



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

2016

** For identification purpose only*



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Interim Results

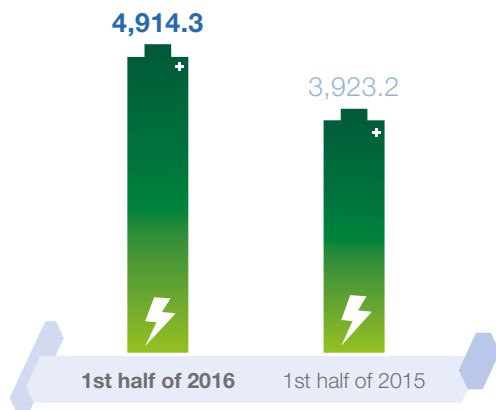
The board of directors (the “**Board**”) of Huaneng Renewables Corporation Limited (the “**Company**”) is pleased to announce the unaudited operating results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2016 and a comparison with the operating results for the corresponding period of 2015.

For the six months ended 30 June 2016, the Group recorded a revenue of RMB4,914.3 million, representing an increase of 25.3% over the corresponding period of last year; the Group’s profit before taxation amounted to RMB1,980.0 million, representing an increase of 57.6% over the corresponding period of last year; the Group’s net profit amounted to RMB1,837.2 million, representing an increase of 58.4% over the corresponding period of last year; net profit attributable to equity shareholders of the Company amounted to RMB1,806.9 million, representing an increase of 59.4% over the corresponding period of last year; earnings per share amounted to RMB0.1857. As of 30 June 2016, the net assets per share (excluding non-controlling interests) amounted to RMB1.98.

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.

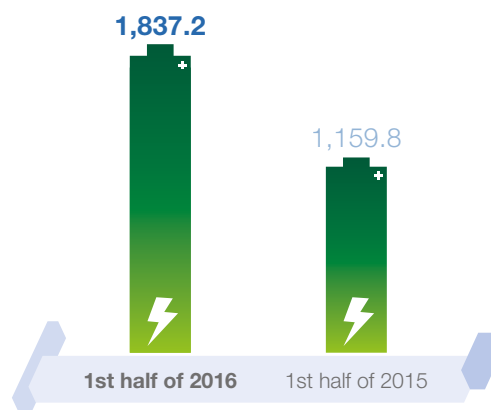
1. Revenue

(RMB in million)



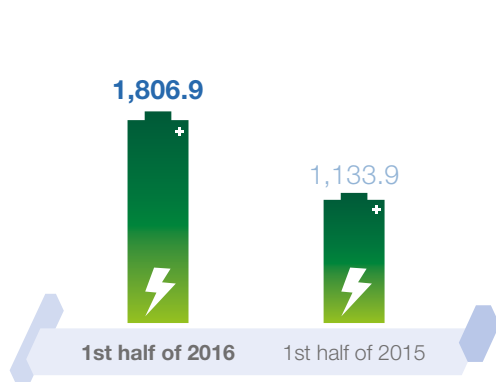
2. Net profit

(RMB in million)



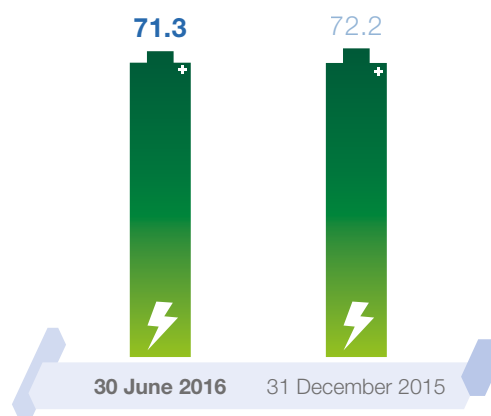
3. Net profit attributable to equity shareholders of the Company

(RMB in million)



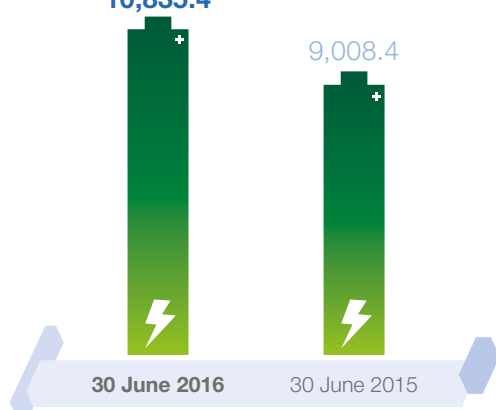
4. Net gearing ratio⁽¹⁾

(%)



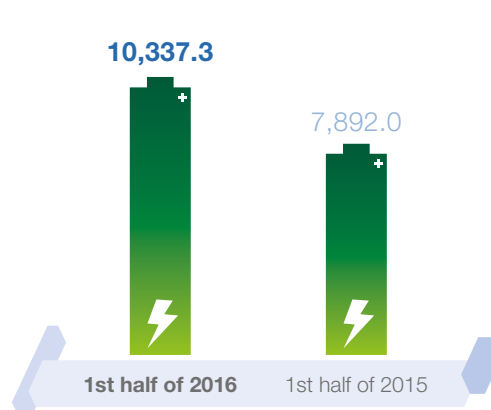
5. Installed capacity

(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	
	2016 RMB'000	2015 RMB'000
Revenue	4,914,315	3,923,213
Profit before taxation	1,980,029	1,256,661
Income tax	(142,803)	(96,857)
Net profit for the period	1,837,226	1,159,804
Attributable to:		
Equity shareholders of the Company	1,806,859	1,133,936
Non-controlling interests	30,367	25,868
Total comprehensive income for the period	1,770,857	1,160,045
Attributable to:		
Equity shareholders of the Company	1,740,490	1,134,177
Non-controlling interests	30,367	25,868
Basic and diluted earnings per share (RMB cents)	18.57	11.66

Financial Highlights

	As at 30 June 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Total non-current assets	75,759,037	74,900,999
Total current assets	9,290,025	7,651,780
TOTAL ASSETS	85,049,062	82,552,779
Total current liabilities	30,855,021	28,533,234
Total non-current liabilities	34,069,962	35,395,087
TOTAL LIABILITIES	64,924,983	63,928,321
NET ASSETS	20,124,079	18,624,458
Total equity attributable to equity shareholders of the Company	19,246,458	17,797,808
Non-controlling interests	877,621	826,650
TOTAL EQUITY	20,124,079	18,624,458

Business Review for the First Half of 2016

During the first half of 2016, the management and all the staff of the Company actively responded to market changes with focusing on quality and efficiency, innovating business strategy and making reform and innovation. The management and all the staff of the Company also made efforts to enhance marketing, promoted project construction in full swing, further optimized business layout, increased revenue, reduced expenses, and improved quality and efficiency. The Company's business performance achieved a record high among all corresponding periods, with profitability continuously improving.

MAINTAINING OVERALL PRODUCTION SAFETY STABLE AND FURTHER IMPROVING PRODUCTION MANAGEMENT

The Company initiated EHS management system consisting of safety management, occupational health and environmental protection, strictly implemented the production safety accountability system, strengthened education and training on safety and thus maintained an overall stable condition of safe production. Comprehensive efforts were exerted to build a first-class maintenance and technical innovation personnel team, detail the annual work plan on improvement of operation and maintenance efficiency, effectively reduce the failure rate of equipment and further boost the production management level with the purpose of raising the efficiency of existing generation units.

MAKING SIGNIFICANT ACHIEVEMENTS IN ADJUSTMENT OF BUSINESS LAYOUT AND EFFECTIVELY IMPROVING THE PROFITABILITY

The Company focused on adjustment of the business layout and power structure, strived to promote "raising the efficiency of existing projects units and developing new projects with high efficiency" strategy and made significant achievements. The layout for newly installed capacity created obvious advantages and efforts in improvement of existing projects achieved the anticipated effects, which jointly drove substantial increase of the revenue and profits in the first half of 2016, effective improvement of profitability and continuous enhancement of competitive ability.

STRENGTHENING MARKETING EFFORTS WITH STEADY INCREASE IN POWER GENERATION AND UTILIZATION HOURS

The Company further strengthened the marketing works, innovated marketing mechanisms, expanded market transaction models, and actively carried out market transactions by direct power supply to major customers of wind power in the areas which were subject to stringent grid curtailment, so as to reduce loss from wind power curtailment and achieved steady increase in power generation and utilization hours.

In the first half of 2016, the gross power generation of the Company reached 10,337,282.8MWh, representing an increase of 31.0% compared to the corresponding period of last year, of which 9,858,179.8MWh was derived from wind power (representing an increase of 31.2% compared with the corresponding period of last year) and 479,103.0MWh was derived from solar power (representing an increase of 26.1% compared with the corresponding period of last year).

The gross power generation of the Company by business sector and region in the first half of 2016 and 2015 are set out as follows:

Gross power generation (MWh)			
Business sector and region	First half of 2016	First half of 2015	Change (%)
Wind power generation	9,858,179.8	7,511,985.2	31.2%
Of which: Inner Mongolia	2,304,943.7	1,673,156.2	37.8%
Liaoning	1,362,538.5	1,109,375.5	22.8%
Shandong	972,754.4	979,231.7	-0.7%
Yunnan	1,648,256.2	1,233,283.0	33.6%
Guizhou	644,900.3	548,567.3	17.6%
Shanxi	699,718.5	679,472.9	3.0%
Sichuan	499,842.1	189,126.2	164.3%
Guangdong	467,160.1	339,558.3	37.6%
Hebei	387,744.9	361,191.6	7.4%
Xinjiang	400,115.0	193,916.9	106.3%
Shanghai	105,066.8	51,352.3	104.6%
Jilin	186,258.6	96,356.9	93.3%
Shaanxi	147,139.8	54,559.6	169.7%
Zhejiang	31,740.9	2,836.8	1,018.9%
Solar power generation	479,103.0	379,970.7	26.1%
Total	10,337,282.8	7,891,955.9	31.0%

During the first half of 2016, the weighted average utilization hours of the Company's wind power projects were 1,094 hours, representing an increase of 25 hours compared with the corresponding period of last year, and the weighted average utilization hours of the Company's solar power projects were 805 hours, representing an increase of 50 hours compared with the corresponding period of last year.

The weighted average utilization hours of the Company by business sector and region in the first half of 2016 and 2015 are set out as follows:

Business sector and region	Weighted average utilization hours (hour)		
	First half of 2016	First half of 2015	Change (%)
Weighted average utilization			
hours of wind power	1,094	1,069	2.3%
Of which:			
Inner Mongolia	942	927	1.6%
Liaoning	1,047	922	13.6%
Shandong	1,022	1,034	-1.2%
Yunnan	1,683	1,864	-9.7%
Guizhou	920	952	-3.4%
Shanxi	1,008	1,051	-4.1%
Sichuan	1,531	1,495	2.4%
Guangdong	995	1,008	-1.3%
Hebei	1,170	1,170	0.0%
Xinjiang	1,151	975	18.1%
Shanghai	973	827	17.7%
Jilin	873	980	-10.9%
Shaanxi	1,405	1,190	18.1%
Zhejiang	920	–	–
Weighted average utilization			
hours of solar power	805	755	6.6%

SEIZING THE OPPORTUNITY OF PHOTOVOLTAIC DEVELOPMENT AND STRIVING TO PROMOTE THE CONSTRUCTION WORK

The Company seized the opportunity of photovoltaic development and scientifically arranged the plan for newly-added installed capacity. Photovoltaic projects with total installed capacity of 190.0 MW were put into operation before 30 June 2016, avoiding the risk of on-grid tariff reduction and maximizing the profitability of photovoltaic projects. During the first half of 2016, the Company had newly added installed capacity of 490.0 MW, including 300.0 MW newly installed capacity of wind power.

As of 30 June 2016, the Company had a total installed capacity of 10,835.4 MW, representing an increase of 20.3% compared to the corresponding period of last year, of which wind power capacity amounted to 10,020.4 MW (representing an increase of 19.0% over the corresponding period of last year) and solar power capacity amounted to 815.0 MW (representing an increase of 39.3% over the corresponding period of last year).

The breakdown of the Company's installed capacity by business sector and region as at 30 June 2016 and 2015 are set out as follows:

Installed capacity (MW)			
Business sector and region	As at 30 June 2016	As at 30 June 2015	Change (%)
Wind power installed capacity	10,020.4	8,423.4	19.0%
Of which: Inner Mongolia	2,467.2	2,066.2	19.4%
Liaoning	1,359.0	1,359.0	0.0%
Shandong	952.7	952.7	0.0%
Yunnan	1,116.5	867.0	28.8%
Guizhou	729.0	729.0	0.0%
Shanxi	694.0	694.0	0.0%
Sichuan	493.5	493.5	0.0%
Guangdong	502.6	402.6	24.8%
Hebei	361.5	361.5	0.0%
Xinjiang	447.5	198.0	126.0%
Shanghai	108.0	108.0	0.0%
Jilin	396.0	99.0	300.0%
Shaanxi	358.5	58.5	512.8%
Zhejiang	34.5	34.5	0.0%
Solar power installed capacity	815.0	585.0	39.3%
Of which: Qinghai	255.0	255.0	0.0%
Gansu	150.0	150.0	0.0%
Inner Mongolia	160.0	70.0	128.6%
Yunnan	90.0	50.0	80.0%
Ningxia	30.0	30.0	0.0%
Shanxi	40.0	20.0	100.0%
Liaoning	30.0	10.0	200.0%
Xinjiang	50.0	–	–
Jilin	10.0	–	–
Total	10,835.4	9,008.4	20.3%

STEADILY PROMOTING DEVELOPMENT OF NEW PROJECTS WITH BREAKTHROUGHS MADE IN RESOURCE ACCESS

The Company has steadily promoted the development of new projects, with breakthroughs made in the resource access. The Company undertook regular wind power projects with an aggregate installed capacity of 894.0 MW which were included in the sixth batch of the national regular wind power development construction plan and all projects were located in Tier IV Resources Regions. The Company also undertook wind power projects with an installed capacity of 265.0 MW which was included in the planning of Liangshanzhou, Sichuan province wind power base 2016 annual development plan, and with an installed capacity of 300.0 MW which was included in the third phase planning of Zhangjiakou, Hebei province 1000-MW wind power base 2016 annual development plan. The Company has obtained wind power development and construction projects with an aggregate installed capacity of 1,459.0 MW.

The Company obtained approvals for four wind power projects in the first half of 2016 with an aggregate installed capacity of 370.0 MW and obtained filed approval for four photovoltaic projects with an aggregate installed capacity of 113.0 MW, of which, 3-MW roof-based distributed photovoltaic project in Wuhan Qiaokou Lanyan Logistics Park fulfilled the Company's breakthrough in Hubei province.

ACHIEVING REMARKABLE RESULTS IN FINANCIAL MANAGEMENT AND CONTROL

In the first half of 2016, the Company has achieved remarkable results in financial management and control. While the installed capacity and interest-bearing debt scale have increased, the net financial expenses have decreased. By taking various measures including negotiation to lower the interest of existing debt, and various measures including issuing bonds to increase low-interest debt, the average financing cost has decreased year-on-year.

FURTHER ENHANCING THE COMPANY'S IMAGE IN CAPITAL MARKET

The Company further developed intensified and deep communications with investors, launched the monthly power generation disclosure mechanism and improved the Company's information disclosure and transparency which were widely recognized by our investors. The Company was awarded the "Asia's Best CEO", "Best Environmental Responsibility" and "Best Investor Relations" at 2016 Corporate Governance Asian Excellence Awards.

Business Prospect for the Second Half of 2016

The national economy has been operating stably as a whole this year. It is estimated that the second half of the year will not witness significant fluctuation of growth in demand for electricity; the government has continuously deepened all-round and deepened reform, accelerated adjustment of energy structure and constantly promoted reform of electric power system; the industry of renewables is at its historical period of strategic opportunity, with a broad future of development; 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 enhance confidence and stick to the economic and efficient development philosophy, focusing on improvement of quality and economic 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 2016, the Company will focus on the following aspects of work:

1. The Company will continuously consolidate the foundation for safety management, strengthen risks control and prevention, further strengthen comprehensive management of equipment remediation, and optimize safe production management mode;
2. The Company will enhance observation on the power market, closely track and actively promote the relevant regions to implement the minimum guaranteed utilization hours policy, effectively promote power sale in the major areas. Through market transactions, the Company will strive to maximize power generation, so as to increase the profitability;
3. The Company will scientifically arrange the plan for newly-added installed capacity, strengthen the construction schedule, quality and pricing control to ensure accomplishment of the annual target for newly installed capacity and commencement of operation of projects effectively and with high quality;
4. The Company will expand the financing channels, make innovations in ways of financing and continue to cut down the financial costs; efforts will be also made to strengthen control of construction cost and operation cost, further improve the management benefit, enhance the profitability, competitive ability and sustainable development capability;
5. The Company will give full play to the leading role of technology, bring forth innovations in the development patterns and make active efforts to obtain quality project resources, expand resource reserves that can be developed and lay a foundation for the Company's fulfillment of sustained and sound development during the "13th Five-Year" plan.

Management Discussion and Analysis

OVERVIEW

In the first half of 2016, profit before taxation of the Group amounted to RMB1,980.0 million, representing an increase of RMB723.3 million or 57.6% as compared with RMB1,256.7 million for the corresponding period of last year. Net profit amounted to RMB1,837.2 million, representing an increase of RMB677.4 million or 58.4% as compared with RMB1,159.8 million for the corresponding period of last year. Net profit attributable to equity shareholders of the Company amounted to RMB1,806.9 million, representing an increase of RMB673.0 million or 59.4% as compared with RMB1,133.9 million for the corresponding period of last year.

REVENUE

In the first half of 2016, revenue of the Group amounted to RMB4,914.3 million, representing an increase of RMB991.1 million or 25.3% as compared with RMB3,923.2 million for the corresponding period of last year. The increase in revenue was primarily due to: in the first half of 2016, the power sold of the Group amounted to 9,880.9 million kWh, representing an increase of 2,368.1 million kWh or 31.5% as compared with 7,512.8 million kWh for the corresponding period of last year. In the first half of 2016, the tariff (tax inclusive) of the Group was RMB0.582/kWh, representing a decrease of 4.7% over the corresponding period of last year.

OTHER NET INCOME

In the first half of 2016, other net income of the Group amounted to RMB112.2 million, representing an increase of RMB11.3 million or 11.2% as compared with RMB100.9 million for the corresponding period of last year. The increase in the other net income was primarily due to increase of the value added tax rebate.

OPERATING EXPENSES

In the first half of 2016, operating expenses of the Group amounted to RMB2,049.4 million, representing an increase of RMB374.8 million or 22.4% from RMB1,674.6 million for the corresponding period of last year. This was primarily due to the increase in depreciation and amortisation expenses and personnel costs arising from the newly-added installed capacity of operational projects.

Depreciation and amortisation expenses: In the first half of 2016, depreciation and amortisation expenses of the Group amounted to RMB1,640.8 million, representing an increase of RMB350.1 million or 27.1% as compared with RMB1,290.7 million for the corresponding period of last year. The increase was primarily due to the expansion in the installed capacity of operational projects.

Personnel costs: In the first half of 2016, personnel costs of the Group amounted to RMB144.8 million, representing an increase of RMB24.9 million or 20.8% as compared with RMB119.9 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) part of the personnel cost being recognised in profit or loss as more projects put into operation.

Repairs and maintenance, administration expenses and other operating expenses: In the first half of 2016, the Company has achieved remarkable results in cost control. Repairs and maintenance, administration expenses and other operating expenses of the Group amounted to RMB263.8 million, which is not significantly changed compared with RMB264.1 million for the corresponding period of last year.

OPERATING PROFIT

In the first half of 2016, operating profit of the Group amounted to RMB2,977.1 million, representing an increase of RMB627.6 million or 26.7% as compared with RMB2,349.5 million for the corresponding period of last year.

NET FINANCE EXPENSES

In the first half of 2016, net finance expenses of the Group amounted to RMB997.1 million, representing a decrease of RMB95.7 million or 8.8% as compared with RMB1,092.8 million for the corresponding period of last year. The decrease was primarily due to the decrease in average financing interest expenses in the first half of the year resulting from various measures including negotiation to lower the interest of existing debt, and various measures including issuing bonds to increase low-interest debt.

INCOME TAX

In the first half of 2016, income tax of the Group amounted to RMB142.8 million, representing an increase of RMB45.9 million or 47.4% as compared with RMB96.9 million for the corresponding period of last year. The increase was mainly due to the increase in profit before taxation.

LIQUIDITY AND SOURCE OF FUNDING

As of 30 June 2016, the current assets of the Group amounted to RMB9,290.0 million, including cash at banks and on hand and restricted deposits of RMB3,997.5 million, trade debtors and bills receivable of RMB4,988.4 million. Current liabilities of the Group amounted to RMB30,855.0 million, of which RMB20,943.3 million was short-term borrowings (including short-term debentures, super short-term debentures and long-term borrowings due within one year), other payables of RMB9,389.1 million (which primarily consist of payables for equipments purchased from suppliers, construction payables and retention payables). As of 30 June 2016, the current ratio (the current assets to current liabilities ratio) of the Group was 0.30, representing an increase of 0.03 as compared with 0.27 as of 31 December 2015.

As of 30 June 2016, the Group's outstanding borrowings (including bonds) amounted to approximately RMB50,704.0 million, representing an increase of RMB1,299.9 million compared with RMB49,404.1 million as of 31 December 2015. As of 30 June 2016, the Group was yet to repay short-term borrowings (including short-term debentures, super short-term debentures and long-term borrowings due within one year) of RMB20,943.3 million and long-term borrowings (including corporate bonds) of RMB29,760.7 million, which were principally denominated in RMB.

CAPITAL EXPENDITURE

In the first half of 2016, the capital expenditure of the Group amounted to approximately RMB3,196.7 million, representing a decrease of RMB3,763.5 million or 54.1% compared with RMB6,960.2 million for the corresponding period of last year, which was primarily due to the decrease in the construction investment in the first half of 2016.

NET GEARING RATIO

As of 30 June 2016, 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 71.3%, representing a decrease of 0.9 percentage points as compared with 72.2% as of 31 December 2015.

MATERIAL INVESTMENTS

The Group did not make any material investments in the first half of 2016.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals in the first half of 2016.

PLEDGE OF ASSETS

As at 30 June 2016, certain property, plant and equipment of the Group were pledged for bank loans of Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd..

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

Corporate Governance and Other Information

The Company is committed to maintaining and promoting stringent corporate governance. The guiding 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 2016, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to 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 23 June 2016 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 2016.

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 risk management, 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 2016, the 2016 interim report and the unaudited interim financial statements for the six months ended 30 June 2016. 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company places emphasis on its risk management and internal control. It has established prudent risk management and internal control systems to protect shareholders' investments and the Company's assets. During the Reporting Period, the Board conducted a review of the effectiveness of and assessed the risk management and internal control systems of the Company and its subsidiaries and was not aware of any material deficiencies or any material defaults with respect to financial, operational and compliance controls and risk management. The Board considers that the current risk management and internal control systems of the Company and its subsidiaries are effective and believes that the qualifications and experience of the staff of the Company's accounting and financial reporting functions, its staff training programs and relevant budget are adequate.

BOARD DIVERSITY POLICY

The Company fully understands the benefits of diversity of Board members to its development. It has adopted a diversity policy with respect to Board members and has further enriched the composition of the Board members at the election of a new session of the Board. The current session of the Board comprises two female Directors. The composition of the Board members of the current session 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.

RE-ELECTION OF DIRECTORS AND SUPERVISORS

The Company convened the annual general meeting on 23 June 2016. Mr. CAO Peixi, Mr. ZHANG Tingke and Mr. WANG Kui were re-elected as non-executive directors of the third session of the Board; Mr. LIN Gang, Mr. XIAO Jun, Ms. YANG Qing and Mr. HE Yan were re-elected as executive directors of the third session of the Board; Mr. QIN Haiyan, Ms. DAI Huizhu, Mr. ZHOU Shaopeng and Mr. WAN Kam To were re-elected as independent non-executive directors of the third session of the Board; and Mr. HUANG Jian and Mr. WANG Huanliang were re-elected as supervisors of the third session of the Supervisory Committee.

On 15 March 2016, Mr. SHI Yan was elected as an employee representative supervisor of the third session of the Supervisory Committee by the employees of the Company.

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

As at 30 June 2016, 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.

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

As at 30 June 2016, 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					
Citigroup Inc.	H shares	Interest of corporation controlled by the substantial shareholder/Custodian/Person having a security interest in shares	447,541,854 (Long position)	10.67%	4.60%
			40,869,646 (Short position)	0.97%	0.42%
			362,108,724 (Lending pool)	8.64%	3.72%
China Investment Corporation 中國投資有限責任公司	H shares	Beneficial owner	204,364,000 (Long position)	4.87%	2.10%
National Council for Social Security Fund 全國社會保障基金理事會	H shares	Beneficial owner	280,192,800 (Long position)	6.68%	2.88%
JPMorgan Chase & Co.	H shares	Beneficial owner/Investment manager/Custodian	266,824,195 (Long position)	6.36%	2.74%
			12,302,800 (Short position)	0.29%	0.13%
			239,421,651 (Lending pool)	5.71%	2.46%
GIC Private Limited	H shares	Investment manager	241,230,000 (Long position)	5.75%	2.48%

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 in 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 2016.
- (3) It is calculated on the basis that the Company has issued 9,727,996,192 shares as of 30 June 2016.

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

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL LITIGATION

As of 30 June 2016, 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 2016.

**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 of 30 June 2016 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 (the “**Listing Rules**”) 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 2016 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

12 August 2016

Unaudited consolidated statement of comprehensive income

For the six months ended 30 June 2016
(Expressed in RMB)

	<i>Note</i>	Six months ended 30 June	
		2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Revenue	5	4,914,315	3,923,213
Other net income	6	112,213	100,890
Operating expenses			
Depreciation and amortisation		(1,640,829)	(1,290,663)
Personnel costs		(144,752)	(119,868)
Repairs and maintenance		(34,646)	(55,188)
Administration expenses		(84,928)	(76,426)
Other operating expenses		(144,244)	(132,476)
		(2,049,399)	(1,674,621)
Operating profit		2,977,129	2,349,482
Finance income		62,931	68,122
Finance expenses		(1,060,031)	(1,160,943)
Net finance expenses	7	(997,100)	(1,092,821)
Profit before taxation	8	1,980,029	1,256,661
Income tax	9	(142,803)	(96,857)
Net profit		1,837,226	1,159,804

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 2016
(Expressed in RMB)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Other comprehensive income for the period, net of tax	10		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale securities: net movement in the fair value reserve		(68,238)	–
Exchange difference on translation of financial statements of a subsidiary outside mainland China		1,869	241
		(66,369)	241
Total comprehensive income for the period		1,770,857	1,160,045
Net profit attributable to:			
Equity shareholders of the Company		1,806,859	1,133,936
Non-controlling interests		30,367	25,868
Net profit		1,837,226	1,159,804
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,740,490	1,134,177
Non-controlling interests		30,367	25,868
Total comprehensive income for the period		1,770,857	1,160,045
Basic and diluted earnings per share (RMB cents)	11	18.57	11.66

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

Unaudited consolidated statement of financial position

At 30 June 2016
(Expressed in RMB)

		At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	12	69,879,255	68,657,975
Lease prepayments		326,854	317,057
Intangible assets	13	663,461	681,685
Interest in an associate		30,548	30,548
Interest in a joint venture		78,794	78,794
Other non-current assets	14	4,776,426	5,130,858
Deferred tax assets		3,699	4,082
Total non-current assets		75,759,037	74,900,999
Current assets			
Inventories		48,716	42,965
Trade debtors and bills receivable	15	4,988,399	2,899,958
Prepayments and other current assets	16	197,805	122,087
Tax recoverable		11,828	10,362
Restricted deposits		25,267	26,842
Assets held for sale		45,794	45,794
Cash at bank and on hand	17	3,972,216	4,503,772
Total current assets		9,290,025	7,651,780
Current liabilities			
Borrowings	18	20,943,258	18,726,955
Obligations under finance leases	19	443,446	495,757
Other payables	20	9,389,098	9,250,091
Tax payable		79,219	60,431
Total current liabilities		30,855,021	28,533,234
Net current liabilities		(21,564,996)	(20,881,454)
Total assets less current liabilities		54,194,041	54,019,545

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

Unaudited consolidated statement of financial position

At 30 June 2016
(Expressed in RMB)

	<i>Note</i>	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Borrowings	18	29,760,733	30,677,113
Obligations under finance leases	19	1,802,057	2,018,120
Deferred income		221,977	230,517
Other non-current liabilities		2,265,108	2,449,506
Deferred tax liabilities		20,087	19,831
Total non-current liabilities		34,069,962	35,395,087
NET ASSETS		20,124,079	18,624,458
CAPITAL AND RESERVES			
	21		
Share capital		9,727,996	9,727,996
Reserves		9,518,462	8,069,812
Total equity attributable to equity shareholders of the Company		19,246,458	17,797,808
Non-controlling interests		877,621	826,650
TOTAL EQUITY		20,124,079	18,624,458

Approved and authorised for issue by the board of directors on 12 August 2016.

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 2016
(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		
	<i>Note</i> RMB'000 <i>(note 21(b))</i>	RMB'000 <i>(note 21(c)(i))</i>	RMB'000 <i>(note 21(c)(ii))</i>	RMB'000 <i>(note 21(c)(iii))</i>	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 by non-controlling interests	-	-	-	-	-	-	44,000	44,000
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	(10,263)	(10,263)
Dividends to equity shareholders of the Company	<i>21(a)(ii)</i>	-	-	-	(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 consolidated statement of changes in equity

For the six months ended 30 June 2016
(Expressed in RMB)

	Attributable to the equity shareholders of the Company					Retained earnings	Subtotal	Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21(b))	(Note 21(c)(i))	(Note 21(c)(ii))	(Note 21(c)(iii))	(Note 21(c)(iv))				
Balance at 1 July 2015	9,727,996	2,601,478	124,714	(13,336)	-	4,600,019	17,040,871	843,552	17,884,423
Changes in equity for the six months ended 31 December 2015:									
Net profit	-	-	-	-	-	725,613	725,613	13,769	739,382
Other comprehensive income	-	-	-	20,879	10,445	-	31,324	-	31,324
Total comprehensive income	-	-	-	20,879	10,445	725,613	756,937	13,769	770,706
Capital reduction by non-controlling interests	-	-	-	-	-	-	-	(4,735)	(4,735)
Transfer to reserve fund	-	-	34,973	-	-	(34,973)	-	-	-
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(25,936)	(25,936)
Balance at 31 December 2015	9,727,996	2,601,478	159,687	7,543	10,445	5,290,659	17,797,808	826,650	18,624,458

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 2016
(Expressed in RMB)

Note	Attributable to the equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value 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 (Note 21(c)(iv))	RMB'000	RMB'000		
Balance at 1 January 2016	9,727,996	2,601,478	159,687	7,543	10,445	5,290,659	17,797,808	826,650	18,624,458
Changes in equity for the six months ended 30 June 2016:									
Net profit	-	-	-	-	-	1,806,859	1,806,859	30,367	1,837,226
Other comprehensive income	-	-	-	1,869	(68,238)	-	(66,369)	-	(66,369)
Total comprehensive income	-	-	-	1,869	(68,238)	1,806,859	1,740,490	30,367	1,770,857
Capital contributions by non-controlling interests	-	-	-	-	-	-	-	34,693	34,693
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(14,089)	(14,089)
Dividends to equity shareholders of the Company	21(a)(ii)	-	-	-	-	(291,840)	(291,840)	-	(291,840)
Balance at 30 June 2016	9,727,996	2,601,478	159,687	9,412	(57,793)	6,805,678	19,246,458	877,621	20,124,079

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 2016
(Expressed in RMB)

	<i>Note</i>	Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		3,122,411	4,018,394
PRC income tax paid		(124,841)	(83,168)
Net cash generated from operating activities		2,997,570	3,935,226
Investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		(3,464,892)	(5,330,500)
Other cash flows arising from investing activities		92,425	269,884
Net cash used in investing activities		(3,372,467)	(5,060,616)
Financing activities			
Net cash used in financing activities		(143,256)	(1,699,579)
Net decrease in cash and cash equivalents		(518,153)	(2,824,969)
Cash and cash equivalents at 1 January	<i>17</i>	3,469,653	6,384,626
Effect of foreign exchanges rates changes		26,896	(163)
Cash and cash equivalents at 30 June	<i>17</i>	2,978,396	3,559,494

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 12 August 2016.

As at and for the six months ended 30 June 2016, a portion of the Group’s funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 30 June 2016, the Group has net current liabilities of approximately RMB21.6 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 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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 2015 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**”).

2 BASIS OF PREPARATION (CONTINUED)

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.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual consolidated financial statements for the year ended 31 December 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 15 March 2016.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012-2014 Cycle*
- Amendments to IAS 1, Presentation of financial statements: *Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to IFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, Interim financial reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

(Expressed in RMB)

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.

5 REVENUE

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

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of electricity (<i>note(i)</i>)	4,912,654	3,922,473
Others	1,661	740
	4,914,315	3,923,213

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.

6 OTHER NET INCOME

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	122,248	90,867
Net loss on disposal of property, plant and equipment	(11,851)	–
Penalty income from suppliers	1,680	9,776
Others	136	247
	112,213	100,890

(Expressed in RMB)

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest income on financial assets	18,197	23,251
Foreign exchange gains	25,634	44,871
Dividend income	19,100	–
Finance income	62,931	68,122
Interest on borrowings and other financial liabilities	1,187,365	1,359,227
Less: interest expenses capitalised into property, plant and equipment (<i>note (i)</i>)	128,795	200,502
	1,058,570	1,158,725
Foreign exchange losses	417	3
Bank charges and others	1,044	2,215
Finance expenses	1,060,031	1,160,943
Net finance expenses recognised in profit or loss	(997,100)	(1,092,821)

Note:

- (i) The borrowing costs have been capitalised at rates of 3.30% to 5.07% per annum for the six months ended 30 June 2016 (six months ended 30 June 2015: 4.73% to 6.64% 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	
	2016	2015
	RMB'000	RMB'000
Amortisation		
– lease prepayments	3,116	2,091
– intangible assets	18,974	16,573
Depreciation		
– Property, plant and equipment	1,618,739	1,271,999
Operating lease charges		
– hire of properties	22,454	17,405
Cost of inventories	33,221	44,828

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	
	2016	2015
	RMB'000	RMB'000
Current tax		
Provision for the period	137,074	96,796
Under/(over)-provision in respect of prior periods	5,090	(179)
	142,164	96,617
Deferred tax		
Reversal of temporary differences	639	240
	142,803	96,857

(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	
	2016	2015
	RMB'000	RMB'000
Profit before taxation	1,980,029	1,256,661
Applicable tax rate	25%	25%
Notional tax on profit before taxation	495,007	314,165
Tax effect of non-deductible expenses	1,889	724
Tax effect of non-taxable income	(4,333)	(55)
Tax effect of differential tax rate and tax concessions of certain subsidiaries of the Group (<i>note (i)</i>)	(368,122)	(228,697)
Tax effect of unused tax losses not recognised	50,212	49,488
Tax effect of tax losses utilised while not recognised in prior periods	(27,092)	(26,535)
Tax credits in relation to purchase of certain environmental protection equipment	(10,161)	(11,905)
Under/(over)-provision in respect of prior periods	5,090	(179)
Others	313	(149)
Income tax	142,803	96,857

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 2016 and six months ended 30 June 2015, 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 2015: 16.5%) of its estimated assessable profit for the period. This subsidiary had no assessable profit for six months ended 30 June 2016 and 2015.

(Expressed in RMB)

10 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale equity securities:		
– Changes in fair value recognised during the period	(68,238)	–
– Tax expense	–	–
Net movement in the fair value reserve	(68,238)	–
Exchange difference on translation of financial statements of a subsidiary outside mainland China		
– Before and net of tax amount	1,869	241
Other comprehensive income	(66,369)	241

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 2016 of RMB1,806,859,000 (six months ended 30 June 2015: RMB1,133,936,000) and the weighted average number of shares in issue during the six months ended 30 June 2016 of 9,727,996,000 (six months ended 30 June 2015: 9,727,996,000 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 2016, the Group acquired items of property, plant and equipment of approximately RMB2,859,004,000 (six months ended 30 June 2015: approximately RMB5,909,436,000). Items of property, plant and equipment with a net book value of approximately RMB15,468,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

(Expressed in RMB)

13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB643,864,000 (31 December 2015: approximately RMB659,915,000), software and other intangible assets of approximately RMB19,597,000 (31 December 2015: approximately RMB21,770,000).

14 OTHER NON-CURRENT ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Deductible value added tax ("VAT") (note (i))	3,666,917	4,030,599
Unquoted equity investments in non-listed companies, at cost	525,067	525,067
Available-for-sale equity securities, measured at fair value-Listed in HongKong (note (ii))	266,626	334,864
Long-term receivable due from a fellow subsidiary (note (iii))	141,321	141,321
Other long-term assets	176,495	99,007
	4,776,426	5,130,858

Notes:

- (i) Deductible VAT mainly represents the input VAT relating to purchase of property, plant and equipment, which is deductible from output VAT.
- (ii) The available-for-sale equity securities were purchased in December 2015, measured at fair value. As at 30 June 2016, the fair value is remeasured based on quoted market price with resultant loss amounting to RMB68,238,000 being recognised in other comprehensive income.
- (iii) Long-term receivable due from a fellow subsidiary mainly represents the receivable due from Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon**") which is not expected to be settled within one year.

(Expressed in RMB)

15 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due from third parties	4,988,399	2,899,958
Less: allowance for doubtful debts	-	-
	4,988,399	2,899,958

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current	4,988,399	2,899,958
Past due	-	-
	4,988,399	2,899,958
Less: allowance for doubtful debts	-	-
	4,988,399	2,899,958

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 33% to 80% 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 2016, 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.

(Expressed in RMB)

16 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Government grant receivable	43,338	18,331
Amounts due from fellow subsidiaries	23,093	12,413
Interest receivable	2,053	1,357
Dividends receivable from fellow subsidiaries	19,100	–
Staff advance	13,991	5,054
Deposits (<i>note (i)</i>)	49,723	37,222
Prepayments	6,906	5,175
Others	40,419	43,353
	198,623	122,905
Less: allowance for doubtful debts	818	818
	197,805	122,087

Note:

- (i) Deposits mainly represented deposits placed with local authorities for developing wind power and construction, which will be released to the Group during certain development stage or by the completion of the power plants construction, and deposits with third parties in connection with the finance lease arrangement in the amount of RMB14,686,000 (31 December 2015:nil), which are expected to be repaid within one year.

Notes to the unaudited interim financial report

(Expressed in RMB)

17 CASH AT BANK AND ON HAND

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash on hand	119	658
Cash at bank and other financial institutions	3,972,097	4,503,114
	3,972,216	4,503,772
Representing:		
– Cash and cash equivalents	2,978,396	3,469,653
– Time deposits with original maturity over three months	993,820	1,034,119
	3,972,216	4,503,772

(Expressed in RMB)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank and other loans		
– Secured	6,913,071	6,705,635
– Unsecured	23,758,445	24,795,819
Loan from a fellow subsidiary (unsecured)	40,000	–
Other borrowings (<i>Note 18(e)</i>)		
– Unsecured	1,855,990	1,854,368
	32,567,506	33,355,822
Less: Current portion of long-term borrowings		
– Bank and other loans	2,806,773	2,678,709
	29,760,733	30,677,113

As at 30 June 2016, the Group's bank loans guaranteed by China Huaneng Group (“**Huaneng Group**”) amounted to RMB19,110,000 (31 December 2015: RMB19,407,000).

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank and other loans (unsecured)	10,250,000	13,850,000
Loan from fellow subsidiaries (unsecured)	891,397	200,000
Other borrowings (<i>Note 18(e)</i>)		
– Unsecured	6,995,088	1,998,246
Current portion of long-term borrowings		
– Bank and other loans	2,806,773	2,678,709
	20,943,258	18,726,955

(Expressed in RMB)

18 BORROWINGS (CONTINUED)**(c) The effective interest rates per annum on borrowings are as follows:**

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<i>Long-term (including current portion)</i>		
Bank and other loans	1% (note (i)) 4.31%~5.40%	1% (note (i)) 4.31%~6.15%
Loan from a fellow subsidiary	4.41%	n/a
Other borrowings (Note 18(e))	5.31%, 5.82%	5.31%, 5.82%
<i>Short-term (excluding current portion of long-term borrowings)</i>		
Bank and other loans	3.92%	3.92%~5.49%
Loan from fellow subsidiaries	3.92%, 4.66%	3.92%
Other borrowings (Note 18(e))	2.89%, 3.11% 3.16%, 3.66%	3.66%, 4.11% 4.81%

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 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year or on demand	2,806,773	2,678,709
After 1 year but within 2 years	5,070,675	5,008,666
After 2 years but within 5 years	9,327,725	9,831,378
After 5 years	15,362,333	15,837,069
	32,567,506	33,355,822

(Expressed in RMB)

18 BORROWINGS (CONTINUED)**(e) Significant terms of other borrowings:**

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<i>Long-term</i>		
Corporate bonds (note (i))	857,733	856,902
Other bond (note (ii))	998,257	997,466
<i>Short-term</i>		
Short-term debentures (note (iii))	998,754	1,998,246
Super short-term debentures (note(iv))	5,996,334	–

Notes:

- (i) On 29 October 2012, the Company issued a five-year unsecured corporate bond of RMB860 million at par with a coupon rate of 5.09% per annum. The effective interest rate of the bond is 5.31% per annum.
- (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 a one-year unsecured short-term debenture of RMB500 million at par with a coupon rate of 4.60% per annum. The effective interest rate is 4.81%.
- On 12 May 2015, the Company issued a one-year unsecured short-term debenture of RMB500 million at par with a coupon rate of 3.85% per annum. The effective interest rate is 4.11%.
- On 21 July 2015, the Company issued a one-year unsecured short-term debenture of RMB1,000 million at par with a coupon rate of 3.45% per annum. The effective interest rate is 3.66%.
- (iv) On 28 January 2016, the Company issued a super short-term debenture of RMB2,000 million at par with a maturity period of 270 days with the issuing interest rate of 2.9%. The effective interest rate is 3.11%.
- On 3 March 2016, the Company issued a super short-term debenture of RMB2,000 million at par with a maturity period of 180 days with the issuing interest rate of 2.68%. The effective interest rate is 2.89%.
- On 3 May 2016, the Company issued a super short-term debenture of RMB2,000 million at par with a maturity period of 210 days with the issuing interest rate of 2.95%. The effective interest rate is 3.16%.

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 2016 RMB'000	At 31 December 2015 RMB'000
Present value of the minimum lease payments		
Within 1 year	443,446	495,757
After 1 year but within 2 years	394,015	434,781
After 2 years but within 5 years	1,057,484	1,114,594
After 5 years	350,558	468,745
	1,802,057	2,018,120
Present value of finance lease obligations	2,245,503	2,513,877
	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Total minimum lease payments		
Within 1 year	544,870	600,237
After 1 year but within 2 years	475,347	525,947
After 2 years but within 5 years	1,188,529	1,273,058
After 5 years	378,208	507,094
	2,042,084	2,306,099
	2,586,954	2,906,336
Less: total future interest expenses	341,451	392,459
Present value of finance lease obligations	2,245,503	2,513,877

(Expressed in RMB)

19 OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

As at 30 June 2016, the balance of obligations under finance lease with Huaneng Tiancheng Financial Leasing Co., Ltd. (“**Huaneng Tiancheng**”) was RMB301,709,000 (31 December 2015: 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.

20 OTHER PAYABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	5,360,027	5,517,906
Retention payable (<i>note (i)</i>)	2,865,081	2,593,494
Bills payable	368,878	706,484
Dividends payable	331,250	34,786
Amounts due to fellow subsidiaries (<i>note (ii)</i>)	39,471	20,697
Payables for staff related costs	42,965	41,239
Payables for other taxes	48,445	62,540
Interest payable	238,118	160,275
Other accruals and payables	94,863	112,670
	9,389,098	9,250,091

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 and interest-free.

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

(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 2016 (six months ended 30 June 2015: nil).

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

On 23 June 2016, upon the approval at the annual general meeting, the Company declared final dividend in respect of the financial year ended 31 December 2015 of RMB0.03 per share, with total amount of approximately RMB291,839,886 (2014: RMB194,559,924). The Company did not make any dividend payments during the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

(b) Share capital

	At 30 June 2016 RMB'000	At 31 December 2015 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

(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.

21 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves (continued)

(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.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale equity securities held at the end of the reporting period.

22 FAIR VALUE MEASUREMENT

(a) Financial assets and liabilities measured at fair value

The IFRS 13, Fair value measurement requires to disclose the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

As at 30 June 2016 and 31 December 2015, the financial instruments of the Group carried at fair value are investments in available-for-sale equity securities (see Note 14), which fall into Level 1 of the fair value hierarchy described above. During the six months ended 30 June 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(Expressed in RMB)

22 FAIR VALUE MEASUREMENT (CONTINUED)

(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 2016 and 31 December 2015, 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 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Contracted for	5,859,020	7,848,540
Authorised but not contracted for	13,488,020	17,348,769
	19,347,040	25,197,309

(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	
	2016	2015
	RMB'000	RMB'000
<u>Services provided by</u>		
Fellow subsidiaries	64,587	48,984
<u>Sales of carbon credits to</u>		
Huaneng Carbon	–	360
<u>Net withdrawal of deposits from</u>		
China Huaneng Finance Corporation Ltd. (“Huaneng Finance”)	383,495	710,374
<u>Interest income</u>		
Huaneng Finance	11,079	11,216
<u>Increase of investment in</u>		
Huaneng Tiancheng	–	126,000
<u>Loans received from</u>		
Fellow subsidiaries	6,331,397	4,600,000
<u>Loans repaid to</u>		
Huaneng Finance	5,600,000	4,600,000
<u>Finance lease obligation repaid to</u>		
Huaneng Tiancheng	23,077	–
<u>Interest expense</u>		
Fellow subsidiaries	21,694	18,891
<u>Working capital received from</u>		
A fellow subsidiary	21	–
<u>Working capital provided to</u>		
A fellow subsidiary	–	2,276
Huaneng Group	–	216
<u>Repayments of loan guaranteed by</u>		
Huaneng Group	297	670

(Expressed in RMB)

24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary, Huaneng Finance, amounted to RMB1,911,418,000 as at 30 June 2016 (31 December 2015: RMB2,294,913,000). 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 2016 and 2015, almost all revenue from the sales of electricity is made to the provincial power grid companies which are government-related entities. As at 30 June 2016 and 31 December 2015, substantially all the trade debtors 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.

(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 2016 RMB'000	At 31 December 2015 RMB'000
Services to be provided by related parties	80,205	37,382

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 outstanding debt owed by 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	
	2016 RMB'000	2015 RMB'000
Salaries and other emoluments	1,920	1,836
Bonus	2,997	3,024
Retirement scheme contributions	469	435
	5,386	5,295

25 NON-ADJUSTING SUBSEQUENT EVENTS

On 14 July 2016, the Company completed issuance of public green corporate bonds of RMB1,140 million at par with a maturity period of 5 years with the issuing interest rate of 2.95%.

On 8 August 2016, the Company completed issuance of a short-term debenture of RMB1,000 million at par with a maturity period of 365 days with the issuing interest rate of 2.5%.

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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
Mr. WANG Huanliang
Mr. SHI Yan

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Glossary of Technical Terms

“gross power generation”	total power generated by a power plant in a specific period of time, 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 commonly 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
“weighted average utilization hours”	the consolidated gross power generation in a specified period divided by the weighted average consolidated operational capacity in the same period



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