華能國際電力股份有限公司

HUANENG POWER INTERNATIONAL, INC.

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

(Stock Code: 902)

2008 Interim Results Announcement

Consolidated operating revenue:	**RMB30.737 billion**
Loss attributable to equity holders of the Company:	**RMB544 million**
Loss per share:	**RMB0.05**

The Board of Directors (the "Board") of Huaneng Power International, Inc. (the "Company") announces the unaudited operating results for the six months ended 30 June 2008 and a comparison with the operating results for the same period of 2007. For the six months ended 30 June 2008, the Company and its subsidiaries recorded consolidated operating revenue of RMB30.737 billion, representing increases of 32.81% as compared to the same period of last year. The loss attributable to equity holders of the Company was RMB544 million. The loss per share was RMB0.05 and net asset value per share (excluding minority interests) was RMB3.51.

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

BUSINESS REVIEW FOR THE FIRST HALF OF THE YEAR

During the first half of 2008, the Company actively dealt with a number of unforeseeable events including freezing rainstorm, snowstorms and the mega earthquake disaster in Wenchuan, and strived to overcome the impact of adverse factors including tight coal supply and a drastic increase in coal prices. All the staff have done their utmost and struggled tenaciously and achieved new development in various aspects including production safety, sales and marketing, energy saving, environment protection, project development and capital operation.

1. POWER GENERATION

During the first half of 2008, the Company's power plants within China achieved a total power generation of 91.448 billion kWh based on a consolidated basis, an increase of 13.43% over the same period of last year. The increase in power generation was mainly attributable to the following factors: the newly operated and newly acquired generating units had provided strong support for an increase in power generation; continued economic growth in the regions where the Company's power plants are located had driven the growth of power demand and provided the Company's power plants with room for market development; an optimized overhaul of generating units had enhanced growth in power generation.

During the first half of 2008, Singapore Tuas Power Ltd. ("Tuas Power") achieved a total power generation of 5.042 billion kWh, an increase of 0.21% compared to 5.031 billion kWh over the same period of last year, of which 2.786 billion kWh was vested in the power generation of the Company (from 25 March, the consolidated financial statement date).

2. COST CONTROL

At the beginning of 2008, coal supply was extremely tight due to the impact of the rainstorm and snowstorm disaster in South China, thereby resulting in a larger increase in market prices. From the commencement of coal storage in preparation for the summer peak load in April, the price of thermal coal rose drastically again. With the continued rise in spot coal prices, the difference between key contract prices and spot purchase prices continued to widen. Against the background of a substantial increase in the annual ordering price of key thermal coal contracts, certain key contract suppliers also raised the supply prices. This further increased the difficulty in controlling purchase prices and brought about tremendous pressure on the Company's cost control. The Company actively adopted various measures including adjusting the purchase structure, controlling the purchase volume of high-price thermal coal, raising the fulfilment rates of high-quality and low-cost coal, strengthening quality management of coal used in power plants, appropriately increasing the volume of imported coal, enhancing transportation efficiency and centralizing verification and settlement, and controlling coal purchase costs to the greatest extent.

The unit fuel cost within China of the Company for the first half of the year was RMB226.78 / MWh, an increase of 34.03% when compared to the same period of last year on a comparable basis.

3. ENERGY SAVING AND ENVIRONMENTAL PROTECTION

The Company attached great importance to energy saving and environmental protection work. All the newly built generating units are equipped with flue-gas desulphurization facilities and the Company has strengthened environmental protection renovation work on the existing generating units. During the first half of 2008, twelve desulphurized generating units with a total generation capacity of 5,522 MW have commenced operation. As at 30 June 2008, the Company has installed desulphurized generating units with a total generation capacity of 24,582MW, accounting for approximately 70% of the controlling generation capacity of the existing coal-fired units of the Company.

4. PROJECT DEVELOPMENT AND CONSTRUCTION

The Company made smooth progress on its construction projects and preparation work of its power projects:

(a) On 1 July 2008, a 600MW coal-fired generating unit (Unit 5) at Shangan Power Plant commenced commercial operation.

As at 31 July 2008, the Company's generation capacity on an equity basis reached 36,993MW, with the controlling generation capacity at 40,389MW.

(b) The projects-under-construction and other proposed projects of the Company progressed smoothly.

5. CAPITAL OPERATION

In the first half of 2008, the Company completed the acquisition of 100% interest in SinoSing Power Pte. Ltd. ("SinoSing Power"). The operating scale of the Company was further enlarged and the generation capacity was increased by 2,670MW on an equity basis, representing an increase of 7.9%.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

The national economy will continue to grow at a relatively fast pace in the second half of the year, thus providing a favorable external environment for the Company. A series of policies and rules on raising electricity tariffs and restricting coal prices implemented by the State have created conditions for easing the operating pressure of the Company. Moreover, the successive implementation of the State's energy saving and environmental protection policies and the relevant measures will be instrumental in improving the operating conditions for the Company's energy-saving and environmentally friendly generating units.

At the same time, the Company also faces various difficulties and challenges. The situation of tight coal supply, surging prices and declining quality will bring about a drastic increase in the unit fuel costs of the Company and it is anticipated that the increase in unit fuel costs of the Company for the whole year will not be lower than that for the first half of the year. The tightening of the State's monetary policies resulted in rising borrowing costs for the Company. Given that there is an increase in the number of newly operated generating units nationwide, the power supply and demand situation was further eased and the utilization hours of coal-fired generating units nationwide declined. The Company strives to achieve an average utilization hours of over 5,500 hours for domestic coal-fired generating units for the whole year. The State controls the scale of fixed assets investment and becomes stricter in approving power projects and puts forward stricter requirements for the development of new projects of the Company in the future.

The major operation plans for the second half of the year include:

1. actively to reflect to the State the status quo of the power generation industry and to strive for better improvement in the operation environment;

2. to focus on strengthening power optimization work;

3. to use the best endeavours to ensure fuel supply and to strive to enhance the fulfilment rates of planned contracts and control market purchase prices;

4. to promote energy saving and emission reduction work in full force and to actively commence detailed management of energy consumption indices and optimized operation of generating units;

5. to strengthen internal management and to effectively control financing costs;

6. to actively push forward preliminary work of projects, to further optimize power plants structure and to adjust their deployment;

7. to strengthen the management of infrastructure construction, ensuring safe, stable and economical operation of newly operated generating units so as to meet the requirements of energy-saving and environmentally friendly generating units.

MANAGEMENT'S DISCUSSION AND ANALYSIS (PREPARED UNDER IFRS)

Comparison and Analysis of Operating Results

Comparison of operating results between the first half of 2008 and 2007.

The Company has completed the acquisition of SinoSing Power Pte Ltd. ("SinoSing Power") in the first half of 2008. The consolidated financial statements of SinoSing Power and its subsidiary, Tuas Power Ltd. ("Tuas Power"), were included in the consolidation scope of interim financial information of the Company and its subsidiaries.

Summary

For the six months ended 30 June 2008, domestic power plants of the Company contributed total consolidated power generation of 91.448 billion kWh, representing an increase of 13.43% over the same period last year. Yingkou Power Plant, Yuhuan Power Plant, Qinbei Power Plant, Weihai Power Plant, Luohuang Power Plant and Nantong Power Plant represented the major contributors for the increase.

The increase in power generation of the Company was mainly attributable to the following factors:

1. The newly operating generating units and the newly acquired generating units provided significant support to the growth in power generation.

2. The continuous economic growth in the regions where the Company's power plants are located at led to the increase in power demand and the increase of power generation.

3. The enhancement on performance of the generating units through maintenance also contributed to the growth in the power generation.

The power generation of our domestic operating power plants for the first half year of 2008 was summarized as follows (in billion kWh):

Power Plant	Power generation for the first half of 2008	Power generation for the first half of 2007	Change
Dalian	4.688	5.173	-9.38%
Fuzhou	3.515	3.570	-1.54%
Nantong	4.364	3.843	13.56%
Shang'an	3.657	3.434	6.49%
Shanghai Shidongkou II	3.687	3.582	2.93%
Shantou Coal-fired	3.500	3.178	10.13%
Dandong	2.359	2.477	-4.76%
Nanjing	1.877	1.826	2.79%
Dezhou	6.849	6.122	11.88%
Jining	1.208	1.366	-11.57%
Weihai	2.287	1.961	16.62%
Shanghai Shidongkou I	3.902	3.486	11.93%
Changxing	0.838	0.789	6.21%
Taicang	5.127	5.097	0.59%
Huaiyin	3.852	4.048	-4.84%
Yushe	2.614	2.893	-9.64%
Qinbei	4.831	3.540	36.47%
Xindian	2.422	2.367	2.32%
Yingkou	5.367	2.429	120.96%
Jinggangshan	1.558	1.631	-4.48%
Yueyang	3.148	3.114	1.09%
Luohuang	6.141	5.389	13.95%
Pingliang	4.128	4.065	1.55%
Shanghai Combined-cycle	0.049	0.093	-47.31%
Yuhuan	8.415	5.145	63.56%
Nanjing Jinling	1.065	—	N/A

For the first half of 2008, power generated by Tuas Power was 5.042 billion kWh, representing an increase of 0.21% over 5.031 billion kWh, total power generated for the same period last year. Among which, the power generation attributable to the share of the Company was 2.786 billion kWh.

In respect of power tariff, the average power tariff rate of our domestic operations (excluding Nanjing Jinling) increased by RMB9.71 per MWh to RMB366.54 per MWh from the same period of last year. After taking into consideration of last year impact of Nanjing Jinling, the average power tariff rate of the domestic power plants increased by RMB8.41 per MWh from the same period of last year.

In respect of fuel supply and cost controls, the high coal market price and the upward adjustments on the key coal contracts contributed to the significant increase in fuel cost of the Company. The unit fuel cost per unit of electricity sold of our domestic operations (excluding Nanjing Jinling) increased by 34.42% from the same period of 2007. After taking into account of last year impact of Nanjing Jinling, the increase from same period of 2007 was 34.03%.

With the implication of foregoing factors, the Company and its subsidiaries experienced an increase of 32.81% of operating revenue during the first half of 2008 from the same period of prior year. Loss attributable to equity holders of the Company for the first half of 2008 amounted to RMB544 million, representing a decrease of profit of 118.91% from a profit of RMB2.875 billion for the same period of last year. The decrease of profit was mainly attributable to the significant increase of the fuel prices.

1. Operating revenue and sales tax

Operating revenue mainly represents amounts receivable or received from power sold after taking into account amounts received in advance. For the first half of 2008, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB30.737 billion, representing an increase of 32.81% from RMB23.144 billion for the same period of last year.

The increase in operating revenue is mainly attributable to the operations of new generating units and acquisition. The operations of new generating units contributed RMB3.552 billion to the increase in revenue, while the consolidation of SinoSing Power contributed RMB3.725 billion to the increase in revenue.

The average power tariff rate of the domestic operations of the Company and its subsidiaries is RMB366.54 per MWh, representing an increase of 2.72% as compared to RMB356.82 per MWh (excluding Nanjing Jinling) for the same period of last year. After taking into account of last year impact of Nanjing Jinling, there was an increase of 2.35% from RMB358.13 per MWh for the same period of last year.

Sales tax mainly consists of taxes associated with value-added tax surcharges. According to relevant administrative regulations, such surcharges include the Education Surcharges and City Construction Tax calculated at prescribed percentages on the amounts of the value-added tax paid. Such surcharges are currently not applicable to certain foreign direct investments that have been approved by the government, thus, certain power plants of the Company do not have to pay such surcharges. In the first half of 2008, sales tax amounted to RMB59 million, representing a decrease of RMB11 million from RMB70 million for the same period of last year.

2. Operating expenses

The consolidated operating expenses of the Company and its subsidiaries for the first half of 2008 amounted to RMB30.200 billion, representing an increase of 54.16% from RMB19.590 billion for the same period of last year.

The increase of operating expenses was mainly attributable to increase of fuel prices, the operations of new generating units and acquisition. The operations of new generating units contributed to an increase of consolidated operating expenses of RMB3.093 billion while the consolidation of SinoSing Power contributed to an increase of consolidated operating expenses of RMB3.356 billion. Excluding factors of new generating units and acquisition, there would be an increase of RMB4.162 billion, which was mainly attributable to the significant increase of the fuel prices.

2.1 *Fuel*

Fuel cost represented the major operating expenses of the Company and its subsidiaries, which has increased by 68.00% to RMB21.418 billion for the first half of 2008 from RMB12.749 billion for the same period of last year. The increase in fuel cost was primarily due to the significant increase of fuel price, operations of new generating units and acquisition. The operations of new generating units contributed to an increase of fuel cost of RMB2.420 billion while the consolidation of SinoSing Power contributed to an increase of fuel cost of RMB1.875 billion.

The average price of natural coal (excluding tax) increased by 28.47% from RMB367.07 per ton in the first half of 2007 to RMB471.58 per ton in the first half of 2008. Due to the significant increase of fuel prices and the deterioration of coal quality, the unit fuel cost per unit of power sold of domestic operations increased by 34.42% (excluding Nanjing Jinling) to RMB226.78 per MWh. After taking into account of last year impact of Nanjing Jinling, the extent of this increase was 34.03%.

2.2 *Depreciation*

Depreciation expense of the Company and its subsidiaries have increased by 4.94% from RMB3.568 billion for the first half of 2007 to RMB3.744 billion for the first half of 2008. The increase is mainly due to the expansion of operating scale of the Company.

2.3 *Labor*

Labor costs include salary, bonus, welfare and housing fund, medical insurance, pension and unemployment insurance that were payables to relevant government authorities, etc.. Labor costs of the Company and its subsidiaries amounted to RMB1.501 billion for the first half of 2008, representing an increase of RMB101 million from RMB1.400 billion for the same period of last year. Amongst which, the consolidation of SinoSing Power contributed to an increase of RMB30 million in labor costs. The remaining increase was attributable to the newly operating generating units.

2.4 ***Other operating expenses (including purchase of electricity)***

The other operating expenses (including purchase of electricity) of the Company and its subsidiaries amounted to RMB2.671 billion for the first half of 2008, representing an increase of RMB1.582 billion from RMB1.089 billion for the first half of 2007. The increase was mainly attributable to the operations of new generating units and the acquisition of SinoSing Power, which accounted for the increase of RMB134 million and RMB1.319 billion (including purchase of electricity) respectively.

3. Financial expenses

The financial expenses of the Company and its subsidiaries amounted to RMB1.239 billion for the first half of 2008, representing an increase of RMB388 million from RMB851 million for the first half of 2007. The increase was mainly attributable to the operation of new generating units, upon when subsequent interest expense was no longer capitalized, causing an increase of RMB309 million.

4. Share of profits of associates

Share of profits of associates for the first half of 2008 was RMB168 million, representing a decrease of RMB135 million from RMB303 million for the first half of 2007.

5. Enterprise income tax ("EIT")

The domestic operations of the Company adopted the new Corporate Income Tax Law from 2008 onwards. SinoSing Power and Tuas Power were subject to the income tax rate of 18% for this period. The EIT of the Company and its subsidiaries amounted to RMB129 million for the first half of 2008, representing a decrease of 76.99% from RMB561 million for the first half of 2007. The decrease in EIT was mainly due to the operating loss in current period.

6. (Loss) / Profit attributable to equity holders of the Company

The loss of the Company and its subsidiaries attributable to equity holders of the Company amounted to RMB544 million for the first half of 2008, which represented a decrease of profit of 118.91% compared with a profit of RMB2.875 billion for the same period of 2007. The increase of operating expenses as a result of the significant increase of fuel prices contributed to the main reason for the loss of this period.

7. Comparison of financial positions

As at 30 June 2008, total assets of the Company and its subsidiaries amounted to RMB154.693 billion, representing an increase of 24.45% from RMB124.296 billion as at 31 December 2007.

The capital expenditure for construction and renovation projects of the Company and its subsidiaries for the first half of 2008 totaled RMB11.624 billion, which was mainly financed by internal funding, debts financing and operating cash flows.

8. Major financial position ratios

Item	The Company and its subsidiaries 30 June 2008	 31 December 2007
Ratio of liability and shareholders' equity	2.54	1.54
Current ratio	0.36	0.59
Quick ratio	0.27	0.52

	For the six months ended 30 June 2008	For the year ended 31 December 2007
Multiples of interest earned	0.45	3.41

Formula of the financial ratios:

Ratio of liabilities and shareholders' equity = balance of liabilities as at period end / balance of shareholders' equity (excluding minority interests) as at period end

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

Quick ratio = (balance of current assets as at period end - net inventories as at period end) / balance of current liabilities as at period end

Multiples of interest earned = (profit before income tax expense + interest expense) / interest expenditure (inclusive of capitalized interest)

The current ratio and quick ratio remained at a relatively low level and decreased by the end of mid-year compared to the beginning of the year, which was mainly attributable to the increase in short-term borrowings.

The ratio of liabilities and shareholders' equity increased compared to the beginning of the year which was mainly attributable to the acquisition of Tuas Power and increase in loans raised for construction.

The multiples of interest earned decreased from that of prior year mainly due to the loss for the first half of 2008 as a result of significant increase in fuel costs.

As at 30 June 2008, the Company and its subsidiaries have a negative working capital balance of approximately RMB34.6 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 that it will be able to meet its liabilities as and when they fall due and secure the funds required for operations. In addition, the Company continued to make use of its favorable credit rating and minimized interest expense by drawing short-term borrowings which bore relatively lower interest rate.

Liquidity and Cash Resources

1. Liquidity

	For the six months ended 30 June		
	2008	**2007**	**Change**
Item	*RMB billion*	*RMB billion*	*%*
Net cash provided by operating activities	1.525	4.354	-65%
Net cash used in investing activities	(31.540)	(6.850)	360%
Net cash provided by financing activities	27.346	2.595	954%
Net (decrease)/increase in cash and cash equivalents	(2.669)	0.099	-2,794%
Cash and cash equivalents as at the beginning of the period	7.312	3.207	128%
Exchange (loss)/gain	(0.093)	0.004	-2,511%
Cash and cash equivalents as at the end of the period	4.550	3.310	37%

The net cash provided by operating activities amounted to RMB1.525 billion for the first half of 2008 which was lower than that of the same period of prior year, which was mainly due to the significant increase of fuel costs.

Net cash used in investing activities mainly consisted of capital expenditure for acquisition of Tuas Power and construction projects.

The main financing activities of the Company were repayments of loans (including bonds) and drawdown of new borrowings for finance of new projects. During the first half of 2008, the Company repaid loans of RMB13.174 billion, drawdown new loans of RMB40.169 billion and issued new bonds of RMB3.933 billion.

2. Capital expenditure and cash resources

2.1 *Capital expenditures for construction and renovation projects*

The capital expenditures for construction and renovation projects for the first half of 2008 amounted to approximately RMB11.624 billion, including RMB448 million for Yuhuan project, RMB163 million for Luohuang expansion project, RMB88 million for Xindian expansion project, RMB29 million for Shanghai CCGT project, RMB91 million for Huaiyin expansion project, RMB537 million for Yueyang expansion project, RMB469 million for Yingkou expansion project, RMB304 million for Qinbei expansion project, RMB735 million for Shang'an phase III project, RMB702 million for Rizhao phase II project and RMB1.782 billion for Haimen project. The expenditures on construction in other power plants amounted to RMB4.182 billion while the expenditures on renovation amounted to RMB2.094 billion.

The Company financed most of the capital expenditures above through internal funding, debts financing and operating cash flows.

The Company will continue to incur significant capital expenditures in the next few years and will actively accelerate the development of planned projects based on the principles of commercial viability. The Company will actively engage in new project developments to lay the foundation for its long-term development. The Company expects to continuously finance the capital expenditures above through internal funding, debts financing and operating cash flows.

2.2 *Cash resources and anticipated financing costs*

The Company expects the cash resources for capital expenditure and acquisition to be primarily generated from internal funds, operating cash flows and future debts financing.

Good credit status provided the Company with strong financing capabilities. As at 30 June 2008, the Company and its subsidiaries had undrawn banking facilities of RMB12.4 billion.

Unsecured short-term bonds amounting to RMB5 billion that the Company and its subsidiaries issued in 2007 were due for repayment in August 2008. Effective interest rate on these bonds is 4.26% per annum.

On 13 May 2008, the 2007 annual general meeting of shareholders approved the Company to issue unsecured short-term bonds up to RMB10 billion in one or multi-tranche within 12 months in the PRC. The Company issued the first tranche of RMB5 billion of unsecured short-term bonds bearing coupon rates of 4.83% per annum on 25 July 2008. These bonds are denominated in RMB, issued at par and will be matured in 365 days. Interest expense on these bonds is calculated using the effective interest rate of 5.25% per annum.

As at 30 June 2008, the secured loan of the Company and its subsidiaries included the short-term loans drawn by SinoSing Power in the first half of the year, which were secured by equity interest in Tuas Power held by SinoSing Power. As at 30 June 2008, this secured loan amounted to RMB11.314 billion while the related equity interest pledged amounted to RMB21.539 billion.

As at 30 June 2008, total interest-bearing debts of the Company and its subsidiaries amounted to approximately RMB92.479 billion, including current portion of approximately RMB41.213 billion. Among these, borrowings denominated in US dollar of approximately US$1.694 billion, Singapore dollar of approximately S$2.412 billion, Euro of approximately Euro58 million and Japanese Yen of approximately JPY714 million. The current portion of the borrowings above was US$106 million, S$2,260 million, Euro7 million and JPY238 million respectively. Including in total interest-bearing debts excluding borrowings denominated in RMB were approximately RMB3.243 billion of fixed-rate borrowings with average rate of 5.28%, representing 13.26% of total interest-bearing debts excluding borrowings denominated in RMB, and approximately RMB21.208 billion floating-rate borrowings with average rate of benchmark rate+0.82%, representing 86.74% of total interest-bearing debts excluding borrowings denominated in RMB.

The long-term loans of the Company and its subsidiaries mainly comprised fixed-rate loans (with annual interest rates ranged from 2.00% to 7.74%). As at 30 June 2008, in accordance with original loan agreements, floating-rate loans of the Company and its subsidiaries included balances of US$1.324 billion (with interest rate ranged from libor+0.075% to libor+1.25%), Singapore dollar 152 million (with interest rate range from sibor+1.25% to DBS prime rate+0%), and JPY714 million (with interest rate of libor+0.30%).

2.3 ***Other financing requirements***

The objective of the Company is to bring long-term and stable growth in returns to the shareholders. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. On 13 May 2008, the Company declared a cash dividend of RMB0.30 per ordinary share, with total dividends amounting to approximately RMB3.606 billion as approved by the 2007 annual general meeting of the shareholders. For the first half of 2008, the Company has already paid dividend of approximately RMB3.570 billion.

2.4 ***Maturity of long-term loans***

Unit: RMB billion

Item	**Within 1 year**	**1 year- 2 year**	**2 year- 3 year**	**3 year- 4 year**	**4 year- 5 year**
Planned repayments of loan principal	7.3	10	6.4	3.5	7.6

3. Performance of Significant Investments and Their Prospects

On 22 April 2003, the Company paid RMB2.39 billion to acquire 25% equity interest in Shenzhen Energy Group. This investment brought the Company a profit of RMB78 million for the first half of 2008 under IFRS. In December 2007, the Company acquired 200 million shares from the subsidiary of Shenzhen Energy Group, Shenzhen Energy. In addition, Shenzhen Energy acquired most of the assets of Shenzhen Energy Group by issuing and placing new shares and Shenzhen Energy Group will be liquidated when appropriate. Upon its liquidation, the Company will hold a total of 25.01% direct equity interest in Shenzhen Energy. The Company expected this investment will provide reasonable investment returns to the Company in the future.

As at 31 December 2006, the Company directly held 60% equity interest in Sichuan Hydropower. In January 2007, Huaneng Group increased its capital investment in Sichuan Hydropower by RMB615 million which resulted the decrease of the Company's equity interest in Sichuan Hydropower to 49%. Huaneng Group became the controlling shareholder of Sichuan Hydropower. This investment brought a profit of RMB113 million to the Company for the first half year of 2008 under IFRS. The Company expected this investment will provide reasonable investment returns to the Company in the future.

4. Employee Benefit Policies

As at 30 June 2008, the Company and its subsidiaries had 22,893 employees. During this reporting period, there is no significant change as to remuneration policy and training programs of the Company and its subsidiaries from prior year.

5. Related Party Transactions

Based on operational requirements, the Company entered into various transactions with Huaneng Group, HIPDC and their group companies in the ordinary course of business, including operating leases on land use rights and property, and fuel purchases and transportation, etc.. These transactions were for daily operations at terms no difference from those with third parties and do not have any material impact on the business and operations of the Company. In addition, Huaneng Group, HIPDC and the minority shareholders of certain subsidiaries have committed or agreed through contracts in providing guarantees on loans to the Company and its subsidiaries.

Pursuant to relevant agreements, the Company rendered management services to power plants owned by Huaneng Group and HIPDC at fees covering the Company's costs and a reasonable profit. For the first half of 2008, such service fees amounted to RMB18.42 million which were less than 1% of the operating revenue of the Company for the first half of 2008.

Please refer to Note 18 to the unaudited condensed consolidated interim financial information prepared under "IAS 34-Interim financial report " for details of related party transactions.

6. Guarantees on Loans

As at 30 June 2008, the balance of the guarantees provided by the Company to SinoSing Power, a wholly-owned subsidiary of the Company, amounted to RMB4.095 billion while the balance of the guarantees provided by the Company to Rizhao Power Company, an associate of the Company, amounted to RMB69 million.

7. Exchange Differences

As at 30 June 2008, foreign interest-bearing debts of the Company and its subsidiaries amounted to approximately RMB12.295 billion, which accounted for 13.30% of total interest-bearing debts. Among which US dollar loans accounted for 94.49%, Euro debts accounted for 5.13% and JPY debts accounted for the remaining portion. The change of RMB exchange rates brought relatively large impact on the Company's profitability indicator due to these exchange gains or losses. However, there was no material impact on the cash flows of the Company. Tuas Power has used exchange forward contracts to hedge majority of its estimated foreign currency exposure in respect of committed future purchases and majority of its estimated foreign currency exposure in respect of highly probable forecast purchases. For the first half of 2008, the application of these hedging instruments reduced the equity of the Company and its subsidiaries by approximately RMB18 million and reduced the profit of the Company and its subsidiaries by approximately RMB13 million.

The Company will continue paying close attention to the development and trends of the international foreign currency market, forecasting the future development tendencies and exploring feasible financial derivative risk management solutions. Once appropriate, the Company will approve and implement the relevant solutions in accordance with its internal control procedures.

SHARE CAPITAL STRUCTURE

As at 30 June, 2008, the entire issued share capital of the Company amounted to 12,055,383,440 shares, of which 9,000,000,000 shares were domestic shares, representing 74.66% of the total issued share capital, and 3,055,383,440 shares were foreign shares, representing 25.34% of the total issued share capital of the Company. In respect of the foreign shares, China Huaneng Group ("Huaneng Group") through its wholly owned subsidiary, China Hua Neng Group Hong Kong Limited, held 12,000,000 shares, representing 0.1% of the total issued share capital of the Company. In respect of domestic shares, Huaneng International Power Development Corporation ("HIPDC") owns a total of 5,066,662,118 shares, representing 42.03% of the total issued share capital of the Company while Huaneng Group held 1,055,124,549 shares, repesenting 8.75% of the total issued share capital of the Company. Other domestic shareholders hold a total of 2,878,213,333 shares, representing 23.88% of the total issued share capital.

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 2008.

SHAREHOLDING STRUCTURE OF THE COMPANY

Name of Shareholders	Total Shareholdings	Percentage of shareholding in total issued shares (%)
Huaneng International Power Development Corporation	5,066,662,118	42.03
China Huaneng Group	1,055,124,549	8.75
China Huaneng Group (H shares)*	12,000,000	0.10
Hebei Provincial Construction Investment Company	603,000,000	5.00
Jiangsu Provincial Investment & Management Limited Liability Company	416,500,000	3.45
Fujian Investment Enterprise Holdings Limited	374,466,667	3.11
Horizon Asset Management, Inc.	352,301,520	2.92
Liaoning Energy Investment (Group) Limited Liability Company	332,913,333	2.76
Dalian Municipal Construction Investment Company	301,500,000	2.50
Nantong Investment & Management Limited Company	90,500,000	0.75
Kenetics Asset Management, Inc.	88,905,480	0.74

* *12,000,000 H Shares are held by China Huaneng Group through its wholly owned subsidiary, China Hua Neng Group Hong Kong Limited.*

As at 30 June, 2008, so far as the directors, chief executive officer and supervisors of the Company are aware, each of the following persons, not being a director, chief executive officer or supervisor of the Company, had an interest in the Company's shares which is required to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"):

Shares held/Approximate shareholding percentage

Name of shareholder	Class of shares	Number of shares held	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#	Domestic shares	5,066,662,118(L)	Beneficial owner	42.03%(L)	56.30%(L)	—
China Huaneng Group#	Domestic shares	1,055,124,549(L)	Beneficial owner	8.75%(L)	11.72%(L)	—
	H Shares	12,000,000(L)	Beneficial owner	0.10%(L)	—	0.39%(L)
Hebei Provincial Construction Investment Company	Domestic shares	603,000,000(L)	Beneficial owner	5.00%(L)	6.70%(L)	—

Note: The letter "L" denotes a long position. The letter "S" denotes a short position.

\# *As at 30 June 2008, China Huaneng Group holds 51.98% equity interests in HIPDC. 12,000,000 H Shares are held by China Huaneng Group through its wholly owned subsidiary, China Hua Neng Group Hong Kong Limited.*

Save as disclosed above and so far as the directors, chief executive officer and supervisors of the Company are aware, as at 30 June 2008, no other person had an interest or short position in the Company's shares or underlying shares (as the case may be) which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company.

PUBLIC FLOAT

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

DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES

The Company has adopted a code in relation to the securities transactions by the directors and supervisors 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 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 2008.

As at 30 June 2008, 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 meaning of Part XV of the SFO) which was required to be notified to the Company and the 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.

DIVIDENDS

It was resolved by the board of directors (the "Board") not to distribute interim dividends for 2008.

MAJOR EVENTS

1. (1) For work reasons, Mr Qu Xiaojun tendered his resignation as Vice President of the Company on 3 January 2008.

   (2) On 22 April 2008, the board of directors of the Company appointed Mr Liu Guoyue as President of the Company and appointed Mr Lin Weijie, Mr Ye Xiangdong and Mr Lin Gang as Vice Presidents of the Company and appointed Mr Zhao Ping as Chief Engineer of the Company. For work reasons, Mr Na Xizhi tendered his resignation as President of the Company.

   (3) On 13 May 2008, the Company approved the proposal on the election for the change of sessions of the board of directors and supervisory committee at the shareholders' meeting; members of the sixth session of the board of directors were: Li Xiaopeng, Huang Yongda, Huang Long, Wu Dawei, Liu Guoyue, Fan Xiaxia, Shan Qunying, Xu Zujian, Huang Mingyuan, Liu Shuyuan, Liu Jipeng, Yu Ning, Shao Shiwei, Zheng Jianchao, Wu Liansheng; members of the sixth session of the supervisory committee were: Guo Junming, Yu Ying, Wu Lihua, Gu Jianguo, Wang Zhaobin, Dai Xinmin.

(4) On 2 June 2008, Mr Li Xiaopeng tendered his resignation as Director and Chairman of the Company due to work arrangement. Upon election by the directors, Mr Huang Yongda acted as Chairman.

(5) On 27 August 2008, Mr Cao Peixi and Mr Huang Jian were elected as Directors of the Company at the shareholders' meeting. For work reasons, Mr Huang Yongda tendered his resignation as Director and Vice Chairman of the Company.

(6) On 27 August 2008, Mr Cao Peixi was elected as Chairman of the Company.

2. On 29 April 2008, the fifth board of directors of the Company examined and approved in writing the Proposal on the Transfer of 100% interest in SinoSing Power held by China Huaneng Group to the Company and agreed to acquire the 100% interest in SinoSing Power held by China Huaneng Group; on the same date, the Company and China Huaneng Group entered into an agreement between China Huaneng Group and Huaneng Power International, Inc. in relation to the Transfer of 100% Interest in SinoSing Power. Pursuant to such transfer agreement, upon completion of this transfer, the Company would own 100% equity interest in SinoSing Power and all its interests as at 24 March 2008. The consideration of this transfer comprised the following two parts: (1) share capital investment of approximately US$985 million in SinoSing Power by Huaneng Group (including cash of Huaneng Group of US$197 million and loans of US$788 million obtained by Huaneng Group); and (2) the expenses directly assumed by Huaneng Group as at the settlement date of this transfer in relation to the acquisition of 100% interest in Tuas Power held by Temasek Holdings (Private) Limited ("Temasek") through SinoSing Power (including loan interest).

   On 24 June 2008, the Proposal on the Transfer of 100% Interest in SinoSing Power held by China Huaneng Group to the Company was approved at the second extraordinary general meeting of 2008. On 27 June 2008 (the shareholding settlement date), the Company paid the relevant consideration to Huaneng Group.

   The completion of the acquisition further enlarged the operating scale of the Company and increased its generation capacity by 2,670MW on an equity basis, representing an increase of 7.9%.

CORPORATE GOVERNANCE

The Company has been consistently stressing the importance of corporate governance through promoting innovation on the Company's system management and strengthening the establishment of the Company's system. It strives to enhance the transparency of the Company's corporate governance standards and to maintain high-quality corporate governance on an ongoing basis. The Company insists on adopting the principle of "maximizing the benefits of the Company and of all shareholders" as the starting point and treats all shareholders fairly in order to ensure the generation of long-term, stable and growing returns for shareholders.

(A) CODE OF CORPORATE GOVERNANCE

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

(1) Reinforce and enhance 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. Accordingly, our fundamental principles are to adopt a corporate governance structure balancing and coordinating the decision-making power, supervisory power and operating power, to act with honesty and integrity, and to comply with the law and operate in accordance with the law.

Over the past years, the Company's Board formulated and implemented the Rules and Procedures for the Board of Directors Meetings; the Rules and Procedures for 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 Renumeration and Appraisal Committee of the Board of Directors; the System on the Work of Independent Directors and the Mechanism regarding the Work on Annual Report by Independent Directors. The Board has also discussed and approved a number of proposals on the amendments to the Articles of Association. The Company has complied with the provisions of the Code on Corporate Governance Practices in Appendix 14 to the Hong Kong Listing Rules in the first half of this year.

(2) Reinforce and enhance the management of the information disclosure system

The Company stresses on the importance of external information disclosure. The Company has established the Information Disclosure Committee which comprises managers of various departments and is headed by the Vice President and the Chief Accountant, and is responsible for examining the Company's regular reports. The Company has implemented the system of holding once a week information disclosure meetings which are chaired by the Vice President and the Chief Accountant who will report on the Company's important matters of the week, thereby warranting the Company's performance on the relevant information disclosure. The Company has successively formulated and implemented a series of rules including the Measures on Investor Relations Management, the Detailed Rules on the Work of the Information Disclosure Committee, the Interim Provisions on the Work Procedures of Capital Operation, the Rules and Procedures for the Shareholders' Meetings, the Management Rules on Information Disclosure and the Management Rules for holding securities in the Company by Directors, Supervisors and Senior Management Personnel of Huaneng Power International, Inc.. 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, which shall become the basis of external communication after being approved by the Company's management and the authorized representatives of the Information Disclosure Committee. Also, the Company engages relevant professional bodies to conduct professional training for the personnel of the Company responsible for information disclosure on an irregular basis in order to continuously enhance their level of professionalism. The implementation of the above rules and measures ensures that the Company completes various external disclosure work effectively, thereby increasing the transparency of the Company's operation and establishing a good corporate image in the capital market.

(3) Establishment and improvement of the internal control system

The Board of the Company is responsible for the effectiveness of the internal control system and the Audit Committee of the Board shall perform the corresponding duties of internal control management and assess the efficiency of the internal control system. The management of the Company shall be specifically responsible for the design, implementation and improvement of the internal control system. After evaluation, the Board of the Company considers that the internal control relevant to financial reporting of the Company is effective.

The Company attaches great importance to the development of the internal control system. The Company has launched a project since 2003 to improve its internal control in a comprehensive manner in order to achieve expected operating results and efficiency, to assure reliability in financial reporting and a compliant operating management and to effectively improve our capability in risk management. During the last five years, pursuant to the unified arrangement of the internal control strategic planning of the Company, the Company set objectives for internal control. The Company's strategic objective is to enhance its internal control in all aspects to constantly improve its development capability, competitive edges and resistance against risks. The Company set up an internal control organization system and established an internal control improvement work leading group which is personally led by the Chairman of the Company, and strengthened internal control at both the corporate and the power plant levels. The Company established its internal control procedures on the basis of the COSO control framework, which met with the regulatory requirements within and outside of the PRC and conformed to the actual situation of the Company. The Company designed and implemented the "Internal Control Manual", which is recognised by the Company as the "constitution" for the management of internal control. The Company vertically strengthened internal management of business lines and examined supervisory functions on the basis of rationalizing management departments horizontally according to the principles of separation of duties and check and balance, thereby further distinguishing the duties of various department responsible for internal audit, internal control compliance and legal affairs. This has created an internal control line of defence in terms of a rational division of labour among business management, compliance inspection and internal audits, thereby increasingly improving the fully covered and completely supervised internal control system.

In 2006 and 2007, the Company smoothly passed the internal control external audit under the US Sarbanes-Oxley Act. Starting from 2007, the Company has been implementing measures to normalize internal control work in different stages and steps, thereby establishing an internal control system that has long-term effectiveness. Currently, normalized internal control work of the Company progressed smoothly through further improving the design of internal control, strengthening the implementation of internal control and routine assessment and enhancing evaluation of internal control accountability.

(4) Regulate financial management system

In order to regulate financial management and safeguard the reliability of financial reporting, the Company has adopted the following measures in terms of financial management:

1. In order to safeguard the independence of the listed company, the Company adopts the segregation of personnel in the organizational structure and specifically establishes institutions responsible for the entrusted business (the business related to the assets entrusted by Huaneng Group for management) so that the Company may realize the complete separation of the listed company and the controlling shareholder in terms of personnel, assets and finance according to the laws and regulations of the State and the requirements of regulatory rules.

2. In order to strictly implement the accounting rules, accounting standards and accounting systems, to strengthen management over financial accounting and review, and to truly and fairly reflect the financial position, operating results and cash flows, the Company has compiled the Measures on Financial Accounting, the Measures on Construction Financial Accounting, the Guidelines on Accounting Fundamentals of Construction Financial Accounting, the Measures on Fixed Assets Management, Fixed Assets Register and the Measures on Cost Management. The Company's Board and the Audit Committee have examined the Company's financial reports on a quarterly 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.

3. With regard to fund management, the Company has successfully formulated a number of management measures including the Measures on Financial Management, the Interim Measures on the Management of the Income and Expenditure of Funds and the relevant examination measures, the Measures on Management of Fund Raising and the Measures on the Management of Bills of Exchange. Provisions relating to loans, guarantees and investments are also set out in the Company's Articles of Association. In the annual reports of the Company over the previous years, the Company has engaged registered accountants to conduct audit on the use of funds by the controlling shareholders and other related parties, and issued specific statements according to the requirements of the China Securities Regulatory Commission (the "CSRC") and the Shanghai Stock Exchange for confirmation that there had not been any violation of rules relating to the use of funds. Moreover, the Company also conducted checking and clearing with related parties on a quarterly basis in relation to the operational fund transfers in order to ensure the safety of funds. At the same time, the Company has reported the fund use position to the Beijing Securities Regulatory Bureau on a quarterly basis and urged itself to comply with the relevant requirements at any time.

The above systems and measures have formed a sound management framework for our production and operation. The timely formulation and strict implementation of the above systems ensure the on-going standardization of operations of the Company and gradual enhancement of corporate management quality.

(B) SECURITIES TRANSACTIONS BY DIRECTORS

As the Company is listed in three places, the Company has strictly complied with the relevant governing 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 in the strictest sense, that is, implementing the clause having the strictest provision among three places. We have adopted a set of standards not lower than that of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules as the model code for securities dealings by directors of the Company, that is, "The Administrative Rules on Securities Information and Transactions of Companies". We have formulated and implemented the Management Rules for holding securities in the Company by Directors, Supervisors and Senior Management Personnel of Huaneng Power International, Inc. to strictly require that the activities relating to the transfer of the Company's securities to be conducted in accordance with the Company Law and the relevant system, prohibiting informed personnel with insider information of securities transactions to engage in securities dealing activities, and we have formulated detailed regulations governing insider trading by the informed personnel with insider information. Following a specific enquiry on all the directors and senior management of the Company, all the directors, supervisors and senior management personnel did not hold any shares in the Company and there was no material contract in which the directors directly or indirectly had material interests.

(C) BOARD OF DIRECTORS

The Company's Board shall comprise 15 members. Mr Cao Peixi acted as the Chairman of the Board and Mr Huang Long the Vice Chairman. The Executive Directors of the Company are Mr Cao Peixi (Chairman), Mr Liu Guoyue (President) and Mr Fan Xiaxia (Vice President); other Non-executive Directors are Mr Huang Long, Mr Wu Dawei, Mr Huang Jian, Mr Shan Qunying, Mr Xu Zujian, Ms Huang Mingyuan and Mr Liu Shuyuan. The Company has five Independent Non-executive Directors, accounting for one-third of the members of the Company's Board, namely, Mr Liu Jipeng, Mr Yu Ning, Mr Shao Shiwei, Mr Zheng Jianchao and Mr Wu Liansheng.

The Board of the Company held ten meetings during the reporting period including regular meetings and ad hoc meetings (including those with voting by communication). The resolutions passed at such meeting included the Proposal on Resignation of Mr Qu Xiaojun as Vice President of the Company, Proposal on Convening the First Extraordinary General Meeting of the Company in 2008, Report on Rectification of Corporate Governance Specific Activities of Huaneng Power International, Inc., Proposal on Continuing Connected Transactions in 2008, Proposal on Acquisition of 100% Interest in Tuas Power of Singapore, Proposal on Signing an Letter of Intent between the Company and China Huaneng Group in relation to Acquisition of Equity Interest (in Tuas Power); Work Report of the Board of the Company for 2007; Report of the President of the Company for 2007, Financial Report of the Company for 2007, Proposal of Distribution of Dividends for 2007, Proposal on Reappointment of Auditors of the Company for 2008, the 2007 Annual Report and its summaries, Proposal on Convening the 2007 Annual General Meeting of the Company, Proposal on Adjusting the relevant items of the Balance Sheet of the Company for 2007, Proposal on Issuance of Short-term Bonds, the Mechanism regarding the Work on Annual Report by Independent Directors of Huaneng Power International, Inc., Proposal on Issuance of Bonds (First Tranche) by Huaneng Power International, Inc. in 2008, Proposal on Submitting the Proposal on Election for the Change of Session of the Board of Directors and of the Supervisory Committee for Examination at the 2007 Annual General Meeting, Proposal on First Quarterly Report of 2008, Proposal on Appointing Vice President and Chief Engineer of the Company, Proposal on Appointing President of the Company, Proposal on Election for Change of Session of the Board of Directors of the Company, Proposal on the Transfer of 100% interest in SinoSing Power Pte. Ltd. held by China Huaneng Group to the Company, Proposal on the Connected Transactions of Huaneng Power International, Inc., Proposal on Covering the 2008 Second Extraordinary General Meeting of the Company, Proposal on Confirming the Financial Experts of the Audit Committee, Proposal on Electing Chief Members and Members of the Strategy, Audit, Nomination, Remuneration and Appraisal Committees of the Sixth Session of the Board of Directors of the Company, Proposal on Electing the Chairman and Vice Chairman of the Sixth Session of the Board of Directors of the Company. Proposal regarding the Continuing Connected Transactions with Tuas Power for 2008, Proposal for election of additional director(s), Proposal for convening the 2008 third Extraordinary General Meeting, Report on Issues regarding Implementation on Prevention of Fund for Huaneng International, Improvement of Corporate Management Specific Work Report, Proposal relating to Election of Chairman for the sixth session of the Board of the Company, Proposal relating to Election of the Chief Member and members of the Strategy Committee of the Board of the Company, the 2008 Interim Report and Summary of the Company, Proposal for Adjusting the Internal Institution of the Company, Proposal regarding the shareholding allocation of Huaneng Huaiyin (No. 2) Power Plant Company Limited through auction sale in the Asset Rights Trading House, Proposal on Investment in Tembusu Joint Production Project in Jurong Island of Singapore, Proposal for Asset Impairment Written Off of Huaneng Shantao Coal-Fired Power Plant, etc..

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	Attendance rate (%)
Executive Directors				
Cao Peixi	1	1	0	100%
Liu Guoyue	5	5	0	100%
Fan Xiaxia	5	5	0	100%
Non-executive Directors				
Huang Long	10	10	0	100%
Wu Dawei	10	9	1	90% (Attendance by proxy rate: 10%)
Huang Jian	1	1	0	100%
Shan Qunying	10	10	0	100%
Xu Zujian	10	10	0	100%
Huang Mingyuan	5	5	0	100%
Liu Shuyuan	10	8	2	80% (Attendance by proxy rate: 20%)
Independent Non-executive Directors				
Liu Jipeng	10	9	1	90% (Attendance by proxy rate: 10%)
Yu Ning	10	8	2	80% (Attendance by proxy rate: 20%)
Shao Shiwei	5	5	0	100%
Zheng Jianchao	5	5	0	100%
Wu Liansheng	5	5	0	100%

Name	Number of meetings to be attended	Number of meetings attended in person	Number of meetings attended by proxy	Attendance rate (%)
Outgoing Directors				
Li Xiaopeng	6	3	3	50%
Huang Yongda	9	8	1	88.89% (Attendance by proxy rate: 11.11%)
Na Xizhi	5	5	0	100%
Ding Shida	5	3	2	60% (Attendance by proxy rate: 40%)
Qian Zhongwei	5	5	0	100%
Xia Donglin	5	4	1	80% (Attendance by proxy rate: 20%)
Wu Yusheng	5	5	0	100%

As stated in the 2007 Corporate Governance Report, the Company's Articles of Association set out in details 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 report on the Company's operating results and makes decision timely. Material decisions on operations 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 meeting, half-yearly meeting, first quarterly meeting and third quarterly meeting.

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

Moreover, independent directors of the Company have submitted the 2008 annual confirmation letters in relation to their independence according to the Listing Rules.

Apart from regular and ad hoc meetings, the Board obtained information through meetings of the Chairman's 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 the terms and conditions of material agreements.

Meetings of the Chairman's Office are held irregularly which are attended by the Chairman, the Vice Chairmen, the President, the Secretary to the Board, relevant senior management and personnel of relevant departments, and they hear reports on the operating conditions of the Company and make decisions. The content of the meetings covers: (1) to examine and approve the establishment or cancellation of proposals to develop 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; (5) to study issues regarding power sales and marketing; (6) to examine and approve other major issues.

The management of the Company shall be in charge of the production and operational management of the Company according to the Articles of Association; implementing annual operation plans and investment proposals; and formulating the Company's management system, etc..

The Chairman of the Company shall, on behalf of the Board, sign the management authorization letter with the President of the Company, and confirm the respective authorities and duties of the Board and senior management. The Company's senior management reports on the actual implementation of various authorizations each year.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of the Company shall have a Chairman and a President who shall perform their duties respectively according to the Articles of Association. Mr Cao Peixi acted as Chairman of the Board and Mr Liu Guoyue acted as President.

The division of duties of the Board and the senior management remained the same as mentioned in the 2007 Corporate Governance Report.

(E) NON-EXECUTIVE DIRECTORS

According to the provisions of the Articles of Association, the term of office of each member of the Board of the Company shall not exceed three years (including three years) and each member is eligible for re-election. However, the term of office of Independent Non-executive Directors shall not exceed six years (including six years) according to the relevant provisions of the CSRC.

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

Name of Non-executive Director	Term of office
Huang Long	13 May 2008 - May 2011
Wu Dawei	13 May 2008 - May 2011
Huang Jian	27 August 2008 - May 2011
Shan Qunying	13 May 2008 - May 2011
Xu Zujian	13 May 2008 - May 2011
Huang Mingyuan	13 May 2008 - May 2011
Liu Shuyuan	13 May 2008 - May 2011
Huang Yongda (outgoing)	13 May 2008 - 27 August 2008
Ding Shida (outgoing)	17 November 2005 - 13 May 2008

(F) DIRECTORS' REMUNERATION

According to the provisions of the relevant laws of the State and the Articles of Association, the Board of the Company has established the Remuneration and Appraisal Committee. Accountable to the Board, the Committee is mainly responsible for studying the appraisal standards of the directors and senior management personnel of the Company; conducting appraisals and making proposals; and studying and examining the remuneration policies and proposals of the directors and senior management personnel of the Company. As the Executive Directors of the Company are senior management of the Company, their performance appraisals have been reflected in the assessment and appraisal conducted by the Board on the management team. During the reporting period, Messrs. Na Xizhi, Liu Guoyere and Fan Xiaxia obtained remuneration of the Company in the capacity of executive directors and their respective remuneration was set out in the annual aggregate wages calculated according to the internal wage system of the Company. The aggregate wages were submitted to the Board after having been examined by the Remuneration and Appraisal Committee. The executive directors have complied with the requirements of the Stock Exchange and entered into directors' service agreements by adopting the Stock Exchange's standard contract.

Members of the Remuneration and Appraisal Committee of the Fifth Session of the Board comprised seven directors, namely Mr. Liu Jipeng, Mr. Na Xizhi, Mr. Xu Zujian, Mr. Liu Shuyuan, Mr. Qian Zhongwei, Mr. Xia Donglin and Mr. Wu Yusheng; of whom Mr. Liu Jipeng, Mr. Qian Zhongwei, Mr. Xia Donglin and Mr. Wu Yusheng were Independent Non-executive Directors. Mr. Liu Jipeng acted as the Chief Member of the Remuneration and Appraisal Committee. Members of the Remuneration and Appraisal Committee of the sixth session of the Board comprised seven directors, namely Mr. Liu Jipeng, Mr. Liu Guoyue, Mr. Xu Zujian, Mr. Liu Shuyuan, Mr. Shao Shiwei, Mr. Zheng Jianchao, Mr. Wu Liansheng. Mr. Liu Jipeng acted as the Chief Member of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee operated properly in accordance with the Detailed Rules on the Work of the Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee of the Fifth Session of the Board held a meeting on 24 March 2008, at which the report regarding the aggregate wages for the year had been discussed.

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

Name of meeting	**Date of meeting**	**Members who attended the meeting in person**	**Members who attended the meeting by proxy**
The first meeting of the Fifth Session of the Remuneration and Appraisal Committee in 2008	2008.3.24	Liu Jipeng, Na Xizhi, Xu Zujian, Liu Shuyuan, Qian Zhongwei and Xia Donglin	Wu Yusheng

(G) NOMINATION OF DIRECTORS

According to the provisions of the relevant laws of the State and the Articles of Association, the Board of the Company has established 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 requirements of the Company Law and Securities Law and in relation to directors' qualifications 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 broad basis; and examining the candidates for directors and suitable persons for senior management personnel and making proposals thereon. At present, nomination of directors of the Company is mainly made by the major shareholders of the Company and the names are submitted to the Board after the Nomination Committee has examined their qualifications; and candidates for the Vice President and senior management of the Company are nominated by the President and the names are submitted to the Board (including the qualification of the President) after the Nomination Committee has examined their qualifications.

Members of the Nomination Committee of the Fifth Session of the Board were Mr. Qian Zhongwei, Mr. Huang Long, Mr. Shan Qunying, Mr. Ding Shida, Mr. Xia Donglin, Mr. Liu Jipeng and Mr. Yu Ning; of whom Mr. Qian Zhongwei, Mr. Xia Donglin, Mr. Liu Jipeng and Mr. Yu Ning were Independent Non-executive Directors. Mr. Qian Zhongwei acted as the Chief Member of the Nomination Committee. Members of the Nomination Committee of the sixth session of the Board were Mr. Shao Shiwei, Mr. Fan Xiaxia, Mr. Shan Qunying, Ms. Huang Mingyuan, Mr. Liu Jipeng, Mr. Yu Ning and Mr. Wu Liansheng; of whom Mr. Shao Shiwei, Mr. Liu Jipeng, Mr. Yu Ning and Mr. Wu Liansheng were Independent Non-executive Directors. Mr. Shao Shiwei acted as the Chief Member.

The operation of the Nomination Committee followed the Detailed Rules on the Work of the Nomination Committee. On 21 April 2008, the Nomination Committee of the fifth session of the Board of Directors held a meeting to consider the submission regarding details of the candidates for the Company's senior management and election for change of session of the board of directors, and compiled the Report on Review of Qualifications of Candidate(s) for the President and the Report on Review of Qualifications of Candidate(s) for the Vice President and Chief Engineer. On 10 July 2008, the Nomination Committee of the sixth session of the Board of Directors reviewed the details of candidates for directors Mr. Cao Peixi and Mr. Huang Jian in writing and compiled the Report on Review of Qualifications of Candidates for Directors. In the second half of the year, the Nomination Committee will carry out its work in a timely manner pursuant to the above rules on work according to the actual situation.

During the reporting period, the attendance of meetings of the Nomination 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
The first meeting of the Fifth Session of the Nomination Committee in 2008	2008.4.21	Qian Zhongwei, Huang Long, Shan Qunying, Ding Shida, Xia Donglin	Liu Jipeng, Yu Ning
Meeting by communication of the Sixth Session of the Nomination Committee in 2008	2008.7.10	Shao Shiwei, Fan Xiaxia, Shan Qunying, Huang Mingyuan, Liu Jipeng, Yu Ning, Wu Liansheng	

(H) APPOINTMENT OF AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company were re-appointed as the international auditors and PRC auditors of the Company respectively for 2008.

(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 of the Company has established the Audit Committee mainly responsible for:

(1) proposing to appoint or change external auditing organizations;

(2) examining and supervising the Company's internal audit system and its implementation;

(3) communicating between internal auditing and external auditing;

(4) reviewing the Company's financial information and related disclosure;

(5) any other matters required by the Company's Board.

Such responsibilities are the same as those set out in the 2007 Corporate Governance Report.

Members of the Audit Committee of the Fifth Session of the Board comprised five directors, namely, Mr. Xia Donglin, Mr. Qian Zhongwei, Mr. Liu Jipeng, Mr. Wu Yusheng and Mr. Yu Ning; all the above members were Independent Non-executive Directors; Mr. Xia Donglin acted as Chief Member of the Audit Committee. Members of the Audit Committee of the sixth session of the Board comprised five directors, namely, Mr. Wu Liansheng, Mr. Liu Jipeng, Mr. Yu Ning, Mr. Shao Shiwei and Mr. Zheng Jianchao; all the above members were Independent Non-executive Directors; Mr. Wu Liansheng acted as Chief Member of the Audit Committee.

In the reporting period, the Company's Audit Committee held five meetings. Pursuant to the duties of the Audit Committee, the members of the Audit Committee interviewed and discussed with the Company's legal counsels, external auditors, management and the relevant departments in respect of the applicable laws and regulations in the jurisdictions where the Company's shares are listed regarding the status of anti-fraud, changes in the person-in-charge who supervised the Audit Department of the Company, staff appointments, the implementation of the internal control system as well as the audit conducted by the external auditors. The members raised their opinions and provided a number of suggestions in relation thereto. The following were approved at the meetings: the 2007 work report and the 2008 work proposal including the budget for auditing funds of the Audit Department of the Company, the 2007 financial report; the 2008 financial budget; the 2007 profit distribution plan; the proposal regarding the appointment of external auditors; and the First Quarterly Report of 2008. The Audit Committee submitted to the Board a report summarizing its work in the past year and the reports on the matters examined.

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

Name of meeting	Date of meeting	Members who attended the meeting in person	Members who attended the meeting by proxy
The first meeting of the Audit Committee for the fifth session of the Board of Directors in 2008	2008.2.24	Xia Donglin, Qian Zhongwei, Liu Jipeng, Wu Yusheng, Yu Ning	
The second meeting of the Audit Committee for the fifth session of the Board of Directors in 2008	2008.3.24	Xia Donglin, Qian Zhongwei, Liu Jipeng, Yu Ning	Wu Yusheng
Meeting by communication of the Audit Committee for the fifth session of the Board of Directors in 2008	2008.3.31	Xia Donglin, Qian Zhongwei, Liu Jipeng, Wu Yusheng, Yu Ning	
The third meeting of the Audit Committee for the fifth session of the Board of Directors in 2008	2008.4.21	Xia Donglin, Qian Zhongwei, Wu Yusheng	Liu Jipeng, Yu Ning
The first meeting of the Audit Committee for the fifth session of the Board of Directors in 2008	2008.8.26	Wu Liansheng, Yu Ning, Shao Shiwei, Zheng Jianchao	Liu Jipeng

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

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

(K) SHARES HELD BY SENIOR MANAGEMENT

As at 30 June 2008, none of the senior management of the Company holds shares in 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 with the following key responsibilities:

(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) attending those matters at the request of the Board.

Members of the Strategy Committee of the Fifth Session of the Board comprised six directors, namely Mr. Li Xiaopeng, Mr. Huang Yongda, Mr. Huang Long, Mr. Na Xizhi, Mr. Wu Dawei and Mr. Wu Yusheng. Mr. Li Xiaopeng acted as the Chief Member of the Strategy Committee. Members of the sixth session of the Strategy Committee comprised seven directors, namely, Mr. Huang Yongda, Mr. Huang Long, Mr. Wu Dawei, Mr. Liu Guoyue, Mr. Fan Xiaxia, Mr. Shao Shiwei and Mr. Zheng Jianchao. Mr. Huang Yongda acted as Chief Member of the Strategy Committee. On 27 August 2008, the Strategy Committee conducted adjustment in respect of which Mr. Huang Long acted as Chief Member and Mr. Huang Jian was included as a new member. Mr. Huang Yongda no longer acted as Chief Member.

On 28 May 2008, the Strategy Committee considered and passed the Report on the Risks Classification and Prevention Measures of the Company for 2008, which was reviewed and passed by the Audit Committee of the Company on 26 August 2008.

REVIEW BY AUDIT COMMITTEE

The interim results of 2008 have been reviewed by the Audit Committee of the Company.

LEGAL PROCEEDINGS

As at 30 June 2008, the Company was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company as far as the Company is aware of.

DOCUMENTS FOR INSPECTION

Besides this announcement, the interim report for 2008 of the Company containing all the information required by the Listing Rules will be published on the Hong Kong Stock Exchange's website in due course. 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 2008 will be available at the following addresses and websites:

PRC	Huaneng Power International, Inc. West Wing, Building C Tianyin Mansion 2C Fuxingmennan Street Xicheng District Beijing The People's Republic of China
	Telephone Number: (8610) 6649 1999 Fax Number: (8610) 6649 1860 Postal code: 100031

Hong Kong	Rikes Hill & Knowlton Limited Room 1312, Wing On Centre 111 Connaught Road Central Hong Kong
	Telephone No: (852) 2520 2201 Fax No: (852) 2520 2241
Websites of the Company	http://www.hpi.com.cn; http://www.hpi-ir.com.hk

By Order of the Board
Cao Peixi
Chairman

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

Cao Peixi
(Executive Director)
Huang Long
(Non-executive Director)
Wu Dawei
(Non-executive Director)
Huang Jian
(Non-executive Director)
Liu Guoyue
(Executive Director)
Fan Xiaxia
(Executive Director)
Shan Qunying
(Non-executive Director)
Xu Zujian
(Non-executive Director)
Huang Mingyuan
(Non-executive Director)
Liu Shuyuan
(Non-executive Director)

Liu Jipeng
(Independent Non-executive Director)
Yu Ning
(Independent Non-executive Director)
Shao Shiwei
(Independent Non-executive Director)
Zheng Jianchao
(Independent Non-executive Director)
Wu Liansheng
(Independent Non-executive Director)

Beijing, the PRC
28 August 2008

A. CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2008

(Prepared in accordance with International Financial Reporting Standards)

(Amounts expressed in thousands of RMB)

	Note	**As at 30 June 2008**	**As at 31 December 2007**
ASSETS			
Non-current assets			
Property, plant and equipment, net		104,483,782	90,125,919
Investments in associates		8,899,301	8,731,490
Available-for-sale investments		2,689,649	3,462,158
Land use rights		2,848,355	2,269,208
Power generation licence	15	4,067,060	—
Deferred income tax assets		281,540	211,654
Goodwill		11,845,457	555,266
Other non-current assets		516,550	389,375
Total non-current assets		135,631,694	105,745,070
Current assets			
Inventories, net		4,479,966	2,319,290
Other receivables and assets, net		1,217,893	822,131
Accounts receivable, net	4	8,104,567	7,876,318
Prepayments to other related parties		83,892	560
Derivative financial assets		421,178	—
Restricted cash		203,024	220,495
Cash and cash equivalents		4,550,394	7,312,265
Total current assets		19,060,914	18,551,059
Total assets		154,692,608	124,296,129

	Note	As at 30 June 2008	As at 31 December 2007
EQUITY AND LIABILITIES			
Capital and reserves attributable to the equity holders of the Company			
A shares, par value of RMB1.00 each		9,000,000	9,000,000
Overseas listed foreign shares, par value of RMB1.00 each		3,055,383	3,055,383
Additional paid-in capital		8,988,973	8,988,973
Dedicated capital		6,096,100	6,096,100
Available-for-sale investment revaluation reserve		1,050,551	1,674,449
Hedging reserve		326,218	—
Currency translation differences		(159,606)	—
Retained earnings			
Proposed dividend	5	—	3,616,615
Others		13,963,533	14,497,060
		42,321,152	46,928,580
Minority interests		4,810,432	5,151,062
Total equity		47,131,584	52,079,642
Non-current liabilities			
Long-term loans from Huaneng Group		2,800,000	2,800,000
Long-term bank loans		38,536,687	30,548,338
Other long-term loans		103,287	90,309
Long-term bonds	6	9,825,881	5,885,615
Deferred income tax liabilities		2,164,775	1,092,545
Other non-current liabilities		464,044	423,119
Total non-current liabilities		53,894,674	40,839,926

	Note	As at 30 June 2008	As at 31 December 2007
Current liabilities			
Accounts payable and other liabilities	7	11,359,157	8,849,363
Taxes payables		482,583	955,334
Dividends payable		94,237	12,150
Due to Huaneng Group		60,212	190
Due to HIPDC		78,668	80,140
Due to associates		6,109	8,254
Due to other related parties		111,613	303,122
Salary and welfare payables		212,447	213,403
Derivative financial liabilities		48,038	—
Short-term bonds	8	5,171,675	5,064,690
Short-term loans		28,767,358	11,670,400
Current portion of long-term bank loans		7,239,306	4,183,391
Current portion of other long-term loans		34,947	36,124
Total current liabilities		53,666,350	31,376,561
Total equity and liabilities		154,692,608	124,296,129

B. CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

(Prepared in accordance with International Financial Reporting Standards)

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

	Note	For the six months ended 30 June 2008	2007
Operating revenue	3,10	30,737,116	23,144,059
Sales tax		(58,678)	(69,895)
Operating expenses			
Fuel		(21,418,454)	(12,748,974)
Maintenance		(865,114)	(713,282)
Depreciation		(3,744,362)	(3,567,940)
Labor		(1,500,666)	(1,400,480)
Service fees on transmission and transformer facilities of HIPDC		—	(70,386)
Purchase of electricity		(1,077,509)	—
Others		(1,593,852)	(1,088,552)
Total operating expenses		(30,199,957)	(19,589,614)
Profit from operations		478,481	3,484,550
Interest income		38,481	23,332
Interest expense		(1,633,865)	(972,271)
Exchange gain and bank charges, net		356,671	97,974
Total financial expenses, net		(1,238,713)	(850,965)
Share of profits of associates		168,214	303,343
(Loss) / Gain from fair value change		(103,980)	86,832
Investment income		—	585,671
Other income, net		2,069	8,779

	Note	For the six months ended 30 June 2008	2007
(Loss) / Profit before income tax expense	11	(693,929)	3,618,210
Income tax expense	12	(129,038)	(560,692)
(Loss) / Profit for the period		(822,967)	3,057,518
Attributable to:			
- Equity holders of the Company		(543,808)	2,875,381
- Minority interests		(279,159)	182,137
		(822,967)	3,057,518
(Loss) / Earnings per share for (loss) / profit attributable to the equity holders of the Company, expressed in RMB per share			
- basic and diluted	13	(0.05)	0.24

C. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Prepared in accordance with International Financial Reporting Standards)

(Amounts expressed in thousands of RMB unless otherwise stated)

1. Basis of Preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board.

During 2008, a significant portion of the Company and its subsidiaries' funding requirements for capital expenditures were partially satisfied by short-term borrowings. Consequently, as at 30 June 2008, the Company and its subsidiaries have a negative working capital balance of approximately RMB34.61 billion. Taking into consideration of the expected operating cash flow of the Company and its subsidiaries and the undrawn available banking facilities, the Company and its subsidiaries will refinance and / or restructure certain short-term loans into long-term loans and also consider alternative sources of financing, where applicable. Therefore, the directors of the Company and its subsidiaries 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 have prepared this unaudited condensed consolidated interim financial information on a going concern basis.

2. Principal Accounting Policies

The principal accounting policies adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2007 described in those annual financial statements.

In addition, certain principal accounting policies were adopted, as shown below, upon the acquisition of 100% shareholding in SinoSing Power and its subsidiaries during the current period.

(a) ***Foreign currency translation***

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into functional currency using the spot exchange rate on the transaction dates. At balance sheet date, the foreign currency monetary items are translated at the spot exchange rate into functional currency on balance sheet date. The exchange differences arising from such translations are recorded in the income statement after excluding those attributable to foreign currency specific borrowings for the acquisition or construction of qualifying assets eligible for capitalization and qualifying cash flow hedges which deferred in equity.

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: asset and liability items in each balance sheet presented are translated at the spot exchange rate at the date of that balance sheet; equity items excluding retained earnings are translated at the spot exchange rates on the dates of the transactions; income and expense items in each income statement are translated at average exchange rates approximating the rate on transaction dates. All resulting exchange differences resulted are recognized as a separate component of equity. The cash flows denominated in foreign currencies and cash flows of foreign subsidiaries are translated at average exchange rates approximating the rates at the dates when cash flows incurred. The impact of the foreign currency translation on the cash and cash equivalents is presented in the cash flow statement separately.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

(b) ***Finance lease (Lessor)***

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The Company and its subsidiaries recognize the aggregate of the minimum lease receipts and the initial direct costs on the lease inception date as the receivable. The difference between the aggregate of the minimum lease receipts and the initial direct costs and sum of their respective present values shall be recognized as unrealized finance income. The Company and its subsidiaries adopted the effective interest method to allocate such unrealized finance income over the lease term. On balance sheet date, the Company and its subsidiaries presented the net amount of finance lease receivable after deducting any unrealized finance income in non-current assets and current assets respectively.

(c) ***Derivative financial instruments and hedging activities***

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Gain or loss arising from subsequent change in the fair value of derivative financial instruments shall be recognized in income statement except for those effective portion of gain or loss on the derivative financial instruments designated for cash flow hedges which shall be recognized directly in equity. Cash flow hedge represented a hedge against the exposure to variability in cash flows, which such cash flow is originated from a particular risk associated with a highly probable forecast transaction and could affect income statement.

The hedged items of cash flow hedge are the designated items with respect to the risks associated with future cash flow change of the Company and its subsidiaries. Hedging instruments are designated derivative for cash flow hedge whose cash flows are expected to offset changes in the cash flows of a hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months.

The Company and its subsidiaries document their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The Company and its subsidiaries apply ratio analysis method to evaluate the ongoing effectiveness of the cash flow hedge.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity as a separate component. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within '(loss) / gain from fair value change'.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. In case the Company and its subsidiaries expect all or a portion of net loss previously recognized directly in equity will not be recovered in future financial periods, the irrecoverable portion will be reclassified into income statement.

When a hedging instrument expires or is sold, terminated or exercised or when a hedge no longer meets the criteria for hedge accounting, the Company and its subsidiaries will discontinue hedge accounting. Any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within '(loss) / gain from fair value change'.

(d) ***Power Generation Licence***

The Company acquired the power generation licence as part of the business combination with Tuas Power Ltd. ("Tuas Power"). The power generation licence is of indefinite useful life. It is not amortized and is tested annually for impairment and carried at cost less accumulated impairment loss. Useful life of the power generation licence is reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment.

(e) ***Segment Reporting***

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of segments operating in other economic environments.

3. Segment information

(a) ***Primary reporting format — geographical segments***

The Company and its subsidiaries elected the geographical segments as primary reporting format. During the period, the Company and its subisidaries have business operations in the People's Republic of China (the "PRC") and the Republic of Singapore ("Singapore").

The segment results for the six months ended 30 June 2008 are as follows:

Geographical segments	PRC	Singapore	Total
Segment revenue	27,012,406	3,724,710	30,737,116
Segment results	128,631	368,399	497,030
Unallocated expenses			(18,549)
Operating profit			478,481
Interest income			38,481
Interest expense			(1,633,865)
Exchange gain and bank charges, net			356,671
Share of profits of associates	168,214	—	168,214
Loss from fair value change			(103,980)
Other income, net			2,069
Loss before income tax expense			(693,929)
Income tax expense			(129,038)
Loss for the period			(822,967)

The Company and its subsidiaries were principally operated in the PRC prior to 2008, no comparative disclosure for geographical segment is presented above.

(b) ***Secondary reporting format — business segments***

The Company and its subsidiaries are principally engaged in power business. No business segments are presented.

4. Accounts Receivable, Net

Accounts receivable, net comprised:

	As at 30 June 2008	As at 31 December 2007
Accounts receivable	6,977,180	6,251,958
Notes receivable	1,177,960	1,674,933
	8,155,140	7,926,891
Less: provision for doubtful accounts	(50,573)	(50,573)
	8,104,567	7,876,318

The Company and its subsidiaries usually grant about one month's credit period to local power grid customers from the end of the month in which the sales are made, except for SinoSing Power which credit period ranged from 5 to 60 days from the date of billing.

The aging analysis of accounts receivable was as follows:

	As at 30 June 2008	As at 31 December 2007
Within 1 year	7,970,232	7,737,783
Between 1 to 2 years	13	3,959
Between 2 to 3 years	975	100
Over 3 years*	183,920	185,049
	8,155,140	7,926,891

* This amount comprised a receivable of RMB140 million of which Huaneng International Power Development Corporation ("HIPDC") had provided guarantee on the Company's share of such receivable balance when the Company acquired a subsidiary from HIPDC. The Company received the guarantee payment from HIPDC as at 31 December 2006.

As at 30 June 2008, the maturity period of the notes receivable ranged from 3 months to 18 months (31 December 2007: 15 days to 28 months).

5. Dividends

On 13 May 2008, after approval from the annual general meeting of the shareholders, the Company declared 2007 final dividend of RMB0.30 (2006 final: RMB0.28) per ordinary share, totaling approximately RMB3,606 million (2006 final: RMB3,376 million). For the six months ended 30 June 2008, the Company has already paid dividend of approximately RMB3,570 million (for the six months ended 30 June 2007: approximately RMB3,281 million).

6. Long-term bonds

The Company and its subsidiaries issued RMB1 billion, RMB1.7 billion and RMB3.3 billion of unsecured long-term bonds bearing coupon rates of 5.67%, 5.75% and 5.90% per annum respectively in December 2007. These bonds are denominated in RMB, issued at par and will mature in 5 years, 7 years and 10 years from their respective issue dates respectively. Interest expense on these bonds is calculated using the effective interest rates of 6.13%, 6.10% and 6.17% per annum.

In addition, the Company and its subsidiaries also issued RMB4 billion of unsecured long-term bonds bearing coupon rate of 5.20% per annum in May 2008. These bonds are denominated in RMB, issued at par and will mature in 10 years from the issue date. Interest expense on these bonds is calculated using the effective interest rate of 5.42% per annum.

7. Accounts Payable and Other Liabilities

Accounts payable and other liabilities comprised:

	As at 30 June 2008	**As at 31 December 2007**
Accounts and notes payable	3,778,836	2,072,876
Other payables and accrued liabilities	7,580,321	6,776,487
	11,359,157	8,849,363

The aging analysis of accounts and notes payable (including amounts due to other related parties of trading in nature) was as follows:

	As at 30 June 2008	As at 31 December 2007
Accounts and notes payable		
within 1 year	3,755,812	1,999,247
between 1 to 2 years	20,992	71,515
over 2 years	2,032	2,114
Subtotal	3,778,836	2,072,876
Amounts due to other related parties of trading in nature		
within 1 year	74,416	276,787
over 3 years	108	108
Subtotal	74,524	276,895
Total	3,853,360	2,349,771

8. Short-term Bonds

The Company and its subsidiaries issued RMB5 billion of unsecured short-term bonds at coupon rate of 3.84% per annum on 9 August 2007. These bonds are denominated in RMB, issued at par and will mature in 364 days from their issue date. Effective interest rate on these bonds is 4.26% per annum. Such bonds were subsequently repaid in August 2008.

9. Additional Financial Information on Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2008, the net current liabilities of the Company and its subsidiaries amounted to approximately RMB34.605 billion (31 December 2007: approximately RMB12.826 billion). On the same date, the total assets less current liabilities of the Company and its subsidiaries were approximately RMB101.026 billion (31 December 2007: approximately RMB92.92 billion).

10. Operating Revenue

Operating revenue refers to amounts earned from electricity sales (net of related taxes). The Company and its subsidiaries recognize revenue when electricity is sold to customers. The Company and its subsidiaries recognize revenue at the fair value of the amount received or receivable based on the terms set out in the contracts or agreements.

11. (Loss) / Profit Before Income Tax Expense

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

	For the six months ended 30 June	
	2008	**2007**
Interest expense on		
- loans	1,765,419	1,148,656
- short-term bonds	106,984	79,261
- long-term bonds	211,731	—
Total interest expense on borrowings	2,084,134	1,227,917
Less: amounts capitalized in property, plant and equipment	(450,269)	(255,646)
Interest expense charged in income statement	1,633,865	972,271
Depreciation on property, plant and equipment	3,756,274	3,569,140
(Gain) / Loss on disposals of property, plant and equipment, net	(23)	13,101
Amortization on land use rights	33,600	23,386
Amortization on other non-current assets	38,054	27,121
Fair value change of derivative financial instrument	103,980	(86,832)
(Reversal of) / Provision for doubtful debts	(1,714)	1,309
Bad debts recovery	(2,176)	(1,512)

12. Income Tax Expense

No Hong Kong profits tax was provided for the six months ended 30 June 2008 (for the six months ended 30 June 2007: nil) as the Company and its subsidiaries had no estimated assessable profit arising in or deriving from Hong Kong.

Income tax expense of the Company and its subsidiaries located in the PRC has been provided on the estimated assessable profit for the period at their prevailing rates of taxation. Certain of the power plants, being located in specially designated regions or cities within the PRC, are subject to preferential income tax rates. In addition, certain power plants are exempted from the PRC income tax for two years starting from the first profit-making year (after covering any accumulated deficits) followed by a 50% exemption of the applicable tax rate for the next three years.

In March 2007, the PRC government promulgated the Corporate Income Tax Law (the "CIT Law") which became effective from 1 January 2008. The CIT Law imposes a single income tax rate of 25% for both domestic and foreign invested enterprises and has provided a 5-year transitional period for those entities that applied Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises in previous years. Currently, except for those power plants that were previously subjected to a 33% income tax rate is adjusted to 25%, those power plants that entitled preferential tax treatments previously applied the 5-year transitional period arrangement in deriving the current income tax expense.

The subsidiaries in Singapore were subject to the income tax rate of 18% for this period.

For the six months ended 30 June 2008, the weighted average effective tax rate applicable to the Company and its subsidiaries is approximately -18.60% (for the six months ended 30 June 2007: 15.50%). The negative weighted average effective tax rate for this period was primarily attributable to tax losses carried forward by certain power plants, in respect of which the Company and its subsidiaries recognized deferred income tax assets on those deductible loss only to the extent which such loss is considered highly likely to be deductible in the future taxable income.

13. (Loss)/Earnings Per Share

Basic (loss)/earnings per share is calculated based on the loss attributable to the equity holders of the Company of approximately RMB544 million (for the six months ended 30 June 2007: profit of approximately RMB2,875 million) and the weighted average number of approximately 12,055 million (for the six months ended 30 June 2007: approximately 12,055 million) outstanding ordinary shares during the period.

There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the six months ended 30 June 2008 and 2007.

14. Related Party Transactions

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

Name of related parties	Nature of relationship
China Huaneng Group ("Huaneng Group")	Ultimate parent company
HIPDC	Parent company
Xi'an Thermal Power Research Institute Co., Ltd. ("Xi'an Thermal") and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Energy & Communications Holdings Co., Ltd. ("HEC") and its subsidiaries	Subsidiaries of Huaneng Group
Zhalainuoer Coal Mining Company Ltd. ("Zhalainuoer Coal")	A subsidiary of Huaneng Group
Shandong Rizhao Power Company Ltd. ("Rizhao Power Company")	An associate of the Company
China Huaneng Finance Co., Ltd. ("Huaneng Finance")	An associate of the Company
Chongqing Huaneng Shifen Company Limited ("Shifen Company")	An associate of a subsidiary
State-owned enterprises*	Related parties of the Company

* Huaneng Group is a state-owned enterprise. In accordance with the revised IAS 24, "Related Party Disclosures", state-owned enterprises and their subsidiaries, other than entities under Huaneng Group, directly or indirectly controlled by the PRC government are also considered as related parties of the Company and its subsidiaries.

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

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

(a) ***Related Party Transactions***

	For the six months ended 30 June	
	2008	**2007**
Huaneng Group		
Management service fee income for management services rendered to certain power plants	16,620	23,112
Less: related expenses	(14,753)	(15,150)
Management service fee income, net	1,867	7,962
Interest expense on long-term loans	(68,853)	(68,814)
Acquisition of 5% additional equity interest in Henan Huaneng Qinbei Power Limited Company	—	(65,750)
Acquisition of 100% equity interest in SinoSing Power*	(7,080,055)	—
HIPDC		
Management service fee income for management services rendered to certain power plants	1,800	2,371
Less: related expenses	(1,598)	(1,554)
Management service fee income, net	202	817
Service fees expenses on transmission and transformer facilities	—	(70,386)
Rental charge on land use rights of Huaneng Nanjing Power Plant	(667)	(667)
Rental charge on office building	(13,000)	(13,000)
Huaneng Finance		
Discounting of notes receivable	—	260,317
Discounting charges	—	(2,808)
Drawdown of short-term loans	450,000	660,000
Interest expense on short-term loans	(60,508)	(63,153)

	For the six months ended 30 June	
	2008	**2007**
HEC and its subsidiaries		
Purchase of coal from HEC and its subsidiaries and service fee occurred for transportation	(2,808,928)	(899,015)
Purchase of equipment from HEC and its subsidiaries	(37,395)	(143,018)
Shifen Company		
Purchase of lime from Shifen Company	(39,862)	(31,914)
Xi'an Thermal and its subsidiaries		
Technical services and industry-specific technological project contracting services obtained from Xi'an Thermal and its subsidiaries	(99,113)	(94,535)
Zhalainuoer Coal		
Purchase of coal from Zhalainuoer Coal	(2,974)	—

* On 10 March 2008, SinoSing Power was incorporated as an oversea vehicle of Huaneng Group and acquired 100% equity interest of Tuas Power from Temasek Holdings (Private) Limited ("Temasek") in Singapore. On 29 April 2008, the Company entered into a transfer agreement with Huaneng Group, pursuant to which the Company agreed to acquire from Huaneng Group 100% equity interest in SinoSing Power. The consideration paid comprises the whole costs incurred by Huaneng Group, including (1) approximately US$985 million being the capital injected into SinoSing Power by Huaneng Group and (2) an aggregate amount of approximately RMB176 million being all the related expenses (including loan interest) directly incurred in connection with the acquisition of Tuas Power, with total amounted to RMB7.08 billion.

	For the six months ended 30 June	
	2008	**2007**
	RMB million	*RMB million*
State-owned enterprises		
Sales of electricity	26,799	23,132
Purchases of fuel	(10,737)	(8,358)
Acquisition of property, plant and equipment	(5,188)	(2,235)
Subcontracting labor for construction and renovation	(1,150)	(915)
Drawdown of short-term loans	12,812	9,474
Drawdown of long-term loans	14,056	4,150
Interest expense on loans and bonds to banks and other financial institutions	(1,397)	(785)

(b) ***Guarantees***

	As at 30 June 2008	**As at 31 December 2007**
(i) Short-term loan guaranteed by a state-owned enterprise	—	1,000,000
(ii) Long-term loans guaranteed by		
- Huaneng Group	1,236,901	1,462,140
- HIPDC	1,693,007	2,041,783
- State-owned enterprises	443,157	100,000
(iii) Long-term bank loans of Rizhao Power Company guaranteed by the Company	(69,063)	(86,063)
(iv) Long-term bonds guaranteed by state-owned banks	6,000,000	6,000,000
(v) Long-term bonds guaranteed by HIPDC	4,000,000	—

(c) ***Key management personnel compensation***

	For the six months ended 30 June	
	2008	**2007**
Salaries and other short-term employee benefits	3,581	3,669
Post-employment benefits	808	743
Total	4,389	4,412

15. Business combination

On 24 March 2008, SinoSing Power acquired 100% equity interest of Tuas Power from Temasek. The acquired business contributed consolidated revenue of RMB3,725 million and consolidated profit of RMB249 million to the Company and its subsidiaries for the period from date of acquisition to 30 June 2008. Should the acquisition had occurred on 1 January 2008, consolidated revenue and consolidated loss of the Company and its subsidiaries for the period would have been RMB33,619 million and RMB563 million respectively.

Details of consideration and goodwill arising from the acquisition of Tuas Power by SinoSing Power are as follows:

Purchase consideration:	
- cash paid	21,675,288
- direct costs relating to the acquisition	74,770
Total purchase consideration	21,750,058
- fair value of net identifiable assets acquired	(10,374,425)
Goodwill	11,375,633

The goodwill is attributable to leading position and profitability of Tuas Power in its market and the significant synergies expected to arise from the acquisition by the Company.

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	1,619,108	1,619,108
Property, plant and equipment	6,074,396	5,715,125
Land use rights	614,549	213,757
Power generation licence*	4,098,044	24,767
Deferred income tax assets	650	650
Other non-current assets	165,097	165,097
Inventories	746,360	746,360
Derivative financial assets	180,595	180,595
Receivables	1,297,323	1,297,323
Payables	(3,007,452)	(3,007,452)
Salary and welfare payables	(14,952)	(14,952)
Borrowings	(102,592)	(102,592)
Derivative financial liabilities	(98,180)	(98,180)
Deferred income tax liabilities	(1,163,474)	(293,474)
Minority interests	(35,047)	(35,047)
Net identifiable assets acquired	10,374,425	6,411,085
Outflow of cash to acquire business, net of cash acquired:		
- cash consideration	21,675,288	
- direct costs relating to acquisition	6,580	
- cash and cash equivalents in subsidiary acquired	(1,619,108)	
Cash outflow on acquisition	20,062,760	

* As the power generation licence is expected to be renewed without significant restriction and cost, with the consideration on related future cash flows generated and the expectation of management in continuous operations, such a power generation licence is considered to have indefinite useful life.

16. Subsequent Event

The Company and its subsidiaries issued RMB5 billion of unsecured short-term bonds at their nominal values bearing coupon rates of 4.83% per annum on 25 July 2008. These bonds will mature in 365 days.

D. FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS PREPARED UNDER PRC ACCOUNTING STANDARDS

1. FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS (UNAUDITED)

(Amounts Expressed In RMB)

Item	Unit	30 June 2008	31 December 2007	Variance (%)
			(Restated)	
Total assets	Yuan	152,968,293,935	122,139,350,408	25.24
Shareholders' equity (excluding minority interests)	Yuan	41,603,786,675	46,119,679,303	(9.79)
Net assets per share attributable to shareholders of the Company	Yuan/share	3.45	3.83	(9.92)

Item	Unit	For the six months ended 30 June 2008	For the six months ended 30 June 2007	Variance (%)
			(Restated)	
Operating (loss) / profit	Yuan	(632,686,647)	3,831,598,111	(116.51)
(Loss) / profit before taxation	Yuan	(556,476,309)	3,830,107,010	(114.53)
Net (loss) / profit attributable to shareholders of the Company	Yuan	(470,327,273)	2,959,711,062	(115.89)
Net (loss) / profit attributable to shareholders of the Company (excluding non-recurring items)	Yuan	(525,575,013)	2,491,398,629	(121.10)
Earnings per share (basic)	Yuan/share	(0.04)	0.25	(116.00)
Earnings per share (excluding non-recurring items)	Yuan/share	(0.04)	0.21	(119.05)
Earnings per share (diluted)	Yuan/share	(0.04)	0.25	(116.00)
Return on net assets	%	(1.13)	6.88	(8.01)
Net cash flows from operating activities	Yuan	3,151,421,112	5,657,295,547	(44.29)
Net cash flows from operating activities per share	Yuan/share	0.26	0.47	(44.68)

Note: Formula of key financial ratios:

Earnings per share (basic)	=	Net (loss) / profit attributable to shareholders of the Company for the period / Weighted average number of ordinary shares
Return on net assets	=	Net (loss) / profit attributable to shareholders of the Company for the period / Shareholders' equity as at period end (excluding minority interests) $\times$ 100%

Nature and amounts of non-recurring items

Item	**For the six months ended 30 June 2008**
Net gain from disposal of non-current assets	1,912
Government grants (excluding government grants closely related to the operations of the Company and granted according to fixed amounts or fixed quota uniformly regulated by the government) recorded in the profit and loss	86,322,485
Non-operating expenses, net (excluding items above)	(11,757,012)
Net loss of non-recurring items attributable to minority interests	(19,319,645)
Total	55,247,740

2. PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

(Amounts Expressed In RMB)

	For the six months ended 30 June			
	2008 Consolidated	2007 Consolidated	2008 The Company	2007 The Company
		(Restated)		(Restated)
1. Revenue from operations	30,790,535,853	23,534,904,094	17,579,101,156	14,812,306,151
Less: Cost of operations	(29,345,259,228)	(18,942,809,747)	(16,903,107,488)	(12,118,759,906)
Tax and levies on operations	(58,678,005)	(74,323,927)	(9,511,575)	(6,351,292)
General and administrative expenses	(855,770,369)	(769,309,911)	(554,859,726)	(559,429,352)
Selling expenses	(694,579)	—	—	—
Financial expenses, net	(1,238,712,803)	(872,539,438)	(303,824,265)	(229,571,657)
Assets impairment loss	2,511,243	(6,682,339)	1,646,677	(8,312,619)
Loss from changes in fair value	(103,979,626)	(100,179,545)	—	(100,179,545)
Add: Investment income	177,360,867	1,062,538,924	384,205,892	1,901,966,811
Including: investment income from associates	177,360,867	307,720,757	176,411,953	306,551,403
2. Operating (loss) / profit	(632,686,647)	3,831,598,111	193,650,671	3,691,668,591
Add: Non-operating income	102,242,161	13,905,730	46,013,737	8,504,801
Less: Non-operating expenses	(26,031,823)	(15,396,831)	(17,899,172)	(17,061,127)
Including: loss on disposals of non-current assets	(185,213)	(14,826,841)	(22,848)	(14,255,854)

	For the six months ended 30 June			
	2008	**2007**	**2008**	**2007**
	Consolidated	**Consolidated**	**The Company**	**The Company**
		(Restated)		**(Restated)**
3. (Loss) / Profit before taxation	(556,476,309)	3,830,107,010	221,765,236	3,683,112,265
Less: Income tax expense	(144,160,080)	(657,348,225)	(138,494,349)	(292,294,364)
4. Net (loss) / profit	(700,636,389)	3,172,758,785	83,270,887	3,390,817,901
Including: net profit generated by acquiree before combination	—	38,536,708	—	—
Attributable to:				
Shareholders of the Company	(470,327,273)	2,959,711,062	83,270,887	3,390,817,901
Minority interests	(230,309,116)	213,047,723	—	—
5. Earnings per share (based on the net (loss) / profit attributable to shareholders of the Company)				
Basic earnings per share	(0.04)	0.25		
Diluted earnings per share	(0.04)	0.25		

3. IMPACT OF ADJUSTMENTS FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") ON NET (LOSS) / PROFIT (UNAUDITED)

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

	Net (loss) / profit For the six months ended 30 June	
	2008	**2007 (Note 1)**
	(RMB'000)	*(RMB'000) (Restated)*
Consolidated net (loss)/profit attributable to shareholders of the Company under PRC GAAP	(470,327)	2,959,711
Impact of IFRS adjustments:		
Effect of recording the amounts received in advance (a)	25,305	5,214
Difference in the recognition of housing benefits to the employees of the Company and its subsidiaries (b)	(18,707)	(19,316)
Difference on depreciation related to borrowing costs capitalized in previous years (c)	(14,960)	(13,779)
Differences in accounting treatment on business combinations under common control (d)	—	(38,537)
Difference in depreciation and amortization of assets acquired in business combinations under common control (d)	(140,694)	(147,655)
Applicable deferred income tax impact of the GAAP differences above (e)	16,782	90,572
Others	9,943	8,261
Profit attributable to minority interests on the adjustments above	48,850	30,910
(Loss)/Profit attributable to equity holders of the Company under IFRS	(543,808)	2,875,381

Note 1 : *Under PRC GAAP, as the acquisition of Huaneng Nanjing Jinling Power Generation Co., Ltd. by the Company qualified common control business combination, the Company and its subsidiaries have restated the 2007 comparative figures accordingly.*

(a) ***Effect of recording the amounts received in advance***

In accordance with the tariff setting mechanism applicable to certain power plants of the Company, certain power plants of the Company receive advanced payments in the previous years (calculated at 1% of the original cost of fixed assets) as the major repairs and maintenance cost of these power plants. Such receipts in advance are recognized as liabilities under IFRS and are recognized as revenue when the repairs and maintenance is performed and the liabilities are extinguished. In accordance with PRC GAAP, when preparing the financial statements, revenue is computed based on actual power sold and the tariff currently set by the State, no such amounts are recorded.

(b) ***Difference in the recognition of housing benefits to the employees of the Company and its subsidiaries***

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

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

(c) ***Effect of capitalization of borrowing costs***

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

(d) ***Differences in accounting treatment on business combinations under common control***

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

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

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

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

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

(e) ***Deferred income tax impact on GAAP differences***

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