157,170
Intangible assets	13	681,589	696,207
Interest in an associate		31,446	31,446
Interest in a joint venture		80,586	80,586
Other non-current assets	14	4,339,421	4,153,212
Deferred tax assets		4,465	4,849
Total non-current assets		67,954,745	62,996,820
Current assets			
Inventories		13,199	13,130
Trade debtors and bills receivable	15	3,366,199	3,160,350
Prepayments and other current assets	16	202,914	176,421
Tax recoverable		9,503	3,526
Restricted deposits		1,598	1,595
Cash at bank and on hand	17	4,653,313	7,786,461
Total current assets		8,246,726	11,141,483
Current liabilities			
Borrowings	18	17,203,538	17,306,317
Obligations under finance leases	19	494,842	434,040
Other payables	20	9,724,313	7,960,599
Tax payable		59,369	39,942
Total current liabilities		27,482,062	25,740,898
Net current liabilities		(19,235,336)	(14,599,415)
Total assets less current liabilities		48,719,409	48,397,405

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of financial position

At 30 June 2015
(Expressed in RMB)

	<i>Note</i>	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Borrowings	18	26,924,384	26,842,020
Obligations under finance leases	19	2,250,680	2,768,888
Retention payables		1,401,692	1,634,382
Deferred income		239,056	247,596
Deferred tax liabilities		19,174	19,318
Total non-current liabilities		30,834,986	31,512,204
NET ASSETS			
		17,884,423	16,885,201
CAPITAL AND RESERVES			
	21		
Share capital		9,727,996	9,727,996
Reserves		7,312,875	6,373,258
Total equity attributable to equity shareholders of the Company		17,040,871	16,101,254
Non-controlling interests		843,552	783,947
TOTAL EQUITY		17,884,423	16,885,201

Approved and authorised for issue by the board of directors on 18 August 2015.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2015
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Retained earnings	Subtotal		
	RMB'000 (note 21(b))	RMB'000 (note 21(c)(i))	RMB'000 (note 21(c)(ii))	RMB'000 (note 21(c)(iii))	RMB'000	RMB'000		
Balance at 1 January 2014	9,029,215	2,165,997	107,951	(15,355)	2,736,961	14,024,769	836,133	14,860,902
Changes in equity for the six months ended 30 June 2014:								
Net profit	-	-	-	-	686,057	686,057	22,884	708,941
Other comprehensive income	-	-	-	5,087	-	5,087	-	5,087
Total comprehensive income	-	-	-	5,087	686,057	691,144	22,884	714,028
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	(15,232)	(15,232)
Dividends to equity shareholders of the Company	21(a)(ii)	-	-	-	(180,584)	(180,584)	-	(180,584)
Acquisition of a subsidiary under common control	-	(223,340)	-	-	-	(223,340)	-	(223,340)
Balance at 30 June 2014	9,029,215	1,942,657	107,951	(10,268)	3,242,434	14,311,989	843,785	15,155,774

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2015
(Expressed in RMB)

	Attributable to equity shareholders of the Company					Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 <i>(note 21(b))</i>	Capital reserve RMB'000 <i>(note 21(c)(i))</i>	Statutory surplus reserve RMB'000 <i>(note 21(c)(ii))</i>	Exchange reserve RMB'000 <i>(note 21(c)(iii))</i>	Retained earnings RMB'000			
Balance at 1 July 2014	9,029,215	1,942,657	107,951	(10,268)	3,242,434	14,311,989	843,785	15,155,774
Changes in equity for the six months ended 31 December 2014:								
Net profit	-	-	-	-	434,972	434,972	2,851	437,823
Other comprehensive income	-	-	-	(3,309)	-	(3,309)	-	(3,309)
Total comprehensive income	-	-	-	(3,309)	434,972	431,663	2,851	434,514
Issuance of new shares, netting of issuance expenses	698,781	658,821	-	-	-	1,357,602	-	1,357,602
Transfer to reserve fund	-	-	16,763	-	(16,763)	-	-	-
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	(25,580)	(25,580)
Cease control of a subsidiary	-	-	-	-	-	-	(37,109)	(37,109)
Balance at 31 December 2014	9,727,996	2,601,478	124,714	(13,577)	3,660,643	16,101,254	783,947	16,885,201

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2015
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Retained earnings	Subtotal			
	Note RMB'000 (note 21(b))	RMB'000 (note 21(c)(i))	RMB'000 (note 21(c)(ii))	RMB'000 (note 21(c)(iii))	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2015	9,727,996	2,601,478	124,714	(13,577)	3,660,643	16,101,254	783,947	16,885,201	
Changes in equity for the six months ended 30 June 2015:									
Net profit	-	-	-	-	1,133,936	1,133,936	25,868	1,159,804	
Other comprehensive income	-	-	-	241	-	241	-	241	
Total comprehensive income	-	-	-	241	1,133,936	1,134,177	25,868	1,160,045	
Capital contributions	-	-	-	-	-	-	44,000	44,000	
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	(10,263)	(10,263)	
Dividends to equity shareholders of the Company	21(a)(ii)	-	-	-	(194,560)	(194,560)	-	(194,560)	
Balance at 30 June 2015	9,727,996	2,601,478	124,714	(13,336)	4,600,019	17,040,871	843,552	17,884,423	

The notes on pages 28 to 49 form part of this interim financial report.

Unaudited condensed consolidated cash flow statement

For the six months ended 30 June 2015
(Expressed in RMB)

	<i>Note</i>	Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		4,018,394	2,889,805
PRC income tax paid		(83,168)	(48,186)
Net cash generated from operating activities		3,935,226	2,841,619
Investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		(5,330,500)	(4,561,723)
Payments for acquisition of subsidiaries, net of cash acquired		–	(360,570)
Other cash flows arising from investing activities		269,884	113,733
Net cash used in investing activities		(5,060,616)	(4,808,560)
Financing activities			
Net cash (used in)/generated from financing activities		(1,699,579)	3,949,837
Net (decrease)/increase in cash and cash equivalents		(2,824,969)	1,982,896
Cash and cash equivalents at 1 January	17	6,384,626	4,322,198
Effect of foreign exchanges rates changes		(163)	35,160
Cash and cash equivalents at 30 June	17	3,559,494	6,340,254

The notes on pages 28 to 49 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huaneng Renewables Corporation Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 5 August 2010 as a joint stock company with limited liability. The Company and its subsidiaries (the “Group”) are mainly engaged in wind power and solar power generation and sale in the PRC.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 18 August 2015.

As at and for the six months ended 30 June 2015, a portion of the Group’s funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 30 June 2015, the Group has net current liabilities of approximately RMB19.2 billion. Taking into consideration of the expected operating cash flows of the Group and the undrawn available banking facilities, the Group are expected to refinance certain short-term borrowings and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared the consolidated financial statements on a going concern basis.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 19.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

2 BASIS OF PREPARATION (CONTINUED)

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 March 2015.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

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

4 SEASONALITY OF OPERATIONS

The Group's main business is wind power business which generates more revenue in certain period in the year, depending on different wind conditions of the wind farms such as wind speed. Generally the wind speed is more favourable for power generation in spring and winter. As a result, the revenue and profit of the Group fluctuate during the year.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

5 REVENUE

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sales of electricity	3,922,473	2,979,167
Service concession construction revenue	–	16,360
Others	740	527
	3,923,213	2,996,054

Note:

- (i) Sales of electricity were mainly generated by the wind power plants of the Group. The Group has a single reportable operating segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented. Revenue from the PRC government controlled power grid companies amounted to RMB3,922,473,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB2,979,167,000).

6 OTHER NET INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Government grants	90,867	38,889
Penalty income from suppliers (<i>note (i)</i>)	9,776	–
Others	247	729
	100,890	39,618

Note:

- (i) Penalty income from suppliers mainly represents compensations from third party constructors for revenue losses incurred due to certain wind turbines not running stably for certain wind power plants as a result of construction problem for the six months ended 30 June 2015.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest income on financial assets	23,251	26,501
Foreign exchange gains	44,871	30,072
Dividend income	–	7,700
Finance income	68,122	64,273
Interest on borrowings and other financial liabilities	1,359,227	1,099,888
Less: interest expenses capitalised into property, plant and equipment and intangible assets (<i>note (i)</i>)	200,502	100,891
	1,158,725	998,997
Foreign exchange losses	3	851
Bank charges and others	2,215	9,709
Finance expenses	1,160,943	1,009,557
Net finance expenses recognised in profit or loss	(1,092,821)	(945,284)

Note:

- (i) The borrowing costs have been capitalised at rates of 4.73% to 6.64% per annum for the six months ended 30 June 2015 (six months ended 30 June 2014: 5.44% to 6.50% per annum).

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Amortisation		
– lease prepayments	2,091	1,615
– intangible assets	16,573	12,135
Depreciation		
– Property, plant and equipment	1,271,999	1,076,292
Impairment losses reversed in other operating expenses		
– Property, plant and equipment	–	(17,902)
Operating lease charges		
– hire of properties	17,405	10,978
Cost of inventories	44,828	13,017

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax		
Provision for the period	96,796	52,267
Over-provision in respect of prior periods	(179)	(5,573)
	96,617	46,694
Deferred tax		
Reversal of temporary differences	240	639
	96,857	47,333

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit before taxation	1,256,661	756,274
Applicable tax rate	25%	25%
Notional tax on profit before taxation	314,165	189,069
Tax effect of non-deductible expenses	724	437
Tax effect of non-taxable income	(55)	(2,099)
Tax effect of differential tax rate of certain subsidiaries of the Group (note (i))	(228,697)	(170,001)
Tax effect of temporary differences utilised while not recognised in prior periods	–	(4,476)
Tax effect of unused tax losses not recognised	49,488	43,801
Tax effect of tax losses utilised while not recognised in prior periods	(26,535)	(1,831)
Over-provision in respect of prior periods	(179)	(5,573)
Others	(12,054)	(1,994)
Income tax	96,857	47,333

Note:

- (i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group, which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2015 and six months ended 30 June 2014, and except for a subsidiary of the Group incorporated in Hong Kong in 2011 which is subject to Hong Kong profits tax calculated at 16.5% (six months ended 30 June 2014: 16.5%) of its estimated assessable profit for the period. This subsidiary had no assessable profit for six months ended 30 June 2015 and 2014.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of a subsidiary outside mainland China		
– Before and net of tax amount	241	5,087
Other comprehensive income	241	5,087

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to the equity shareholders of the Company for the six months ended 30 June 2015 of RMB1,133,936,000 (six months ended 30 June 2014: RMB686,057,000) and the weighted average number of shares in issue during the six months ended 30 June 2015 of 9,727,996,000 (six months ended 30 June 2014: 9,029,215,000 shares).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment of approximately RMB5,909,436,000 (six months ended 30 June 2014: approximately RMB3,426,472,000). No material items of property, plant and equipment were disposed of during the six months ended 30 June 2015 and 2014.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB673,748,000 (31 December 2014: approximately RMB689,518,000), software and other intangible assets of approximately RMB7,841,000 (31 December 2014: approximately RMB6,689,000).

14 OTHER NON-CURRENT ASSETS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Deductible value added tax ("VAT") (note (i))	3,584,061	3,521,658
Unquoted equity investments in non-listed companies, at cost (note (ii))	507,067	381,067
Deposits and advances to third parties (note (iii))	51,727	53,777
Long-term receivables due from a fellow subsidiary (note (iv))	141,913	142,057
Other long-term assets	54,653	54,653
	4,339,421	4,153,212

Notes:

- (i) Deductible VAT mainly represents the input VAT relating to purchase of property, plant and equipment, which is deductible from output VAT.
- (ii) On 26 May 2015, Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group subscribed for certain portion of the newly increased capital of a fellow subsidiary named Huaneng Tiancheng Financial Leasing Co., Ltd. ("Huaneng Tiancheng") for an amount of RMB126 million. After the completion of this transaction, the Group holds 10% equity interests in Huaneng Tiancheng.
- (iii) The deposits and advances to third parties are unsecured and interest free. The balance as at 30 June 2015 mainly represented deposits with third parties in connection with the finance lease arrangement in the amount of RMB37,444,000 (31 December 2014: RMB37,444,000), which are expected to be repaid at the end of the lease period, and funding support amounting to RMB5,450,000 (31 December 2014: RMB5,450,000), to local grid companies in order to facilitate the construction of the grid network, which the directors of the Company expect it will be recovered in two years.
- (iv) Long-term receivables due from a fellow subsidiary mainly represents the receivables due from Huaneng Carbon Asset Management Co., Ltd. ("Huaneng Carbon") which is not expected to be settled within one year.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

15 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Amounts due from third parties	3,366,199	3,160,350
Less: allowance for doubtful debts	–	–
	3,366,199	3,160,350

The ageing analysis of trade debtors and bills receivable of the Group and the Company is as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current	3,366,199	3,160,350
Past due	–	–
	3,366,199	3,160,350
Less: allowance for doubtful debts	–	–
	3,366,199	3,160,350

The Group's trade receivables are mainly wind power electricity sales receivables from local grid companies. Generally, the receivables are due within 15-30 days from the date of billing, except for the tariff premium, representing from 26% to 78% of total electricity sales, collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 30 June 2015, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval. The directors of the Company are of the opinion that the approvals will be obtained in due course and the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the grid companies in the past and the tariff premium is funded by the PRC government.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

16 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Government grant receivable	26,740	5,990
Amounts due from fellow subsidiaries	13,030	5,852
Interest receivable	3,096	1,345
Staff advance	13,602	5,832
Deposits (note (i))	99,718	107,732
Prepayments	11,310	15,151
Others	36,236	35,337
	203,732	177,239
Less: allowance for doubtful debts	818	818
	202,914	176,421

Note:

- (i) Deposits mainly represented deposits placed with local authorities for developing wind power and construction. The deposits will be released to the Group during certain development stage or by the completion of the power plants construction.

17 CASH AT BANK AND ON HAND

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Cash on hand	902	2,270
Cash at bank and other financial institutions	4,652,411	7,784,191
	4,653,313	7,786,461
Representing:		
– Cash and cash equivalents	3,559,494	6,384,626
– Time deposits with original maturity over three months	1,093,819	1,401,835
	4,653,313	7,786,461

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

18 BORROWINGS

(a) **The long-term interest-bearing borrowings comprise:**

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank and other loans		
– Secured	5,061,744	4,676,341
– Unsecured	22,526,348	24,433,813
Other borrowings (Note 18(e))		
– Unsecured	2,991,606	2,988,183
	30,579,698	32,098,337
Less: Current portion of long-term borrowings		
– Bank and other loans	2,516,528	4,119,362
– Other borrowings	1,138,786	1,136,955
	26,924,384	26,842,020

As at 30 June 2015 the Group's bank loans guaranteed by China Huaneng Group ("Huaneng Group") amounted to RMB18,924,000 (31 December 2014: RMB19,594,000).

(b) **The short-term interest-bearing borrowings comprise:**

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank and other loans (unsecured)	12,350,000	11,850,000
Loan from a fellow subsidiary (unsecured)	200,000	200,000
Other borrowings (Note 18(e))		
– Unsecured	998,224	–
Current portion of long-term borrowings		
– Bank and other loans	2,516,528	4,119,362
– Other borrowings	1,138,786	1,136,955
	17,203,538	17,306,317

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

18 BORROWINGS (CONTINUED)

(c) The effective interest rates per annum on borrowings are as follows:

	At 30 June 2015	At 31 December 2014
Long-term (including current portion)		
Bank and other loans	1% (note (i)) 4.86%~6.88%	1%(note (i)) 5.40%~7.21%
Other borrowings (Note 18(e))	5.14%, 5.31% 5.82%	5.14%, 5.31% 5.82%
Short-term (excluding current portion of long-term borrowings)		
Bank and other loans	4.37%~6.00%	5.04%~6.30%
Other borrowings (Note 18(e))	4.11%, 4.81%	n/a

Note:

- (i) A subsidiary of the Company, Huaneng Shantou Nan'ao Wind Power Company Limited ("Nan'ao Power"), obtained a loan from Spanish government through China Construction Bank Guangdong Branch on 29 November 1999. According to the terms of the loan, Nan'ao Power is obligated to use the loan proceeds to purchase goods and services only from entities in Spain. The total loan amount is US\$8,586,809, of which US\$4,317,319 was settled in 2008. The remaining loan of US\$4,269,490 has an annual interest rate of 1% and is repayable semi-annually starting from 15 June 2010. The final installment is to be settled by 15 December 2029. The loan is unsecured and is guaranteed by Huaneng Group.

(d) The long-term borrowings (including current portion) are repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	3,655,314	5,256,317
After 1 year but within 2 years	2,715,793	2,543,653
After 2 years but within 5 years	10,457,294	10,387,845
After 5 years	13,751,297	13,910,522
	30,579,698	32,098,337

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

18 BORROWINGS (CONTINUED)

(e) **Significant terms of other borrowings:**

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Long-term		
Corporate bonds (<i>note (i)</i>)	1,994,886	1,992,216
Other bond (<i>note (ii)</i>)	996,720	995,967
Short-term		
Short-term debentures (<i>note (iii)</i>)	998,224	–

Notes:

- (i) On 29 October 2012, the Company issued a three-year unsecured corporate bond of RMB1,140 million at par with a coupon rate of 4.80% per annum and a five-year unsecured corporate bond of RMB860 million at par with a coupon rate of 5.09% per annum. The effective interest rates of above bonds are 5.14% and 5.31% per annum respectively.
- (ii) On 30 July 2014, the Company issued a three-year unsecured non-public bond of RMB1,000 million at par with a coupon rate of 5.65% per annum. The effective interest rate of the bond is 5.82% per annum.
- (iii) On 12 March 2015, the Company issued one-year unsecured short-term debentures of RMB500 million at par with a coupon rate of 4.60% per annum and on 12 May 2015, the Company issued another one-year unsecured short-term debentures of RMB500 million at par with a coupon rate of 3.85% per annum. The effective interest rates of the debentures are 4.81% and 4.11% respectively.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

19 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Present value of the minimum lease payments		
Within 1 year	494,842	434,040
After 1 year but within 2 years	442,119	539,407
After 2 years but within 5 years	1,219,517	1,430,985
After 5 years	589,044	798,496
	2,250,680	2,768,888
Present value of finance lease obligations	2,745,522	3,202,928
	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Total minimum lease payments		
Within 1 year	620,656	601,251
After 1 year but within 2 years	552,189	693,009
After 2 years but within 5 years	1,422,726	1,722,992
After 5 years	647,385	891,491
	2,622,300	3,307,492
Less: total future interest expenses	497,434	705,815
Present value of finance lease obligations	2,745,522	3,202,928

As at 30 June 2015, the balance of obligations under finance lease with Huaneng Tiancheng was RMB324,786,000 (31 December 2014: RMB324,786,000).

At inception, the lease periods of the finance lease obligation is approximately 5 to 10 years. The principal obligations and interest expenses are to be paid at least annually within the lease period.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

20 OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	6,022,574	4,246,702
Retention payable (<i>note (i)</i>)	2,814,894	2,449,238
Bills payable	240,483	911,825
Dividends payable	221,078	18,428
Amounts due to fellow subsidiaries (<i>note (ii)</i>)	26,946	16,893
Payables for staff related costs	36,177	33,901
Payables for other taxes	42,045	73,506
Interest payable	210,899	118,557
Other accruals and payables	109,217	91,549
	9,724,313	7,960,599

Notes:

- (i) Retention payable represents the retention payables due to equipment suppliers and construction contractors which will be settled in accordance with contracted terms during or upon the expiry of the warranty period.
- (ii) Amounts due to fellow subsidiaries are all unsecured, interest-free and have no fixed terms of repayment.

All of the other payables are expected to be settled within one year or are repayable on demand.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

On 25 June 2015, upon the approval at the annual general meeting, the Company declared final dividend in respect of the financial year ended 31 December 2014 of RMB0.02 per share, with total amount of approximately RMB194,559,924 (2013: RMB180,584,307). The Company did not make any dividend payments during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

(b) Share capital

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Issued and fully paid		
5,535,311,200 domestic state-owned ordinary shares of RMB1.00 each	5,535,311	5,535,311
4,192,684,992 H shares of RMB1.00 each	4,192,685	4,192,685
	9,727,996	9,727,996

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

21 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets and cash injected by the promoters upon the establishment of the Company.

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that have functional currency other than the RMB.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

22 FAIR VALUE MEASUREMENT

(a) Financial assets and liabilities measured at fair value

At 30 June 2015 and 31 December 2014, there were no financial instruments of the Group carried at fair value.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost primarily including receivables, payables and borrowings are not materially different from their fair values as at 30 June 2015 and 31 December 2014, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The investments in unquoted equity securities (see Note 14) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose of these investments.

23 CAPITAL COMMITMENTS

Capital commitments outstanding not provided for in the interim financial report were as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	8,005,818	9,089,583
Authorised but not contracted for	13,212,929	17,936,421
	21,218,747	27,026,004

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

24 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a larger group of companies under Huaneng Group and has significant transactions and relationships with the subsidiaries of Huaneng Group.

Apart from those disclosed elsewhere in the financial statements, the principal related party transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Services provided by		
Fellow subsidiaries	48,984	37,171
Sales of carbon credits to		
Huaneng Carbon	360	–
Net (withdrawal from)/deposit in		
China Huaneng Finance Corporation Ltd. ("Huaneng Finance")	(710,374)	983,199
Interest income		
Huaneng Finance	11,216	6,083
Increase of investment in		
Huaneng Tiancheng	126,000	150,000
Loans received from		
Huaneng Finance	4,600,000	4,800,000
Loans repaid to		
Huaneng Finance	4,600,000	4,100,000
Interest expense		
Fellow subsidiaries	18,891	8,223
Working capital repaid to		
Huaneng Group	–	3,483
Working capital provided to		
A fellow subsidiary	2,276	–
Huaneng Group	216	–

24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary, Huaneng Finance, amounted to RMB1,490,669,000 as at 30 June 2015 (31 December 2014: RMB2,201,043,000). Details of the other outstanding balances with related parties are set out in Notes 14, 16, 18, 19 and 20.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as “government-related entities”).

Apart from transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included but are not limited to the following:

- Sales of electricity;
- Depositing and borrowing money;
- Purchase of materials and receiving construction work services; and
- Service concession arrangement.

The tariff of electricity is regulated by relevant government. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the six months ended 30 June 2015 and 2014, all revenue from the sales of electricity is made to the provincial power grid companies which are government-related entities. As at 30 June 2015 and 31 December 2014, substantially all the trade and bills receivable are due from these power grid companies.

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and materials purchases, and property, plant and equipment construction services received.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Commitments with related parties

Commitments with related parties outstanding not provided for in the financial statements were as follows:

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Services to be provided by related parties	48,605	39,834

According to the agreement signed between the Company and Huaneng Carbon on 10 December 2014, Huaneng Carbon agrees to purchase the carbon credits produced by certain projects of the Group from year 2012 to 2017 at a price of RMB5 per ton (to be adjusted by mutual agreements according to carbon market conditions). In addition, the Group agrees to engage Huaneng Carbon to provide carbon credits management service for the three years ending 31 December 2017. The annual management fee will be calculated at 2% of receivables due from Huaneng Carbon to the Group as at the last day of the preceding year.

(e) Key management personnel remuneration

Remuneration for key management personnel, is as follows:

	Six months ended 30 June 2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Salaries and other emoluments	1,836	1,717
Bonus	3,024	3,988
Retirement scheme contributions	435	384
	5,295	6,089

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

25 NON-ADJUSTING SUBSEQUENT EVENTS

- (a) Due to significant quality defects of the wind turbines supplied by Sinovel Wind Group Co., Ltd. (“Sinovel”), certain subsidiaries of the Company initiated a civil action against Sinovel in 2014. On 22 July 2015, the Company, on behalf of its relevant subsidiaries, entered into a settlement agreement (the “Settlement Agreement”) with Sinovel, and the settlement was entered into during mediation procedure in the court. According to the Settlement Agreement, Sinovel agrees to pay approximately RMB470 million as compensation to the Company, which will be offset from the remaining contract price and the Company shall, for and on behalf of its relevant subsidiaries, settle the remaining contract price of approximately RMB580 million to Sinovel in a lump sum. In addition, Sinovel will provide the Company with spare parts valuing RMB30 million in accordance with the terms of the Settlement Agreement. The compensation will be mainly used to compensate the repairment expenditure incurred or to be incurred by these subsidiaries or to compensate the revenue losses incurred by these subsidiaries due to the quality default of equipments or services provided by Sinovel.
- (b) The Company has completed its issuance of a short-term debentures on 21 July 2015. The total amount of the short-term debentures is RMB1,000 million with a maturity period of one year at a coupon rate of 3.45% per annum. The effective interest rate is 3.66% per annum.

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Mr. ZHANG Tingke (*Vice Chairman*)
Mr. WANG Kui

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Mr. LIN Gang (*President*)
Mr. XIAO Jun
Ms. YANG Qing
Mr. HE Yan

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Ms. DAI Huizhu
Mr. ZHOU Shaopeng
Mr. WAN Kam To

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Mr. HUANG Jian
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Mr. YU Zewei

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Mr. WAN Kam To
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Glossary of Technical Terms

“gross power generation”	for a specified period, the total amount of electricity produced by a power plant in that period, including auxiliary electricity and electricity generated during the construction and testing period
“GW”	unit of power, gigawatt. 1 GW = 1,000 MW
“GWh”	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measure for the annual energy production of large power plants
“installed capacity”	the capacity of power generation units or wind turbines that have been completely assembled or erected in the case of wind power. For wind power, installed capacity includes the capacity of wind turbines in testing period
“kWh”	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
“MW”	unit of power, megawatt. 1 MW = 1,000 kW, MW is typically used to measure installed capacity of power plants
“MWh”	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
“renewable energy”	energy generated from sustainable energy sources that are regenerative or, for all practical purposes, cannot be depleted



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