

HUANENG POWER INTERNATIONAL INC  
Form 6-K  
August 20, 2018

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

For the month of August 2018

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

Form 20-F  Form 40-F

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

Yes  No

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

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N/A

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

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This Form 6-K consists of:

A copy of 2018 interim report of Huaneng Power International, Inc. (the Registrant”).

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THE OBJECTIVES OF THE COMPANY

As a power company, devoted to providing sufficient, reliable and eco-friendly energy to the community; as a listed company, devoted to creating long-term, stable and increasing returns for shareholders; and as a first class power producer, devoted to having excellency in operation, becoming a leading power enterprise in China and an advanced enterprise internationally.

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## INTERIM RESULTS

The Board of Directors of Huaneng Power International, Inc. (the “Company”) announces the unaudited operating results for the six months ended 30 June 2018 and a comparison with the operating results for the same period of last year. For the six months ended 30 June 2018, the Company and its subsidiaries recorded consolidated operating revenue of RMB82.405 billion, representing an increase of 15.36% compared to the same period of last year. The net profit attributable to equity holders of the Company was RMB1.731 billion, representing an increase of 609.74% compared to the same period of last year. The earnings per share was RMB0.11.

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

## BUSINESS REVIEW FOR THE FIRST HALF OF THE YEAR

In the first half of 2018, the Company took the initiative to cope with to the severe challenges arising from power, fuel and capital markets. While maintaining safe and clean production with stability, the Company strived to streamline and strengthen its structure, and improve its efficiency and performance. The Company continuously optimized the power structure, stayed competitive and strengthened the ability of securing fuel supply and cost control, in order to better accomplish the intended objectives and tasks.

### 1. POWER GENERATION

In the first half of this year, the power plants of the Company in operation within China achieved a total power generation of 208.167 billion kWh on a consolidated basis, representing an increase of 11.51% from the same period of last year, as well as an aggregate sales volume of 196.387 billion kWh, representing an increase of 11.51% from the same period of last year, and with 2,051 utilization hours, representing an increase of 150 hours compared to the same period of the previous year.

The increase in the Company’s power generation was mainly attributable to (1) the growth in the macro-economy was better than expected; (2) the growth rate of electricity consumption for residents’ electricity, tertiary industries and non high-energy-consuming manufacturing industries increased significantly; and (3) in the first half of the year, the growth rate of hydropower generation in the country was relatively low, far lower than the growth rate of the electricity consumption of the whole society and national power generation while the Company has a relatively higher proportion of thermal power units and seized the opportunity to increase power generation.

In addition, the aggregate power generation of Tuas Power Ltd., which is wholly owned by the Company, accounted for a market share of 20.8%, representing a decrease of 0.7 percentage point from the same period of last year.

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## 2. COST CONTROL

Since the first half of year 2018, the coal market has followed the trend from the fourth quarter of last year to continue to volatile at a high level. With a close watch on market development trends, the relevant State authorities adopted a series of measures to ensure the coal supply, and stabilized the market coal price. After thorough market research and analysis, the Company strengthened and deepened its cooperation with large coal enterprises, strictly implemented the medium and long term contracts for the thermal coal, and ensured the fulfillment. The Company also put in place strict measures to curb prices as well as to regulate bidding procurement of market coals, and to optimize imported coal so as to fully control the fuel costs.

## 3. ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION

The Company maintained its leading positions in certain economic and technical indicators for power sector, such as coal consumption for power supply and house consumption rate. All of its coal-fired power plants have obtained the sewage discharge permit. Emission of all kinds of pollutants has met the national and local environmental requirements.

## 4. PROJECT DEVELOPMENT AND CONSTRUCTION

In the first half of 2018, the Company's power generation projects went well and a total capacity of 124.6 MW had been put into operation, including the projects in Huaneng Heilongjiang Shuangyu Photovoltaic with a total capacity of 46.6 MW, 30 MW PV units of the Huaneng Jiangsu Huaiyin Photovoltaic Power Plant, 10 MW PV units of the Huaneng Jiangsu Taicang Photovoltaic Ash Field Phase II, 8 MW PV units of Huaneng Hainan Chengmai Photovoltaic, 20 MW PV units of the Jilin ZhenLai Wind Farm, and 10 MW PV units of the Shanxi Yushe Photovoltaic. As of 30 June 2018, the Company had a controlled installed capacity of 104,425 MW, and an equity-based installed capacity of 91,894 MW, of which 15.58% was from clean energy sources (gas turbine, hydro, wind, photovoltaic and biomass power generation).

## PROSPECTS FOR THE SECOND HALF OF 2018

In the first half of the year, in spite of the external environment of increasing uncertainties in the international outlook with intensifying competition, China's economic performance has achieved a continuous positive trend, though there are still many uncertainties to be faced with in the future development. In the second half of the year, the Company will continue to prepare for meeting all kind of challenges, adhere to the overall work tone of seeking progress while maintaining stability and focus on the structural reform on the supply side as the main line. The Company will also attach more emphasis on encouraging promotion, optimizing environment and improving quality efficiency so as to strive to accomplish its full-year development goal.

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In terms of the power market, China's power market reform has steadily advanced. In the second half of the year, economic growth and power demand will continue to grow steadily, with newly increased installed capacity still large in scale and nationwide power supply capacity having surplus on the whole. The Company will strengthen communication and coordination with governments at all levels and power grid companies, actively participate in the power industry reform, examine and closely monitor the market trends so as to identify and seize business opportunities for maintaining and expanding the Company's market share.

In terms of the coal market, under the guidance of the policy by the National Development and Reform Commission for the purpose of ensuring the stable supply of coal and of promoting reasonable coal price, the market supply and demand is expected to reach a basic balance in the second half of the year. The coal price will become rational where it is unlikely that there will be a substantial increase or decrease in coal price. The Company will continue to study and analyse the market trends and strengthen the research on policy interpretation. The Company will also intensify its efforts to develop new resources, and will strive for railway capacity support for transportation. It will also strive to ensure full delivery of coal supplies and on-site procurement under the long- and medium-term contracts, optimise imported coal so as to firmly control fuel costs.

In terms of the capital market, the State Council Executive Meeting recently confirmed that the prudent monetary policy currently executed by the People's Bank of China would be carried out in a well-regulated and befitted manner so as to maintain the financing available in the market at appropriate level as well as a reasonably ample liquidity. It is expected that in the second half of this year, the central bank will, in response to the changes of the situation, make slight policy adjustments and modifications (either in advance or so) and impose target-oriented measures to ensure the stability and aptness of the scales of monetary credit and social financing. The Company will keep a close watch on the changes in monetary policy and capital market so as to ensure its fund safety.

In the second half of this year, the Company will continue to put great efforts on innovative development, safe production, quality improvement and deepening reforms. By way of thorough research on and analysis of the market, the Company will take effective measures to prevent operational risks, continuously enhance its business performance, and strive to create more value for the country, society, and its shareholders.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (PREPARED UNDER IFRS)

I. COMPARISON AND ANALYSIS OF OPERATING RESULTS

Summary

According to the preliminary statistics of the Company, for the second quarter of 2018, the Company's total power generation by power plants within China on consolidated basis amounted to 103.856 billion kWh, representing an increase of 14.52% over the same period last year. Total electricity sold by the Company amounted to 98.075 billion kWh, representing an increase of 14.54% over the same period last year. In the first half of 2018, the Company's total power generation by the power plants within China on consolidated basis amounted to 208.167 billion kWh, representing an increase of 11.51% over the same period last year. Total electricity sold by the Company amounted to 196.387 billion kWh, representing an increase of 11.51% over the same period last year. In the first half of 2018, the Company's average on-grid electricity settlement price for its power plants within China amounted to RMB418.57 per MWh (VAT included), representing an increase of 2.72% over the same period last year.

The increase in the Company's power generation was mainly attributable to the following factors: (i) the growth in the macro-economy was better than expected; (ii) the growth rate of electricity consumption for residents' electricity, tertiary industries and non high-energy-consuming manufacturing industries increased significantly; and (iii) in the first half of the year, the growth rate of hydropower generation in the country was relatively low, far lower than the growth rate of the electricity consumption of the whole society and national power generation while the Company has a relatively higher proportion of thermal power units and seized the opportunity to increase power generation.

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

Region	Power Generation				Electricity sold					
	April to June		January to June		April to June		January to June			
	2018	Change	2018	Change	2018	Change	2018	Change		
Heilongjiang Province	3.630	14.06	% 6.930	8.01	% 3.417	14.55	% 6.503	8.12	%	
Coal-fired	3.343	16.61	% 6.387	6.79	% 3.130	17.06	% 5.969	6.81	%	
Wind-power	0.275	-13.07	% 0.528	21.05	% 0.274	-11.22	% 0.518	21.52	%	
PV	0.0127	–	0.0160	–	0.0080	–	0.0112	–		
Jilin Province	2.778	40.13	% 5.089	27.77	% 2.643	40.81	% 4.822	28.52	%	
Coal-fired	2.389	47.49	% 4.403	28.89	% 2.268	48.37	% 4.161	29.57	%	
Wind-power	0.285	0.68	% 0.519	21.92	% 0.278	1.48	% 0.506	23.28	%	
Hydro-power	0.039	3.06	% 0.043	-4.59	% 0.039	2.71	% 0.042	-4.83	%	
PV	0.0064	2,259.26	% 0.0122	4,391.16	% 0.0063	2,284.19	% 0.0121	4,465.92	%	
Biomass power	0.058	41.91	% 0.112	16.68	% 0.052	42.85	% 0.101	17.97	%	
Liaoning Province	4.728	40.66	% 9.320	8.74	% 4.429	41.30	% 8.654	8.00	%	
Coal-fired	4.550	40.54	% 9.005	7.57	% 4.253	41.19	% 8.341	6.74	%	
Wind-power	0.119	16.83	% 0.210	23.84	% 0.118	16.91	% 0.209	23.99	%	
Hydro-power	0.015	19.93	% 0.023	64.36	% 0.015	19.86	% 0.022	63.74	%	
PV	0.0439	367.82	% 0.0826	382.25	% 0.0434	379.26	% 0.0817	394.30	%	
Inner Mongolia	0.065	2.11	% 0.128	14.20	% 0.064	2.39	% 0.126	14.12	%	
Wind-power	0.065	2.11	% 0.128	14.20	% 0.064	2.39	% 0.126	14.12	%	
Hebei Province	3.611	-7.42	% 6.439	-4.85	% 3.388	-7.76	% 6.050	-4.92	%	
Coal-fired	3.534	-7.69	% 6.264	-5.66	% 3.314	-8.06	% 5.881	-6.01	%	
Wind-power	0.061	0.35	% 0.144	35.66	% 0.059	1.04	% 0.140	61.16	%	
PV	0.0157	44.09	% 0.0305	46.31	% 0.0151	46.81	% 0.0293	49.62	%	
Gansu Province	2.654	37.69	% 6.503	27.26	% 2.518	38.56	% 6.178	27.56	%	
Coal-fired	2.163	42.28	% 5.523	25.61	% 2.044	43.15	% 5.231	25.82	%	
Wind-power	0.491	20.57	% 0.980	37.44	% 0.475	21.72	% 0.947	38.09	%	
Ningxia	0.0069	1,495.35	% 0.0108	2,419.15	% 0.0066	1,512.89	% 0.0104	2,439.24	%	
PV	0.0069	1,495.35	% 0.0108	2,419.15	% 0.0066	1,512.89	% 0.0104	2,439.24	%	
Beijing	1.755	83.22	% 3.958	18.26	% 1.702	82.07	% 3.775	19.86	%	
Coal-fired	0.00	–	0.436	-59.88	% 0.00	–	0.381	-59.63	%	
Combined Cycle	1.755	83.22	% 3.522	55.79	% 1.702	82.07	% 3.393	53.93	%	
Tianjin	1.568	6.16	% 3.595	10.81	% 1.474	5.40	% 3.368	10.44	%	
Coal-fired	1.311	23.69	% 2.878	6.97	% 1.224	23.41	% 2.672	6.51	%	
Combined Cycle	0.256	-38.59	% 0.716	29.14	% 0.249	-38.71	% 0.694	28.34	%	
PV	0.0009	800	% 0.0016	11,187.59	% 0.0009	–	0.0016	–		
Shanxi Province	2.247	-20.96	% 4.793	-11.37	% 2.081	-22.00	% 4.483	-12.03	%	
Coal-fired	2.227	5.30	% 3.596	4.41	% 2.061	5.20	% 3.318	4.19	%	
Combined Cycle	0.001	-99.90	% 1.161	-40.89	% 0.001	-99.91	% 1.128	-41.00	%	
PV	0.0189	5,300	% 0.0368	10,315.31	% 0.0191	–	0.0370	–		

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Region	Power Generation				Electricity sold			
	April to		January		April to		January	
	June	Change	to June	Change	June	Change	to June	Change
	2018		2018		2018		2018	
Shandong Province	21.724	2.42 %	42.866	2.42 %	20.380	2.27 %	40.113	2.28 %
Coal-fired	21.399	1.70 %	42.258	1.73 %	20.062	1.52 %	39.539	1.60 %
Wind-power	0.207	55.24 %	0.416	61.62 %	0.201	52.20 %	0.383	53.15 %
PV	0.1184	222.78 %	0.1923	251.39 %	0.1174	249.04 %	0.1909	277.56 %
Henan Province	6.763	38.31 %	12.693	16.74 %	6.380	38.21 %	11.963	16.63 %
Coal-fired	6.321	44.46 %	12.138	23.06 %	5.947	44.60 %	11.418	23.19 %
Combined Cycle	0.413	-16.28 %	0.495	-48.91 %	0.405	-16.18 %	0.485	-48.85 %
Wind-power	0.021	12.28 %	0.046	21.35 %	0.021	12.28 %	0.046	21.49 %
PV	0.0072	402.1 %	0.0132	823.41 %	0.0071	400.54 %	0.0130	820.58 %
Jiangsu Province	9.823	-14.58 %	20.526	-4.02 %	9.317	-14.69 %	19.474	-4.03 %
Coal-fired	7.703	-24.43 %	16.678	-11.95 %	7.241	-24.89 %	15.705	-12.35 %
Combined Cycle	1.712	55.94 %	2.957	46.93 %	1.679	55.97 %	2.902	46.97 %
Wind-power	0.388	96.83 %	0.855	104.19 %	0.378	96.62 %	0.834	115.06 %
PV	0.0207	72.5 %	0.0347	189.32 %	0.0191	62.67 %	0.0329	180.86 %
Shanghai	4.488	24.53 %	10.001	14.09 %	4.246	24.50 %	9.472	13.95 %
Coal-fired	4.024	26.42 %	9.204	17.44 %	3.791	26.42 %	8.693	17.39 %
Combined Cycle	0.465	10.29 %	0.797	-14.16 %	0.455	10.52 %	0.780	-14.12 %
Chongqing	1.683	8.27 %	4.517	7.28 %	1.540	7.57 %	4.173	6.67 %
Coal-fired	1.547	14.34 %	4.127	18.54 %	1.408	13.88 %	3.793	18.45 %
Combined Cycle	0.136	-32.55 %	0.390	-46.53 %	0.132	-32.41 %	0.380	-46.51 %
Zhejiang Province	8.257	14.93 %	14.798	10.08 %	7.945	15.08 %	14.231	10.19 %
Coal-fired	8.020	14.02 %	14.439	9.35 %	7.712	14.14 %	13.878	9.43 %
Combined Cycle	0.219	58.90 %	0.330	52.51 %	0.215	59.47 %	0.324	53.10 %
PV	0.0187	40.49 %	0.0293	29.05 %	0.0186	47.32 %	0.0292	33.50 %
Hubei Province	3.545	42.29 %	8.064	23.46 %	3.305	42.47 %	7.534	23.29 %
Coal-fired	3.329	44.91 %	7.715	23.80 %	3.111	46.07 %	7.221	24.10 %
Wind-power	0.103	29.89 %	0.192	31.57 %	0.083	6.25 %	0.159	11.24 %
Hydro-power	0.107	-7.24 %	0.146	-4.96 %	0.104	-6.83 %	0.142	-4.31 %
PV	0.0066	65,900 %	0.0111	110,400 %	0.0065	-	0.0110	-
Hunan Province	2.328	71.45 %	5.526	41.41 %	2.185	72.92 %	5.191	42.05 %
Coal-fired	2.061	86.75 %	5.038	47.37 %	1.922	89.75 %	4.709	48.49 %
Wind-power	0.160	17.62 %	0.326	12.64 %	0.159	17.49 %	0.322	12.60 %
Hydro-power	0.096	-17.26 %	0.146	-26.38 %	0.094	-17.32 %	0.143	-26.44 %
PV	0.0102	608.33 %	0.0161	1,014.96 %	0.0100	594.30 %	0.0157	994.51 %

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Region	Power Generation				Electricity sold							
	April to June 2018		January to June 2018		April to June 2018		January to June 2018					
		Change		Change		Change		Change		Change		
Jiangxi Province	4.830	8.36	%	10.043	11.74	%	4.615	8.55	%	9.609	11.86	%
Coal-fired	4.737	7.31	%	9.856	10.83	%	4.524	7.29	%	9.424	10.83	%
Wind-power	0.093	115.45	%	0.187	95.93	%	0.091	163.61	%	0.185	113.86	%
Anhui Province	1.358	1.12	%	2.806	-1.39	%	1.296	1.13	%	2.677	-1.76	%
Coal-fired	1.249	-2.80	%	2.620	-4.27	%	1.188	-2.96	%	2.497	-4.56	%
Wind-power	0.073	188.72	%	0.138	134.22	%	0.073	189.11	%	0.131	125.15	%
Hydro-power	0.035	9.77	%	0.048	-3.43	%	0.035	9.90	%	0.048	-3.42	%
Fujian Province	3.049	39.70	%	5.963	48.16	%	2.880	40.11	%	5.634	48.52	%
Coal-fired	3.045	39.55	%	5.957	48.01	%	2.876	39.93	%	5.628	48.36	%
PV	0.0037	1,581.82	%	0.0062	2,790.47	%	0.0037	—		0.0062	—	
Guangdong Province	7.683	46.87	%	14.083	52.50	%	7.361	47.36	%	13.498	52.75	%
Coal-fired	7.677	46.91	%	14.072	52.55	%	7.355	47.39	%	13.487	52.80	%
PV	0.0058	11.42	%	0.0109	8.87	%	0.0058	11.50	%	0.0109	8.97	%
Guangxi	0.132	—		0.169	—		0.127	—		0.162	—	
Combined Cycle	0.132	—		0.169	—		0.127	—		0.162	—	
Yunnan Province	1.601	77.77	%	2.573	36.80	%	1.478	77.48	%	2.376	36.32	%
Coal-fired	1.461	82.53	%	2.264	38.84	%	1.343	82.41	%	2.075	38.31	%
Wind-power	0.139	39.55	%	0.309	23.50	%	0.135	39.94	%	0.301	24.01	%
Guizhou Province	0.052	268.42	%	0.111	226.39	%	0.051	270.26	%	0.109	227.83	%
Wind-power	0.052	268.42	%	0.111	226.39	%	0.051	270.26	%	0.109	227.83	%
Hainan Province	3.496	13.74	%	6.661	16.02	%	3.246	13.84	%	6.202	16.24	%
Coal-fired	3.423	14.73	%	6.507	16.39	%	3.175	14.90	%	6.050	16.64	%
Combined Cycle	0.008	317.96	%	0.023	195.57	%	0.007	316.26	%	0.022	195.43	%
Wind-power	0.017	-15.62	%	0.046	-11.79	%	0.016	-15.68	%	0.045	-11.69	%
Hydro-power	0.037	-41.55	%	0.062	-22.42	%	0.036	-41.69	%	0.062	-22.48	%
PV	0.0118	116.07	%	0.0226	124.20	%	0.0117	117.19	%	0.0224	125.27	%
Total	103.856	14.52	%	208.167	11.51	%	98.075	14.54	%	196.387	11.51	%

For the second quarter of 2018, the power generation of Tuas Power Limited in Singapore, which is wholly-owned by the Company, accounted for a market share of 21.1% in Singapore, representing a decrease of 0.7 percentage point compared to the same period of last year (21.8%). In the first half of 2018, the accumulated power generation accounted for a market share of 20.8%, representing a decrease of 0.7 percentage point compared to the same period last year.

The consolidated net profit attributable to the equity holders of the Company for the first half of 2018 was RMB1.731 billion, representing an increase of 609.74% over RMB244 million for the same period of last year. The net profit attributable to the equity holders of the Company from domestic operations was RMB1.894 billion, representing an increase of 287.39% over the same period of last year, which is mainly due to increase of electricity tariff and demand. The net loss attributable to the equity holders of the Company from its operations in Singapore was RMB163 million, representing a loss decrease of RMB82 million over the same period of last year.

#### 1. Operating revenue, taxes and levies

Operating revenue mainly consists of revenue from electricity sold. For the first half of 2018, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB82.405 billion, representing an increase of 15.36% from RMB71.434 billion for the same period of last year. The operating revenue from domestic operations of the Company increased by RMB10.461 billion over the same period last year, of which operating revenue from new generating units was RMB1.495 billion. The operating revenue from operations of the Company in Singapore increased by RMB510 million over the same period last year.

Tax and levies mainly consist of value-added tax surcharges, property tax, land holding tax, stamp duty and environment protection tax. For the first half of 2018, the taxes and levies on operations of the Company and its subsidiaries were RMB876 million, representing an increase of RMB227 million from RMB649 million for the same period last year.

#### 2. Operating expenses

For the first half of 2018, the total operating expenses of the Company and its subsidiaries was RMB73.818 billion, representing an increase of 12.32% from the same period last year. The operating expenses in domestic operations of the Company increased by RMB7.726 billion, or 12.72%, from the same period of last year, which was mainly due to increased domestic fuel costs and increased power generation. The operating expenses of new generating units amounted to RMB1.064 billion. The operating expenses from the operations in Singapore increased by RMB0.374 billion, or 7.48%, from the same period last year.

##### 2.1 Fuel costs

Fuel costs represent the largest portion of the operating expenses of the Company and its subsidiaries, which were RMB51.600 billion for the first half of 2018, representing an increase of 17.27% over the same period last year. The fuel costs from domestic operations of the Company increased by RMB7.591 billion from the same period last year, which was mainly due to increased fuel costs and increased power generation. Fuel costs for new generating units amounted to RMB0.727 billion. The fuel costs from the operations in Singapore increased by RMB7 million from the same period last year.

##### 2.2 Depreciation

Depreciation expenses of the Company and its subsidiaries for the first half of 2018 were RMB10.123 billion, which represents a decrease of RMB24 million over the same period last year. The depreciation expenses of domestic operations of the Company increased by RMB53 million compared to the same period last year, of which the depreciation expenses incurred by new generating units were RMB0.220 billion. The depreciation expenses of its operations in Singapore decreased by RMB77 million compared to the same period last year.



### 2.3 Labor

Labor costs consist of salaries to employees, housing funds, medical insurance, pension and unemployment insurance payable to relevant government authorities, and accrued training expenses. Labor costs of the Company and its subsidiaries amounted to RMB4.500 billion for the first half of 2018, representing an increase of RMB0.186 billion from RMB4.314 billion for the same period last year, which is mainly due to business expansion. The labor costs for domestic operations of the Company increased by RMB0.195 billion over the same period last year, of which RMB0.043 billion is attributable to operation of new generating units. The labor costs for Singapore operations decreased by RMB10 million.

### 2.4 Maintenance

Maintenance expenses of the Company and its subsidiaries amounted to RMB1.721 billion for the first half of 2018, representing an increase of RMB6 million from RMB1.715 billion for the same period last year. The maintenance expenses of the Company's domestic operations increased by RMB4 million compared to the same period last year. The maintenance expenses of operations in Singapore increased by RMB2 million compared to the same period last year.

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

Other operating expenses (including electricity power purchase costs and services fees paid to Huaneng International Power Development Corporation) of the Company and its subsidiaries for the first half of 2018 was RMB5.873 billion, representing an increase of RMB0.333 billion from RMB5.541 billion for the same period last year. Other operating expenses from the Company's domestic operations decreased by RMB0.119 billion over the same period last year, of which RMB0.038 billion is attributable to operation of new generating units. Other operating expenses of operations in Singapore increased by RMB0.452 billion compared to the same period last year.

### 3. Financial expenses, net

The consolidated net financial expenses of the Company and its subsidiaries for the first half of 2018 amounted to RMB5.207 billion, representing an increase of RMB0.595 billion from RMB4.612 billion for the same period last year, which is mainly due to increased interest bearing debts and increased interest rate. The financial expenses of domestic operations increased by RMB0.543 billion, of which RMB0.172 billion is attributable to new generating units. The financial expenses of operations in Singapore increased by RMB52 million.

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

The share of profits less losses of associates and joint ventures of the Company and its subsidiaries for the first half of 2018 was RMB385 million, representing an increase of RMB229 million from RMB156 million for the same period last year. This was mainly attributable to the increased profits of the associates and joint ventures of the Company.

### 5. Income tax expenses

For the first half of 2018, the Company and its subsidiaries recognised income tax expenses of RMB0.745 billion, representing an increase of RMB0.266 billion from RMB0.479 billion for the same period last year. The income tax expenses for the domestic operations increased by RMB0.245 billion over the same period last year mainly due to the increased profitability of domestic operations during the period. The income tax expenses of operations in Singapore increased by RMB21 million over the same period last year.

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6. Consolidated net profit attributable to equity holders of the Company

The consolidated net profit attributable to equity holders of the Company amounted to RMB1.731 billion for the first half of 2018, representing an increase of RMB1.487 billion from RMB244 million for the same period last year. The net profit attributable to equity holders of the Company from its domestic operations was RMB1.894 billion, representing an increase of 287.32% over the same period last year. The increase was mainly due to increased electricity tariff and demand. The net loss attributable to equity holders of the Company from its operations in Singapore was RMB163 million, representing a decrease of RMB82 million over the same period last year.

7. Comparison of financial positions

As of 30 June 2018, consolidated total assets of the Company and its subsidiaries were RMB398.786 billion, representing an increase of 0.55% from RMB396.590 billion as of 31 December 2017. As of 30 June 2018, total assets of operations in Singapore were RMB27.419 billion, representing a decrease of 1.94% from RMB27.961 billion as of 31 December 2017.

8. Major financial position ratios

Calculation formula of the financial ratios:

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

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

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

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

Item	The Company and its subsidiaries	
	As of 30 June 2018	As of 31 December 2017
Ratio of liabilities to equity holders' equity	3.30	3.30
Current ratio	0.40	0.31
Quick ratio	0.33	0.26

Item	For the six months ended	For the six months ended
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30 June 30 June  
2018 2017

Multiples of interest earned 1.52 1.11

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The ratio of liabilities to equity holders' equity is unchanged from the beginning of this year. Current ratio and quick ratio increased from the beginning of this year principally due to increase of current assets resulting from the increased bank balances and cash, as well as decrease of current liabilities resulting from the decreased short-term loans. The multiples of interest earned increased from the same period last year because of increased pre-tax profit for the first half of 2018.

As of 30 June 2018, the Company and its subsidiaries had net current liabilities of RMB85.091 billion. Based on the successful financing history of the Company, the undrawn banking facilities available to the Company and its good credit rating, the Company believes it would be able to refinance through long-term loans to meet its liabilities when they fall due and secure the funds required for operations.

## II. LIQUIDITY AND CASH RESOURCES

### 1. Liquidity

Item	For the six months ended 30 June 2018 (RMB in billion)	For the six months ended 30 June 2017 (RMB in billion)	Change (%)
Net cash provided by operating activities	15.116	14.302	5.69 %
Net cash used in investing activities	(6.104 )	(20.269 )	(69.89 %)
Net cash (used in)/provided by financing activities	(2.095 )	10.269	(120.40 %)
Effect of exchange rate fluctuations on cash held	(0.010 )	0.022	(145.45 %)
Net increase in cash and cash equivalents	6.907	4.324	59.74 %
Cash and cash equivalents at beginning of the reporting period	9.282	7.811	18.83 %
Cash and cash equivalents at the end of the reporting period	16.189	12.135	33.41 %

The net cash provided by operating activities of the Company for the first half of 2018 was RMB15.116 billion, representing an increase of 5.69% over the same period last year. The increase was mainly due to the increase of electricity sales.

Net cash used in investing activities of the Company was RMB6.104 billion, representing a decrease of 69.89% from the same period last year, which was mainly due to consideration paid for acquisition during the same period last year.

The financing activities of the Company were principally debt financings. During the first half of 2018, the Company drew down new loans of RMB62.076 billion, issued super short-term bonds of RMB26.500 billion and long-term bonds of RMB4.5 billion, and repaid loans of RMB67.609 billion and super short-term bonds of RMB17.000 billion upon maturity, and also repaid long-term bonds of RMB4.000 billion upon maturity.

As of 30 June 2018, cash and cash equivalents of the Company and its subsidiaries denominated in RMB and Singapore dollar, U.S. dollar and Japanese Yen, each of which is measured at RMB equivalent, were RMB14.922 billion, RMB0.723 billion, RMB0.545 billion and RMB0.069 million, respectively.

## 2. Capital expenditure and cash resources

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

The capital expenditure for construction and renovation projects of the Company for the first half of 2018 was RMB6.880 billion, including RMB571 million for Yantai Bajiao Co-generation project, RMB423 million for Luoyuan Power project, RMB287 million for Yancheng Dafeng New Energy project, RMB234 million for Dongguan Combined Cycle project, RMB231 million for Huaining Wind Power project, RMB179 million for Jiangxi Renewable Energy project, RMB169 million for Luoyuan Port, RMB155 million for Hainan Power project, RMB138 million for Beijing Co-generation project, RMB132 million for Rudong Baxianjiao Offshore Wind Power project, RMB122 million for Yizheng Wind Power project, RMB98 million for Shuangyu Solar Power project, RMB95 million for Kangbao Wind Power project, RMB91 million for Luohuang Power project, RMB84 million for Diandong Energy project, RMB84 million for Huaiyin Power Plant project, RMB79 million for Jianchang PV project, RMB77 million for Guanyun Co-generation project, RMB76 million for Fuyuan Wind Power project, RMB71 million for Dalian Co-generation project, RMB71 million for Anyang Energy project, RMB67 million for Suzhou Thermal Power project, RMB65 million for Yueyang Power project, RMB64 million for Zhongxiang Wind Power project, and RMB62 million for Weihai Power project. Expenditure for other infrastructure construction and renovation projects was RMB3.155 billion.

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

### 2.2 Cash resources and anticipated financing costs

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

Good operating results and sound credit status provide the Company with strong financing capabilities. As of 30 June 2018, the undrawn banking facilities available to the Company and its subsidiaries amount to more than RMB241.188 billion from, among others, Bank of China, China Construction Bank and Industrial and Commercial Bank of China.

The Company issued nine installments of unsecured super short-term bonds of RMB4 billion, RMB2 billion, RMB2 billion, RMB4 billion, RMB2.5 billion, RMB4 billion, RMB2 billion, RMB2 billion and RMB4 billion with coupon rate of 4.35%, 4.35%, 4.40%, 4.45%, 4.25%, 4.08%, 3.98%, 3.80% and 4.05% on 24 February, 2 March, 21 March, 23 March, 2 May, 2 May, 18 May, 30 May and 1 June, respectively. Each installment of super short-term bonds is issued at par value in RMB and matures in 90, 90, 150, 180, 180, 150, 180, 90 and 180 days after issuance, respectively.

As of 30 June 2018, the Company and its subsidiaries had outstanding short-term loans of RMB59.526 billion (RMB80.251 billion as of 31 December 2017), of which borrowings from banks were charged at annual interest rates ranging from 3.92% to 5.30% (3.74% to 5.50% as of 31 December 2017).

As of 30 June 2018, the Company and its subsidiaries had outstanding short-term bonds of RMB20.632 billion (RMB11.068 billion as of 31 December 2017).

As of 30 June 2018, the Company and its subsidiaries had outstanding long-term loans (including those maturing within a year) of RMB140.219 billion (RMB125.129 billion as of 31 December 2017), including RMB denominated loans of RMB125.722 billion (RMB110.073 billion as of 31 December 2017), U.S. dollar denominated loans of US\$316 million (US\$348 million as of 31 December 2017), Euro denominated loans of €26 million (€30 million as of 31 December 2017), Singapore dollar denominated loans of S\$2.496 billion (S\$2.539 billion as of 31 December 2017), and Japanese yen denominated loans of ¥2.537 billion (¥2.593 billion as of 31 December 2017). All loans denominated in US dollar and Singapore dollar were floating rate, and loans denominated in all other foreign currencies were fixed rate. As of 30 June 2018, the long-term loans of the Company and its subsidiaries from banks were charged at annual interest rates ranging from 0.75% to 6.03% (0.75% to 6.03% as of 31 December 2017).

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

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

### 2.3 Other financing requirements

The objective of the Company is to bring long-term, consistent and growing returns to its shareholders. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. Upon the approval from the annual general meeting of the shareholders for the year 2017 held on 3 May 2018, the Company declared a cash dividend of RMB0.10 per ordinary share (inclusive of tax), with total dividends of approximately RMB1.520 billion. As of 30 June 2018, RMB1.086 billion of the aforementioned dividends have been paid, with RMB0.434 billion remaining.

### III. PERFORMANCE AND PROSPECTS OF SIGNIFICANT INVESTMENTS

The Company acquired 25% equity interests in Shenzhen Energy Group (“Shenneng Group”) with payment of RMB2.39 billion on 22 April 2003. In 2011, Shenneng Group divided into a remainder company Shenneng Group and a new company Shenneng Energy Management Company, and the Company holds 25% equity interests in each of the two successors. The Company acquired 200 million shares from Shenzhen Energy Corporation (“Shenzhen Energy”), a subsidiary of Shenneng Group, in December 2007. Shenzhen Energy allotted shares with its capital surplus in 2011. In February 2013, Shenzhen Energy merged Shenzhen Energy Management Company through the combination of directional seasoned offering and cash payment to the shareholders of Shenzhen Energy Management Company. After the merger, the Company directly held 991,741,659 shares of Shenzhen Energy, representing 25.02% of its equity interests. These investments brought a net profit attributable to the equity holders of the Company of RMB65 million for the Company for the first half of 2018 under IFRS. This investment is expected to provide steady returns to the Company.

The Company held 60% direct equity interests in Sichuan Hydropower as of 31 December 2006. In January 2007, Huaneng Group increased its capital investment in Sichuan Hydropower by RMB615 million, thus reducing the Company's equity interests in Sichuan Hydropower to 49% and making Huaneng Group the controlling shareholder of Sichuan Hydropower. This investment brought to the Company a net profit attributable to the equity holders of the Company of RMB67 million for the first half of 2018 under IFRS. This investment is expected to provide steady returns to the Company.

#### IV. EMPLOYEE BENEFITS POLICIES

As of 30 June 2018, the Company and its subsidiaries had 53,203 employees. During this reporting period, there was no significant change regarding remuneration policies and training programs of the Company.

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

As of 30 June 2018, the Company provided guarantees of approximately RMB12.072 billion for Tuas Power; Huaneng Heilongjiang Power Co., Ltd., a subsidiary of the Company, provided guarantees of approximately RMB500 million, RMB1,122 million and RMB521 million for its subsidiaries Huaneng Daqing Thermal Power Co., Ltd., Daqing Lvyuan Wind Power Generation Co., Ltd., and Huaneng Tongjiang Wind Power Co., Ltd., respectively; Huaneng Daqing Thermal Power Co., Ltd., a subsidiary of the Company, provided guarantees of RMB218 million for its subsidiary, Huaneng Yichun Thermal Power Co., Ltd.; Huaneng Shandong Ruyi Coal-fired Co., Ltd., a subsidiary of the Company, provided guarantees of RMB60 million for its subsidiary Huaneng Jiexiang Power Co., Ltd..

As of 30 June 2018, the details of secured loans of the Company and its subsidiaries are as follows:

As of 30 June 2018, short-term loans of approximately RMB38 million (RMB24 million as of 31 December 2017) 1. represented the notes receivable that were discounted with recourse. As these notes receivable had not yet matured, the proceeds received were recorded as short-term loans.

As of 30 June 2018, long-term loans of approximately RMB3.952 billion (RMB4.605 billion as of 31 December 2. 2017) of the Company and its subsidiaries were secured by certain property, plant and equipment, with net book value of RMB4.527 billion.

3. As of 30 June 2018, long-term loans of approximately RMB8.767 billion (RMB10.559 billion as of 31 December 2017) were secured by future electricity revenue of the Company and its subsidiaries.

As of 30 June 2018, the restricted bank deposits of the Company and its subsidiaries were RMB75 million (RMB82 million as of 31 December 2017).

As of 31 December 2018, the property, plant and equipment leased under finance lease of the Company and its subsidiaries with net book value amounted to RMB1.573 billion (RMB2.565 billion as of 31 December 2017).

As of 30 June 2018, notes receivable discounted or endorsed neither matured nor derecognized of the Company and its subsidiaries with net book value amounted to RMB1.887 billion (RMB1.677 billion as of 31 December 2017).

As of 30 June 2018, the Company and its subsidiaries had no material contingent liability.

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## VI. RISK FACTORS

For the second half of 2018, the prudent monetary policy currently executed by the People's Bank of China would be carried out in a well-regulated and befitted manner so as to maintain the financing available in the market at appropriate level as well as a reasonably ample liquidity. Most of the Company's debts are interest bearing debts denominated in RMB, and the change of RMB interest rates will directly affect the Company's borrowing costs. The Company will keep close watch on market conditions to make reasonable financing arrangements, explore new financing initiatives to control financing costs while meeting funding requirements. The interest bearing debts denominated in non-RMB currencies are mostly charged with floating interest rates. The Company has hedged approximately half of its debts with floating interest rates by interest rate swap agreements, and the fluctuation of the interest rates on non-RMB currency borrowings will not have material adverse impact on the Company.

The Company had certain debts denominated in U.S. dollar and Euro, and could incur exchange gain or loss from fluctuation of relevant exchange rates. The debts denominated in foreign currencies accounted for less than 6% of the total interest bearing debts of the Company, most of which were denominated in U.S. dollar. The recent fluctuations in exchange rates are not expected to have material adverse impact on the Company due to limited amount of its borrowings denominated in foreign currencies.

## SHARE CAPITAL STRUCTURE

As at 30 June 2018, total issued share capital of the Company amounted to 15,200,383,440 shares, of which 10,500,000,000 shares were domestic shares, representing 69.08% of the total issued share capital of the Company, and 4,700,383,440 shares were foreign shares, representing 30.92% of the total issued share capital of the Company. In respect of foreign shares, China Huaneng Group Co., Ltd. ("Huaneng Group") through its wholly-owned subsidiary China Hua Neng Group Hong Kong Limited held 472,000,000 shares, representing 3.11% of the total issued share capital of the Company. In respect of domestic shares, Huaneng International Power Development Corporation ("HIPDC") owned a total of 5,066,662,118 shares, representing 33.33% of the total issued share capital of the Company, while Huaneng Group held 1,555,124,549 shares, representing 10.23% of the total issued share capital of the Company. Through its controlling subsidiary China Huaneng Finance Corporation Limited, Huaneng Group held 74,139,853 shares, represents 0.49% of the total issued share capital of the Company. Other domestic shareholders held a total of 3,804,073,480 shares, representing 25.03% of the total issued share capital of the Company.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company and its subsidiaries did not sell any other types of its securities and did not purchase or redeem its own shares or other securities in the first half of 2018.

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## MAJOR SHAREHOLDING STRUCTURE

The following table summarizes the shareholdings of the top ten shareholders of the Company as at 30 June 2018:

Name of Shareholders	Total Shareholdings as at end of the reporting period	Percentage of shareholding in total issued shares (%)	
Huaneng International Power Development Corporation	5,066,662,118	33.33	%
HKSCC Nominees Limited*	4,019,698,699	26.44	%
China Huaneng Group Co., Ltd.	1,555,124,549	10.23	%
Hebei Construction & Investment Group Co., Ltd.	527,548,946	3.47	%
China Hua Neng Group Hong Kong Limited	472,000,000	3.11	%
Jiangsu Provincial Investment & Management Limited Liability	416,500,000	2.74	%
China Securities Finance Corporation Limited	413,567,472	2.72	%
Fujian Investment Development (Group) Co., Ltd.	372,818,249	2.45	%
Liaoning Energy Investment (Group) Limited Liability Company	362,200,722	2.38	%
Dalian Municipal Construction Investment Company Limited	301,500,000	1.98	%

Notes:

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

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

As at 30 June 2018, the interests or short positions of persons who were entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors, Supervisors and chief executive) in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Hong Kong Law Cap. 571) (the "SFO") were as follows:

Name of shareholder	Class of shares	Number of shares held (share)	Capacity	Approximate percentage of shareholding in the Company's total issued share capital	Approximate percentage of shareholding in the Company's total issued domestic shares	Approximate Percentage of shareholding in the Company's total issued H Shares
Huaneng International Power Development Corporation (Note 2)	Domestic shares	5,066,662,118(L)	Beneficial owner	33.33 % (L)	48.25 % (L)	–
China Huaneng Group Co., Ltd. (Note 3)	Domestic shares	1,629,264,402(L)	Beneficial owner	10.72 % (L)	15.52 % (L)	–
China Huaneng Group Co., Ltd. (Note 4)	H Shares	472,000,000(L)	Beneficial owner	3.11 % (L)	–	10.04 % (L)
Hebei Construction & Investment Group Co., Ltd.	Domestic shares	527,548,946(L)	Beneficial owner	3.47 % (L)	5.02 % (L)	–
Blackrock, Inc. (Note 5)	H Shares	297,572,526(L)	Interest of controlled corporation	1.95 % (L)	–	6.33 % (L)
		45,526,000(S)	Interest of controlled corporation	0.29 % (S)	–	0.96 % (S)
JPMorgan Chase & Co. (Note 6)	H Shares	63,430,419(L)	Beneficial owner	0.41 % (L)	–	1.34 % (L)
		8,157,760(S)	Beneficial owner	0.05 % (S)	–	0.17 % (S)
		147,890,000(L)	Investment manager	0.97 % (L)	–	3.14 % (L)

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		11,160(L)	) Trustee	0.00007	%(L)	–	0.0002	%(L)
		66,725,755(P)	) Custodian	0.43	%(L)	–	1.41	%(L)
Luo Yi (Note 7)	H Shares	380,208,000(L)	) Beneficial owner	2.50	%(L)	–	8.08	%(L)
Qiu Guogen (Note 7)	H Shares	380,208,000(L)	) Beneficial owner	2.50	%(L)	–	8.08	%(L)

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Note:

- (1) The letter “L” denotes a long position. The letter “S” denotes a short position. The letter “P” denotes interest in a lending pool.
- (2) As of the Latest Practicable Date, China Huaneng Group Co., Ltd. holds 75% direct interests and 25% indirect interests in HIPDC.
- (3) Of the 1,629,264,402 domestic shares, China Huaneng Group Co., Ltd. through its controlling subsidiary, Huaneng Finance, held 74,139,853 domestic shares.
- (4) China Huaneng Group Co., Ltd. held 472,000,000 H shares through its wholly owned subsidiary, China Hua Neng Group Hong Kong Limited.
- (5) Long position of 199,320 shares and short position of 7,270,000 were held through cash settled derivatives (on exchange).

Long position of 1,963,040 shares and short position of 397,760 shares were held through physically settled derivatives (on exchange). Short position of 3,434,000 shares was held through cash settled derivatives (on exchange). Long position of 12,038,000 shares and short position of 182,000 shares were held through physically settled derivatives (off exchange). Long position of 1,200,000 shares and short position of 116,000 shares were held through cash settled derivatives (off exchange).

- Long position of 173,062,000 H shares was held by Shanghai Chongyang Strategic Investment Co., Ltd.,  
long position of 156,132,000 H shares was held by Shanghai Chongyang Investment Management Co.,  
position of 30,800,000 H shares was held by Chongyang Group Co., Ltd. and long position of 20,214,000 H shares  
(7) was held by Chongyang International Asset Management Co., Ltd. Qiu Guogen is the spouse of Luo Yi v  
ultimate beneficial owner of each of Shanghai Chongyang Strategic Investment Co., Ltd., Shanghai Chongyang  
Investment Management Co., Ltd., Chongyang Group Co., Ltd. and Chongyang International Asset Management  
Co., Ltd..

Save as stated above, as at 30 June 2018, in the register required to be kept under Section 336 of SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the equity derivatives of the Company.

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

The Company has adopted a code with the standard not lower than that of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”). Following enquiries made by the Company, all Directors and Supervisors confirmed that they have complied with the Code throughout the first half of 2018.

As at 30 June 2018, none of the directors, chief executive officer or supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the definition of Part XV of the Securities and Futures Ordinance (“SFO”) which was required to be notified to the Company and the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, chief executive officer or Supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

**PUBLIC FLOAT**

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

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## DIVIDENDS

It was resolved by the Board not to distribute dividends for the first half of 2018.

## DISCLOSURE OF MATERIAL EVENTS

1. The Company has reviewed and approved the proposal of appointment of President at the 14th meeting of the ninth session of the Board held on 31 July 2018, and appointed Mr. Zhao Keyu as President of the Company.

2. Due to work requirements, Mr. Liu Guoyue (Director and President of the Company) tendered his resignation report to the Board of Directors of the Company, resigning from the position as the Director and President of the Company, on 16 May 2018. At the same time, he also ceased to act as the Chairman of the Strategy Committee and a member of the Remuneration and Appraisal Committee of the Board of Directors. Before the Company appoints the new President and the chairman of the Strategy Committee, Mr. Cao Peixi, the Chairman of the Company, shall take the role of the President and chairman of the Strategy Committee.

3. Due to work requirements, Mr. Fan Xiaxia (Director and Vice President of the Company) tendered his resignation report to the Board of Directors of the Company, resigning from the position as the Director and Vice President of the Company, on 28 February 2018. At the same time, he also ceased to act as a member of Strategy Committee and Nomination Committee of the Board of Directors of the Company.

## CORPORATE GOVERNANCE

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

During the reporting period, the Company has complied with the relevant provisions of Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules, except for code provision A.2.1.

Code provision A.2.1 provides that the roles of chairman and chief executive (president) should be separate and should not be performed by the same individual. Mr. Cao Peixi, Chairman of the Board and Executive Director of the Company, took up the position of the President starting from 16 May 2018. As the Board of Directors meets regularly to consider matters relating to business operations of the Company, the Board of Directors is of the view that the above arrangement will not impair the balance of power and authority of the Board of Directors and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be affected.

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(A) CODE OF CORPORATE GOVERNANCE

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

(1) Enhancing and improving corporate governance

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

Over the years, the Board has formulated and implemented the Rules and Procedures of the General Meetings; Rules and Procedures of the Board of Directors Meetings; the Rules and Procedures of the Supervisory Committee Meetings; the Detailed Rules on the Work of the President; the Detailed Rules on the Work of the Strategy Committee of the Board of Directors; the Detailed Rules on the Work of the Audit Committee of the Board of Directors; the Detailed Rules on the Work of the Nomination Committee of the Board of Directors; the Detailed Rules on the Work of the Remuneration and Appraisal Committee of the Board of Directors; the System on Work of Independent Directors, the System on Work of Independent Directors on the annual report and the Work Regulations on Annual Report for the Audit Committee, and amended relevant regulations and systems according to the applicable laws and the development needs of the Company.

In order to better adapt to market and regulatory changes, the Company has also revised the Articles of Association and clarified the party organization in playing the leading role and political core role in the Company.

All members of the Board jointly perform the duty of corporate governance.

During the reporting period, the Board has included the followings in its scope of duties and authority:

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

(2) Enhancing and improving the information disclosure system

The Company stresses on the importance of external information disclosure. The Company has established the Information Disclosure Committee which comprises the secretary to the Board of Directors, the chief accountant, managers of each functional department, and is responsible for reviewing the Company's regular reports. The Company has implemented the system of holding regular information disclosure meetings every Monday chaired by the secretary to the Board of Directors who will report on the Company's important matters of the week, thereby ensuring the Company's performance of the relevant information disclosure obligations. The Company has

successively formulated and implemented the relevant information disclosure system, and has made timely amendments thereto according to regulatory requirements. The current functioning systems include the Measures on Information Disclosure Management, the Measures on Connected Transaction Management, Management Measures on Insiders, the Measures on Investor Relations Management, the Detailed Rules on the Work of the Information Disclosure Committee, Management Measures for Pursuing Responsibility regarding Material Errors in Information Disclosure of Annual Report, etc. The above measures and system ensure the regulated operation of the Company, strengthen the truthfulness, accuracy, completeness and the timely disclosure of information, and at the same time enhance the quality as well as transparency of the information disclosure.

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

(3) Regulating financial management system, strengthening internal control

In 2018, the Company sticks to its principle of good faith and fair treatment to its shareholders and makes a lot of detailed work in preparing the financial reports and connected practice standard and on aspect of internal controls. The credibility of a listed company, to a large extent, relates to the quality of the preparation of financial statements and a regulated operation of financial activities. In order to regulate its financial management, the Company has completed a large amount of specific and detailed work, including:

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

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

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

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

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

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

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

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

#### (B) SECURITIES TRANSACTIONS BY DIRECTORS

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

#### (C) BOARD OF DIRECTORS

The Board of Directors of the Company comprises of 12 members. Of the members of the ninth session of the board of directors, Mr. Cao Peixi as the Chairman; Mr. Huang Jian, Mr. Wang Yongxiang, Mr. Mi Dabin, Mr. Guo Hongbo, Mr. Cheng Heng and Mr. Lin Chong as the Non-executive Directors; and Mr. Yue Heng, Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng and Mr. Zhang Xianzhi as the Independent Non-executive Directors.

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



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

Name	Number of meetings to be attended	Number of meetings attended in person	Number of meetings attended by proxy	Rate of Attendance (%)
Executive Director				
Cao Peixi	6	5	1	83.33 % (Attendance by proxy rate of 16.67%)
Non-executive Directors				
Huang Jian	6	6	0	100 %
Wang Yongxiang	6	6	0	100 %
Mi Dabin	6	5	1	83.33 % (Attendance by proxy rate of 16.67%)
Guo Hongbo	6	5	1	83.33 % (Attendance by proxy rate of 16.67%)
Cheng Heng	6	6	0	100 %
Lin Chong	6	6	0	100 %
Independent non-executive Directors				
Yue Heng	6	5	1	83.33 % (Attendance by proxy rate of 16.67%)
Xu Mengzhou	6	6	0	100 %
Liu Jizhen	6	4	2	66.66 % (Attendance by proxy rate of 33.4%)
Xu Haifeng	6	6	0	100 %

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Zhang Xianzhi	6	5	1	83.33	%
				(Attendance by proxy rate of 16.67%)	
Directors who had resigned					
Liu Guoyue	4	4	0	100	%
Fan Xiaxia	1	1	0	100	%

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

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

Moreover, the Independent Non-executive Directors have submitted their independent non-executive director confirmation letters of 2017 according to the requirements of the Listing Rules.

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

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

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

Directors who attended the 2018 first extraordinary general meeting of the Company were Mr. Liu Guoyue (Director and the Chairman of the Strategy Committee), Mr. Wang Yongxiang (Non-executive Director), Mr. Xu Mengzhou (Independent non-executive Director), Mr. Xu Haifeng (Independent non-executive Director) and Mr. Zhang Xianzhi (Independent non-executive Director and Chairman of the Remuneration and Appraisal Committee); Directors who attended the annual general meeting for 2017 of the Company were Mr. Liu Guoyue (Director and the Chairman of the Strategy Committee), Mr. Mi Dabin (Director), Mr. Xu Mengzhou (Independent non-executive Director) and Mr. Zhang Xianzhi (Independent non-executive Director and Chairman of the Remuneration and Appraisal Committee).

(D) CHAIRMAN AND PRESIDENT

The Company shall have a Chairman and a President who shall perform their duties respectively and separately according to the Articles of Association. During the reporting period, Mr. Cao Peixi acts as Chairman of the Board. Due to work requirements, Mr. Liu Guoyue resigned from the position as the President of the Company. Before the Company appoints the new President and the chairman of the Strategy Committee, Mr. Cao Peixi, the Chairman of the Company, shall take the role of the President and chairman of the Strategy Committee. On 31 July 2018, the Board resolved to appoint Mr. Zhao Keyu as the President of the Company.

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

(E) NON-EXECUTIVE DIRECTORS

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

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

Name of Non-executive Directors	Term of office
Huang Jian	13 June 2017-2020
Wang Yongxiang	13 June 2017-2020
Mi Dabin	13 June 2017-2020
Guo Hongbo	13 June 2017-2020
Cheng Heng	13 June 2017-2020
Lin Chong	13 June 2017-2020

(F) DIRECTORS' REMUNERATION

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

Members of the ninth session of the Remuneration and Appraisal Committee are Mr. Zhang Xianzhi, Mr. Guo Hongbo, Mr. Cheng Heng, Mr. Yue Heng, Mr. Liu Jizhen and Mr. Xu Haifeng, which Mr. Yue Heng, Mr. Liu Jizhen, Mr. Xu Haifeng and Mr. Zhang Xianzhi are Independent Non-executive Directors and Mr. Zhang Xianzhi is the chairman of the committee.

The Remuneration and Appraisal Committee under the Board operates in accordance with the Detailed Rules on the Work of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee convened the first meeting in 2018 on 12 March 2018, at which the Report of Total Wage Expenses was reviewed and the Company's arrangement for the total wage in 2018 was approved. The second meeting in 2018 was convened on 28 June 2018 when the adjustment to the remuneration of the independent directors was considered and the proposal to revise the remuneration for independent directors of the Company was passed unanimously. In the second half of 2018, the Remuneration and Appraisal Committee will carry out the work according to the actual situation and the above Detailed Rules at appropriate time.

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

Name of meeting	Date of meeting	Members who attended the meeting in person	Members who attended the meeting by proxy
First meeting of the Remuneration and Appraisal Committee of the Ninth Session of the Board in 2018	12 March 2018	Zhang Xianzhi, Liu Guoyue, Guo Hongbo, Cheng Heng, Yue Heng, Liu Jizhen and Xu Haifeng	—
Second meeting of the Remuneration and Appraisal Committee of the Ninth Session of the Board in 2018	28 June 2018	Zhang Xianzhi, Guo Hongbo, Cheng Heng, Yue Heng, Liu Jizhen and Xu Haifeng	—

**(G) NOMINATION OF DIRECTORS**

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

Members of the ninth session of the Nomination Committee are Mr. Liu Jizhen, Mr. Mi Dabin, Mr. Lin Chong, Mr. Yue Heng, Mr. Xu Mengzhou and Mr. Zhang Xianzhi, among whom Mr. Liu Jizhen, Mr. Yue Heng, Mr. Xu Mengzhou and Mr. Zhang Xianzhi are Independent Non-executive Directors and Mr. Liu Jizhen is the chairman of the committee.

The operation of the Remuneration and Appraisal Committee under the Board complied with the Detailed Rules on the Work of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee convened the first meeting in 2018 on 29 March 2018, at which the proposal regarding the appointment of the Vice President of the Company was passed and the assessment report regarding the appointment qualification of the candidate(s) for the Vice President of the Company was formulated and resolved to be submitted to the Board for review. The report provided the basis and recommendation for decision by the Board. In the second half of 2018, the Remuneration and Appraisal Committee will carry out the work according to the actual situation and the above Detailed Rules at appropriate time.

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

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Name of meeting	Date of meeting	Members who attended the meeting in person	Members who attended the meeting by proxy
First meeting of the Nomination Committee of the Ninth Session of the Board in 2018	29 March 2018	Liu Jizhen, Mi Dabin, Lin Chong, Yue Heng, Xu Mengzhou, Zhang Xianzhi	—

**(H) APPOINTMENT OF AUDITORS**

As approved at the 2017 annual general meeting, the Company has appointed KPMG Huazhen LLP as the domestic auditors and U.S. 20F annual report auditors of the Company, and KPMG as the Company's Hong Kong auditors for 2018.

**(I) AUDIT COMMITTEE**

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

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

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

Members of the Audit Committee comprises of five directors. Members of the Audit Committee of the ninth session are, namely, Mr. Yue Heng, Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng, Mr. Zhang Xianzhi, among whom Mr. Yue Heng is the chairman of the committee.

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

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

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Name of meeting	Date of meeting	Members who attended the meeting in person	Members who attended the meeting by proxy
First meeting of the Audit Committee of the Ninth Session of the Board in 2018	24 February 2018	Yue Heng, Xu Mengzhou, Liu Jizhen, Xu Haifeng, Zhang Xianzhi	–
Second meeting of the Audit Committee of the Ninth Session of the Board in 2018	12 March 2018	Yue Heng, Xu Mengzhou, Xu Haifeng, Zhang Xianzhi	Liu Jizhen
Third meeting of the Audit Committee of the Ninth Session of the Board in 2018	23 April 2018	Yue Heng, Xu Mengzhou, Liu Jizhen, Xu Haifeng, Zhang Xianzhi	–

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

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

(K) SHARES HELD BY SENIOR MANAGEMENT

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

(L) STRATEGY COMMITTEE

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

- (1) reviewing and advising on the Company's long-term strategic development plan;
- (2) reviewing and advising on the major fund raising proposals that need to be approved by the Board;
- (3) reviewing and advising on the major production and operating projects that need to be approved by the Board;
- (4) studying and advising on the matters that would significantly affect the development of the Company;

- (5) examining the implementation of the above-mentioned matters;
- (6) comprehensive risk management of the Company to improve the Company's overall risk resistance; and
- (7) other matters as requested by the Board of Directors.

The ninth session of the Strategy Committee comprises of four directors, namely, Mr. Huang Jian, Mr. Wang Yongxiang, Mr. Liu Jizhen, Mr. Xu Haifeng, of whom Mr. Liu Jizhen and Mr. Xu Haifeng are Independent Non-executive Directors.

On 25 April 2018, the Strategy Committee considered and approved the Enterprise Comprehensive Risk Management Report of Huaneng Power International, Inc. in 2018, and submitted the report to the Audit Committee of the Board of the Company on 31 July 2018 for review.

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

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

Name of meeting	Date of meeting	Members who attended the meeting in person	Members who attended the meeting by proxy
First meeting of the Strategy Committee of the Ninth Session of the Board in 2018	25 April 2018	Liu Guoyue, Huang Jian, Wang Yongxiang, Liu Jizhen, Xu Haifeng	–

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

The Company organizes its Directors and Supervisors to attend the trainings provided by regulatory authorities every year. During the reporting period, the directors and supervisors of the Company attended training of directors and supervisors according to regulatory requirements. The secretary to the Board attended the 46th session enhanced professional development seminar for joint members provided by The Hong Kong Institute of Chartered Secretaries.

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

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

REVIEW BY THE AUDIT COMMITTEE

The interim results of 2018 have been reviewed by the Audit Committee of the Company.

DOCUMENTS FOR INSPECTION

The Company will also file the interim report in Form 6-K with the US Securities and Exchange Commission. Copies of the interim report for 2018 will be available at the following addresses and websites:

LEGAL PROCEEDINGS

As at 30 June 2018, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company as far as the Company is aware.

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Fax Number: (8610) 6322 6888  
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Hong Kong  
Wonderful Sky Financial Group Limited  
9th Floor, Central Plaza,  
99 Queen's Road Central,  
Hong Kong

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

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

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

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

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

Beijing, the PRC  
1 August 2018

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## Consolidated Interim Statement of Financial Position (Unaudited)

AS AT 30 JUNE 2018

(Amounts expressed in thousands of RMB)

	Note	As at 30 June 2018	As at 31 December 2017 (Note)
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	278,822,750	284,328,093
Investments in associates and joint ventures		19,694,225	19,517,623
Investment property		219,368	217,406
Available-for-sale financial assets	3(a)	–	1,604,993
Other equity instrument investments	7	2,080,871	–
Land use rights	6	11,212,378	11,264,785
Power generation licenses		3,880,557	3,916,246
Mining rights		1,646,271	1,646,271
Deferred income tax assets	19	2,008,369	2,300,091
Derivative financial assets	7	92,933	75,328
Goodwill	8	15,387,868	15,484,120
Other non-current assets	9	7,554,585	7,696,845
Total non-current assets		342,600,175	348,051,801
Current assets			
Inventories		8,950,286	7,385,411
Other receivables and assets	10	5,717,279	6,081,517
Accounts receivable	11	24,878,005	25,447,595
Derivative financial assets	7	375,631	258,364
Bank balances and cash	24	16,264,513	9,364,823
Total current assets		56,185,714	48,537,710
Total assets		398,785,889	396,589,511

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.

		As at 30	As at 31
	Note	June 2018	December 2017 (Note)
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital		15,200,383	15,200,383
Perpetual corporate bonds		4,999,950	5,068,550
Capital surplus		24,435,402	24,114,400
Surplus reserves		8,140,030	8,140,030
Currency translation differences		(868,868 )	(675,054 )
Retained earnings		35,877,891	35,793,257
		87,784,788	87,641,566
Non-controlling interests		20,969,294	19,973,038
Total equity		108,754,082	107,614,604
Non-current liabilities			
Long-term loans	13	118,558,847	107,030,958
Long-term bonds	14	20,486,433	15,993,833
Deferred income tax liabilities	19	4,288,212	4,566,680
Derivative financial liabilities	7	58,773	148,486
Other non-current liabilities	15	5,363,068	5,284,462
Total non-current liabilities		148,755,333	133,024,419
Current liabilities			
Accounts payable and other liabilities	16	35,526,103	38,900,132
Contract liabilities	3(c )	593,675	–
Taxes payable		1,070,653	1,302,210
Dividends payable		1,948,404	1,735,426
Derivative financial liabilities	7	15,194	62,178
Short-term bonds	17	20,631,759	11,068,357
Short-term loans	18	59,525,772	80,251,348
Current portion of long-term loans	13	21,660,142	18,098,458
Current portion of long-term bonds	14	–	3,997,033
Current portion of other non-current liabilities	15	304,772	535,346
Total current liabilities		141,276,474	155,950,488
Total liabilities		290,031,807	288,974,907
Total equity and liabilities		398,785,889	396,589,511

Note: The Company and its subsidiaries have initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.

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## Consolidated Interim Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

		For the six months ended 30 June	
	Note	2018	2017 (Note i)
Operating revenue	4	82,404,919	71,433,689
Tax and levies on operations		(876,085 )	(648,556 )
Operating expenses			
Fuel		(51,599,895)	(44,001,200)
Maintenance		(1,721,161 )	(1,715,061 )
Depreciation		(10,123,301)	(10,146,899)
Labor		(4,499,789 )	(4,314,259 )
Service fees on transmission and transformer facilities of HIPDC		(48,360 )	(48,360 )
Purchase of electricity		(2,197,348 )	(1,807,341 )
Others		(3,627,746 )	(3,684,999 )
Total operating expenses		(73,817,600)	(65,718,119)
Profit from operations		7,711,234	5,067,014
Interest income		107,974	95,234
Financial expenses, net			
Interest expense		(5,138,907 )	(4,662,641 )
Exchange (loss)/gain and bank charges, net		(68,294 )	50,667
Total financial expenses, net		(5,207,201 )	(4,611,974 )
Share of profits less losses of associates and joint ventures		385,030	156,070
Loss on fair value changes of financial assets/liabilities		(1,488 )	(6,374 )
Other investment income		11,010	120,066
Profit before income tax expense	21	3,006,559	820,036
Income tax expense	22	(744,586 )	(478,875 )
Net profit		2,261,973	341,161

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.



	For the six months ended 30 June	
Note	2018	2017 (Note i)
Other comprehensive (loss)/income, net of tax		
Items that will not be reclassified to profit or loss:		
Fair value changes of other equity instrument investments	(538 )	–
Share of other comprehensive loss of investees accounted for under the equity method	(46,047 )	–
Items that may be reclassified subsequently to profit or loss:		
Fair value changes of available-for-sale financial asset (Note ii)	–	293,611
Share of other comprehensive loss of investees accounted for under the equity method	(147,194 )	(3,574 )
Effective portion of cash flow hedges	225,362	(248,452)
Translation differences of the financial statements of foreign operations	(213,473 )	282,485
Other comprehensive (loss)/income, net of tax	(181,890 )	324,070
Total comprehensive income	2,080,083	665,231
Net profit attributable to:		
– Equity holders of the Company	1,731,372	243,944
– Non-controlling interests	530,601	97,217
	2,261,973	341,161
Total comprehensive income attributable to:		
– Equity holders of the Company	1,569,157	572,696
– Non-controlling interests	510,926	92,535
	2,080,083	665,231
Earnings per share attributable to the ordinary shareholders of the Company (expressed in RMB per share)		
– Basic and diluted	23	0.11
		0.02

Note:

(i) The Company and its subsidiaries have initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

(ii) This amount arose under the accounting policies applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018 the balance of this reserve has been reclassified to fair value reserve

(non-recycling) and will not be reclassified to profit or loss in any future periods. See note 3(b).

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)  
FOR THE SIX MONTHS ENDED 30 JUNE 2018  
(Amounts expressed in thousands of RMB)

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

Capital injections  
 from  
 non-controlling  
 interests of  
 subsidiaries  
 Business  
 combination

– – – – – – – – – –

Balance as at 30

June 2017 (Note) 15,200,383 22,226,889 (272,536) 1,736,004 1,111,614 24,801,971 8,140,030 (500,769) 34

Note: The Company and its subsidiaries have initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.



	Attributable to equity holders of the Company							Subtotal	Surplus
	Share capital	Perpetual corporate bonds	Share premium	Hedging reserve	Fair value Reserve (non-recycling)	Other reserve in other comprehensive income	Other capital reserve		
Balance as at 31 December 2017	15,200,383	5,068,550	22,250,503	38,769	–	713,514	1,111,614	24,114,400	8,1
Impact on initial application of IFRS 9 (Note 3(b))	–	–	–	–	944,603	(574,657)	–	369,946	–
Adjusted balance as at 1 January 2018	15,200,383	5,068,550	22,250,503	38,769	944,603	138,857	1,111,614	24,484,346	8,1
Profit for the six months ended 30 June 2018	–	126,700	–	–	–	–	–	–	–
Other comprehensive (loss)/income:									
Fair value changes of other equity instrument investments, net of tax	–	–	–	–	(522 )	–	–	(522 )	–
Share of other comprehensive income of investees accounted for under the equity method, net of tax	–	–	–	–	(46,047 )	(147,194)	–	(193,241 )	–
Effective portion of cash flow hedges, net of tax	–	–	–	225,362	–	–	–	225,362	–
Currency translation differences	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss) for the six months ended 30 June 2018	–	126,700	–	225,362	(46,569 )	(147,194)	–	31,599	–
Cumulative distribution of	–	(195,300 )	–	–	–	–	–	–	–

perpetual corporate bonds (Note 12)										
Dividends relating to 2017 (Note 12)	–	–	–	–	–	–	–	–	–	–
Capital injections from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–
Share of other capital reserve change of investees accounted for under the equity method	–	–	–	–	–	–	(80,543 )	(80,543 )	–	–
Balance as at 30 June 2018	15,200,383	4,999,950	22,250,503	264,131	898,034	(8,337 )	1,031,071	24,435,402	8,1	

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of  
Cash Flows (Unaudited)  
FOR THE SIX MONTHS ENDED 30 JUNE 2018  
(Amounts expressed in thousands of RMB)

	For the six months ended 30 June		
	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		20,314,698	18,954,210
Tax paid		(5,199,168 )	(4,652,195 )
Net cash provided by operating activities		15,115,530	14,302,015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for the purchase of property, plant and equipment and other non-current non-financial assets		(6,879,513 )	(10,482,941)
Cash consideration paid for acquisition of subsidiaries, net of cash acquired		–	(10,817,107)
Other cash flows arising from investing activities		775,390	1,030,663
Net cash used in investing activities		(6,104,123 )	(20,269,385)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of bonds		30,999,985	15,988,679
Proceeds from loans		62,076,368	77,214,819
Repayments of bonds and loans		(88,619,645)	(74,200,417)
Interest paid		(5,138,661 )	(4,777,300 )
Dividends paid to shareholders of the Company		(1,085,658 )	(3,045,000 )
Other cash flow arising from financing activities		(326,902 )	(911,996 )
Net cash (used in)/provided by financing activities		(2,094,513 )	10,268,785
Effect of exchange rate fluctuations on cash held		(9,873 )	22,665
Net increase in cash and cash equivalents		6,907,021	4,324,080
Cash and cash equivalents as at beginning of the period		9,282,390	7,810,501
Cash and cash equivalents as at end of the period	24	16,189,411	12,134,581

The notes on pages 44 to 101 are an integral part of this unaudited condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated

Interim Financial Information

FOR THE SIX MONTHS ENDED 30 JUNE 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

#### 1. COMPANY ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

#### 2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“interim financial information”) for the six months ended 30 June 2018 have 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”. This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”). This interim financial information was approved for issue on 31 July 2018.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial information 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 information 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 Company and its subsidiaries since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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## 2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial information as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The annual consolidated financial statements for the year ended 31 December 2017 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report date 13 March 2018.

As at and for the six months ended 30 June 2018, a portion of the Company and its subsidiaries' funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 30 June 2018, the Company and its subsidiaries have net current liabilities of approximately Renminbi Yuan ("RMB") 85.091 billion. Taking into consideration of the expected operating cash flows of the Company and its subsidiaries and the undrawn available banking facilities of approximately RMB241.19 billion as at 30 June 2018, the Company and its subsidiaries are expected to refinance certain of its short term loans and bonds and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Company and its subsidiaries will be able to meet its liabilities as and when they fall due within the next twelve months and accordingly, the interim financial information are prepared on a going concern basis.

## 3. PRINCIPAL ACCOUNTING POLICIES

### (a) Overview

The Company and its subsidiaries have adopted the following relevant new standards and amendments to standards that are first effective for the current accounting period. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Company and its subsidiaries' financial statements.

IFRS 9, "Financial instrument".

IFRS 15, "Revenue from contracts with customers".

IFRIC 22, "Foreign currency transactions and advance consideration".

The Company and its subsidiaries have not applied any new standard or interpretation that is not yet effective for current accounting period.

Details of the changes in accounting policies are discussed in note 3(b) for IFRS 9 and 3(c) for IFRS 15.

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## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

## (a) Overview (Continued)

Under the transition methods chosen, the Company and its subsidiaries recognise cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated interim statement of financial position that has been impacted by IFRS 9 and/or IFRS 15:

	As at 31 December 2017	Impact on Initial application of IFRS9 Reclassification (Note 3(b))	Impact on Initial application of IFRS9 Remeasurement (Note 3(b))	Impact on Initial application of IFRS15 (Note 3(c))	As at 1 January 2018
Available-for-sale financial assets	1,604,993	(1,604,993)	–	–	–
Other equity instrument investments	–	1,604,993	476,595	–	2,081,588
Total non-current assets	348,051,801	–	476,595	–	348,528,396
Total assets	396,589,511	–	476,595	–	397,066,106
Capital surplus	24,114,400	–	369,946	–	24,484,346
Total equity	107,614,604	–	369,946	–	107,984,550
Deferred income tax liabilities	4,566,680	–	106,649	–	4,673,329
Total non-current liabilities	133,024,419	–	106,649	–	133,131,068
Accounts payable and other liabilities	38,900,132	–	–	(1,504,926)	37,395,206
Contract liabilities	–	–	–	1,504,926	1,504,926
Total current liabilities	155,950,488	–	–	–	155,950,488
Total liabilities	288,974,907	–	106,649	–	289,081,556