INTERIM RESULTS

The Board of Directors of Huaneng Power International, Inc. (the “Company”) is pleased to announce the unaudited operating results for the six months period ended 30th June, 2002 (the “Accounting Period”) and a comparison with the operating results for the same period of 2001. For the six months period ended 30th June, 2002, the Company recorded net operating revenues of Rmb7,861 million and net profit of Rmb1,777 million, representing increases of 5.44% and 14.05% respectively as compared to the same period of 2001. Earnings per share was Rmb0.30 and net asset value per share was Rmb4.71.

The Board of Directors is satisfied with the above results. 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 2002, the continued and steady development of the PRC’s national economy led to the stable increase in power demand thus creating a favourable market environment for the growth of power generation. The management and all the staff of the Company made great efforts to seize the favourable opportunities of market upturn and to strengthen the operation and management, thus overcoming adverse factors including increase in fuel prices and decrease in power tariffs and achieving satisfactory results.

1. Power Generation

   During the first half of this year, the power plants of the Company achieved power generation totalling 29.41 billion kWh on the consolidation basis, representing approximately 51.6% of the annual plan and an increase of 11.2% over the same period of last year. The growth of power generation was mainly attributable to the increase in the demand for power generation in the PRC. At the same time, power generation of the power plants increased significantly due to the weather conditions of Fujian and other regions. On the other hand, suitable arrangement for the overhaul of generating units enhanced the safe and stable operation of the generating units and increased the availability factor of the generating units, thus contributing to the increase in power generation.

2. Cost Control

   Owing to the change in the coal supply and demand situation in the PRC, coal prices have increased significantly since the second half of the previous year. The Company strengthened its management of coal procurement and reinforced its cost control measures which proved to be fruitful. The average unit cost for power sold of the Company for the first half of the year was Rmb194.6/MWh, which was slightly decreased from the same period of last year.

3. Project development and construction

   In the first half of the year, one 660 MW coal-fired generating unit (Unit 5) of Dezhou Power Plant Phase III completed trial operation on 29th June and commenced commercial operation one year ahead of the project’s original schedule. At the same time, the Company is actively pushing ahead the development of two gas-fired generation projects in Shanghai and Jinling and the expansion projects of Shangan Phase III and Shantou Phase II as well as Zhejiang Yuhuan Power Plant, and has made progress in their preliminary work.

4. Asset Acquisition

According to its overall development strategy and asset acquisition plan, the Company successfully acquired the equity interests in Shanghai Shidongkou First Power Plant, Jiangsu Taicang Power Plant, Jiangsu Huaiyin Power Plant and all the assets and liabilities of Zhejiang Changxing Power Plant, all of which were formerly owned by China Huaneng Group ("Huaneng Group"). After obtaining all the necessary government approvals on the acquisition and paying the purchase consideration, the acquisition became effective on 1st July, 2002 and the Company obtained the ownership and control over the relevant assets on the same day. Such acquired equity interests and assets have been consolidated to the Company from 1st July, 2002 thereby increasing its net additional capacity by 1,686.6 MW. The acquisition further increased the Company's market share in East China, and enabled the Company to enter into Zhejiang Province, one of the fastest growing markets for power demand in the PRC, for the first time. The Company has full confidence that these acquired power plants will bring reasonable returns through further strengthening its management.

5. Corporate Governance

In order to further enhance the corporate governance of the Company and to strengthen its management, the Board has appointed an additional independent director with an aim to strengthen the directing and supervising functions of the Board in respect of the Company's business activities and operations and to more effectively protect the interests of the investors.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

Despite the above-mentioned results, the Company anticipates to face various challenges and difficulties during the second half of this year, such as increasing pressure for tariff reduction of some power plants, the unlikely change of the coal market trend in the near future, and the possibility of uncertain factors arising from the power sector reform, all of which may affect the profitability of the Company in the near future. The management of the Company will continue to put optimisation of shareholders' interests as its operation objective and targets. Accordingly, the management and all the staff of the Company will continue to strive to overcome the difficulties and ensure the achievement of annual targets in terms of generation and operation. The main tasks for the second half of the year include:

1. to ensure safe operation of all power plants and increase power generation by every possible means so as to exceed the annual power generation target;

2. to strengthen internal management and cost controls; to continue to focus on fuel costs control in order to limit the range of increase of unit fuel costs; to strengthen the analysis and forecast on the coal market and to actively tap into new, more economical and suitable types of coal, and greatly promote blended coal burning and energy saving work;

3. to reinforce the Company's marketing efforts and further improve the analysis on power pooling in order to maximise the benefits of power sale by competitive bidding;

4. to follow the trend of the power sector reforms and seize every possible opportunity to expand the operating scale of the Company and increase the competitiveness of the Company;

5. to strive to commence the operation of generator Unit 6 of Dezhou Power Plant Phase III and continue to actively carry out the preparation work of the proposed projects.

OPERATING RESULTS

Summary

During the first half of 2002, the power generation of the Company and its subsidiary increased by 11.2% when compared with the same period of last year, amounting to 29.41 billion kWh (2001: 26.45 billion kWh). The generator unit No.5 of Dezhou Phase III, a 660MW coal-fired generating unit, was put into commercial operation on 29th June, 2002. It is expected to increase cash inflow from operating activities considerably for the Company in the second half of the year.

Net Operating Revenues

Net operating revenues represent operating revenues net of value-added tax and deferred revenue. For the first half of 2002, the consolidated net operating revenues of the Company and its subsidiary were Rmb7,861 million, representing an increase of 5.44% over Rmb7,456 million of the same period of last year (when comparing the net operating revenues before deferred revenue, it would have been increased by 6.67% over the same period of last year). Deferred revenue represents the excess of the major repair and maintenance expenses determined on the basis of 1% of the fixed asset cost recovered from the tariff over the amount actually incurred in that year. The Company estimates that over the useful lives of its power plants, the total amount of major repair and maintenance expenses determined on the basis of 1% of fixed assets cost would approximate the total amount to be actually incurred. With reference to the relevant accounting treatment under US GAAP in relation to cost not yet incurred but already recovered from the tariff, the Company recorded the excess amount as deferred revenue and reduced the same amount from repair and maintenance expenses in 2002 (i.e. repair and maintenance expenses are recorded based on the actual amount incurred).

The increase of net operating tariff was mainly contributed by Fuzhou Power Plant and Shantou Coal-fired Power Plant. Owing to the low rainfall in Fujian Province during the first half of 2002, the power generation of hydro power plants was reduced. The power generation of Fuzhou Power Plant was increased by 87.29% when compared with the same period in last year. The demand of electricity was very high in Guangdong for the first half of year. As such, the operating hour of Shantou Coal-fired Power Plant had reached its record high. The power generation and net operating revenue of Shantou Coal-fired Power Plant increased by 14.58% and 15.20%, respectively.

Operating Costs

The consolidated operating costs of the Company and its subsidiary increased by 6.92% to Rmb5,441 million over the same period of last year (when comparing the operating costs with the repair and maintenance expenses determined on the basis of 1% of the fixed assets cost, it would have been increased by 8.73%). The percentage of increase was lower than that of power generation during the period.

The main operating cost of the Company and its subsidiary is fuel cost. The Company faced very unfavourable coal market situation. The constant increase of coal price resulted in increasing in fuel cost from July 2001 to February 2002. The unit price of natural coal increased by 9.58% to Rmb238.01 per ton when compared with Rmb217.2 per ton of the same period of last year. Although the Company had adopted effective cost control measure to control procurement cost to reduce fuel usage, the unit fuel cost per MWh of power sold increased by 10.17% to Rmb102.40 (2001: Rmb92.95).

Apart from the non-controllable operating cost such as depreciation expenses, the maintenance expenses and other expenses of the Company had decreased in different degree when compared with the same period of last year, which was a result of our effective cost control measures.

Financial Expenses

The financial expenses for the first half of 2002 amounted to Rmb200 million, representing a decrease of 56.15% when compared with Rmb457 million during the same period of last year. This was because of the repayment of the loan balance and decrease of market interest rate during the first half of 2002.

Income Tax

For the first half of 2002, the Company enjoyed the same preferential tax treatment as in last year. The average tax rate for the current period was 17%.

Net Profit

The consolidated net profit of the Company and its subsidiary for the first half of 2002 was Rmb1,777 million, representing an increase of 14.05% when compared with Rmb1,558 million for the first half of 2001. This was mainly attributable to the increase of power generation, better cost control measures adopted by the Company and reduction of interest expenses.

Comparison of Key Financial Ratios

	30th June, 2002		30th June, 2001	
	The Company and its subsidiary	The Company	The Company and its subsidiaries	The Company
Ratio of liabilities and shareholders' equity	0.51	0.48	0.80	0.75
Current ratio	1.26	1.29	0.98	0.99
Quick ratio	1.23	1.17	0.89	0.90
Interest coverage ratio	6.66	6.80	4.49	4.63

In the first half of 2002, the Company redeemed the convertible notes with a principal of approximately US$210 million, at a premium of US$60 million. As a result, the ratio of liabilities to shareholders' equity was decreased and this had strengthened the capital structure of the Company.

The operating results in the first half of 2002 had reflected the improvement of the competitiveness, earning ability and capital structure of the Company.

As at 30th June, 2002, the total liabilities of the Company and its subsidiary were approximately Rmb14.52 billion, and the ratio of liabilities to shareholders' equity was 0.51.

As at 30th June, 2002, the balances of loans denominated in foreign currencies were US$1,210 million (including US$20 million non-redeemed convertible notes), of which US$245 million was repayable within one year. The Company and its subsidiary will pay close attention to the fluctuations in the foreign exchange market and cautiously assess the exchange rate risk.

As at 30th June, 2002, the total balance of interest-bearing loan of the Company and its subsidiary amounted to Rmb10,954 billion, of which the balance of the floating-rate loans of the Company and its subsidiary amounted to approximately Rmb4,041 million. The Company and its subsidiary made use of interest rate swap contracts, when appropriate, to manage the risk of interest rate fluctuations. Please refer to Note 14 to the condensed financial statements for further details.

Formula of the financial ratio:

Ratio of liabilities to shareholders' equity	=	balance of liabilities at the end of the period/ balance of shareholders' equity at the end of the period
Current ratio	=	balance of current assets at the end of the period/ balance of current liabilities at the end of the period
Quick ratio	=	(balance of current assets at the end of the period – net amount of inventory at the end of the period)/ balance of current liabilities at the end of the period
Interest coverage ratio	=	(profit before taxation + interest expenses)/ interest expenditure (including capitalised interest)

SHARE CAPITAL STRUCTURE

As at 30th June, 2002, the entire issued share capital of the Company, excluding the shares which might be converted from the convertible notes, was 6,000,000,000 shares, of which 4,500,000,000 shares were domestic shares, representing 75% of the entire issued share capital, and 1,500,000,000 shares were foreign shares, representing 25% of the entire issued share capital. In respect of domestic shares, Huaneng International Power Development Corporation ("HIPDC") owns a total of 2,554,840,000 shares, representing 42.58% of the entire issued share capital of the Company. Other domestic shareholders hold a total of 1,945,160,000 shares, representing 32.42% of the entire issued share capital.

The US$230 million convertible notes issued by the Company are convertible into foreign shares of the Company at a price of US$29.2 for each American Depository Share on or before 21st May, 2004. As stipulated in the terms of the notes, holders of the notes have the option for early redemption on 21st May, 2002, in whole or in part, at 128.575% of the principal amount of the notes together with accrued interest. According to the formal written notice of the trustee bank for the notes, the final effective principal amounts of US$209,685,000 of the notes were tendered for early redemption. The Company redeemed such notes on 21st May, 2002. As at 30th June, 2002, there were outstanding notes with a face value of US$20,315,000. Assuming such portion of the convertible notes was fully converted into foreign shares of the Company, the total issued share capital of the Company would increase by 27,828,767 foreign shares.

The Company is not aware of any conversion of the convertible notes into shares of the Company as at 30th June, 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not sell any other types of securities and did not purchase or redeem its own shares or other securities in the first half of 2002.

SHAREHOLDING OF MAJOR SHAREHOLDERS

As at 30th June, 2002, the shareholding position of the Company was as follows:

	Total Shareholdings (in ’000)	Percentage of total shares outstanding (%)
Domestic Shares		
Huaneng International Power Development Corporation	2,554,840	42.58
Hebei Provincial Construction Investment Company	452,250	7.54
Fujian International Trust & Investment Company Limited	334,850	5.58
Jiangsu International Trust & Investment Company Limited	312,375	5.20
Liaoning Energy Corporation	229,685	3.83
Dalian Municipal Construction Investment Company	226,125	3.77
Nantong Investment Management Centre	67,875	1.13
Shantou Electric Power Development Company	46,500	0.77
Shantou Power Development Joint Stock Company Limited	19,000	0.32
Dandong Energy Investment Development Centre	6,500	0.11
Public Shares	250,000	4.17
Sub-total	4,500,000	75.00
Overseas Listed Foreign Shares	1,500,000	25.00
TOTAL	6,000,000	100.00

Save and except for the above, the Board of Directors was not aware of any other major shareholders who should make the aforesaid disclosure in accordance with section 16(1) of the Securities (Disclosure of Interests) Ordinance.

DIRECTORS’ AND SUPERVISORS’ RIGHT TO PURCHASE SHARES

As at 30th June, 2002, none of the directors, senior managerial staff, supervisors and other associates had any beneficial interests in the securities or debt instruments of the Company which were required to be recorded on the register pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. The Company did not have any arrangement during such period whereby the above persons would acquire benefits by means of the acquisition of shares in, or debentures of, the Company or other corporate body.

DIVIDENDS

It was resolved by the Board of Directors not to distribute any interim dividends for 2002.

MAJOR EVENTS

1. The Company convened a board meeting on 27th March, 2002. At the meeting, it was resolved that the Company would not re-appoint Arthur Andersen & Co. (Hong Kong Certified Public Accountants) and Arthur Andersen • Hua Qiang Certified Public Accountants as its respective international auditors and the PRC auditors for 2002; and that the Company appointed PricewaterhouseCoopers Zhong Tian CPAs Co. Ltd. and PricewaterhouseCoopers as its respective PRC auditors and international auditors for 2002.

2. The Company convened a board meeting on 9th May, 2002. The meeting discussed and passed the resolution for the Rmb2.05 billion acquisition of the equity interests and assets of four power plants from Huaneng Group: (1) 70% equity interest of the registered capital of Shanghai Shidongkou Power Limited Company ("Shanghai Shidongkou First Power Plant"); (2) 70% equity interest of the registered capital of Suzhou Industrial Park Huaneng Power Limited Liability Company ("Jiangsu Taicang Power Plant"); (3) 44.16% equity interest of the registered capital of Jiangsu Huaneng Huaiyin Power Limited Company ("Jiangsu Huaiyin Power Plant"); and (4) the entire assets and liabilities of Zhejiang Changxing Power Plant. Accordingly, the Company entered into a transfer agreement on the acquisition with Huaneng Group on that day.

   On 24th June, 2002, the Company convened an extraordinary general meeting. The above acquisition and its relevant connected transactions were approved at the meeting. The above transaction was also approved by relevant government authority. Settlement of the above transfer agreement was completed on 1st July, 2002 and the acquired equity interests of Huaneng Group were consolidated into the Company from 1st July, 2002.

3. According to the terms of the US$230 million convertible notes issued by the Company, holders of the notes have the option for early redemption on 21st May, 2002, in whole or in part, at 128.575% of the principal amount of the notes together with accrued interest. According to the formal written notice of the trustee bank for the notes, the final effective principal amounts of US$209,685,000 of the notes were tendered for early redemption.

CHANGE OF DIRECTORS, SUPERVISORS AND MANAGEMENT

The Company convened its annual general meeting for 2001 on 15th May, 2002. At the meeting, it was resolved that the resignations of Mr Feng Dawei, Ms Li Zhongshu, Mr Bao Qianyuan, Mr Lin Jianxin and Mr Miao Kai as directors of the Company be approved; the appointments of Mr Wu Dawei, Mr Liu Guoyue, Mr Shen Zongmin and Mr Shen Weibing as directors and the appointment of Mr Qian Zhongwei as an independent director of the Company be approved, and their term of office shall be effective from the date of approval to the expiration date of the term of office of this session of board of directors.

CODE OF BEST PRACTICE

The Company has not established an audit committee (the "Audit Committee") to review and supervise the Company's financial reporting procedures and internal controls pursuant to paragraph 14 of the Code of Best Practice set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Code of Best Practice"). However, since the establishment of the Company, under its organisational structure, the Company has, in lieu, established a Supervisory Committee which carries out functions similar to those of an Audit Committee. Members of the Company's Supervisory Committee are elected by and can be removed in general meetings of shareholders and shall be accountable to the shareholders at the general meeting. Members of the Audit Committee mainly comprise the non-executive independent directors of the Company. Apart from this, the Financial Committee of the Board of Directors also carries out the function to examine the financial positions, budget and accounting reports and relevant financial issues of the Company.

Apart from this, none of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the Accounting Period, in compliance with the Code of Best Practice.

LEGAL PROCEEDINGS

As at 30th June, 2002, 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 Company will file the interim report in Form 6-K with the US Securities and Exchange Commission. Copies of the interim report for 2002 will be available at the following addresses and website:

PRC	Huaneng Power International, Inc. West Wing, Building C Tianyin Mansion 2C Fuxingmennan Street Xicheng District Beijing People's Republic of China	
	Telephone Number:	(8610) 6649 1999
	Fax Number:	(8610) 6649 1860
	Postal code:	100031
Hong Kong	Rikes Communications Limited Room 701, Wanchai Central Building 89 Lockhart Road Wanchai Hong Kong	
	Telephone No:	(852) 2520 2201
	Fax No:	(852) 2520 2241
Website of the Company	http://www.hpi.com.cn	

By Order of the Board
Li Xiaopeng
Chairman

Beijing, the PRC
7th August, 2002