2008 INTERIM REPORT

P O W E R I N G | T O M O R R O W

華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.
(Stock Code: 902)

CONTENTS

2008 Interim Report

INTERIM RESULTS

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 contributed their best and worked against the odds tenaciously, thereby making new progress in various aspects including production safety, sales and marketing, energy saving, environment protection, project development and capital operation.

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; and 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).

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. Since we had started coal in April in preparation for the summer peak load, 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 prices of key thermal coal contracts, certain key contract suppliers further 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.

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.

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.

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. to actively 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 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 the 5.042 billion kWh power generated by Tuas Power, 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 fuel cost per unit of electricity sold by 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 fuel cost per unit of power sold by 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

	The Company and its subsidiaries	
	30 June	31 December
Item	**2008**	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-currency 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 the foreign-currency debts of the Company, 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

As at 30 June 2008, the shareholding positions of the top ten shareholders of the Company were as follows:-

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 interim report, 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.

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 departments 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 the evaluation of internal control accountability.

(4) Regulate the 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 following: 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.

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.

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%
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.

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.

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

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	24 March 2008	Liu Jipeng, Na Xizhi, Xu Zujian, Liu Shuyuan, Qian Zhongwei and Xia Donglin	Wu Yusheng

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	21 April 2008	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	10 July 2008	Shao Shiwei, Fan Xiaxia, Shan Qunying, Huang Mingyuan, Liu Jipeng, Yu Ning, Wu Liansheng	

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.

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	24 February 2008	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	24 March 2008	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	31 March 2008	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	21 April 2008	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	26 August 2008	Wu Liansheng, Yu Ning, Shao Shiwei, Zheng Jianchao	Liu Jipeng

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.

Shares held by Senior Management

As at 30 June 2008, none of the senior management of the Company holds shares in the Company.

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 THE 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

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 report, 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

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	5	**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	21	**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	6	**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

Condensed Consolidated Interim Balance Sheet (Unaudited) (Cont'd)

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
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	7	**—**	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	8	**2,800,000**	2,800,000
Long-term bank loans	8	**38,536,687**	30,548,338
Other long-term loans	8	**103,287**	90,309
Long-term bonds	9	**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

Condensed Consolidated Interim Balance Sheet (Unaudited) (Cont'd)

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
Current liabilities			
Accounts payable and other liabilities	10	**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	11	**5,171,675**	5,064,690
Short-term loans	12	**28,767,358**	11,670,400
Current portion of long-term bank loans	8	**7,239,306**	4,183,391
Current portion of other long-term loans	8	**34,947**	36,124
Total current liabilities		**53,666,350**	31,376,561
Total equity and liabilities		**154,692,608**	124,296,129

The notes on pages 43 to 63 are an integral part of this unaudited condensed consolidated interim financial information.

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	4	**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
(Loss)/Profit before income tax expense	14	**(693,929)**	3,618,210
Income tax expense	15	**(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	16	**(0.05)**	0.24

The notes on pages 43 to 63 are an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company							Minority interests	Total equity
	Share capital	Additional paid-in capital	Dedicated capital	Available-for-sale investment revaluation reserve	Hedging reserve	Retained earnings	Currency translation differences		
Balance as at 1 January 2008	12,055,383	8,988,973	6,096,100	1,674,449	—	18,113,675	—	5,151,062	52,079,642
Changes in equity for the six months ended 30 June 2008									
Fair value changes from available-for-sale investment – gross	—	—	—	(831,864)	—	—	—	—	(831,864)
Fair value changes from available-for-sale investment – tax	—	—	—	207,966	—	—	—	—	207,966
Changes in fair value of effective portion of cash flow hedges – gross	—	—	—	—	608,549	—	—	—	608,549
Changes in fair value of effective portion of cash flow hedges – tax	—	—	—	—	(109,539)	—	—	—	(109,539)
Cash flow hedges recorded in shareholders' equity transferred to profit and loss – gross	—	—	—	—	(210,722)	—	—	—	(210,722)
Cash flow hedges recorded in shareholders' equity transferred to profit and loss – tax	—	—	—	—	37,930	—	—	—	37,930
Net (expenses)/income recognized directly in equity	—	—	—	(623,898)	326,218	—	—	—	(297,680)
Loss for the six months ended 30 June 2008	—	—	—	—	—	(543,808)	—	(279,159)	(822,967)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited) (Cont'd)

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company							Minority interests	Total equity
	Share capital	Additional paid-in capital	Dedicated capital	Available-for-sale investment revaluation reserve	Hedging reserve	Retained earnings	Currency translation differences		
Total recognized income and expense for the six months ended 30 June 2008	—	—	—	(623,898)	326,218	(543,808)	—	(279,159)	(1,120,647)
Acquisition of subsidiaries	—	—	—	—	—	—	—	35,047	35,047
Dividends declared relating to 2007	—	—	—	—	—	(3,606,334)	—	(100,432)	(3,706,766)
Capital injection from a minority shareholder of a subsidiary	—	—	—	—	—	—	—	4,170	4,170
Currency translation differences	—	—	—	—	—	—	(159,606)	(256)	(159,862)
Balance as at 30 June 2008	12,055,383	8,988,973	6,096,100	1,050,551	326,218	13,963,533	(159,606)	4,810,432	47,131,584
Balance as at 1 January 2007	12,055,383	8,988,973	5,454,467	998,825	—	15,959,861	—	7,151,183	50,608,692
Changes in equity for the six months ended 30 June 2007									
Fair value changes from available-for-sale investment – gross	—	—	—	848,189	—	—	—	—	848,189
Fair value changes from available-for-sale investment – tax	—	—	—	(127,248)	—	—	—	—	(127,248)
Reversal of deferred income tax	—	—	—	79,105	—	—	—	—	79,105
Disposals of available-for-sale investment	—	—	—	(527,366)	—	—	—	—	(527,366)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited) (Cont'd)

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company							Minority interests	Total equity
	Share capital	Additional paid-in capital	Dedicated capital	Available-for-sale investment revaluation reserve	Hedging reserve	Retained earnings	Currency translation differences		
Net income recognized directly in equity	—	—	—	272,680	—	—	—	—	272,680
Profit for the six months ended 30 June 2007	—	—	—	—	—	2,875,381	—	182,137	3,057,518
Total recognized income and expense for the for the six months ended 30 June 2008	—	—	—	272,680	—	2,875,381	—	182,137	3,330,198
Deemed disposal of a subsidiary	—	—	—	—	—	—	—	(2,216,278)	(2,216,278)
Acquisition of minority interest of a subsidiary	—	—	—	—	—	—	—	(53,388)	(53,388)
Dividends declared relating to 2006	—	—	—	—	—	(3,375,507)	—	(446,355)	(3,821,862)
Transfer from dedicated capital	—	—	(30,244)	—	—	30,244	—	—	—
Balance as at 30 June 2007	12,055,383	8,988,973	5,424,223	1,271,505	—	15,489,979	—	4,617,299	47,847,362

The notes on pages 43 to 63 are an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Note	For the six months ended 30 June 2008	2007
Net cash provided by operating activities		**1,524,587**	4,354,461
Net cash used in investing activities	17	**(31,540,448)**	(6,850,333)
Net cash provided by financing activities	17	**27,346,514**	2,594,941
Net (decrease)/increase in cash and cash equivalents		**(2,669,347)**	99,069
Cash and cash equivalents as at beginning of the period		**7,312,265**	3,207,192
Exchange (loss)/gain		**(92,524)**	3,838
Cash and cash equivalents as at end of the period		**4,550,394**	3,310,099

The notes on pages 43 to 63 are an integral part of this unaudited condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

1. COMPANY ORGANIZATION AND PRINCIPAL ACTIVITIES

Huaneng Power International, Inc. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a Sino-foreign joint stock limited company on 30 June 1994. The Company and most of its subsidiaries are principally engaged in the generation and sale of electric power to the respective regional or provincial grid companies in the PRC. SinoSing Power Pte. Ltd. ("SinoSing Power") and its subsidiaries, newly acquired entities of the Company in 2008, are principally engaged in the power generation and sale in the Republic of Singapore ("Singapore").

The directors consider Huaneng International Power Development Corporation ("HIPDC") and China Huaneng Group ("Huaneng Group") as the parent company and ultimate parent company of the Company, respectively. Both HIPDC and Huaneng Group are incorporated in the PRC. Neither Huaneng Group nor HIPDC produced financial statements available for public use.

This condensed consolidated interim financial information was approved for issue on 27 August 2008.

2. 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.

3. 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.

3. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

(a) Foreign currency translation *(Cont'd)*

(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.

3. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

(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'.

3. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

(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.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. 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 PRC and 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.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT, NET

	As at 30 June 2008	As at 31 December 2007
Beginning of the period/year	**90,125,919**	90,444,225
Acquisition	**6,074,396**	2,573,327
Additions	**12,087,363**	15,538,800
Disposals/Write-off	**(410)**	(265,356)
Depreciation charge	**(3,758,167)**	(7,244,583)
Impairment charge	**—**	(7,044)
Deemed disposal of a subsidiary	**—**	(10,913,450)
Currency translation differences	**(45,319)**	—
End of the period/year	**104,483,782**	90,125,919

6. 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.

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

6. ACCOUNTS RECEIVABLE, NET *(Cont'd)*

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 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).

7. 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).

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

8. LONG-TERM LOANS

	As at 30 June 2008			As at 31 December 2007		
	Original currency '000	Annual interest rate	Amount	Original currency '000	Annual interest rate	Amount
Loans from Huaneng Group						
Unsecured						
RMB						
– Fixed rate	2,800,000	4.60%-5.67%	2,800,000	2,800,000	4.32%-5.67%	2,800,000
Bank loans						
Unsecured						
RMB						
– Fixed rate	32,853,430	3.60%-7.74%	32,853,430	30,684,366	3.60%-7.05%	30,684,366
US$						
– Fixed rate	369,670	5.95%-6.97%	2,535,603	417,630	5.95%-6.97%	3,050,616
– Variable rate	1,315,575	2.61%-5.14%	9,023,658	47,455	5.15%-5.51%	346,639
S$						
– Variable rate	145,236	2.74%	732,061	—	—	—
€						
– Fixed rate	58,285	2%	631,241	60,946	2%	650,108
			45,775,993			34,731,729
Other loans						
Unsecured						
US$						
– Variable rate	8,571	5.81%-5.87%	58,792	10,000	5.80%-5.87%	73,046
S$						
– Variable rate	6,625	4.25%	33,393	—	—	—
JPY						
– Variable rate	714,286	5.80%	46,049	833,333	5.80%	53,387
			138,234			126,433

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

9. 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.

10. 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

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

11. 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.

12. SHORT-TERM LOANS

Short-term loans are as follows:

	As at 30 June 2008			As at 31 December 2007		
	Original currency '000	**Annual interest rate**	**Amount**	Original currency '000	Annual interest rate	Amount
Secured						
RMB						
Discounted notes receivable – fixed rate	**273,593**	**6.12%-7.92%**	**273,593**	302,700	3.00%-10.20%	302,700
S$						
– Variable rate	**2,244,709**	**1.84%-2.25%**	**11,314,457**	—	—	—
			11,588,050			**302,700**
Unsecured						
RMB						
– Fixed rate	**17,103,700**	**4.78%-7.47%**	**17,103,700**	11,367,700	4.35%-6.72%	11,367,700
S$						
– Fixed rate	**15,000**	**1.42%**	**75,608**	—	—	—
			17,179,308			11,367,700
			28,767,358			11,670,400

As at 30 June 2008, certain short-term loans of SinoSing Power were secured by its equity interest in a subsidiary.

13. 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).

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

14. (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)

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

15. 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.

16. (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.

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

17. SUPPLEMENTARY INFORMATION TO UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

Cash flows used in investing and provided by financing activities included the following:

	For the six months ended 30 June	
	2008	2007
Investing activities:		
Purchase of property, plant and equipment	**(11,619,181)**	(6,671,499)
Prepayments of land use rights	**(2,758)**	(5,113)
Cash dividend received	**—**	306,687
Purchase of financial assets at fair value through profit or loss	**—**	(370,189)
Cash paid for acquiring available-for-sale investment	**(58,550)**	(333,858)
Proceeds from trading of available-for-sale investment	**—**	603,411
Cash paid for acquisitions	**(20,062,760)**	(65,750)
Cash outflow upon deemed disposal of Huaneng Sichuan Hydropower Co., Ltd.	**—**	(322,176)
Cash received on repayment of a loan	**254,255**	—
Others	**(51,454)**	8,154
Net cash used in investing activities	**(31,540,448)**	(6,850,333)
Financing activities:		
Drawdown of:		
– short-term loans	**25,513,148**	12,545,260
– long-term bank loans	**14,704,543**	4,150,000
– other long-term loans	**7,246**	—
– long-term bonds	**3,933,302**	—
Repayments of:		
– short-term loans	**(7,910,276)**	(3,799,000)
– short-term bonds	**—**	(5,000,000)
– long-term bank loans	**(3,212,084)**	(1,729,825)
– other long-term loans	**(18,079)**	(62,442)
– long-term bonds	**(2,034,040)**	—
Dividends paid	**(3,624,679)**	(3,509,052)
Others	**(12,567)**	—
Net cash provided by financing activities	**27,346,514**	2,594,941

18. RELATED PARTY TRANSACTIONS

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

Names of related parties	Nature of relationship
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.

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

18. RELATED PARTY TRANSACTIONS *(Cont'd)*

(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)
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)**	—

(Amounts expressed in thousands of RMB unless otherwise stated)

18. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) Related Party Transactions *(Cont'd)*

* 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**	—

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

18. RELATED PARTY TRANSACTIONS *(Cont'd)*

(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

19. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments

	As at 30 June 2008	As at 31 December 2007
Contracted but not provided for	**18,730,539**	15,418,352
Authorized but not contracted for	**1,744,081**	2,626,945
Total	**20,474,620**	18,045,297

(b) Other Commitments

(i) From 2004 to 2007, the Company entered into various long-term agreements with coal suppliers for the purchase of coal used for power generation from the years 2005 to 2009. These agreements are subject to termination only under certain limited circumstances. In most cases, these agreements contain provisions for price escalations and minimum purchase level clauses. Purchases for the six months ended 30 June 2008 and 30 June 2007 were approximately RMB3,047 million and RMB3,979 million, respectively. The future purchase commitments under the agreements above are as follows:

	As at 30 June 2008	As at 31 December 2007
2008	**6,268,030**	8,760,250
2009	**8,523,250**	7,808,250
	14,791,280	16,568,500

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

19. CAPITAL AND OTHER COMMITMENTS *(CONT'd)*

(b) Other Commitments *(Cont'd)*

(ii) Huaneng Nanjing Jinling Power Generation Co., Ltd. entered into a gas purchase agreement with PetroChina Company Limited ("PTR") on 29 December 2004 for a term of 19 years and purchases gas from PTR from the date when it commenced commercial operations until 31 December 2023. The agreement carried price adjustment and minimum purchase consideration clauses. As at 30 June 2008, based on the execution price of same date, the annual minimum purchase amounted to RMB696 million (31 December 2007: RMB681 million). Purchase for the six months ended 30 June 2008 amounted to approximately RMB295 million.

As at 30 June 2008, Sinosing Power has the following purchase commitments with subsidiaries of Temasek:

- Purchase of 17.6 billion British Thermal Unit ("BBtu") of natural gas per day from Gas Supply Pte Ltd. during the plateau period up to 31 December 2014 with possible decrease in gas purchase volume thereafter. The agreement will be terminated on or before 2023 subject to the termination provisions within the agreement. As at 30 June 2008, the unit contract price was RMB121,998 per BBtu. Purchase for the six months ended 30 June 2008 amounted to approximately S$69 million.

- Purchase of 150 million standard cubic feet of natural gas per day from SembCorp Gas Pte Ltd. during the plateau period up to 31 December 2013 with possible decrease in gas purchase volume thereafter. The agreement will be terminated on or before 2023 subject to the termination provisions within the agreement. As at 30 June 2008, the unit contract price was RMB128,494 per BBtu .Purchase for the six months ended 30 June 2008 amounted to approximately S$336 million.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. FINANCIAL GUARANTEES

	As at 30 June 2008	As at 31 December 2007
Financial guarantees granted to an associate	**69,063**	86,063

21. 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.

For the six months ended 30 June 2008
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

21. BUSINESS COMBINATION *(Cont'd)*

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.

22. 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.

Balance Sheets (Unaudited)

As at 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

		Consolidated		The Company	
		30 June	31 December	**30 June**	31 December
ASSETS	Note	**2008**	2007	**2008**	2007
CURRENT ASSETS					
Cash	7(1)	**4,753,418,755**	7,532,760,305	**1,752,900,331**	5,690,428,161
Derivative financial assets	7(2)	**421,177,542**	—	**—**	—
Notes receivable	7(3)	**1,177,959,638**	1,674,933,239	**172,603,550**	409,531,418
Accounts receivable	7(4), 10(1)	**6,926,607,535**	6,201,384,406	**3,327,636,155**	3,688,274,755
Advances to suppliers	7(5)	**906,392,184**	537,169,705	**659,417,481**	357,795,850
Interest receivable		**2,457,728**	2,254,384	**2,409,259**	2,254,384
Dividend receivable		**—**	—	**150,085,907**	—
Other receivables	7(4), 10(1)	**318,327,086**	281,757,838	**416,332,071**	315,983,543
Inventories	7(6)	**4,479,965,694**	2,319,290,494	**2,084,258,496**	1,476,464,289
Current portion of non-current assets		**3,747,440**	—	**—**	—
Other current assets		**70,860,591**	1,510,798	**34,837,331**	156,911
Total current assets		**19,060,914,193**	18,551,061,169	**8,600,480,581**	11,940,889,311
NON-CURRENT ASSETS					
Available-for-sale financial assets	7(7)	**2,515,500,225**	3,346,559,685	**2,515,500,225**	3,346,559,685
Long-term equity investments	7(8), 10(2)	**8,746,447,982**	8,511,050,400	**23,701,402,147**	16,426,523,978
Fixed assets	7(9)	**83,026,303,041**	76,062,501,399	**41,744,634,712**	42,829,128,741
Construction-in-progress	7(11)	**13,502,495,775**	8,803,472,597	**11,154,717,300**	4,691,088,438
Construction materials	7(10)	**7,159,226,673**	4,079,709,861	**4,172,905,380**	3,359,053,100
Intangible assets	7(12)	**6,964,146,908**	2,321,671,156	**1,594,967,629**	1,609,885,948
Goodwill	7(13)	**11,419,631,709**	129,441,347	**1,528,308**	1,528,308
Long-term deferred expenses		**193,684,908**	76,232,647	**1,578,486**	1,837,059
Deferred income tax assets	7(23)	**345,364,510**	257,650,147	**208,210,524**	200,252,359
Other non-current assets		**34,578,011**	—	**—**	—
Total non-current assets		**133,907,379,742**	103,588,289,239	**85,095,444,711**	72,465,857,616
TOTAL ASSETS		**152,968,293,935**	122,139,350,408	**93,695,925,292**	84,406,746,927

Balance Sheets (Unaudited) (Cont'd)

As at 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Consolidated 30 June 2008	Consolidated 31 December 2007	The Company 30 June 2008	The Company 31 December 2007
CURRENT LIABILITIES					
Short-term loans	7(14)	**28,767,357,608**	11,670,400,123	**8,390,000,000**	4,240,000,000
Derivative financial liabilities	7(2)	**48,037,961**	—	**—**	—
Notes payable		**—**	332,544,000	**—**	332,544,000
Accounts payable	7(15)	**3,853,359,963**	2,017,227,031	**1,494,111,788**	1,186,031,317
Salary and welfare payables	7(16)	**212,447,497**	213,403,153	**153,544,580**	162,174,184
Taxes payable	7(17)	**482,583,270**	955,334,054	**348,196,019**	588,784,593
Interest payables		**529,679,239**	181,088,854	**366,389,685**	121,649,783
Dividends payable	7(18)	**94,236,786**	12,150,000	**36,000,000**	—
Other payables	7(19)	**6,060,984,109**	5,702,416,535	**4,155,257,913**	3,501,421,087
Current portion of non-current liabilities		**7,274,252,895**	4,219,515,105	**3,018,724,493**	1,026,684,643
Other current liabilities	7(20)	**5,524,269,943**	5,228,038,843	**5,384,657,663**	5,165,580,091
Total current liabilities		**52,847,209,271**	30,532,117,698	**23,346,882,141**	16,324,869,698
NON-CURRENT LIABILITIES					
Long-term loans	7(21)	**41,439,973,922**	33,438,647,481	**18,239,976,494**	15,896,095,397
Bonds payable	7(22)	**9,825,881,304**	5,885,614,909	**9,825,881,304**	5,885,614,909
Specific payables		**301,616,874**	277,191,567	**245,086,874**	220,811,567
Deferred income tax liabilities	7(23)	**1,875,498,555**	770,318,864	**596,202,264**	759,125,768
Other non-current liabilities		**720,043,004**	469,716,200	**714,619,004**	464,046,200
Total non-current liabilities		**54,163,013,659**	40,841,489,021	**29,621,765,940**	23,225,693,841
TOTAL LIABILITIES		**107,010,222,930**	71,373,606,719	**52,968,648,081**	39,550,563,539
SHAREHOLDERS' EQUITY					
Share capital	7(24)	**12,055,383,440**	12,055,383,440	**12,055,383,440**	12,055,383,440
Capital surplus	7(25)	**10,420,905,756**	10,700,531,318	**8,190,388,595**	8,796,231,783
Surplus reserves	7(26)	**6,142,345,063**	6,142,345,063	**6,142,345,063**	6,142,345,063
Undistributed profits	7(27)	**13,144,758,333**	17,221,419,482	**14,339,160,113**	17,862,223,102
Translation reserve		**(159,605,917)**	—	**—**	—
Shareholder's equity attributable to shareholders of the Company		**41,603,786,675**	46,119,679,303	**40,727,277,211**	44,856,183,388
Minority interests	7(28)	**4,354,284,330**	4,646,064,386	**—**	—
TOTAL SHAREHOLDERS' EQUITY		**45,958,071,005**	50,765,743,689	**40,727,277,211**	44,856,183,388
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**152,968,293,935**	122,139,350,408	**93,695,925,292**	84,406,746,927

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Person in charge of accounting function:*	*Person in charge of accounting department:*
Cao Peixi	**Zhou Hui**	**Huang Lixin**

Profit and Loss Accounts (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

		Note	For the six months ended 30 June			
			Consolidated		The Company	
			2008	2007	2008	2007
				(Restated)		(Restated)
1.	**Revenue from operations**	7(29), 10(3)	**30,790,535,853**	23,534,904,094	**17,579,101,156**	14,812,306,151
	Less: Cost of operations	7(29), 10(3)	**(29,345,259,228)**	(18,942,809,747)	**(16,903,107,488)**	(12,118,759,906)
	Tax and levies on operations	7(30)	**(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	7(31)	**(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	7(32), 10(4)	**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)
3.	**(Loss)/Profit before taxation**		**(556,476,309)**	3,830,107,010	**221,765,236**	3,683,112,265
	Less: Income tax expense	7(33)	**(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	7(34)	**(0.04)**	0.25		
	Diluted earnings per share		**(0.04)**	0.25		

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:	Person in charge of accounting department:
Cao Peixi	**Zhou Hui**	**Huang Lixin**

Cash Flow Statements (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

		For the six months ended 30 June			
		Consolidated		The Company	
Items	Note	**2008**	2007	**2008**	2007
1. Cash flows generated from operating activities			(Restated)		(Restated)
Cash received from sales of goods and services rendered		**34,893,241,680**	27,756,645,004	**20,631,860,133**	17,909,030,349
Other cash received relating to operating activities		**131,208,298**	98,093,435	**493,128,610**	378,504,114
Sub-total of cash inflows of operating activities		**35,024,449,978**	27,854,738,439	**21,124,988,743**	18,287,534,463
Cash paid for goods and services received		**(26,223,605,262)**	(16,242,201,126)	**(15,652,004,779)**	(10,281,085,302)
Cash paid to and on behalf of employees		**(1,603,707,944)**	(1,554,777,392)	**(1,070,481,305)**	(1,066,101,925)
Payments of all types of taxes		**(3,058,047,219)**	(3,420,089,618)	**(1,915,973,633)**	(1,917,066,714)
Other cash paid relating to operating activities	7(35)	**(987,668,441)**	(980,374,756)	**(638,478,611)**	(747,541,436)
Sub-total of cash outflows of operating activities		**(31,873,028,866)**	(22,197,442,892)	**(19,276,938,328)**	(14,011,795,377)
Net cash flows generated from operating activities	7(35)	**3,151,421,112**	5,657,295,547	**1,848,050,415**	4,275,739,086
2. Cash flows generated from investing activities					
Cash received from repayments or disposals of investments		**254,255,000**	603,945,511	**25,200,000**	603,411,052
Cash received on investment income		**—**	306,686,418	**57,708,032**	705,290,894
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		**1,270,026**	9,863,258	**1,417,832**	3,523,959
Other cash received relating to investing activities		**5,017,000**	1,458,748	**—**	1,148,112
Sub-total of cash inflows of investing activities		**260,542,026**	921,953,935	**84,325,864**	1,313,374,017
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**(11,623,702,962)**	(6,785,049,485)	**(7,324,765,023)**	(4,661,686,730)
Cash paid for investments		**(114,526,931)**	(769,796,763)	**(1,527,409,352)**	(823,796,763)
Net cash paid to acquire subsidiaries and other operating units		**(20,062,760,021)**	—	**—**	—
Cash decrease due to deemed disposal of a subsidiary		**—**	(322,176,384)	**—**	—
Other cash paid relating to investing activities		**—**	(333,258,940)	**—**	—
Sub-total of cash outflows of investing activities		**(31,800,989,914)**	(8,210,281,572)	**(8,852,174,375)**	(5,485,483,493)
Net cash flows used in investing activities		**(31,540,447,888)**	(7,288,327,637)	**(8,767,848,511)**	(4,172,109,476)

Cash Flow Statements (Unaudited) (Cont'd)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

		For the six months ended 30 June			
		Consolidated		The Company	
Items	Note	2008	2007	2008	2007
			(Restated)		(Restated)
3. Cash flows generated from financing activities					
Cash received from investments		4,170,000	—	—	—
Including: cash received from minority shareholders of subsidiaries		4,170,000	—	—	—
Cash received from borrowings		40,224,937,119	17,185,260,406	9,660,224,000	12,358,000,000
Cash received from issuing long-term bonds		3,933,302,352	—	3,933,302,352	—
Other cash received relating to financing activities		44,490,000	87,090,000	44,340,000	79,590,000
Sub-total of cash inflows of financing activities		44,206,899,471	17,272,350,406	13,637,866,352	12,437,590,000
Cash paid on repayments of borrowings		(13,174,478,748)	(10,591,267,496)	(6,376,795,495)	(7,837,382,928)
Cash paid for dividends, profit appropriation or interest expense payments		(5,251,513,823)	(4,889,077,435)	(4,202,777,585)	(3,964,319,299)
Including: dividends paid to minority shareholders of subsidiaries		(54,344,814)	(228,315,633)	—	—
Other cash paid relating to financing activities		(61,226,320)	(6,276,794)	(59,509,500)	(4,453,753)
Sub-total of cash outflows of financing activities		(18,487,218,891)	(15,486,621,725)	(10,639,082,580)	(11,806,155,980)
Net cash flows generated from financing activities		25,719,680,580	1,785,728,681	2,998,783,772	631,434,020
4. Effect of foreign exchange rate changes on cash		(92,524,232)	3,838,255	3,839,632	4,596,880
5. Net (decrease)/increase in cash	7(35)	(2,761,870,428)	158,534,846	(3,917,174,692)	739,660,510
Add: Cash at beginning of the period		7,312,264,810	3,228,603,526	5,500,377,727	1,433,164,645
6. Cash at end of the period		4,550,394,382	3,387,138,372	1,583,203,035	2,172,825,155

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:	Person in charge of accounting department:
Cao Peixi	**Zhou Hui**	**Huang Lixin**

Consolidated Statements of Changes in Equity (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

Items	Note	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Translation reserve	Minority interests	Total shareholders' equity
		Attributable to shareholders of the Company						
Balance as at 1 January 2007		12,055,383,440	10,278,881,619	5,503,477,721	15,228,908,521	—	6,332,307,763	49,398,959,064
Changes for the six months ended 30 June 2007								
Net profit		—	—	—	2,959,711,062	—	213,047,723	3,172,758,785
Gains/(losses) directly recorded in shareholders' equity								
Gains from net changes in fair value of available-for-sale investments		—	320,713,069	—	—	—	—	320,713,069
Other equity movements of investee companies accounted for under equity method		—	(75,938)	—	—	—	—	(75,938)
Income tax impact of items recorded in shareholders' equity		—	(48,106,959)	—	—	—	—	(48,106,959)
Others		—	78,847,685	29,334,471	(29,334,471)	—	400,000	79,247,685
Subtotal		—	351,377,857	29,334,471	2,930,376,591	—	213,447,723	3,524,536,642
Capital injection and withdrawal by shareholders								
Others		—	—	—	—	—	(1,785,638,900)	(1,785,638,900)
Profit appropriation								
Dividends payable to shareholders	7(27)	—	—	—	(3,375,507,363)	—	(446,354,673)	(3,821,862,036)
Balance as at 30 June 2007, restated	2	12,055,383,440	10,630,259,476	5,532,812,192	14,783,777,749	—	4,313,761,913	47,315,994,770

Consolidated Statements of Changes in Equity (Unaudited) (Cont'd)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

		Attributable to shareholders of the Company						
Items	Note	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Translation reserve	Minority interests	Total shareholders' equity
Balance as at 1 January 2008		12,055,383,440	10,700,531,318	6,142,345,063	17,221,419,482	—	4,646,064,386	50,765,743,689
Changes for the six months ended 30 June 2008								
Net loss		—	—	—	(470,327,273)	—	(230,309,116)	(700,636,389)
Gains/(losses) directly recorded in shareholders' equity								
Losses from net changes in fair value of available-for-sale investments		—	(831,863,621)	—	—	—	—	(831,863,621)
Other equity movements of investee companies accounted for under equity method		—	(110,163)	—	—	—	—	(110,163)
Effective portion of fair value changes in the hedging instruments of cash flow hedges		—	608,548,831	—	—	—	—	608,548,831
Recycle of hedging reserves to profit and loss account		—	(210,722,458)	—	—	—	—	(210,722,458)
Income tax impact of items recorded in shareholders' equity		—	136,357,158	—	—	—	—	136,357,158
Others		—	18,164,691	—	—	—	—	18,164,691
Subtotal		—	(279,625,562)	—	(470,327,273)	—	(230,309,116)	(980,261,951)
Capital injection by shareholders		—	—	—	—	—	4,170,000	4,170,000
Acquisition of subsidiaries		—	—	—	—	—	35,046,523	35,046,523
Profit appropriation								
Dividends payable to shareholders	7(27)	—	—	—	(3,606,333,876)	—	(100,431,600)	(3,706,765,476)
Translation reserve		—	—	—	—	(159,605,917)	(255,863)	(159,861,780)
Balance as at 30 June 2008		12,055,383,440	10,420,905,756	6,142,345,063	13,144,758,333	(159,605,917)	4,354,284,330	45,958,071,005

The accompanying notes form an integral part of these financial statements.

Legal representative:	*Person in charge of accounting function:*	*Person in charge of accounting department:*
Cao Peixi	**Zhou Hui**	**Huang Lixin**

Statements of Changes in Equity (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

Items	Note	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2007		12,055,383,440	7,915,109,729	5,503,477,721	15,368,374,950	40,842,345,840
Changes for the six months ended 30 June 2007						
Net profit		—	—	—	3,390,817,901	3,390,817,901
Gains/(losses) directly recorded in shareholders' equity						
Gains from net changes in fair value of available-for-sale investments		—	320,713,069	—	—	320,713,069
Other equity movements of investee companies accounted for under equity method		—	(75,938)	—	—	(75,938)
Income tax impact of items recorded in shareholders' equity		—	(48,106,959)	—	—	(48,106,959)
Others		—	159,979,936	29,334,471	264,010,306	453,324,713
Subtotal		—	432,510,108	29,334,471	3,654,828,207	4,116,672,786
Profit appropriation						
Dividends payable to shareholders		—	—	—	(3,375,507,363)	(3,375,507,363)
Balance as at 30 June 2007, restated	2	12,055,383,440	8,347,619,837	5,532,812,192	15,647,695,794	41,583,511,263

Statements of Changes in Equity (Unaudited) (Cont'd)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

Items	Note	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2008		12,055,383,440	8,796,231,783	6,142,345,063	17,862,223,102	44,856,183,388
Changes for the six months ended 30 June 2008						
Net loss		—	—	—	83,270,887	83,270,887
Gains/(losses) directly recorded in shareholders' equity						
Losses from net changes in fair value of available-for-sale investment		—	(831,863,621)	—	—	(831,863,621)
Other equity movements of investee companies accounted for under equity method		—	(110,163)	—	—	(110,163)
Income tax impact of items recorded in shareholders' equity		—	207,965,905	—	—	207,965,905
Others		—	18,164,691	—	—	18,164,691
Subtotal		—	(605,843,188)	—	83,270,887	(522,572,301)
Profit appropriation						
Dividends payable to shareholders		—	—	—	(3,606,333,876)	(3,606,333,876)
Balance as at 30 June 2008		12,055,383,440	8,190,388,595	6,142,345,063	14,339,160,113	40,727,277,211

The accompanying notes form an integral part of these financial statements.

Legal representative:	Person in charge of accounting function:	Person in charge of accounting department:
Cao Peixi	**Zhou Hui**	**Huang Lixin**

Notes to the Financial Statements (Unaudited)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

1. COMPANY PROFILE

Huaneng Power International, Inc. (hereinafter referred to as the "Company") was incorporated in the People's Republic of China (the "PRC") as a Sino-foreign joint stock company on 30 June 1994. The registered address of the Company is West Wing, Building C, Tianyin Mansion, 2C Fuxingmennan Street, Xicheng District, Beijing, PRC.

The Company and its subsidiaries are principally engaged in the generation and sale of electric power to ultimate consumers directly or through their respective grid companies where they are located at.

Five of the power plants had already been in commercial operations at time of incorporation of the Company in 1994 (hereinafter collectively referred to as the "five original operating power plants"). The five original operating power plants were previously under Huaneng International Power Development Corporation ("HIPDC"), a Sino-foreign equity joint venture established in the PRC. In accordance with the reorganization agreement dated 30 June 1994, the Company acquired the assets, liabilities and businesses of the five original operating plants from HIPDC which in return HIPDC received an equity interest in the Company (the "Reorganization"). After the Reorganization, the Company continues to construct or acquire other operating power plants.

The Company's Overseas Listed Foreign Shares were listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited on 6 October 1994 and 4 March 1998, respectively. The Company has listed its A share on the Shanghai Stock Exchange on 6 December 2001.

The Company's ultimate parent company is China Huaneng Group ("Huaneng Group"). Huaneng Group is a state-owned enterprise registered in the PRC, please refer to Note 11(1) for details.

On 10 March 2008, Sinosing Power Pte. Ltd. ("SinoSing Power") was incorporated as an oversea vehicle of Huaneng Group and acquired 100% issued shares of Tuas Power Ltd. ("Tuas Power") from Temasek Holdings (Private) Limited ("Temasek") in Singapore on 24 March 2008. 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 borne 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 relation to the acquisition of Tuas Power, with total amounted to approximately RMB7.08 billion.

These financial statements were approved by the board of directors of the Company on 27 August 2008.

2. BASIS OF PREPARATION

The Company and its subsidiaries previously prepared financial statements in accordance with the Accounting Standards for Business Enterprises promulgated before 15 February 2006 and "Accounting Systems for Business Enterprises" promulgated on 29 December 2000 (hereinafter collectively referred to as the "Previous Accounting Standards and Accounting Systems"). From 1 January 2007 onwards, the Company and its subsidiaries adopted the "Accounting Standards for Business Enterprises – Basic Standard" and the 38 specific accounting standards promulgated by Ministry of Finance on 15 February 2006, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other related regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") which were promulgated thereafter. The financial statements of the Company and its subsidiaries for the six months ended 30 June 2007 are the first interim financial statements prepared in accordance with Accounting Standards for Business Enterprises. The financial statements of the Company and its subsidiaries for the year ended 31 December 2007 are the first annual financial statements prepared in accordance with the Accounting Standards for Business Enterprises.

The Company and its subsidiaries only made retrospective adjustments in accordance with paragraphs 5-19 of "Accounting Standards for Business Enterprises No. 38 – First time adoption of Accounting Standards for Business Enterprises" in the financial statements for the six months ended 30 June 2007. That interim financial statements were approved by the board of directors of the Company on 14 August 2007. Thereafter, "Interpretation of Accounting Standards for Business Enterprises No. 1" promulgated by the Ministry of Finance in November 2007 states that "as for the listed B share or H share companies that provided financial statements in accordance with both Previous Accounting Standards and Accounting System and International Financial Reporting Standards ("IFRS"), where retrospective adjustments caused by the changes in accounting policies can be made based on the information obtained on the first time adoption date, the opening balance on the first time adoption date should be retrospectively adjusted". In accordance with the Interpretation, while preparing the 2007 annual financial statements, the Company and its subsidiaries not only made the retrospective adjustments in accordance with paragraphs 5-19 of "Accounting Standards for Business Enterprises No. 38 – First time adoption of Accounting Standards for Business Enterprises", but also made retrospective adjustments in accordance with the "Interpretation of Accounting Standards for Business Enterprises No. 1".

The Company and its subsidiaries restated the comparative figures for the six months ended 30 June 2007 in accordance with the above Interpretation, when preparing the financial statements for the six months ended 30 June 2008.

This unaudited financial statements for the six months ended 30 June 2008 need to be read in conjunction with the annual financial statements for the year ended 2007.

3. DECLARATION OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated financial statements of the Company and its subsidiaries and the financial statements of the Company for the six months ended 30 June 2008 are prepared in accordance with Accounting Standards for Business Enterprises, and present fairly and completely the financial position of the Company and its subsidiaries as well as the Company alone as at 30 June 2008 and their financial performance and cash flows and other related information for the six months ended 30 June 2008.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Financial year

The financial year of the Company and its subsidiaries starts on 1 January and ends on 31 December.

(2) Reporting currency

The reporting currency of the Company and its subsidiaries' domestic businesses is Renminbi ("RMB"), and the reporting currency for the oversea businesses is the currency of the country in which they operate.

(3) Basis of accounting and measurement principle

The Company and its subsidiaries apply accrual method as the basis for recognition, measurement and reporting. Financial statements elements are usually measured at historical cost by the Company and its subsidiaries. Replacement cost, net realizable value, present value or fair value are applied in measurement on the premise that the availability and reliable measurement can be secured.

(4) Foreign currency translation

(a) Foreign currency transaction

Foreign currency transactions are translated into the reporting 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 the reporting currency on balance sheet date. The exchange differences arising from such translations are recorded in the profit and loss account 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.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(4) Foreign currency translation *(Cont'd)*

(b) Foreign currency translation of financial statements

Assets and liabilities of each balance sheet of foreign operations are translated into RMB at the closing rates at the balance sheet date; the equity items excluding undistributed profits are translated at the spot exchange rates at the date of the transactions. Income and expenses in each profit and loss account of the foreign operations are translated at average exchange rates approximating the rate on transaction dates. All resulting translation differences are recognized as a separate component of equity.

The cash flows denominated in foreign currencies and cash flows of overseas 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 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 profit and loss account as part of the gain or loss on sale.

(5) Cash and cash equivalents

Cash presented in the cash flow statement refers to cash on hand and deposits held at call with banks while cash equivalents refers to short-term (usually within 3 months), highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets

Financial assets are classified into financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments at initial recognition. The classification is based on the intention and ability of the Company and its subsidiaries to hold the financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets and financial assets designated upon initial recognition as at fair value through profit or loss. Please refer to Note 4(6)(f) for details of derivative financial assets designated as hedging instruments of cash flow hedge.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(6) Financial assets *(Cont'd)*

(b) Receivables

Receivables are non-derivative financial assets with fixed or determinable recoverable amount that are not quoted in an active market, including notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables ,etc.. Please refer to Note 4(7) for details of the accounting policy of receivables.

(c) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale at initial recognition or those financial assets being classified as neither financial assets at fair value through profit or loss, receivables nor held-to-maturity investments. Available-for-sale financial assets that will be sold within 12 months after the balance sheet date are presented as current portion of non-current assets on the balance sheet.

(d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable recoverable amount and fixed maturity that the Company and its subsidiaries have the positive intention and ability to hold to maturity. Held-to-maturity investments that are due within 12 months after the balance sheet date are presented as current portion of non-current assets on the balance sheet.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(6) Financial assets *(Cont'd)*

(e) Recognition and measurement

Financial assets are recognized initially when the Company and its subsidiaries become a contracting party and measured at fair value. Transaction costs relating to financial assets at fair value through profit or loss are directly expensed off as incurred. Transaction costs for other financial assets are included in the asset at initial recognition. When the contractual right to receive cash flow of a particular financial asset expires or when almost all the risk and rewards of the financial assets are transferred to the transferee, that financial asset is derecognized.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. However, the equity investments that have no quoted prices in an active market and whose fair value cannot be measured reliably are measured at cost.

The changes in the fair value of financial assets at fair value through profit or loss are recorded in the gain or loss from changes in fair value. Interest or cash dividends received in the duration of such assets are recorded in the profit and loss account in the current period. The difference between fair value and carrying amount is recognized as investment income on disposal and adjusts the gain or loss from changes in fair value accordingly. The subsequently changes in the fair value of derivative financial instruments are recorded in gain or loss from changes in fair value, except the effective portion of gain or loss arising from the hedging instruments of cash flow hedges being deferred in equity (refer to Note 4(6)(f)).

The gain or loss from the changes in the fair value of available-for-sale financial assets, other than impairment loss and exchange difference arising from foreign currency monetary financial assets, is recorded in shareholders' equity and recycled to the profit and loss account upon derecognition of such financial assets.

Receivables and held-to-maturity investments are measured using the effective interest method at amortized cost.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(6) Financial assets *(Cont'd)*

(f) Cash flow hedge

Cash flow hedge represents a hedge against the exposure to variability in cash flows where such cash flow is originated from a particular risk associated with a highly probable forecast transaction and could affect profit or loss.

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

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 profit and loss account.

Amounts accumulated in equity are recycled to the profit and loss account 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 non-financial 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 is recycled to profit and loss account.

When a hedging instrument expires or is sold, terminated, 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 profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred in equity is immediately recycled to the profit and loss account.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(6) Financial assets *(Cont'd)*

(g) Impairment of financial assets

Except for financial assets at fair value through profit and loss, the Company and its subsidiaries assess the carrying amounts of financial assets at each balance sheet date. Impairment loss is provided if there is any objective evidence indicating impairment of a particular financial asset.

When there is a relatively significant or prolonged decline in the fair value of available-for-sale financial assets, the cumulative loss due to decline in fair value that has been previously recorded in equity is recognized as impairment loss in the profit and loss account. Impairment loss recognized in the profit and loss account on available-for-sale debt investments is reversed through profit and loss in the current period, when the fair value subsequently increases as a result of objective changes in circumstances occurring after the impairment loss was originally recognized. Impairment loss recognized on available-for-sale equity investments is reversed through equity when the fair value subsequently increases as a result of objective changes in circumstances occurring after the impairment loss was originally recognized.

When financial assets at amortized cost are impaired, the carrying amount of the financial assets is reduced to present value of estimated future cash flows (excluding future credit losses that have not been incurred). The impaired amount is recognized as assets impairment loss in the current period. If there is objective evidence that the value of the financial assets is recovered as a result of objective changes in circumstances occurring after the impairment loss was originally recognized, the originally recognized impairment loss is reversed through the profit and loss account. For the impairment test of receivables, please refer to Note 4(7).

Impairment loss recognized on equity instruments that do not have quoted prices in an active market and whose fair value cannot be reliably measured is not reversed when the value recovers subsequently.

(7) Receivables

Receivables including accounts receivable, notes receivable and other receivables, etc.. are recognized initially at fair value. Receivables are measured using the effective interest method and stated at amortized cost less provision for doubtful accounts.

When there is objective evidence that the Company and its subsidiaries will not be able to collect all receivables on the original terms of the receivables, individual impairment test is performed and related provision for doubtful accounts are made based on the shortfall between carrying amounts and respective present value of estimated future cash flow.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(8) Inventories

Inventories include fuel for power generation, materials for repairs and maintenance and spare parts, etc.. Inventories are stated at lower of cost and net realizable values.

Inventories are initially recorded at cost and are charged to fuel costs or repairs and maintenance respectively when used, or capitalized to fixed assets when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation costs.

Provision for inventory obsolescence is made based on the excess of cost over its net realizable value on an item-by-item basis. For inventories that are voluminous and at relatively low unit price, provision is made based on individual categories. The net realizable value is determined based on the estimated selling price after deducting the estimated selling expense and relevant taxation in the ordinary course of production.

The Company and its subsidiaries apply perpetual inventory system.

(9) Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, associates and long-term equity investments in entities where i) the Company and its subsidiaries have no control, common control or significant influence, and ii) there is no quoted price in an active market and, the fair value of such investments cannot be reliably measured.

(a) Subsidiaries

Subsidiaries are entities over which the Company is able to exercises control, i.e. the power to govern the financial and operating policies to obtain benefits from the investees' operation activities. The existence and effect of potential voting rights such as convertible notes and warrants that are currently convertible or exercisable are considered when assessing whether the Company controls the investee. The investments in subsidiaries are accounted for using cost method in the Company only financial statements. They are adjusted in accordance with equity method when preparing the consolidated financial statements.

Long-term equity investments accounted for using cost method are measured at initial investment cost. Cash dividends or income appropriation declared by the investees are recognized as investment income in the current period. Investment income is recognized to the extent of proportionate share of post-acquisition cumulative net profit, any excess of income appropriation or cash dividends is regarded as recovery of investment cost.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(9) Long-term equity investments *(Cont'd)*

(a) Subsidiaries (Cont'd)

If the Company purchases further interests of its subsidiaries from the minority shareholders, the difference between the consideration paid to the minority shareholders and the proportionate share of the fair value of net identifiable assets acquired on the date of exchange is recognized as goodwill. The gain or loss on disposals or deemed disposals of a portion of equity interests in subsidiaries to minority shareholders is recorded in shareholders' equity.

(b) Associates

Associates are entities which the Company and its subsidiaries, in substance, have significant influence over the entities' financial and operating decision.

Investments in associates are initially recognized at cost, and are subsequently accounted for using equity method. The excess of initial investment cost over the proportionate share of fair value of net identifiable assets of the associates at the time of investment is included in the initial investment cost. The excess of the proportionate share of fair value of net identifiable assets of the associates over initial investment cost is written off in the profit and loss account and the long-term equity investment is adjusted accordingly.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(9) Long-term equity investments *(Cont'd)*

(b) Associates (Cont'd)

When applying equity method, the Company and its subsidiaries adjust the profit and loss account of the associates including the fair value adjustments on the net identifiable assets of the associates, the adjustments to align with the accounting policies of the Company and its subsidiaries and the adjustments for different financial year end. Investment income for the current period is recognized based on the proportionate share of the Company and its subsidiaries in the associates' profit or loss. The Company and its subsidiaries recognize the net loss of the associates to the extent that the carrying amount of their long-term investments is reduced to nil. However, when the Company and its subsidiaries have the obligation of bearing additional losses and such an obligation meets the recognition criteria of provision under the standard of contingency, they have to continue recognizing further such losses and provision. For the changes in the equity of the associates other than those in the profit and loss account and where the equity share in the investee remain unchanged, the Company and its subsidiaries record their shares in the shareholders' equity and adjust the carrying amount of the long-term equity investments. The Company and its subsidiaries' share of income appropriation or cash dividends declared by the associates are recognized as deductions of the carrying amount of the long-term equity investments. However, the excess of cash dividends over recognized investment income but within the share of post-acquisition profit, will be recognized as investment income during the current period. Profits and losses resulting from intragroup transactions between the Company and its subsidiaries and the associates are eliminated to the extent of the proportionate share of the Company and its subsidiaries. If losses generated from intragroup transactions between the Company and its subsidiaries and the associates are regarded as asset impairment losses, such loss is fully recognized, and the unrealized profit or loss is not eliminated.

(c) Other long-term equity investments

Other long-term equity investments are accounted for using cost method where i) the Company and its subsidiaries have no control, joint control, or significant influence, and ii) there is no quoted price in an active market and the fair value of the investments cannot be reliably measured.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(9) Long-term equity investments *(Cont'd)*

(d) Long-term equity investments impairment

When the recoverable amounts of investments in subsidiaries or associates become lower than their carrying amounts, the carrying amounts are reduced to recoverable amounts. Please refer to Note 4(14) for details.

Regarding the above-mentioned other long-term equity investments, impairment loss is recognized in profit and loss account based on the shortfall between carrying amounts and the present value of such investments (deriving from discounting of future cash flow of similar investments at current market return rate). Please refer to Note 4(6)(g) for details.

(10) Fixed assets and depreciation

Fixed assets are tangible assets that are used in power production or held for management purposes, which their useful lives are over 1 year and are of relatively high unit price. Purchased or newly constructed fixed assets are initially recognized at cost. Fixed assets obtained during the Reorganization were initially recorded at their appraisal value approved by relevant stated-owned assets administration authorities.

Subsequent expenditures on fixed assets are capitalized if it is probable that future economic benefits associated will flow into the Company and its subsidiaries and can be measured reliably. The carrying amount of replaced parts is derecognized. Other subsequent expenditures not qualifying for capitalization are recognized in the profit and loss account as incurred.

Fixed assets are depreciated using the straight-line method based on cost less estimated residual values over their estimated useful lives. For impaired fixed assets, the related depreciation charge is determined based on the carrying amounts (after deducting impairment loss) over their remaining useful lives.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(10) Fixed assets and depreciation *(Cont'd)*

The estimated useful lives, estimated residual value rates and annual depreciation rates of the fixed assets are as follows:

	Estimated useful lives	Estimated residual value rate	Annual depreciation rate
Buildings	15-35 years	0%-11%	2.71%-6.67%
Electric utility plant in service	5-35 years	0%-11%	2.71%-20.00%
Transportation and transmission facilities	6-15 years	0%-11%	6.67%-16.67%
Others	3-18 years	0%-11%	5.39%-33.33%

The estimated useful lives, estimated residual value and depreciation method applied to fixed assets are reviewed at each financial year-end and adjusted when necessary.

When fixed assets are disposed of or no future economic benefits are expected from their use or disposal, such fixed assets are derecognized. The disposal gains arising from sales, transfer, write-off or damages of fixes assets, after deducting related taxes, are recognized in the profit and loss account as incurred.

When the recoverable amount of fixed assets becomes lower than their carrying amount, the fixed assets are impaired to their recoverable amount. Please refer to Note 4(14).

(11) Construction-in-progress

Construction-in-progress is recorded at cost. Cost comprises construction expenditures, other expenditures necessary for the purpose of preparing the assets for their intended use and those borrowing costs arising from borrowings for the purpose of preparing the assets for their intended use and eligible for capitalization. Construction-in-progress is transferred to the fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

When the recoverable amount of construction-in-progress becomes lower than its carrying amount, construction-in-progress is impaired to its recoverable amount. Please refer to Note 4(14).

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(12) Intangible assets and amortization

Intangible assets are initially recognized at cost. The Company's intangible assets obtained during the Reorganization were initially recorded at their appraisal value approved by relevant stated-owned assets administration authorities.

Intangible assets with definite useful lives are amortized using the straight-line method over their useful lives. The expected useful lives and amortization method applied to intangible assets with definite useful lives are reviewed at each financial year-end and adjusted when necessary.

Intangible assets with indefinite useful lives are not amortized. The useful lives of intangible assets with indefinite useful lives are reviewed in each accounting period.

When the recoverable amount of intangible assets becomes lower than their carrying amount, the intangible assets are impaired to their recoverable amount. Please refer to Note 4(14).

(13) Goodwill

Goodwill is the excess of equity investment cost over the proportionate share of the fair value of the net identifiable assets of the investees on the date of exchange, or the cost of business combination not under common control over the proportionate share of the fair value of the net identifiable assets on the acquisition date. Goodwill arising from business combinations is presented separately on consolidated financial statements.

Goodwill presented separately on consolidated financial statements is tested for impairment at least annually. When performing impairment test, the carrying amount of goodwill is allocated to assets group or group of assets groups that are expected to benefit from the synergies arising from the business combination. Please refer to Note 4(14) for the accounting policy of impairment of assets group or group of assets groups. Goodwill is presented at cost less accumulated impairment loss as at period end.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(14) Non-financial assets impairment

Goodwill presented separately on consolidated financial statements and intangible assets with indefinite useful lives are tested for impairment at least annually regardless of whether there are indications of impairment. An impairment test is carried out for fixed assets, intangible assets with definite useful lives and long-term equity investments that are not accounted for as financial assets whenever there are impairment indications at the balance sheet date. If the result of the impairment test shows that the recoverable amount is lower than the carrying amount, the shortfall is provided as impairment loss and recorded in the profit and loss account. The recoverable amount is the higher of the asset's fair value less costs to sell and its present value of the future cash flows expected to be derived from the asset. Impairment is calculated and recognized at the individual asset level. The recoverable amount is calculated for the assets group to which the asset belongs where the recoverable amount for an individual asset cannot be reliably estimated. An asset group is the smallest identifiable group of assets that generates independent cash inflows.

The non-financial assets impairment referred above cannot be reversed after recognition even if the amount is recovered subsequently.

(15) Borrowing costs

The borrowing costs incurred which are directly attributable to the acquisition or construction of assets where the acquisition and construction take a substantial period of time to get ready for the intended use, are capitalized and recorded in the costs of the assets when the capital expenditure and borrowing costs incurred and the acquisition or construction activities necessary to prepare the asset for its intended use begin. The capitalization of the borrowing costs is ceased when the asset under acquisition or construction is ready for the intended use, and the borrowing costs incurred afterward are expensed as incurred. If the acquisition or purchase of an asset is interrupted abnormally and if the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended till such activities resume. For specific borrowings for the acquisition or construction of an asset eligible for capitalization, the capitalized amount of interests is determined based on the interest expense incurred after deducting any interest income earned from the deposits or investment income from a temporary investment based on the unused borrowing balance. For general borrowings used for acquisition or construction of an asset eligible for capitalization, the Company and its subsidiaries determine the capitalized interest by multiplying the weighted average excess of accumulated capital expenditure over specific borrowings by the capitalization rate of such general borrowings. The capitalization rate is determined according to the weighted average interest rate of the general borrowings.

(16) Payables

Payables including accounts payable, notes payable and other payables, etc.. are initially recognized at fair value and then measured using the effective interest method and presented at amortized cost.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(17) Loans

Loans are initially recognized at fair value less transaction costs and subsequently measured using the effective interest method at amortized cost. Loans due within 12 months after the balance sheet date (including 12 months) are presented as current liabilities, and the rest are recognized as long-term loans.

(18) Employee benefits

Employee benefits include salary, bonus, allowance and subsidies, staff welfare, social insurance, housing fund, labor union fund, employee education fund and other expenditures relating to the services rendered by employees.

The Company and its subsidiaries recognize employee benefits as liabilities in the accounting period when employees rendered their services. Such benefits are capitalized or expensed based on the beneficiaries of services received.

(19) Bonds payable

The corporate bonds are initially recorded as liabilities at fair value less transaction cost and subsequently measured at amortized cost using the effective interest method over the terms of the bonds.

Interest expenses are expensed as incurred, unless capitalization criteria are met.

(20) Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are calculated and recognized based on differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). For deductible losses or tax deductions that can be deducted against taxable profit and can be carried forward to the following years according to the tax law, these are deemed to be temporary differences and deferred income tax assets are recognized. Deferred income tax liabilities are not recognized for the temporary differences arising from the initial recognition of goodwill. For those temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and affect neither the accounting profit nor the taxable profit (or the deductible losses) at the time of transactions, no deferred income tax assets and liabilities are recognized.

The Company and its subsidiaries recognize the deferred income tax assets to the extent that the amount of the taxable income is likely to be available to utilize the deductible temporary differences, deductible losses or tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period during which the assets are expected to be recovered or the liabilities settled.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(21) Revenue recognition

Revenue is recognized based the following methods:

(a) Revenue from principal operations

Revenue from principal operations refers to amounts earned from electricity sales (net of related taxes). The Company and its subsidiaries recognize revenue when electricity is sold to consumers. The Company and its subsidiaries recognize revenue at the fair value of the amount received or receivable according to the contracts or agreements.

(b) Management service income

As mentioned in Note 11(5)(h), the Company provides management service to certain power plants owned by Huaneng Group and HIPDC. The Company recognizes management service income as other income when the above-mentioned service is rendered in accordance with the management service agreement.

(c) Other income

Interest income from deposits is recognized on a time proportion basis using effective yield method.

Rental income under operating leases is recognized on a straight-line basis over the relevant lease term.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(22) Leases

Leases where all the risks and rewards incidental to ownership of the assets are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

(a) *Operating lease (Lessee)*

Operating lease expenses are capitalized or expensed on a straight-line basis over the lease term.

(b) *Finance lease (Lessor)*

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 adopt the effective interest method to allocate such unrealized finance income over the lease term. On balance sheet date, the Company and its subsidiaries present the net amount of finance lease receivable after deducting any unrealized finance income in other non-current assets and current portion of non-current assets respectively.

Please refer to Note 4(6) for impairment test of the finance lease receivable.

(23) Government grants

Government grants are recognized when the Company and its subsidiaries comply with the conditions attached and receipts are ensured. When government grants are in form of monetary assets, they are measured at the amount received or receivable. When government grants are in the form of non-monetary assets, they are measured at fair value. If fair values cannot be measured reliably, they are measured at nominal amounts.

Government grants relating to assets are recognized as deferred income and amortized over the useful lives of the related assets in the profit and loss account.

Government grants relating to income are recognized as deferred income and recorded in the profit and loss account in the period when the such expenses are incurred if they are used to compensate the related future expenses or losses of the Company and its subsidiaries. Government grants used to compensate expenses or losses that have already been incurred by the Company and its subsidiaries are directly recorded in the profit and loss account.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(24) Dividends appropriation

Cash dividends are recognized as a liability in the period when the proposed dividends are approved by the general meeting of shareholders.

(25) Business combinations

Business combinations under common control refers to combinations where the combining entities are controlled by the same party or parties before and after the combination and that control is not transitory; business combinations not under common control refers to combinations where the combining entities are not controlled by the same party or parties before and after the combination.

(a) Business combinations under common control

The acquirer measures both the consideration paid and net assets obtained at their carrying amounts. The difference between the carrying amounts of the net assets obtained and the carrying amount of the consideration paid is recorded in capital surplus, with any excess over capital surplus being adjusted against undistributed profits.

Any direct expensed attributable to the business combination are recorded in the profit and loss account in the current period. However, the handling fees, commissions and other expenses incurred for the equity instruments or bonds issued for the business combination are recorded in the initial measurement of the equity instruments and bonds respectively.

(b) Business combinations not under common control

The acquirer measures both the acquisition costs and its share of net identifiable assets acquired at their fair values on the acquisition date. Any excess of the acquisition costs over the proportionate share of fair values of the net identifiable assets acquired on the acquisition date is recognized as goodwill. Any excess of the proportionate share of fair value of the net identifiable assets acquired on the acquisition date over the acquisition costs is recorded in the profit and loss account in the current period.

Any direct expenses attributable to the business combination are recorded in the cost of business combination. However, the handling fees, commissions and other expenses incurred for the equity instruments or bonds issued for the business combination are recorded in the initial measurement of the equity instruments and bonds respectively.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(26) Preparation of consolidated financial statements

The scope of consolidated financial statements includes the Company and its subsidiaries.

A subsidiary is consolidated from the date when the Company obtains the control and ceased to be consolidated once the control is lost. All material inter-company balances, transactions and unrealized profit among the Company and its subsidiaries are eliminated upon consolidation. The portion of shareholders' equity of subsidiaries that is not attributable to the Company is minority interests and is separately presented within the shareholders' equity in the consolidated financial statements.

When the accounting policies or financial period adopted by subsidiaries are not consistent with those adopted by the Company, adjustments are made to the subsidiaries' financial statements based on the policies and period adopted by the Company when preparing consolidated financial statements.

For subsidiaries acquired under business combinations not under common control, when preparing consolidated financial statements, adjustments are made on the financial statements of subsidiaries based on the fair value of the net identifiable assets acquired on the acquisition date. For subsidiaries acquired under business combinations under common control, when preparing consolidated financial statements, the consolidated financial statements include the assets, liabilities, operating results and cash flows of such subsidiaries from the earliest period presented as if the business combinations had occurred at the beginning of the earliest comparative period presented and the net profit realized before acquisition date is separately disclosed in the consolidated profit and loss account.

(27) 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.

(28) Fair value determination of financial instruments

When an active market exists for a financial instruments, fair value is determined based on quoted prices in the active market. When no such an active market exists, fair value is determined by using valuation techniques. Valuation techniques includes making reference to the prices used by knowledgeable and willing parties in a recent transaction, the current fair value of other financial assets that are same in substance, discounted cash flow method and option pricing model ,etc.. When applying valuation techniques, the Company and its subsidiaries use market parameters to the fullest extent possible and use specific parameters of the Company and its subsidiaries as little as possible.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(29) Changes in accounting estimates

Changes in accounting estimates refer to adjustments on the carrying amount of an asset or a liability, or on the amount of the regular consumption of an asset, as a result of the change in the existing status, and the expected future benefits and obligations associated with the asset or liability. The Company and its subsidiaries apply the changes in accounting estimates prospectively.

(30) Critical accounting estimates and judgments

The Company and its subsidiaries made estimates and judgments based on historical experience and other factors, including reasonable expectations to future events based on the existing circumstances. Such critical accounting estimates and key assumptions are subject to continuous evaluation.

The estimates and assumptions made for the future by the Company and its subsidiaries may not fully equal to the actual results. The accounting estimates and key assumptions that may cause material adjustments to the carrying amounts of assets and liabilities within the next financial period include:

(a) Accounting estimate on impairment of goodwill

The Company and its subsidiaries test annually to identify whether goodwill is impaired in accordance with the accounting policy stated in Note 4(13).The recoverable amounts of assets group or group of assets groups are determined based on value in use. Such calculations require the use of estimates. It is possible that the reasonable estimates from such tests based on existing experience be different to the actual outcome within the next financial period, and could cause a material adjustment to the carrying amount of goodwill.

(b) Useful lives of fixed assets

The management of the Company and its subsidiaries determine the estimated useful lives and related depreciation charges for fixed assets. Such estimates are based on projected wears and tears incurred during power generation, and could be largely affected by technical innovations of power generators. Management will adjust the estimated useful lives of fixed assets when useful lives vary from previous estimated lives. They will write off technically obsolete or non-strategic assets that have been disposed or sold. It is possible that the estimates made based on existing experience be different to the actual outcomes within the next financial period and could cause a material adjustment to the carrying amount of fixed assets.

4. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

(30) Critical accounting estimates and judgments *(Cont'd)*

(c) Estimated impairment of fixed assets

The Company and its subsidiaries test whether fixed assets suffer any impairment whenever any impairment indication exists. In accordance with Note 4(14), an impairment loss is recognized for the excess of the asset's carrying amount over its recoverable amount. It is possible that the reasonable estimates from such tests based on existing experience be different to the actual outcomes within the next financial period, and could cause a material adjustment to the carrying amount of fixed assets.

5. TAXATION

(1) Value Added Tax ("VAT")

The domestic power sales of the Company and its subsidiaries are subjected to VAT. VAT payable is determined by applying 17% on the taxable revenue after offsetting deductible input VAT of the period.

(2) Consumption tax

The overseas power sales of the Company and its subsidiaries are subjected to Consumption tax of the country where they operate, with applicable tax rate of 7%.

(3) Income tax

On 16 March 2007, the National People's Congress promulgated the "Corporate Income Tax Law of the People's Republic of China" which became effective from 1 January 2008. Branches and subsidiaries of the Company which enjoyed preferential tax rates or holidays will transit to 25% gradually in five years from 1 January 2008 onwards. The subsidiaries with applicable tax rate of 33% apply tax rate of 25% from 1 January 2008 onwards.

The oversea subsidiaries of the Company applies income tax rate of 18%.

(All amounts are stated in RMB Yuan unless otherwise stated)

6. SUBSIDIARIES

(1) Subsidiaries acquired from business combinations under common control

Name of investee	Place and date of incorporation	Registered capital, paid-in capital or share capital	Business nature and scope of operations	Percentage of equity interest or percentage of voting right held by the Company		Included in consolidated financial statements
				Direct	Indirect	
Huaneng (Suzhou Industrial Park) Power Generation Co. Ltd. ("Taicang Power Company")	16/F, Zhiye Business Plaza, No. 158 Wangdun Road, Suzhou Industrial Park 19 June 1997	RMB632,840,000	Power generation	75%	—	Yes
Henan Huaneng Qinbei Power Limited Company ("Qinbei Power Company")	Wulongkou Town, Jiyuan, Henan Province 26 December 2001	RMB810,000,000	Power generation	60%	—	Yes
Huaneng Yushe Power Generation Co., Ltd. ("Yushe Power Company")	Yushe County, Shanxi Province 29 November 1994	RMB615,760,000	Power generation	60%	—	Yes
Huaneng Hunan Yueyang Power Generation Limited Liability Company ("Yueyang Power Company")	Chenglingji, Yueyang, Hunan Province 16 December 2003	RMB1,055,000,000	Power generation	55%	—	Yes
Huaneng Chongqing Luohuang Power Generation Limited Liability Company ("Luohuang Power Company")	Luohuang Town, JiangJin 16 December 2003	RMB1,658,310,000	Power generation	60%	—	Yes
Huaneng Pingliang Power Generation Limited Liability Company ("Pingliang Power Company")	No. 7 Binhe Zhong Road, Qilihe District, Lanzhou 6 November 1996	RMB924,050,000	Power generation	65%	—	Yes
Huaneng Nanjing Jinling Power Co., Ltd. ("Nanjing Jinling Power Company")	No. 8 Qixia Economic & Technology Development Zone, Qixia District, Nanjing 2 February 2005	RMB582,000,000	Power generation	60%	—	Yes

The subsidiaries above and the Company are all controlled by Huaneng Group before and after the acquisitions.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

6. SUBSIDIARIES *(Cont'd)*

(2) Subsidiaries acquired from business combinations not under common control or acquired through other ways

Name of investee	Place and date of incorporation	Registered capital, paid-in capital or share capital	Business nature and scope of operations	Percentage of equity interest or percentage of voting right held by the Company		Included in consolidated financial statements
				Direct	Indirect	
Huaneng Weihai Power Limited Liability Company ("Weihai Power Company")	No. 58 Haibu Road, Weihai Economic & Technology Development Zone 22 November 1993	RMB761,838,300	Power generation	60%	—	Yes
Huaneng Taicang Power Co., Ltd. ("Taicang II Power Company")	Jinlanglanggang Village, Fuqiao Town, Taicang 18 June 2004	RMB804,146,700	Power generation	75%	—	Yes
Huaneng Huaiyin Power Generation Co. Ltd. ("Huaiyin Power Company")	No. 291 Huaihai West Road, Huai'an 26 January 1995	RMB265,000,000	Power generation	90%	—	Yes
Huaneng Huaiyin II Power Limited Company ("Huaiyin II Power Company")	No. 291 Huaihai West Road, Huai'an 22 June 2004	RMB774,000,000	Power generation	63.64%	—	Yes
Huaneng Xindian Power Co., Ltd. ("Xindian II Power Company")	Qilu Chemical Industrial Park, Linzi District 24 March 2004	RMB100,000,000	Power generation	95%	—	Yes
Huaneng Shanghai Combined Cycle Power Limited Liability Company ("Shanghai Combined Cycle Power Company")	No. 298 Shengshi Road, Baoshan District 13 January 2005	RMB699,700,000	Power generation	70%	—	Yes
Huaneng Power International Fuel Limited Liability Company ("Fuel Company")	Bing 7/F, No. 2 Fuxingmennan Street, Xicheng District, Beijing 17 December 2007	RMB200,000,000	Coal wholesale	100%	—	Yes
SinoSing Power	Singapore 10 March 2008	USD985,000,100	Investment holding	100%	—	Yes
Tuas Power	Singapore 28 March 1995	SGD1,178,050,000	Power generation and related products, derivatives; developing power supply resources and operating electricity	—	100%	Yes
Tuas Power Supply Pte Ltd. ("TPS")	Singapore 8 June 2000	SGD500,000	Power sales	—	100%	Yes
Tuas Power Utilities Pte Ltd. ("TPU")	Singapore 15 April 2005	SGD2	Render of utility services	—	100%	Yes
TPGS Green Energy Pte Ltd. ("TPGS")	Singapore 30 August 2006	SGD1,000,000	Render of utility services	—	75%	Yes
New Earth Pte Ltd. ("NewEarth")	Singapore 10 July 2003	SGD10,111,841	Waste recycling advisory	—	60%	Yes
New Earth Singapore Pte Ltd. ("NewEarth Singapore ")	Singapore 26 July 2005	SGD12,516,050	Industrial waste management and recycling	—	43%	Yes

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash

		30 June 2008			31 December 2007		
		Original currency amount	Exchange rate	RMB equivalent	Original currency amount	Exchange rate	RMB equivalent
Cash	- RMB	1,045,378	1	1,045,378	527,828	1	527,828
	- SGD	7,002	5.0405	35,294	—	—	—
Bank deposits	- RMB	3,586,784,623	1	3,586,784,623	7,374,295,988	1	7,374,295,988
	- USD	22,770,079	6.8591	156,182,246	21,621,508	7.3046	157,936,468
	- Japanese yen	165,605,573	0.0645	10,676,260	331	0.0641	21
	- SGD	198,150,817	5.0405	998,694,954	—	—	—
Sub-total				4,752,338,083			7,532,232,477
Total cash				4,753,418,755			7,532,760,305

Please refer to Note 7(35) for the balances and changes of cash and cash equivalents stated in the cash flow statement.

Please refer to Note 11(6) for cash deposits in a related party.

(2) Derivative financial assets and liabilities

	30 June 2008	31 December 2007
Derivative financial assets		
– Hedging instrument of cash flow hedge (fuel contract)	405,774,071	—
– Other	15,403,471	—
Total	421,177,542	—
Derivative financial liabilities		
– Hedging instrument of cash flow hedge (fuel contract)	(19,807,703)	—
– Hedging instrument of cash flow hedge (forward exchange contract)	31,161,682	—
– Other	36,683,982	—
Total	48,037,961	—

An oversea subsidiary of the Company uses forward exchange contracts to hedge its foreign currency risk arising from highly probable forecast purchase transactions. As at 30 June 2008, the net fair value of the forward exchange contracts designated as hedging instruments was RMB31,161,682.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(2) Derivative financial assets and liabilities *(Cont'd)*

The subsidiary also uses fuel swap contracts to hedge its fuel price risk arising from highly probable forecast purchases of fuel purchase. As at 30 June 2008, the net fair value of the fuel swap contracts designated as hedging instruments was RMB425,581,774.

The fair value of the forward exchange contracts and fuel swap contracts was measured based on market price.

(3) Notes receivable

	30 June 2008	31 December 2007
Banking notes receivable	**1,058,959,638**	1,147,053,239
Commercial notes receivable	**119,000,000**	527,880,000
	1,177,959,638	1,674,933,239

As at 30 June 2008, the balance of discounted notes of the Company and its subsidiaries that are yet to mature amounted to RMB273,593,451 (31 December 2007: RMB302,700,123) (Note 7(14)).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(4) Accounts receivable and other receivables

(a) Accounts receivable

	30 June 2008	31 December 2007
Accounts receivable	**7,168,790,674**	6,445,737,545
Less: provision for doubtful accounts	**(242,183,139)**	(244,353,139)
	6,926,607,535	6,201,384,406

The ageing analysis of accounts receivable and provision for doubtful accounts are as follows:

	30 June 2008			31 December 2007		
Ageing	Amount	Percentage	Provision for doubtful accounts	Amount	Percentage	Provision for doubtful accounts
Within 1 year	**6,793,247,712**	**95%**	**—**	6,063,893,333	94%	—
1-2 years	**12,546**	**—**	**—**	3,014,422	—	—
2-3 years	**—**	**—**	**—**	—	—	—
Over 3 years*	**375,530,416**	**5%**	**(242,183,139)**	378,829,790	6%	(244,353,139)
	7,168,790,674	**100%**	**(242,183,139)**	6,445,737,545	100%	(244,353,139)

* As at 30 June 2008, the major portion of accounts receivable aged over 3 years not fully provided of the Company and its subsidiaries was the past due account receivables of Yueyang Power Company due from local grid company. According to the acquisition agreement between the Company and HIPDC, HIPDC has provided guarantee of approximately RMB140 million on such account receivable based on the equity interest in Yueyang Power Company held by the Company. Such accounts receivable arose when the Company acquired Yueyang Power Company from HIPDC in 2004. The Company received the guarantee payment from HIPDC as at 31 December 2006. In addition, Yueyang Power Company is in the process of negotiation with local grid company regarding the collection of the above-mentioned receivables. Considering the preliminary negotiation outcome and the above acquisition arrangement, the Company and its subsidiaries did not fully provide bad debt on these accounts receivable.

As at 30 June 2008, the individually significant accounts receivable of the Company and its subsidiaries amounted to RMB1,248,789,724 (31 December 2007: RMB2,600,482,514), representing 17.42% (31 December 2007: 40.34%) of the total accounts receivable. There was no bad debt provision made on these accounts receivable based on the assessment as at 30 June 2008 (31 December 2007: Nil).

As at 30 June 2008, there was no account receivable from shareholders who held 5% or more of the equity interest in the Company (31 December 2007: Nil).

(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(4) Accounts receivable and other receivables *(Cont'd)*

(a) Accounts receivable (Cont'd)

As at 30 June 2008, the five largest accounts receivable of the Company and its subsidiaries amounted to RMB3,743,514,111 (31 December 2007: RMB3,633,240,944), which are of aged within 1 year and representing 52.22% (31 December 2007: 56.37%) of the total accounts receivable.

(b) Other receivables

	30 June 2008	31 December 2007
Other receivables	**344,728,372**	312,330,931
Less: provision for doubtful accounts	**(26,401,286)**	(30,573,093)
	318,327,086	281,757,838

The ageing analysis of other receivables and bad debt provision are as follows:

	30 June 2008			31 December 2007		
Ageing	Amount	Percentage	Provision for doubtful accounts	Amount	Percentage	Provision for doubtful accounts
Within 1 year	**250,549,520**	**73%**	**(597,447)**	168,231,795	54%	(597,447)
1-2 years	**22,362,123**	**6%**	**(239,657)**	70,828,544	23%	(239,657)
2-3 years	**3,048,222**	**1%**	**(21,392)**	4,318,332	1%	(21,604)
Over 3 years	**68,768,507**	**20%**	**(25,542,790)**	68,952,260	22%	(29,714,385)
	344,728,372	**100%**	**(26,401,286)**	312,330,931	100%	(30,573,093)

As at 30 June 2008, the individually significant other receivables of the Company and its subsidiaries amounted to RMB55,084,931 (31 December 2007: RMB53,352,577), representing 15.98% (31 December 2007: 17.08%) of the total other receivables. There was no bad debt provision made on these other receivables based on the assessment as at 30 June 2008 (31 December 2007: Nil).

As at 30 June 2008, the five largest other receivables of the Company and its subsidiaries amounted to RMB133,363,395 (31 December 2007: RMB141,357,954), representing 38.69% (31 December 2007: 45.26%) of total other receivables.

(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(4) Accounts receivable and other receivables *(Cont'd)*

(b) Other receivables (Cont'd)

There was no other receivable from shareholders who held 5% or more of the equity interest in the Company (31 December 2007: Nil).

(5) Advances to suppliers

Advances to suppliers are mainly prepayments for coal. The ageing analysis is as follows:

	30 June 2008		31 December 2007	
Ageing	**Amount**	**Percentage**	Amount	Percentage
Within 1 year	**882,980,929**	**98%**	510,389,346	95%
1-2 years	**4,188,090**	**—**	9,137,656	2%
2-3 years	**2,968,059**	**—**	1,269,922	—
Over 3 years	**16,255,106**	**2%**	16,372,781	3%
	906,392,184	**100%**	537,169,705	100%

As at 30 June 2008, there were no advances to shareholders who held 5% or more of the equity interest in the Company (31 December 2007: Nil).

Please refer to Note 11(7) for related party balances.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(6) Inventories

	30 June 2008	31 December 2007
Fuel for power generation (coal and oil)	**3,301,145,698**	1,324,225,868
Materials and spare parts	**1,332,192,727**	1,028,346,983
	4,633,338,425	2,352,572,851
Less: provision for inventory obsolescence - spare parts	**(153,372,731)**	(33,282,357)
	4,479,965,694	2,319,290,494

(7) Available-for-sale financial assets

	30 June 2008	31 December 2007
Available-for-sale equity instrument	**2,515,500,225**	3,346,559,685

Available-for-sale financial assets represent the equity investment in Yangtze Power. As at 30 June 2008, the Company had approximately 171.71 million shares of Yangtze Power, representing 1.82% (31 December 2007: approximately 171.71 million shares, 1.82%) of its total share capital. The fair value of the above available-for-sale equity instrument as at 30 June 2008 was determined based on the closing market price of RMB14.65 per share quoted in the Shanghai Stock Exchange on the last trading day of the first half of 2008.

(8) Long-term equity investments

	31 December 2007	Current period additions	Current period deductions	30 June 2008
Associates (a)	8,392,443,510	257,057,614	(80,210,032)	**8,569,291,092**
Other long-term equity investments	123,515,133	58,550,000	—	**182,065,133**
Less: provision for impairment on long-term equity investments	(4,908,243)	—	—	**(4,908,243)**
	8,511,050,400	315,607,614	(80,210,032)	**8,746,447,982**

The long-term investments of the Company and its subsidiaries are not subject to restriction on conversion into cash or remittance of investment income.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(8) Long-term equity investments *(Cont'd)*

(a) Associates

Name of investee	Place and date of incorporation	Registered capital	Business nature and scope of operation	Percentage of equity interest or percentage of voting right held by the Company	
				Direct	Indirect
Associates:					
Shandong Rizhao Power Company Ltd. ("Rizhao Power Company")	No. 399 Beijing Road, Rizhao 20 March 1996	RMB1,245.59 million	Power generation	34%	—
Shenzhen Energy Group Co., Ltd. ("SEG")	Shenzhen, Guangdong Province 15 July 1985	RMB 955.56 million	Development, production and sale of regular energy, new energy and energy construction project, etc.	25%	—
Hebei Hanfeng Power Generation Limited Liability Company ("Hanfeng Power Company")	Yijing Town, Fengfeng Coal Field, Handan, Hebei Province 28 October 1996	RMB 1,975.00 million	Power generation	40%	—
Chongqing Huaneng Lime Company Limited ("Lime Company")	Luohuang Town, JiangJin 5 November 1996	RMB 50.00 million	Lime production and sale of construction materials and bio-chemical products	—	25%
China Huaneng Finance Corporation Ltd. ("Huaneng Finance")	Huashi Mansion Yi 26, Jinrong Street, Xicheng District, Beijing 21 May 1988	RMB 2,000.00 million	Provision of deposits services, loans and finance lease arrangement; notes receivable and discounting; and entrusted loans and investments for membership entities within Huaneng Group	20%	—
Huaneng Sichuan Hydropower Co., Ltd. ("Sichuan Hydropower Company")	Huaneng Mansion No. 47, Division 4 Renmin South Road, Wuhou District, Chengdu 12 July 2004	RMB 800.00 million	Development, investment, construction, operation and management of hydropower	49%	—
Shenzhen Energy Corporation ("SEC")*	Huaneng Mansion No.2068, Shennan ZhongLu Futian District, Shenzhen 21 August 1993	RMB 2,202.50 million	Energy and investment in related industries	9.08%	—

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(8) Long-term equity investments *(Cont'd)*

(a) Associates (Cont'd)

	Investment period	Percentage of equity interest held		Cost of investment			Accumulated equity movement				Carrying amount	
		31 December 2007	**30 June 2008**	31 December 2007	Current period additions	**30 June 2008**	31 December 2007	Current period additions	Current period deductions*	**30 June 2008**	31 December 2007	**30 June 2008**
Rizhao Power Company	No specific terms	34%	**34%**	426,948,218	—	**426,948,218**	16,320,817	34,000	(79,462,749)	**(63,107,932)**	443,269,035	**363,840,286**
SEG	No specific terms	25%	**25%**	2,269,785,209	—	**2,269,785,209**	1,055,134,365	77,959,998	—	**1,133,094,363**	3,324,919,574	**3,402,879,572**
Hanfeng Power Company	25 years	40%	**40%**	1,382,210,557	—	**1,382,210,557**	(94,884,449)	214,819	—	**(94,669,630)**	1,287,326,108	**1,287,540,927**
Lime Company	No specific terms	25%	**25%**	24,295,710	—	**24,295,710**	2,599,144	948,912	—	**3,548,056**	26,894,854	**27,843,766**
Huaneng Finance	64 years	20%	**20%**	440,634,130	—	**440,634,130**	129,862,985	10,581,388	(603,120)	**139,841,253**	570,497,115	**580,475,383**
Sichuan Hydropower Company	No specific terms	49%	**49%**	1,221,257,497	—	**1,221,257,497**	(1,720,673)	122,688,757	(144,163)	**120,823,921**	1,219,536,824	**1,342,081,418**
SEC	50 years	9.08%	**9.08%**	1,520,000,000	200,000	**1,520,200,000**	—	44,429,740	—	**44,429,740**	1,520,000,000	**1,564,629,740**
				7,285,131,321	**200,000**	7,285,331,321	1,107,312,189	**256,857,614**	(80,210,032)	1,283,959,771	8,392,443,510	**8,569,291,092**

* For the six months ended 30 June 2008, there were no cash dividends received from associates of the Company and its subsidiaries (For the six months ended 30 June 2007: RMB266,267,600).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(9) Fixed assets and accumulated depreciation

Movement of cost and accumulated depreciation of fixed assets is as follows:

	Buildings	Electric utility plant in service	Transportation and transmission facilities	Others	Total
Cost					
31 December 2007	2,297,979,338	121,487,381,104	279,266,662	2,849,411,549	126,914,038,653
Reclassification	2,174,931	(2,269,750)	—	94,819	—
Transfers from construction-in-progress	2,857,350	4,544,574,822	—	19,138,859	4,566,571,031
Additions from acquisition	—	12,925,513,872	—	83,655,583	13,009,169,455
Other additions in current period	—	54,541,503	—	41,340,289	95,881,792
Current period deductions	(202,001)	(2,304,238)	—	(7,451,748)	(9,957,987)
Translation differences	—	(97,976,276)	—	(629,180)	(98,605,456)
30 June 2008	2,302,809,618	138,909,461,037	279,266,662	2,985,560,171	144,477,097,488
Accumulated depreciation					
31 December 2007	723,306,008	48,227,555,413	190,372,707	1,710,303,126	50,851,537,254
Additions from acquisition	—	3,004,639,570	—	71,195,853	3,075,835,423
Current period depreciation	44,666,611	3,486,720,663	5,641,904	112,927,900	3,649,957,078
Current period deductions	(159,356)	(1,951,517)	—	(7,437,538)	(9,548,411)
Translation differences	—	(23,865,540)	—	(548,652)	(24,414,192)
30 June 2008	767,813,263	54,693,098,589	196,014,611	1,886,440,689	57,543,367,152
Impairment provision					
31 December 2007	—	—	—	—	—
Additions from acquisition	—	3,937,195,216	—	—	3,937,195,216
Current period additions	—	—	—	—	—
Translation differences	—	(29,767,921)	—	—	(29,767,921)
30 June 2008	—	3,907,427,295	—	—	3,907,427,295
Net book value					
30 June 2008	1,534,996,355	80,308,935,153	83,252,051	1,099,119,482	83,026,303,041
31 December 2007	1,574,673,330	73,259,825,691	88,893,955	1,139,108,423	76,062,501,399

As at 30 June 2008, the net book value of fully depreciated property and equipment that remains in use amounted to approximately RMB0.295 billion (cost of approximately RMB10.515 billion) (31 December 2007: net book value of approximately RMB0.223 billion; cost of approximately RMB5.444 billion).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(9) Fixed assets and accumulated depreciation *(Cont'd)*

For the six months ended 30 June 2008, depreciation charged to cost of operations and general and administrative expenses amounted to RMB3,629,892,418 and RMB18,172,045 (For the six months ended 30 June 2007: RMB3,480,380,505 and RMB7,077,730 respectively), respectively.

(10) Construction materials

	30 June 2008	31 December 2007
Specialised materials and equipment	**678,940,758**	1,249,784,368
Prepayments for major equipment	**6,471,479,914**	2,785,026,235
Tools and spare parts	**8,806,001**	44,899,258
	7,159,226,673	4,079,709,861

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(11) Construction-in-progress

Project	Budget	31 December 2007	Additions from Acquisition	Current period additions	Transfers to fixed assets during current period	Translation differences	30 June 2008	Percentage of capital expenditure incurred over budget	Source of financing
Huaneng Yuhuan Power Plant ("Yuhuan Power Plant") Phase I project	9,669,320,000	96,998,582	–	45,007,596	–	–	**142,006,178**	99.84%	Funds borrowed from financial institutions and internal funds
Yuhuan Power Plant Phase II project	8,341,260,000	105,797,868	–	200,015,931	–	–	**305,813,799**	85.98%	Funds borrowed from financial institutions and internal funds
Qinbei Power Company Phase II project	3,997,930,000	3,291,378,499	–	262,332,090	(3,215,133,773)	–	**338,576,816**	89.00%	Funds borrowed from financial institutions and internal funds
Huaneng Rizhao Power Plant project	4,401,290,000	870,967,097	–	1,654,978,871	–	–	**2,525,945,968**	64.33%	Funds borrowed from financial institutions and internal funds
Huaneng Shang'an Power Plant Phase III project	4,576,210,000	1,375,521,080	–	2,208,759,771	–	–	**3,584,280,851**	83.54%	Funds borrowed from financial institutions and internal funds
Huaneng Haimen Power Plant project	9,210,310,000	1,321,288,204	–	887,038,413	–	–	**2,208,326,617**	43.73%	Funds borrowed from financial institutions and internal funds
Huaneng Fuzhou Power Plant Phase III project	5,342,090,000	27,001,938	–	340,947,916	–	–	**367,949,854**	6.89%	Funds borrowed from financial institutions and internal funds
Nanjing Jinling Power Company project	7,322,670,000	391,516,930	–	470,715,123	–	–	**862,232,053**	27.19%	Funds borrowed from financial institutions and internal funds
Yueyang Power Company Phase III project	3,523,290,000	17,550,386	–	103,979,057	–	–	**121,529,443**	15.71%	Funds borrowed fromfinancial institutions and internal funds
Pingliang Power Company Phase II project	3,736,010,000	51,050,493	–	135,302,101	–	–	**186,352,594**	4.99%	Funds borrowed from financial institutions and internal funds

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(11) Construction-in-progress *(Cont'd)*

Project	Budget	31 December 2007	Additions from Acquisition	Current period additions	Transfers to fixed assets during current period	Translation differences	30 June 2008	Percentage of capital expenditure incurred over budget	Source of financing
Huanneng Jinggangshan Power Plant Expansion project	4,356,350,000	13,749,355	–	152,285,008	–	–	**166,034,363**	3.81%	Funds borrowed from financial institutions and internal funds
Weihai Power Company Phase III project	4,625,449,294	60,209,841	–	68,266,492	–	–	**128,476,333**	16.15%	Funds borrowed from financial institutions and internal funds
Other projects		1,180,442,324	78,258,190	2,658,603,094	(1,351,437,258)	(895,444)	**2,564,970,906**		Funds borrowed from financial institutions and internal funds
		8,803,472,597	78,258,190	9,188,231,463	(4,566,571,031)	(895,444)	**13,502,495,775**		
Including: capitalized borrowing cost		344,580,289	–	450,269,222	(132,013,666)	–	**662,835,845**		

For the six months ended 30 June 2008, interest expense capitalized for construction-in-progress of the Company and its subsidiaries amounted to RMB450,269,222 with capitalization rate of 6.33% per annum (For the six months ended 30 June 2007: RMB262,764,515 with capitalization rate of 5.17% per annum).

As at 30 June 2008 and 31 December 2007, there was no indication that the construction-in-progress of the Company and its subsidiaries was impaired, and thus, no provision for impairment loss was made.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(12) Intangible assets

	Original cost	31 December 2007	Additions from acquisition	Current period additions	Translation differences	Current period amortization	Accumulated amortization	30 June 2008	Remaining amortization period	Acquisition method
Land use rights	3,521,957,624	2,103,251,078	847,130,417	2,757,730	(6,317,614)	(31,182,907)	(606,318,920)	**2,915,638,704**	12.5-66 years	Purchase and acquisition
Power generation licence	4,098,043,979	—	4,098,043,979	—	(30,984,049)	—	—	**4,067,059,930**	Not amortized	Acquisition
Others	241,078,694	218,420,078	—	1,932,000	—	(8,080,599)	(28,807,215)	**212,271,479**	0.5-49.33 years	Purchase and acquisition
Less: Impairment provision										
-Land use rights		—	(232,581,684)	—	1,758,479	—	—	**(230,823,205)**		
		2,321,671,156	4,712,592,712	4,689,730	(35,543,184)	(39,263,506)	(635,126,135)	**6,964,146,908**		

As at 30 June 2008 and 31 December 2007, no intangible assets of the Company and its subsidiaries were used for pledge or guarantee.

The Company acquired the power generation licence as part of the business combination with Tuas Power. 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.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(13) Goodwill

	31 December 2007	Additions from acquisition	Translation differences	30 June 2008
Goodwill	129,441,347	11,375,633,392	(85,443,030)	**11,419,631,709**

As at 30 June 2008, goodwill of the Company and its subsidiaries was primarily arising from the acquisitions of subsidiaries under business combinations not under common control.

As at 30 June 2008, there was no indication that the goodwill of the Company and its subsidiaries was impaired. The Company and its subsidiaries will perform annual impairment test on goodwill as at 2008 year end.

(14) Short-term loans

		30 June 2008			31 December 2007		
		Original currency amount	**Exchange rate**	**RMB equivalent**	Original currency amount	Exchange rate	RMB equivalent
Credit loans	- RMB	**17,103,700,000**	**1**	**17,103,700,000**	10,367,700,000	1	10,367,700,000
	- SGD	**15,000,000**	**5.0405**	**75,607,500**	—	—	—
Guaranteed loans(a)							
– Pledge	- SGD	**2,244,709,187**	**5.0405**	**11,314,456,657**	—	—	—
– Discounted notes	- RMB	**273,593,451**	**1**	**273,593,451**	302,700,123	1	302,700,123
– Guarantee	- RMB	**—**	**1**	**—**	1,000,000,000	1	1,000,000,000
Total				**28,767,357,608**			11,670,400,123

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(14) Short-term loans *(Cont'd)*

(a) As at 30 June 2008, the guaranteed short-term loans include:

Guaranteed short-term loans of RMB273,593,451 (31 December 2007: RMB 302,700,123) represented the discounted notes receivable with recourse. As these notes receivable were yet to mature, the proceeds received were recorded as short-term loans (see Note 7(3)).

Pledged short-term loan of RMB11,314,456,657 (31 December 2007: Nil) is pledged by the share of a subsidiary of the Company.

As at 30 June 2008, the Company and its subsidiaries have no short-term loans guaranteed by other parties (31 December 2007: short-term loans of RMB1,000 million were guaranteed by the headquarter of China Citic Bank Co., Ltd., with annual interest rate of 4.78%).

As at 30 June 2008, short-term loans of RMB1,837,700,000 were borrowed from Huaneng Finance, with annual interest rates ranging from 6.16% to 6.72% (31 December 2007: RMB2,291,500,000 with interest rates ranging from 4.40% to 6.56%)(see Note 11(5)).

As at 30 June 2008, annual interest rates of credit short-term loans denominated in RMB ranged from 5.27% to 7.47% (31 December 2007: 5.27% to 6.72%); annual interest rate for credit short-term loans denominated in SGD was 1.42% (31 December 2007: N/A); annual interest rates of discounted notes ranged from 6.12% to 6.96% (31 December 2007: 3.24% to 10.20%); and annual interest rates of pledged loans ranged from 1.84% to 2.25% (31 December 2007: N/A).

(15) Accounts payable

Accounts payable mainly represents the amounts due to coal suppliers. As at 30 June 2008 and 31 December 2007, there was no account payable to any shareholder who held 5% or more of the equity interest in the Company, and there was no significant accounts payable aged over 3 years.

See Note 11(7) for related party balances.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(16) Salary and welfare payable

	30 June 2008	31 December 2007
Salary, bonus, allowance and subsidy	**35,831,951**	29,114,429
Welfare, award and welfare fund	**68,876,735**	70,763,830
Social insurance	**13,901,529**	21,848,801
Including: medical insurance	**6,045,141**	11,845,394
basic pension insurance	**4,189,160**	7,466,174
unemployment insurance	**3,011,148**	1,539,563
industrial injury insurance	**196,025**	89,738
childbirth insurance	**460,055**	444,864
Housing fund	**25,005,487**	27,307,775
Labor union fee and employee education fee	**20,616,690**	12,425,855
Termination benefits	**48,215,105**	51,942,463
	212,447,497	213,403,153

(17) Taxes payable

The detailed breakdown of taxes payable is as follows:

	30 June 2008	31 December 2007
EIT payable	**(13,104,990)**	211,418,391
VAT payable	**403,929,077**	631,046,025
Others	**91,759,183**	112,869,638
	482,583,270	955,334,054

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(18) Dividends payable

	30 June 2008	31 December 2007
Fujian Investment Enterprises Holdings Company	**36,000,000**	—
Gemeng International Co. Ltd.	**20,733,907**	—
Jiangsu GuoXin Assets Management Group Company	**5,132,337**	—
Taicang Energy Development Company, Ltd.	**4,105,869**	—
Suzhou Industrial Park Inc.	**10,264,673**	—
Shenergy Company, Ltd.	**18,000,000**	—
Jiangsu Electricity Development Inc.	**—**	12,150,000
	94,236,786	12,150,000

(19) Other payables

The breakdown of other payables is as follows:

	30 June 2008	31 December 2007
Payables to contractors	**2,473,970,074**	2,041,495,491
Payables for purchases of equipment	**2,232,122,598**	2,346,633,154
Retention monies	**387,108,925**	339,518,080
Payables for purchases of materials	**186,567,119**	152,362,858
Payables to HIPDC	**78,667,659**	80,140,485
Payables to Huaneng Group	**60,211,910**	189,963
Accruals of various expenses	**95,511,772**	33,036,499
Bonus payables for construction	**76,909,473**	115,172,502
Payables of housing maintenance funds	**39,187,358**	44,567,548
Payables of pollutants discharge fees	**43,311,367**	24,381,151
Others	**387,415,854**	524,918,804
	6,060,984,109	5,702,416,535

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(19) Other payables *(Cont'd)*

As at 30 June 2008, there were no other payable due to shareholders who held 5% or more of the equity interest in the Company except for payables due to HIPDC of RMB78,667,659 and payables due to Huaneng Group of RMB60,211,910 (31 December 2007: due to HIPDC of RMB80,140,485, due to Huaneng Group of RMB189,963) mentioned above.

As at 30 June 2008, other payables aged over 3 years amounting to approximately RMB227.11 million (31 December 2007: RMB226.49 million) mainly comprised of payables to contractors not yet settled due to disagreement in quantity of construction.

Please refer to Note 11(7) for related party balances.

(20) Other current liabilities

Other current liabilities are mainly short-term bonds payable. 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. Interest expense on these bonds is calculated using the annual effective interest rates of 4.26%. As at 30 June 2008, interest payable on the above-mentioned bonds amounted to approximately RMB173.87 million (31 December 2007: approximately RMB76.80 million).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(21) Long-term loans

Long-term loans (all were credit loans unless otherwise stated) comprised of:

	30 June 2008	31 December 2007
Long-term loans from ultimate parent company (a)	**2,800,000,000**	2,800,000,000
Long-term bank loans (b)	**45,775,992,649**	34,731,729,921
Other long-term loans (c)	**138,234,168**	126,432,665
	48,714,226,817	37,658,162,586
Less: current portion of long-term loans	**(7,274,252,895)**	(4,219,515,105)
	41,439,973,922	33,438,647,481

(a) Long-term loans from ultimate parent company

As at 30 June 2008, detailed information of the long-term loans from ultimate parent company is as follows:

Lender	30 June 2008	Terms of loan	Annual interest rate	Current portion	Terms
Renminbi loans					
Entrusted loans from Huaneng Group through Huaneng Finance*	**600,000,000**	2004-2013	4.60%	—	Nil
Entrusted loans from Huaneng Group through Huaneng Finance*	**200,000,000**	2004-2013	5.67%	—	Nil
Entrusted loans from Huaneng Group through Huaneng Finance*	**2,000,000,000**	2005-2015	5.02%	—	Nil
	2,800,000,000			—	

* Such loans are yet to enter into repayment period as at 30 June 2008 and 1 year after, thus, there was no current portion.

(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(21) Long-term loans *(Cont'd)*

(b) Long-term bank loans

The breakdown of long-term bank loans (including the current portion) are as follows:

	30 June 2008					
	Original currency amount	Exchange rate	RMB equivalent	Less: current portion	Long-term portion	Annual interest rate
Credit loans						
—Renminbi loans	32,753,430,000	1	32,753,430,000	(6,354,750,000)	26,398,680,000	3.60%-7.74%
—US dollar loans	783,084,242	6.8591	5,371,253,124	(14,750,256)	5,356,502,868	4.19%-6.97%
—Euro loans	58,285,273	10.8302	631,241,165	(76,938,975)	554,302,190	2.00%
Guaranteed loans*						
—Renminbi loans	100,000,000	1	100,000,000	(100,000,000)	—	7.05%
—US dollar loans	902,160,293	6.8591	6,188,007,663	(692,866,710)	5,495,140,953	2.61%-6.60%
—Singapore dollar loans	145,235,730	5.0405	732,060,697	—	732,060,697	2.74%
			45,775,992,649	(7,239,305,941)	38,536,686,708	

* Bank loans amounting to approximately RMB1.693 billion and RMB1.132 billion (31 December 2007: approximately RMB2.042 billion and RMB1.336 billion) were guaranteed by HIPDC and Huaneng Group respectively.

As at 30 June 2008, bank loans of the oversea subsidiary of the Company amounting to RMB4.095 billion (31 December 2007: Nil) were guaranteed by the Company (see Note 12).

(c) Other long-term loans

The breakdown of other long-term loans (including the current portion) is as follows:

	30 June 2008		
	Original currency amount	Exchange rate	RMB equivalent
US dollar loans	8,571,428	6.8591	58,792,284
Singapore dollar loans	6,625,000	5.0405	33,393,313
Japanese yen loans	714,285,715	0.0645	46,048,571
			138,234,168
Less: current portion of other long-term loans			(34,946,954)
			103,287,214

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(21) Long-term loans *(Cont'd)*

(c) Other long-term loans (Cont'd)

As at 30 June 2008, the breakdown of other long-term loans is as follows:

	30 June 2008	Terms of Loan	Annual interest rate	Current portion	Terms
US dollar loan					
On-lent foreign loan of Ministry of Finance	**58,792,284**	1996-2011	LIBOR+0.43%	(19,597,430)	Guaranteed by Huaneng Group
Singapore dollar loan	**33,393,313**	Indefinite	4.25%	—	Credit loan
Japanese yen loan					
On-lent foreign loan of Ministry of Finance	**46,048,571**	1996-2011	LIBOR+0.3%	(15,349,524)	Guaranteed by Huaneng Group
	138,234,168			(34,946,954)	

(22) Bonds payable

The Company issued bonds with maturity of 5 years, 7 years and 10 years in December 2007. The face value of such bonds is RMB1 billion, RMB1.7 billion and RMB3.3 billion with annual interest rates of 5.67%, 5.75% and 5.90% respectively. The actual proceeds received by the Company were approximately RMB5.885 billion. The Company issued bonds with maturity of 10 years in May 2008. The face value of such bonds is RMB4 billion with annual interest rates of 5.20%. The actual proceeds received by the Company were approximately RMB3.933 billion.

The bonds mentioned-above are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The interest expense is calculated using the effective annual interest rates of 6.13%, 6.10%, 6.17% and 5.42 % respectively. As at 30 June 2008, interest payable for the bonds mentioned above amounted to approximately RMB211.56 million (31 December 2007: approximately RMB6.789 million).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(23) Deferred income tax assets and liabilities

(a) Deferred income tax assets

	30 June 2008		31 December 2007	
	Amount	Deductible temporary difference	Amount	Deductible temporary difference
Provision for assets impairment	45,778,034	352,573,941	45,529,918	354,925,767
Fixed assets	29,433,149	125,628,040	26,053,399	106,851,557
Accrued expenses	7,754,684	34,537,118	8,120,746	41,541,014
Income tax credit on purchase of domestically-manufactured equipment	126,741,825	—	126,741,825	—
Deductible tax losses	104,005,864	430,022,131	—	—
Others	31,650,954	146,393,818	51,204,259	250,704,530
	345,364,510	1,089,155,048	257,650,147	754,022,868

(b) Deferred income tax liabilities

	30 June 2008		31 December 2007	
	Amount	Taxable temporary difference	Amount	Taxable temporary difference
Fixed assets	438,565,173	2,435,725,490	10,143,096	64,196,808
Intangible assets	798,082,225	4,433,790,137	—	—
Fair value change	475,019,062	2,015,239,524	608,750,408	2,435,001,633
Others	163,832,095	791,219,216	151,425,360	768,349,996
	1,875,498,555	9,675,974,367	770,318,864	3,267,548,437

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(24) Share capital

	30 June 2008	31 December 2007
Tradeable shares (with lock-up limitation)		
State-owned shares	**1,055,124,549**	1,055,124,549
State-owned legal person shares	**5,066,662,118**	5,174,892,946
Other domestic shares	**—**	—
Including: domestic legal person shares	**—**	—
Tradeable shares (without lock-up limitation)		
Domestic shares listed in the PRC	**2,878,213,333**	2,769,982,505
Overseas listed shares	**3,055,383,440**	3,055,383,440
Sub-total of tradeable shares	**12,055,383,440**	12,055,383,440
Total shares	**12,055,383,440**	12,055,383,440

(25) Capital surplus

Movement of capital surplus is as follows:

	30 June 2008	31 December 2007
Share premium	**8,598,225,319**	8,598,225,319
Other capital surplus—		
Changes in fair value of available-for-sale financial assets	**1,043,741,815**	1,667,036,410
Cash flow hedging	**326,217,627**	—
Others	**452,720,995**	435,269,589
Subtotal	**1,822,680,437**	2,102,305,999
	10,420,905,756	10,700,531,318

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(26) Surplus reserves

	30 June 2008	31 December 2007
Statutory surplus reserve	**6,109,942,374**	6,109,942,374
Discretionary surplus reserve	**32,402,689**	32,402,689
	6,142,345,063	6,142,345,063

No provision was made to the surplus reserves in the current reporting period.

(27) Unappropriated profit

	For the six months ended 30 June	
	2008	2007
Undistributed profit brought forward	**17,221,419,482**	15,228,908,521
Add: net (loss)/profit for the period	**(470,327,273)**	2,959,711,062
Less: appropriations to statutory surplus reserve	**—**	—
dividends payable-prior year cash dividends approved at the general meeting of the shareholders	**(3,606,333,876)**	(3,375,507,363)
others	**—**	(29,334,471)
Undistributed profit carried forward	**13,144,758,333**	14,783,777,749

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 RMB3,606,333,876 (2006 final: RMB3,375,507,363). For the six months ended 30 June 2008, the Company has already paid dividend of approximately RMB3,570,333,876 (for the six months ended 30 June 2007: approximately RMB3,280,736,693).

The maximum amount available for distribution to the shareholders is based on the lower of the amounts (i.e. the sum of current period net profit attributable to shareholders of the Company and undistributed profit brought forward from previous year) determined under the Accounting Standards for Business Enterprises and the International Financial Reporting Standards ("IFRS") after appropriation to statutory surplus reserve.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(28) Minority interests

Minority interests attributable to the minority shareholders of the subsidiaries are:

	30 June 2008	31 December 2007
Weihai Power Company	**410,369,805**	413,633,255
Huaiyin Power Company	**60,418,691**	59,936,183
Huaiyin II Power Company	**319,345,429**	379,923,457
Taicang Power Company	**198,056,077**	226,941,201
Taicang II Power Company	**203,160,480**	235,768,602
Qinbei Power Company	**525,163,545**	596,968,026
Yushe Power Company	**205,563,433**	286,047,758
Xindian II Power Company	**18,038,002**	24,400,213
Yueyang Power Company	**501,675,367**	523,472,837
Luohuang Power Company	**925,601,630**	946,278,005
Shanghai Combined Cycle Power Company	**233,952,578**	226,070,591
Pingliang Power Company	**460,335,244**	455,983,924
Nanjing Jinling Power Company	**258,852,412**	270,640,334
Subsidiaries of SinoSing Power	**33,751,637**	—
	4,354,284,330	4,646,064,386

(29) Revenue from operations and cost of operations

	For the six months ended 30 June			
	2008		2007 (Restated)	
	Revenue	Cost	Revenue	Cost
Principal operations	**30,711,810,168**	**29,289,783,690**	23,473,955,950	18,899,074,211
Other operations	**78,725,685**	**55,475,538**	60,948,144	43,735,536
Total	**30,790,535,853**	**29,345,259,228**	23,534,904,094	18,942,809,747

The principal operations of the Company and its subsidiaries are power generation and sale.

For the six months ended 30 June 2008 and 30 June 2007, the revenue from principal operations from the five largest customers of the Company and its subsidiaries amounted to RMB17,857,617,520 and RMB14,979,206,324, representing 58.15% and 63.81% of the revenue from principal operations, respectively.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(29) Revenue from operations and cost of operations *(Cont'd)*

Details of revenue from other operations and cost of other operations are as follows:

	For the six months ended 30 June			
	2008		2007 (Restated)	
	Revenue from other operations	**Cost of other operations**	Revenue from other operations	Cost of other operations
Sales of fuel and steam	**29,895,378**	**33,967,031**	23,641,108	20,059,813
Others	**48,830,307**	**21,508,507**	37,307,036	23,675,723
Total	**78,725,685**	**55,475,538**	60,948,144	43,735,536

(30) Tax and levies on operations

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
City construction tax	**30,021,165**	42,289,815
Education surcharge	**26,963,022**	31,609,900
Others	**1,693,818**	424,212
	58,678,005	74,323,927

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(31) Financial expenses, net

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Interest expense	**1,633,864,752**	1,003,666,244
Less: interest income	**(38,480,557)**	(23,642,198)
Exchange losses	**34,699,608**	4,893,618
Less: exchange gains	**(415,974,307)**	(120,657,862)
Others	**24,603,307**	8,279,636
	1,238,712,803	872,539,438

(32) Investment income

	For the six months ended 30 June 2008	For the six months ended 30 June 2007
Gains from held-for-trading financial assets	**—**	187,011,462
Gains from available-for-sale financial assets	**—**	567,772,246
Shares of net profit of investees accounted for under equity method	**177,360,867**	307,720,757
Dividends declared by investees accounted for under cost method	**—**	34,459
	177,360,867	1,062,538,924

(33) Income tax expense

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Current period income tax	**143,603,437**	596,957,776
Deferred income tax	**556,643**	60,390,449
	144,160,080	657,348,225

(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(34) Earnings per share

Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net (loss)/profit attributable to the shareholders of the Company by the weighted average number of the Company's outstanding ordinary shares during the period:

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Consolidated net (loss)/profit attributable to shareholders of the Company	**(470,327,273)**	2,959,711,062
Weighted average number of the Company's outstanding ordinary shares	**12,055,383,440**	12,055,383,440
Basic earnings per share	**(0.04)**	0.25

For the six months ended 30 June 2008, as there were no potential dilutive ordinary shares, both the basic earnings per share and the diluted earnings per share are the same.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(35) Notes to the cash flow statement

(a) Reconciliation of net (loss)/profit to cash flows from operating activities

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Net (loss)/profit	**(700,636,389)**	3,172,758,785
Add: (reversal)/provision for assets impairment	**(2,511,243)**	6,682,339
depreciation of fixed assets	**3,648,064,463**	3,487,458,235
amortization of intangible assets	**39,263,506**	24,609,401
amortization of long-term deferred expenses	**15,577,014**	5,899,072
(gains)/losses on disposal of fixed assets	**(22,639)**	13,100,616
losses on changes in fair value	**103,979,626**	100,179,545
financial expenses	**1,270,248,265**	893,868,158
investment income	**(177,360,867)**	(1,062,538,924)
non-operating income	**(12,895,011)**	(5,067,505)
(increase)/decrease in deferred income tax assets	**(87,096,199)**	50,642,770
increase in deferred income tax liabilities	**87,652,841**	9,747,680
increase in inventories	**(1,421,796,310)**	(667,196,610)
increase in operating receivable items	**(184,004,454)**	(366,612,751)
increase/(decrease) in operating payable items	**602,082,348**	(5,087,148)
amortization of deferred income	**(29,123,839)**	(1,148,116)
Net cash flows generated from operating activities	**3,151,421,112**	5,657,295,547

(b) Changes in cash and cash equivalents

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Cash at end of period	**4,550,394,382**	3,387,138,372
Less: cash at beginning of period	**(7,312,264,810)**	(3,228,603,526)
Net (decrease)/increase in cash	**(2,761,870,428)**	158,534,846

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

(35) Notes to the cash flow statement *(Cont'd)*

(c) *Cash and cash equivalents*

	30 June 2008	31 December 2007
Cash	**4,753,418,755**	7,532,760,305
Less: Restricted cash	**(203,024,373)**	(220,495,495)
Cash and cash equivalents at end of period	**4,550,394,382**	7,312,264,810

(d) *Other cash paid relating to operating activities*

Other cash paid relating to operating activities in cash flow statement primarily includes:

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Service fees paid to HIPDC on transmission and transformer facilities provision	**—**	70,385,525
Pollutants discharge fees	**242,215,384**	230,702,281
Other items	**745,453,057**	679,286,950
	987,668,441	980,374,756

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

8. SEGMENT REPORTING

The Company and its subsidiaries use the geographical segment as primary reporting format.

Segment information as at and for the six months ended 30 June 2008 is as follows:

	China	Singapore	Total
Revenue from operations	27,049,501,456	3,741,034,397	30,790,535,853
Including: Revenue from external customers	27,049,501,456	3,741,034,397	30,790,535,853
Operating expenses	(26,875,424,476)	(3,372,635,266)	(30,248,059,742)
Segment profit	174,076,980	368,399,131	542,476,111
Financial expenses			(1,238,712,803)
Loss from changes in fair value			(103,979,626)
Share of profits of associates	177,360,867		177,360,867
Add: Unallocated expenses			(9,831,196)
Operating profit			(632,686,647)
Segment assets	115,758,097,098	25,585,022,924	141,343,120,022
Investments in associates	8,569,291,092		8,569,291,092
Add: Unallocated assets			3,055,882,821
Total assets			152,968,293,935
Segment liabilities	(10,673,879,939)	(1,334,208,802)	(12,008,088,741)
Add: Unallocated liabilities			(95,002,134,189)
Total liabilities			(107,010,222,930)
Depreciation and amortization	(3,554,377,496)	(148,527,487)	(3,702,904,983)
Asset impairment losses	3,992,502	(1,481,259)	2,511,243
Capital expenditure	(11,515,920,067)	(107,782,895)	(11,623,702,962)

The Company and its subsidiaries have no other significant business segment other than power generation.

The Company and its subsidiaries principally operated in the PRC prior to the acquisition of Tuas Power, no comparative disclosure for geographical segment is presented above.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

9. BUSINESS COMBINATION NOT UNDER COMMON CONTROL

On 24 March 2008, SinoSing Power acquired 100% equity interest of Tuas Power from Temasek. Net assets and goodwill from this acquisition are as follows:

	In RMB thousand
Consideration paid in cash	**21,675,288**
Directly incremental costs	**74,770**
Total cost of combination	**21,750,058**
Less: fair value of net identifiable assets	**(10,374,425)**
Goodwill	**11,375,633**

The assets and liabilities and related cash flows of Tuas Power as at the acquisition date are as follows:

	Fair Value	Carrying amount	
	Acquisition date	Acquisition date	31 December 2007
	in RMB thousand	in RMB thousand	in RMB thousand
Cash and cash equivalents	1,619,108	1,619,108	1,433,271
Derivative financial assets	180,595	180,595	290,039
Receivables	1,297,323	1,297,323	1,506,604
Inventories	746,360	746,360	716,148
Fixed assets	5,996,138	5,636,867	5,694,283
Intangible assets	4,712,593	238,524	240,193
Deferred income tax assets	650	650	611
Other non-current assets	243,355	243,355	228,968
Less: loans	(102,592)	(102,592)	(30,311)
derivative financial liabilities	(98,180)	(98,180)	(133,837)
payables	(3,007,452)	(3,007,452)	(3,260,003)
salary and welfare payables	(14,952)	(14,952)	(27,482)
deferred income tax liabilities	(1,163,474)	(293,474)	(284,810)
Net assets	10,409,472	6,446,132	6,373,674
Less: minority interests	(35,047)	(35,047)	(35,949)
Net assets acquired	10,374,425	6,411,085	6,337,725

Consideration paid in cash	21,675,288
Direct costs relating to acquisition	6,580
Less: cash and cash equivalents from the subsidiary acquired	(1,619,108)
Net cash paid for acquiring the subsidiary	20,062,760

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

9. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(Cont'd)*

The revenue from operation, net profit and cash flows of Tuas Power for the period from acquisition date to 30 June 2008 were as follow:

	In RMB thousand
Revenue from operation	**3,741,034**
Net profit	**248,856**
Cash flows from operating activities	**591,228**
Net cash flows	**(736,813)**

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

(1) Accounts receivable and other receivables

(a) Accounts receivable

	30 June 2008	31 December 2007
Accounts receivable	**3,327,636,155**	3,688,274,755
Less: provision for doubtful accounts	**—**	—
	3,327,636,155	3,688,274,755

The ageing analysis of accounts receivable and related provision for doubtful accounts is as follows:

	30 June 2008			31 December 2007		
Ageing	Amount	Percentage	Provision for doubtful accounts	Amount	Percentage	Provision for doubtful accounts
Within 1 year	**3,325,991,155**	**100%**	**—**	3,682,615,336	100%	—
1-2 years	**—**	**—**	**—**	3,014,419	—	—
2-3 years	**—**	**—**	**—**	—	—	—
Over 3 years	**1,645,000**	**—**	**—**	2,645,000	—	—
	3,327,636,155	**100%**	**—**	3,688,274,755	100%	—

As at 30 June 2008, the individually significant accounts receivable of the Company totaled RMB2,226,905,651 (31 December 2007: RMB2,584,604,465), representing 66.92% (31 December 2007: 70.08%) of total accounts receivable. There was no bad debt provision made on these accounts receivable based on the assessment as at 30 June 2008 (31 December 2007: Nil).

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(1) Accounts receivable and other receivables *(Cont'd)*

(a) Accounts receivable (Cont'd)

As at 30 June 2008, there was no accounts receivable from shareholders who held 5% or more of the equity interest in the Company (31 December 2007: Nil).

As at 30 June 2008, the five largest accounts receivable of the Company amounting to RMB2,530,222,809 (31 December 2007: RMB2,584,604,465), representing 76.04% (31 December 2007: 70.08%) of total accounts receivable.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(1) Accounts receivable and other receivables *(Cont'd)*

(b) Other receivables

	30 June 2008	31 December 2007
Other receivables	**434,248,170**	338,071,448
Less: provision for doubtful accounts	**(17,916,099)**	(22,087,905)
	416,332,071	315,983,543

The ageing analysis of other receivables and provision for doubtful accounts are as follows:

	30 June 2008			31 December 2007		
Ageing	Amount	Percentage	Provision for doubtful accounts	Amount	Percentage	Provision for doubtful accounts
Within 1 year	**380,319,997**	**88%**	**(592,827)**	279,593,041	83%	(592,827)
1-2 years	**12,595,587**	**3%**	**(239,657)**	12,939,998	4%	(239,657)
2-3 years	**125,208**	**—**	**(21,392)**	4,222,112	1%	(21,604)
Over 3 years	**41,207,378**	**9%**	**(17,062,223)**	41,316,297	12%	(21,233,817)
	434,248,170	**100%**	**(17,916,099)**	338,071,448	100%	(22,087,905)

As at 30 June 2008, the individually significant other receivables of the Company amounted to RMB218,419,446 (31 December 2007: RMB137,585,079), representing 50.30% (31 December 2007: 40.70%) of total other receivables. There was no bad debt provision made on these other receivables based on the assessment as at 30 June 2008 (31 December 2007: Nil).

As at 30 June 2008, the five largest other receivables of the Company amounted to RMB268,419,446 (31 December 2007: RMB205,795,838), most of which aged within one year, representing 61.81% (31 December 2007: 60.87%) of total other receivables.

As at 30 June 2008 and 31 December 2007, there were no other receivables from shareholders who held 5% or more of the equity interest in the Company.

Please refer to Note 11(8) for related party balances.

(All amounts are stated in RMB Yuan unless otherwise stated)

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(2) Long-term equity investments

	31 December 2007	Current period additions	Current period deductions	30 June 2008
Subsidiaries (a)	7,942,368,432	7,065,629,499	(25,200,000)	**14,982,797,931**
Associates	8,365,548,656	256,108,702	(80,210,032)	**8,541,447,326**
Other long-term equity investments	123,515,133	58,550,000	—	**182,065,133**
Less: Provision for impairment on long-term equity investments	(4,908,243)	—	—	**(4,908,243)**
	16,426,523,978	7,380,288,201	(105,410,032)	**23,701,402,147**

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(2) Long-term equity investments *(Cont'd)*

(a) Long-term equity investments in subsidiaries

		Percentage of equity interest held		31 December 2007			30 June 2008			
	Investment period	31 December 2007	30 June 2008	Carrying amount of investment	Current period additions	Current period deductions	Carrying amount of investment	Cost of initial investment	Additional investment	Repayment of investment
Weihai Power Company	30 years	60%	**60%**	474,038,793	—	—	**474,038,793**	474,038,793	—	—
Taicang Power Company	25 years	75%	**75%**	469,706,560	—	—	**469,706,560**	433,059,517	36,647,043	—
Huaiyin Power Company	No specific terms	90%	**90%**	693,399,530	—	—	**693,399,530**	292,513,951	400,885,579	—
Huaiyin II Power Company	No specific terms	63.64%	**63.64%**	572,573,600	—	—	**572,573,600**	76,368,000	496,205,600	—
Yushe Power Company	30 years	60%	**60%**	374,449,895	—	—	**374,449,895**	134,085,896	240,363,999	—
Qinbei Power Company	50 years	60%	**60%**	865,049,311	—	—	**865,049,311**	29,055,599	835,993,712	—
Xindian II Power Company	20 years	95%	**95%**	419,100,000	—	—	**419,100,000**	140,100,000	279,000,000	—
Taicang II Power Company	No specific terms	75%	**75%**	603,110,000	—	—	**603,110,000**	37,500,000	565,610,000	—
Yueyang Power Company	25 years	55%	**55%**	472,984,838	—	—	**472,984,838**	200,734,838	272,250,000	—
Luohuang Power Company	30 years	60%	**60%**	1,249,218,249	—	—	**1,249,218,249**	740,218,249	509,000,000	—
Shanghai Combined Cycle Power Company	25 years	70%	**70%**	480,060,000	9,730,000	—	**489,790,000**	35,000,000	454,790,000	—
Pingliang Power Company	23 years	65%	**65%**	662,717,154	—	—	**662,717,154**	600,675,636	62,041,518	—
Nanjing Jinling Power Company	20 years	60%	**60%**	405,960,502	—	(25,200,000)	**380,760,502**	405,960,502	—	(25,200,000)
Fuel Company	No specific terms	100%	**100%**	200,000,000	—	—	**200,000,000**	200,000,000	—	—
SinoSing Power	N/A	N/A	**100%**	—	7,055,899,499	—	**7,055,899,499**	7,055,899,499	—	—
				7,942,368,432	7,065,629,499	(25,200,000)	**14,982,797,931**	10,855,210,480	4,152,787,451	(25,200,000)

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(3) Revenue from operations and cost of operations

	For the six months ended 30 June			
	2008		2007	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**17,099,468,055**	**16,429,789,151**	14,506,236,721	11,835,267,465
Other operations	**479,633,101**	**473,318,337**	306,069,430	283,492,441
Total	**17,579,101,156**	**16,903,107,488**	14,812,306,151	12,118,759,906

The principal operations of the Company are power generation and sale.

For the six months ended 30 June 2008 and 30 June 2007, the revenue from principal operations from the five largest customers of the Company amounted to RMB 13,131,649,394 and RMB10,691,010,407, representing 76.80% and 73.70%of the total revenue from principal operations, respectively.

Revenue from other operations and cost of other operations are as follows:

	For the six months ended 30 June			
	2008		2007	
	Revenue from other operations	**Cost of other operations**	Revenue from other operations	Cost of other operations
Sales of fuel and steam	**448,996,785**	**453,951,931**	267,550,907	263,969,612
Others	**30,636,316**	**19,366,406**	38,518,523	19,522,829
Total	**479,633,101**	**473,318,337**	306,069,430	283,492,441

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

10. NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS *(Cont'd)*

(4) Investment income

	For the six months ended 30 June 2008	For the six months ended 30 June 2007 (Restated)
Gain from held-for-trading financial assets	—	187,011,462
Gain from available-for-sale financial assets	—	567,772,246
Shares of net profit of investees accounted for under equity method	176,411,953	306,551,403
Dividends declared by investees accounted for under cost method	207,793,939	840,631,700
	384,205,892	1,901,966,811

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Related parties that control/are controlled by the Company

Name of entity	Registered address	Principal activities	Relationship with the Company	Type of enterprise	Legal representative
Huaneng Group	Jia 23 Fuxing Road, Haidian District, Beijing	Investments in power stations, coal, minerals, railways, transportation, petrochemical, energy-saving facilities, steel, timber and related industries	Ultimate parent company of the Company	State-owned enterprise	Cao Peixi
HIPDC	Bing 2 Fuxingmennan Street, Xicheng District, Beijing	Investments, construction and operations of power plants and development, investments and operations of other export - oriented enterprises	Parent company of the Company	Sino-foreign equity joint stock limited liability company	Cao Peixi
Weihai Power Company	No. 58 Haibu Road, Weihai Economic& Technology Development Zone	Power generation	A subsidiary of the Company	Limited liability company	Huang Jian
Taicang Power Company	16/F, Zhiye Business Plaza, No. 158, Wangdun Road, Suzhou Industrial Park	Power generation	A subsidiary of the Company	Limited liability company	Lin Weijie
Taicang II Power Company	Jinlanglanggang Village, Fuqiao Town, Taicang	Power generation	A subsidiary of the Company	Limited liability company	Lin Weijie
Huaiyin Power Company	No. 291 Huaihai West Road, Huai'an	Power generation	A subsidiary of the Company	Limited liability company	Lin Weijie
Huaiyin II Power Company	No. 291 Huaihai West Road, Huai'an	Power generation	A subsidiary of the Company	Limited liability company	Lin Weijie
Qinbei Power Company	Wulongkou Town, Jiyuan City, Henan Province	Power generation	A subsidiary of the Company	Limited liability company	Fan Xiaxia
Yushe Power Company	Yushe County, Shanxi Province	Power generation	A subsidiary of the Company	Limited liability company	Lin Gang
Xindian II Power Company	Qilu Chemical Industrial Park, Linzi District	Power generation	A subsidiary of the Company	Limited liability company	Huang Jian
Yueyang Power Company	Chenglingji, Yueyang, Hunan Province	Power generation	A subsidiary of the Company	Limited liability company	Ye Xiangdong
Luohuang Power Company	Luohuang Town, Jiangjin City	Power generation	A subsidiary of the Company	Limited liability company	Ye Xiangdong

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(1) Related parties that control/are controlled by the Company *(Cont'd)*

Name of entity	Registered address	Principal activities	Relationship with the Company	Type of enterprise	Legal representative
Shanghai Combined Cycle Power Company	No. 298 Shengshi Road, Baoshan District	Power generation	A subsidiary of the Company	Limited liability company	Wu Dawei
Pingliang Power Company	No. 7 Binhe Zhong Road, Qilihe District, Lanzhou	Power generation	A subsidiary of the Company	Limited liability company	Lin Gang
Nanjing Jinling Power Company	No. 8 Qixia Economic& Technology Development Zone, Qixia District, Nanjing	Power generation	A subsidiary of the Company	Limited liability company	Wu Dawei
Fuel Company	Bing 7/F, No. 2 Fuxingmennan Street, Xicheng District, Beijing	Coal wholesale	A subsidiary of the Company	Limited liability company	Liu Guoyue
SinoSing Power	Singapore	Investment holding	A subsidiary of the Company	Limited liability company	*
Tuas Power	Singapore	Power generation and related products, derivatives; developing power supply resources and operating electricity	The second level subsidiary of the Company	Limited liability company	*
TPS	Singapore	Power sales	The third level subsidiary of the Company	Limited liability company	*
TPU	Singapore	Render of utility services	The third level subsidiary of the Company	Limited liability company	*
TPGS	Singapore	Render of utility services	The third level subsidiary of the Company	Limited liability company	*
NewEarth	Singapore	Waste recycling advisory	The third level subsidiary of the Company	Limited liability company	*
NewEarth Singapore	Singapore	Industrial waste management and recycling	The forth level subsidiary of the Company	Limited liability company	*

* Companies in Singapore do not have legal representative person.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(2) Registered capital, Paid-in capital and Share capital of related parties that control/are controlled by the Company and respective changes

Name of entity	Currency	31 December 2007	Current period additions	30 June 2008
Huaneng Group	RMB	20,000,000,000	—	**20,000,000,000**
HIPDC	USD	450,000,000	—	**450,000,000**
Weihai Power Company	RMB	761,838,300	—	**761,838,300**
Taicang Power Company	RMB	632,840,000	—	**632,840,000**
Taicang II Power Company	RMB	804,146,700	—	**804,146,700**
Huaiyin Power Company	RMB	265,000,000	—	**265,000,000**
Huaiyin II Power Company	RMB	774,000,000	—	**774,000,000**
Qinbei Power Company	RMB	810,000,000	—	**810,000,000**
Yushe Power Company	RMB	615,760,000	—	**615,760,000**
Xindian II Power Company	RMB	100,000,000	—	**100,000,000**
Yueyang Power Company	RMB	1,055,000,000	—	**1,055,000,000**
Luohuang Power Company	RMB	1,658,310,000	—	**1,658,310,000**
Shanghai Combined Cycle Power Company	RMB	685,800,000	**13,900,000**	**699,700,000**
Pingliang Power Company	RMB	924,050,000	—	**924,050,000**
Nanjing Jinling Power Company	RMB	582,000,000	—	**582,000,000**
Fuel Company	RMB	200,000,000	—	**200,000,000**
SinoSing Power	USD	—	**985,000,100**	**985,000,100**
Tuas Power	SGD	1,178,050,000	—	**1,178,050,000**
TPS	SGD	500,000	—	**500,000**
TPU	SGD	2	—	**2**
TPGS	SGD	1,000,000	—	**1,000,000**
NewEarth	SGD	10,111,841	—	**10,111,841**
NewEarth Singapore	SGD	12,516,050	—	**12,516,050**

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(3) Shareholding or equity interest held by parties that control /are controlled by the Company and respective changes

	31 December 2007		Current period additions/(deductions)		30 June 2008	
Name of entity	Amount	%	Amount	%	Amount	%
Huaneng Group	1,055,124,549	8.75	12,000,000	0.1	1,067,124,549	8.85
HIPDC	5,066,662,118	42.03	—	—	5,066,662,118	42.03

For details of shareholding or equity interest in related parties that are controlled by the Company and respective changes, please refer to Note 10(2).

(4) Nature of related parties that do not control/are not controlled by the Company

Name of related parties	Relationship with the Company
Huaneng Finance	An associate of the Company
Xi'an Thermal Power Research Institute Co., Ltd. ("Xi'an Thermal")	A subsidiary of Huaneng Group
Rizhao Power Company	An associate of the Company
Hanfeng Power Company	An associate of the Company
Lime Company	An associate of Luohuang Power Company
Huaneng Energy & Communications Holdings Co., Ltd. ("HEC")	A subsidiary of Huaneng Group
Zhalainuoer Coal Mining Company Ltd. ("Zhalainuoer Coal")	A subsidiary of Huaneng Group

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(5) Related party transactions

(a) Pursuant to the service agreement entered into between the Company and HIPDC, HIPDC provides transmission service and transformer facilities to some of the power plants of the Company and receives service fees. The two parties agreed that it was not required to pay such fees in 2008. (For the six months ended 30 June 2007: RMB70 million).

(b) Pursuant to a leasing agreement entered into between the Company and HIPDC, HIPDC leased the land use right to Nanjing Power Plant for 50 years from 1 January 1999 at an annual rental payment of RMB1.334 million. For the six months ended 30 June 2008, total rental fees of the land use right were RMB0.667 million (For the six months ended 30 June 2007: RMB0.667 million).

(c) Pursuant to a leasing agreement between the Company and HIPDC, HIPDC leases its office building to the Company from 1 January 2005 for 5 years at an annual rental of RMB26 million . For the six months ended 30 June 2008, the rental expense of office building was RMB13 million (For the six months ended 30 June 2007: RMB13 million).

(d) Please refer to Note 7(21)(a) for details of long-term loans on-lent from Huaneng Group through Huaneng Finance to the subsidiaries of the Company. For the six months ended 30 June 2008, total long-term loan interest incurred by the Company and its subsidiaries to Huaneng Finance amounted to RMB68,852,581 (For the six months ended 30 June 2007: RMB68,813,931).

(e) Please refer to Note 7(14) for details of short-term loans provided by Huaneng Finance to the Company and its subsidiaries. The interest rates for such loans have no material difference from the prevailing average market interest rates. For the six months ended 30 June 2008, total amount of short-term loan interest incurred by the Company and its subsidiaries to Huaneng Finance amounted to RMB60,508,290 (For the six months ended 30 June 2007: RMB64,559,032).

(f) Please refer to Note 7(21)(b) for details of the long-term bank loans of the Company and its subsidiaries guaranteed by HIPDC and Huaneng Group.

(g) Please refer to Note 12 for details of bank loans of Rizhao Power Company guaranteed by the Company and its subsidiaries.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(5) Related party transactions *(Cont'd)*

(h) On 6 November 2007 and 8 August 2007, the Company entered into management service agreements with Huaneng Group and HIPDC, respectively. Pursuant to which, the Company provides management services to certain power plants owned by Huaneng Group and HIPDC for 3 years. For the six months ended 30 June 2008, the total service fees earned from Huaneng Group amounted to RMB16,620,000 (For the six months ended 30 June 2007: RMB23,111,955). The total service fees earned from HIPDC amounted to RMB1,800,000 (For the six months ended 30 June 2007: RMB2,371,275). For the six months ended 30 June 2008, the related costs incurred for the management services rendered amounted to approximately RMB16.35 million (For the six months ended 30 June 2007: RMB16.70 million).

(i) For the six months ended 30 June 2008, the amount incurred for coal and transportation services provided by HEC and its subsidiaries to the Company and its subsidiaries amounted to RMB2,809 million (For the six months ended 30 June 2007: RMB899 million)*.

(j) For the six months ended 30 June 2008, the amount incurred for coal purchased by the Company and its subsidiaries from Zhalainuoer Coal amounted to RMB2.97 million (For the six months ended 30 June 2007: Nil)*.

(k) For the six months ended 30 June 2008, the amount of equipment purchased by the Company and its subsidiaries from HEC and its subsidiaries amounted to approximately RMB37 million (For the six months ended 30 June 2007: RMB143 million)*.

(l) For the six months ended 30 June 2008, the amount incurred for lime products purchased by the Company and its subsidiaries from Lime Company amounted to approximately RMB39.86 million (For the six months ended 30 June 2007: RMB31.91 million)*.

(m) For the six months ended 30 June 2008, the amount incurred for information and technology supporting services rendered by Xi'an Thermal and its subsidiaries to the Company and its subsidiaries amounted to approximately RMB99.11 million (For the six months ended 30 June 2007: RMB94.54 million)*.

(n) For the six months ended 30 June 2008, the Company and its subsidiaries had no discount notes receivable with Huaneng Finance (For the six months ended 30 June 2007: the Company and its subsidiaries discounted approximately RMB260 million of notes receivable with Huaneng Finance and the related charge amounted to RMB2.8075 million).

(o) For the six months ended 30 June 2008, the Company and its subsidiaries paid RMB4.39 million (For the six months ended 30 June 2007: RMB4.41 million) as the compensation for key management personnel.

(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(5) Related party transactions *(Cont'd)*

(p) Please refer to Note 1 for details of the acquisition from Huaneng Group 100% equity interests in Sinosing Power.

* The amounts of related party transactions above have excluded VAT.

(6) Cash deposits in a related party

	30 June 2008	31 December 2007
Deposits in Huaneng Finance		
–Savings deposits	**2,435,103,278**	4,942,264,384

As at 30 June 2008, the annual interest rates for these savings deposits placed with Huaneng Finance ranged from 0.72% to 1.53% (31 December 2007: from 0.72% to 1.53%).

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(7) Receivables from and payables to related parties

	30 June 2008		31 December 2007	
	Amount	Percentage attributable to related balance	Amount	Percentage attributable to related balance
Prepayments				
Prepayments to HEC	83,492,338	9.21%	—	—
Prepayments to Xi'an Thermal and its subsidiaries	400,000	0.04%	560,480	0.10%
Accounts payable				
Payables to Lime Company	(6,098,642)	0.16%	(8,169,658)	0.40%
Payables to Xi'an Thermal and its subsidiaries	(3,356,446)	0.09%	(4,239,601)	0.21%
Payables to HEC and its subsidiaries	(62,095,475)	1.61%	(261,207,610)	12.95%
Payables to other subsidiaries of Huaneng Group	—	—	(3,278,000)	0.16%
Payables to Zhalainuoer Coal	(2,973,773)	0.08%	—	—
Other payables				
Payables to HIPDC	(78,667,659)	1.30%	(80,140,485)	1.41%
Payables to Huaneng Group	(60,211,910)	0.99%	(189,963)	—
Payables to Rizhao Power Company	(5,241)	—	(42,882)	—
Payables to Hanfeng Power Company	(5,041)	—	(41,482)	—
Payables to other subsidiaries of Huaneng Group	(655,670)	0.01%	—	—
Payables to Xi'an Thermal and its subsidiaries	(31,132,339)	0.51%	(28,043,212)	0.49%
Payables to HEC and its subsidiaries	(11,399,336)	0.19%	(6,353,796)	0.11%
Interest payables				
Interest payables on loans from Huaneng Finance	(5,513,760)	1.04%	(4,712,876)	2.60%
Interest payables on loans from Huaneng Group	(22,174,167)	4.19%	(2,894,072)	1.60%

The receivables and payables with related parties above were unsecured and non-interest bearing.

In addition, please refer to Notes 7(14) and (21) for loan balances borrowed from related parties.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(8) Related transactions and balances among the Company and its subsidiaries

(a) For the six months ended 30 June 2008, the Company earned service fees amounting to RMB22,583,075 (For the six months ended 30 June 2007: RMB20,551,161) from its subsidiaries.

(b) For the six months ended 30 June 2008, the Company earned revenue amounting to RMB7,409,231 (For the six months ended 30 June 2007: RMB13,008,834) from its subsidiaries through substituted power generation*.

(c) For the six months ended 30 June 2008, the Company earned revenue amounting to RMB421,546,834 (For the six months ended 30 June 2007: RMB243,913,282) from sales of fuel and materials to its subsidiaries*.

(d) For the six months ended 30 June 2008, the Company earned revenue amounting to RMB509,899 (For the six months ended 30 June 2007: RMB856,795) from sales of heat to its subsidiaries*.

(e) For the six months ended 30 June 2008, the Company earned revenue amounting to RMB2,500,000 (For the six months ended 30 June 2007: RMB5,385,248) from rendering repair and maintenance services to its subsidiaries*.

(f) Please refer to Note 12 for details of bank loans of Sinosing Power guaranteed by the Company.

* The amounts of related party transactions above have excluded VAT.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Cont'd)*

(8) Related transactions and balances among the Company and its subsidiaries *(Cont'd)*

(g) Receivables from and payables to subsidiaries of the Company

	30 June 2008		31 December 2007	
	Amount	Percentage attributable to related balance	Amount	Percentage attributable to related balance
Accounts receivables				
Receivables from Huaiyin Power Company	6,068,160	0.18%	—	—
Prepayments				
Prepayments to Fuel Company	400,754,766	60.77%	—	—
Other receivables				
Receivables from Weihai Power Company	3,436,032	0.83%	2,615,304	0.83%
Receivables from Yueyang Power Company	5,779,444	1.39%	13,803,327	4.37%
Receivables from Luohuang Power Company	7,767,869	1.87%	14,098,167	4.46%
Receivables from Taicang Power Company	8,724,432	2.10%	—	—
Receivables from Taicang II Power Company	1,647,629	0.40%	—	—
Receivables from Shanghai Combined Cycle Power Company	146,250	0.04%	58,500	0.02%
Receivables from Xindian II Power Company	83,419,446	20.04%	65,585,079	20.76%
Receivables from Nanjing Jinling Power Company	72,000,000	17.29%	72,000,000	22.79%
Receivables from Fuel Company	62,540	0.02%	—	—
Dividend receivables				
Receivables from Shanghai Combined Cycle Power Company	42,000,000	27.98%	—	—
Receivables from Yushe Power Company	31,100,861	20.72%	—	—
Receivables from Taicang II Power Company	76,985,046	51.30%	—	—
Accounts payables				
Payables to Fuel Company	(320,182,765)	21.43%	—	—
Other payables				
Payables to Shanghai Combined Cycle Power Company	(429,878)	0.01%	(570,482)	0.02%
Payables to Huaiyin Power Company	(19,741)	—	(7,000)	—
Payables to Huaiyin II Power Company	(24,638)	—	—	—
Payables to Qinbei Power Company	(45,008)	—	(32,000)	—
Payables to Yushe Power Company	(29,878)	—	(17,882)	—
Payables to Xindian II Power Company	—	—	(140,000)	—
Payables to Taicang Power Company	—	—	(2,400)	—
Payables to Nanjing Jinling Power Company	(547,200)	0.01%	—	—
Payables to Pinliang Power Company	(29,878)	—	(25,000)	—

The transactions and balances among the Company and its subsidiaries referred above were fully eliminated when preparing the consolidated financial statements of the Company and its subsidiaries.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

12. CONTINGENT LIABILITY

	30 June 2008	
Item	The Company and its subsidiaries	The Company
Guarantees on the long-term bank loans of Rizhao Power Company	**69,062,500**	69,062,500
Guarantees on the long-term bank loans of Sinosing Power	**—**	4,095,001,649
	69,062,500	4,164,064,149

Guarantees on the long-term bank loans above had no significant financial impact on the operations of the Company.

13. COMMITMENTS

Commitments mainly relate to the construction of new power projects and renovation projects. Expenditure on construction projects and purchase of coal which were contracted but not provided for as at 30 June 2008 amounted to approximately RMB36.424 billion (31 December 2007: RMB18.564 billion).

From 2004 to 2007, the Company entered into various long-term agreements with coal suppliers for the purchase of coal used for power generation from the years 2005 to 2009. These agreements are subject to termination only under certain limited circumstances. In most cases, these agreements contain provisions for price escalations and minimum purchase level clauses. The future purchase commitments under the agreements above are as follows:

	30 June 2008
2008	**6,268,030,000**
2009	**8,523,250,000**
	14,791,280,000

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

13. COMMITMENTS *(Cont'd)*

The Company entered into various operating lease arrangements for land and buildings. Total non-cancellable future minimum lease payments for these operating leases are as follows:

	30 June 2008	31 December 2007
Land and buildings		
Within 1 year	**29,253,383**	29,253,383
1-2 years	**3,253,383**	3,253,383
2-3 years	**3,253,383**	3,253,383
After 3 years	**112,765,064**	114,391,756
	148,525,213	150,151,905

In addition, in accordance with a 30-year operating lease agreement signed by Huaneng Dezhou Power Plant ("Dezhou Power Plant") and Shandong Land Bureau for the land occupied by Dezhou Power Plant Phases I and II in June 1994, annual rental amounted to approximately RMB29,874,000 effective from June 1994 and is subject to revision at the end of the fifth year from the agreement date. Thereafter, the annual rental is subject to revision once every three years. The increment for each rental revision is restricted to no more than 30% of last annual rental amount.

Nanjing Jinling Power Company entered into a gas purchase agreement with PetroChina Company Limited ("PTR") on 29 December 2004 with the contract term of 19 years. Pursuant to which Nanjing Jinling Power Company purchases gas from PTR from the date when it commenced commercial operations until 31 December 2023. The agreement carries price adjustment and minimum purchase consideration clauses. As at 30 June 2008, based on the execution price on that date, the annual minimum purchase amounted to RMB696 million (31 December 2007: RMB681 million).

As at 30 June 2008, Sinosing Power has the following purchase commitments with subsidiaries of Temasek:

(i) Purchase of 17.6 billion British Thermal Unit ("BBtu") of natural gas per day from Gas Supply Pte Ltd. during the plateau period up to 31 December 2014 with possible decrease in gas purchase volume thereafter. The agreement will be terminated on or before 2023 subject to the termination provisions within the agreement. As at 30 June 2008, the unit contract price was RMB121,998 per BBtu.

(ii) Purchase of 150 million standard cubic feet of natural gas per day from SembCorp Gas Pte Ltd. during the plateau period up to 31 December 2013 with possible decrease in gas purchase volume thereafter. The agreement will be terminated on or before 2023 subject to the termination provisions within the agreement. As at 30 June 2008, the unit contract price was RMB128,494 per BBtu.

For the six months ended 30 June 2008
(Prepared in accordance with PRC Accounting Standards)
(All amounts are stated in RMB Yuan unless otherwise stated)

14. EVENT AFTER THE BALANCE SHEET DATE

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.

15. NET (LOSS)/PROFIT AFTER DEDUCTING NON-RECURRING ITEMS

	For the six months ended 30 June	
	2008	2007 (Restated)
Net (loss)/profit	**(700,636,389)**	3,172,758,785
Less: pre-tax gain on disposals of non-current assets	**(22,639)**	(514,265,656)
other pre-tax non-operating income/expenses, net	**(76,187,699)**	(11,609,515)
Income tax impact on non-recurring items above	**1,642,953**	78,315,082
Net profit of subsidiary acquired from business combination under common control from the beginning of earliest period presented to the acquisition date	—	(38,536,708)
Net (loss)/profit after deducting non-recurring items	**(775,203,774)**	2,686,661,988

Basis of preparing breakdown of non-recurring items

In accordance with "Q & A on Disclosures of Information of public listed companies No. 01 - non-recurring items", non-recurring items refer to those transactions or events from which are not directly related to business operations or those which are related to business operation but affect the presentation of the daily operations and profitability of the Company as a result of their nature, amount or frequency.

For the six months ended 30 June 2008
(Prepared on consolidation basis: all amounts are stated in RMB Yuan unless otherwise stated)

IMPACT OF ADJUSTMENTS FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") ON NET (LOSS)/PROFIT AND NET ASSETS

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 and net assets 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)	(RMB)
		(Restated)
Consolidated net (loss)/profit attributable to shareholders of the Company under PRC GAAP	**(470,327,273)**	2,959,711,062
Impact of IFRS adjustments:		
Effect of recording the amounts received in advance (a)	**25,305,444**	5,213,571
Difference in the recognition of housing benefits to the employees of the Company and its subsidiaries (b)	**(18,707,174)**	(19,316,013)
Difference on depreciation related to borrowing costs capitalized in previous years (c)	**(14,959,588)**	(13,778,881)
Differences in accounting treatment on business combinations under common control (d)	**—**	(38,536,708)
Difference in depreciation and amortization of assets acquired in business combinations under common control (d)	**(140,694,370)**	(147,655,261)
Applicable deferred income tax impact of the GAAP differences above (e)	**16,781,554**	90,571,528
Others	**9,943,246**	8,261,178
Profit attributable to minority interests on the adjustments above	**48,850,016**	30,910,222
(Loss)/Profit attributable to equity holders of the Company under IFRS	**(543,808,145)**	2,875,380,698

For the six months ended 30 June 2008
(Prepared on consolidation basis: all amounts are stated in RMB Yuan unless otherwise stated)

IMPACT OF ADJUSTMENTS FOR IFRS ON NET (LOSS)/PROFIT AND NET ASSETS *(Cont'd)*

	Net Assets	
	30 June 2008 (RMB)	31 December 2007 (RMB)
Net assets attributable to shareholders of the Company under PRC GAAP	**41,603,786,675**	46,119,679,303
Impact of IFRS adjustments:		
Effect of recording the amounts received in advance (a)	**(819,139,627)**	(844,445,071)
Difference in the recognition of housing benefits to the employees of the Company and its subsidiaries (b)	**(66,334,323)**	(47,627,149)
Difference in borrowing costs capitalized in previous years (c)	**449,473,419**	464,433,007
Differences in accounting treatment on business combinations under common control (d)	**2,900,570,801**	2,900,570,801
Difference in depreciation and amortization of assets acquired in business combinations under common control (d)	**(1,186,679,595)**	(1,045,985,225)
Applicable deferred income tax impact of the above GAAP differences (e)	**85,137,567**	68,356,013
Others	**(189,514,382)**	(181,404,098)
Portion of above adjustments attributable to minority interests	**(456,148,876)**	(504,997,895)
Net assets attributable to equity holders of the Company under IFRS	**42,321,151,659**	46,928,579,686

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.

For the six months ended 30 June 2008
(Prepared on consolidation basis: all amounts are stated in RMB Yuan unless otherwise stated)

IMPACT OF ADJUSTMENTS FOR IFRS ON NET (LOSS)/PROFIT AND NET ASSETS *(Cont'd)*

(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 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 six months ended 30 June 2008
(Prepared on consolidation basis: all amounts are stated in RMB Yuan unless otherwise stated)

IMPACT OF ADJUSTMENTS FOR IFRS ON NET (LOSS)/PROFIT AND NET ASSETS *(Cont'd)*

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

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.