HUANENG POWER INTERNATIONAL INC
Form 6-K
August 24, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the month of August, 2005

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

Form 20-F X   Form 40-F

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

Yes   No X

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-__________.)

N/A

Huaneng Power International, Inc.
West Wing, Building C, Tianyin Mansion
No. 2C Fuxingmennan Street
Xicheng District
Beijing, 100031 PRC

This Form 6-K consists of:

2005 Interim Report of Huaneng Power International, Inc. (the "Registrant"), made by the Registrant in English on August 22, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Huang Long

Name: Huang Long

Title: Director

Date: August 22, 2005

CONTENTS 2005 Interim Report

INTERIM RESULTS

The Board of Directors of Huaneng Power International, Inc. (the "Company") announces the unaudited operating results for the six months period ended 30th June, 2005 (the "Accounting Period") and a comparison with the operating results for the same period of 2004. For the six months period ended 30th June, 2005, the Company recorded a net operating revenue of Rmb18.800 billion and a net profit attributable to the equity holders of the Company of Rmb1.679 billion, representing an increase of 45.02% and a decrease of 32.32% respectively as compared to the same period of 2004. Earnings per share was Rmb0.14 and net asset value per share (excluding minority interest) was Rmb3.00.

In the first half year, the Company still achieved good performance on its safe operation, and its generation and sales still maintained high growth. However, since the unit fuel cost increased substantially as a result of continued rises of coal prices and decline in coal quality, the Company's profit decreased substantially. 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 2005, the Company's management and all the staff worked hard together in seizing the opportunities of rapid growth in power consumption brought about by the rapid and steady growth of the national economy. The challenges from the rise of coal prices and the decline of coal quality were dealt with in a conscientious manner. Facing increasing competition in the power market, the management and all staff of the Company strived to do their utmost, thereby having overcome the difficulties and completed the tasks set for the first half of 2005. The Company achieved good progress in terms of safe generation, project construction, operation management and preparation work of projects. The Company continued to expand, and as at 30 June, 2005, the Company's power generation capacity on an equity basis amounted to 21,653MW.

Power Generation

During the first half of this year, the power plants of the Company achieved power generation totalling 71.843 billion kWh on a consolidated basis, representing an increase of 47.1% over the same period last year. The growth of power generation was mainly attributable to power generation contributed by Luohuang Power Plant, Yueyang Power Plant, Yingkou Power Plant and Jinggangshan Power Plant acquired in July, 2004 and Pingliang Power Plant and Sichuan Hydro Power acquired in January, 2005, and by the stable generation capacity created by the six new generating units of Yushe Power Plant, Qinbei Power Plant and Huaiyin Power Plant. On the other hand, continued growth of power demand in the regions where the Company's power plants are located and sound and stable operation of its generating units also provided the conditions for the Company to boost its power generation.

The overall performance of the Company's safe operation improved when compared to the same period last year. Maintainence plans were conducted regularly and various index parameters of the generating units remained at relatively good levels, thus creating conditions for boosting power generation.

Cost Controls

During the first half of 2005, the previously tight supply of thermal coal has been eased. However, continued high coal prices, declining coal quality and increase in marine and railway transportation charges had brought about significant impact on the generation and operation of the Company to various degrees. Despite the relatively significant increase in power generation from new generating units as compared to the same period last year and the Company's implementation of various measures on cost controls, the increase in power generation costs brought about by the rise in coal prices could not be relieved. The unit fuel cost of the Company for the first half of the year increased by 22% when compared to the same period last year. Facing such unfavourable conditions, the Company proactively undertook relevant measures to expand major coal supply channels, to adjust the coal supply structure and to contain purchase prices whilst enhancing the settlement rate of major coal contracts. To a certain extent, the adverse effect brought about by the increase in coal prices upon the Company was minimized, under the premises that safe generation and coal consumption was ensured.

Project Development and Construction

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

(1) 2 x 330MW coal-fired generating units of Huaiyin Power Plant and two hydroelectric power stations of Jialingjiang Qingju and Fujiang Ziyili under Sichuan Hydro Power commenced commercial operation during the first half of the year, adding new power generation capacity on an equity basis amounting to 539MW.

(2) The Shanghai Combined-Cycle-Gas-Turbine project has been confirmed by and registered with the State.

(3) The projects-under-construction and other planned projects of the Company progressed smoothly.

Asset Acquisition

On 26th May, 2005, the Company entered into a transfer agreement with Jiangsu Yueda Investment Company Limited ("Jiangsu Yueda"). Pursuant to the transfer agreement, the Company agreed to acquire 26.36% equity interest in Huaiyin Power Plant Phase I (2 x 220MW coal-fired generating units) from Jiangsu Yueda for RMB200.6 million (pursuant to the acquisition agreement, should there be any appropriation or distribution of dividends declared before the effective acquisition date, consideration should be deducted simultaneously. Hence, dividends declared before effective acquisition date of RMB19.4 million was deducted from the consideration of RMB220 million), and on 28th June 2005 the Company paid the consideration by using cash. After completion of the transaction, the Company owns 90% equity interest in Huaiyin Power Plant Phase I which has increased the Company's power generation capacity on an equity basis by 116MW. The remaining 10% equity interest is owned by Jiangsu Power Development Company Limited.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of year 2005, the national economy will continue to maintain steady and rapid development which will bring about stable and rapid growth in power demand, thus providing favourable market conditions for the Company to continue a steady increase in power generation; the "Coal-electricity price linkage mechanism" adopted by the State brought about an increase in the Company's settlement tariff levels, which could reduce the negative impact of surges in coal prices on the generation and operation of the Company. Currently, the problem of coal supply has aroused great concern of the relevant government departments while a series of new policies and measures has been issued. Gradually as a result of the State's macro-economic control measures, the problem of coal shortage has been alleviated and the average inventory has increased. The Company is confident that it will capitalize on the favourable conditions in the coal market in the second half year to enhance the contract settlement rate, improve the coal quality, proactively explore new sources of coal supply, and reduce transportation costs. The Company will keep a close eye on the international market and by ensuring an effective and timely supply of fuel, it will endeavour to reduce fuel costs and to complete various tasks set for the year.

The main tasks for the second half of the year include:

1. to ensure safe operation of all power plants and to strive to increase power generation;

2. to strengthen fuel cost control and contain the range of increase of unit fuel costs;

3. to reinforce sales and marketing and cost control efforts, to ensure an increase in revenue and a reduction in expenses, and to strive to raise the average settlement tariff level;

4. to ensure the high-quality commencement of 1 x 600MW coal-fired generating unit at Shantou Power Plant Phase II and 1 x 600MW coal-fired generating unit at Taicang Power Plant Phase II at the end of the year, and to continue to actively carry out preparation work of other proposed projects.

OPERATING RESULTS

Comparison and Analysis of Operating Results

Comparison of operating results of the first half of 2005 vs those of the first half of 2004:

SUMMARY

Compared to the same period last year, power generation and operating revenue increased substantially because of the expansion of the Company's operating scale as a result of newly acquired power plants and new generating units. However, due to continuous increase in coal prices, gross profit of the Company and its subsidiaries decreased significantly. The net profit decreased by 32.32% when compared to the same period last year.

Net operating revenue

For the first half of 2005, consolidated net operating revenue of the Company and its subsidiaries was RMB18.800 billion, representing an increase of 45.02% from RMB12.964 billion in the same period last year.

The increase in net operating revenue was attributable to the newly acquired power plants, new generating units and the increase in the average settlement tariff rates of the remaining power plants that existed on or before 30th June, 2004 (the "existing power plants"). During the period from July, 2004 to June, 2005, the Company acquired Liaoning Yingkou Power Plant (100% equity interest), Jiangxi Jinggangshan Power Plant (100% equity interest), Hunan Yueyang Power Plant (55% equity interest), Chongqing Luohuang Power Plant and Jiangbei Power Plant (both 60% equity interests), Hebei Hanfeng Power Plant (40% equity interest), Gansu Pingliang Power Plant (65% equity interest) and Sichuan Hydropower (60% equity interest). Furthermore, Henan Qinbei Power Plant (55% equity interest), Shanxi Yushe Phase II (60% equity interest), Jiangsu Huaiyin Phase II (63.64% equity interset) and the two hydro power stations (Fujiang Ziyili Power Plant and Jialingjiang Qingju Power Station) owned by Sichuan Hydropower (60% equity interest) came into commercial operation. The acquisition of power plants, the commercial operation of new generating units and the increase of the average settlement tariff rates of the existing power plants as a result of the coal-electricity price linkage mechanism have led to increases of consolidated net operating revenue by RMB3.908 billion, RMB1.557 billion and RMB489 million respectively. The slight decrease in sale volume of existing power plants led to a decrease of the consolidated net operating revenue by RMB118 million.

Operating expenses

For the first half of 2005, total operating expenses of the Company and its subsidiaries were approximately RMB16.132 billion, representing an increase of approximately 65.10% from RMB9.771 billion in the same period last year.

The increase of operating expenses was attributable to the newly acquired power plants, new generating units that came into operations and the increase in fuel costs. The acquisition of power plants and the commercial operation of new generating units led to increases of total operating expenses of RMB3.148 billion and RMB1.404 billion respectively. Without taking into account the impact of acquisition and the new generating units, operating expenses increased by RMB1.809 billion compared to the same period last year.

Fuel costs

Fuel costs constituted the major operating costs of the Company and its subsidiaries. In the first half of 2005, fuel costs amounted to approximately RMB10.354 billion, representing an increase of approximately 71.80% from approximately RMB6.027 billion in the same period last year. The increase in fuel costs was mainly due to the expansion of the Company's operating scale and the rise of fuel prices. Newly acquired power plants and new generating units caused increases of approximately RMB1.708 billion and RMB981 million of fuel costs respectively. The rise of fuel price led to an increase of fuel costs for existing power plants by approximately RMB1.693 billion. As power generation of existing power plants decreased slightly, their fuel costs decreased by RMB55 million.

As the average unit price of natural coal was RMB339.43 per tonne, representing an increase of 16.96% from approximately RMB290.22 in the same period last year, the unit fuel costs reached RMB158.63MWh, representing an increase of 21.98%.

Depreciation

Depreciation expenses of the Company and its subsidiaries for the first half of 2005 amounted to RMB3.174 billion, representing an increase of approximately 49.42% from RMB2.124 billion in the same period last year. The increase of depreciation expenses was mainly due to the newly acquired power plants and the new generating units that came into commercial operations. The newly acquired power plants and the new generating units brought about increases of depreciation expenses by approximately RMB867 million and RMB232 million respectively.

Labor costs

Labor costs of the Company and its subsidiaries amounted to approximately RMB1.130 billion in the first half of 2005, representing an increase of approximately RMB331 million from approximately RMB799 million in the same period last year. Among the increase, the newly acquired power plants and the new generating units caused increases of labour costs by approximately RMB208 million and RMB56 million respectively.

Other operating expenses

Other operating expenses of the Company and its subsidiaries amounted to approximately RMB797 million in the first half of 2005, representing an increase of approximately RMB492 million from approximately RMB305 million in the same period last year. Among the increase, newly acquired power plants and the new generating units caused increases of other operating expenses by approximately RMB195 million and RMB95 million respectively.

Financial expenses, net

The net financial expenses of the Company and its subsidiaries totaled approximately RMB605 million in the first half of 2005, representing an increase of approximately 166.85% from approximately RMB227 million in the same period last year. The financial expenses of the newly acquired power plants and the new generating units amounted to approximately RMB179 million (among which, the depreciation of Euro in the first half of 2005 brought about an exchange gain of approximately RMB101 million to Luohuang Power Plant) and RMB134 million respectively. The financing for acquisitions led to an increase of approximately RMB120 million of financial expenses while the financial expenses for existing power plants decreased by approximately RMB55 million.

Share of profit of associates

The share of profit of associates of the Company and its subsidiaries in the first half of 2005 amounted to approximately RMB239 million, including investment income from Shenzhen Energy Group ("SEG"), Hanfeng Power Company and Rizhao Power Company of approximately RMB112 million, RMB100 million, RMB25 million respectively.

Income tax expenses

There was no change in the preferential income tax treatment applied to the Company and its subsidiaries. During the first half of 2005, the income tax of the Company and its subsidiaries amounted to RMB349 million, representing a decrease of 30.62% from approximately RMB503 million in the first half year of 2004. The main reason for such a decrease was the decrease of the profitability of the Company.

Net profit (excluding minority interest)

The consolidated net profit of the Company and its subsidiaries in the first half of 2005 was RMB1.679 billion, representing a decrease of approximately 32.32% from RMB2.481 billion in the first half of 2004. The main reason for the decrease of net profit was due to the substantial increase of the operating costs of the Company and its subsidiaries in the first half of 2005. Although the expansion of the Company's operating scale in the first half of 2005 contributed to a substantial increase in net operating revenue of the Company and its subsidiaries compared with the same period last year, the increase in net operating revenue could not offset the increases of the operating costs due to the rise of fuel costs and depreciation expenses.

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Comparison of financial positions

As at 30th June, 2005, total assets of the Company and its subsidiaries amounted to approximately RMB92.426 billion, which represented an increase of approximately 26.99% from approximately RMB72.780 billion last year. Non-current assets increased by approximately 26.53% to approximately RMB79.871 billion while current assets increased by approximately 30.06% to approximately RMB12.555 billion. Acquisitions and capital expenditure on construction projects primarily accounted for the increases in total assets and non-current assets with the additional total assets being obtained through acquisitions in the current period amounting to approximately RMB14.169 billion, including non-current assets of RMB12.637 billion.

Total capital expenditure (primarily spending on construction and renovation projects), amounted to approximately RMB5.731 billion, with its main source of financing being from bank borrowings.

Comparison of key financial ratios

Item	The Company and its subsi 30th June, 2005	31st D
Debt to equity ratio	1.40	
Current ratio	0.54	
Quick ratio	0.43	

	For the six months ended 30th June, 2005	For t 31st D
Multiples of interest earned	3.18	

Calculation formula of the financial ratios:

Debt to equity ratio = Balance of liabilities at the end of the p shareholders' equity (excluding minority interest) period

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

Quick ratio	=	(balance of current assets at the end of the peri inventories at the end of the period)/balance of curre the end of the period
Multiples of interest earned	=	(profit before tax + interest expenses)/interest expe capitalized interest)

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The current ratio and quick ratio of the Company and its subsidiaries decreased compared to last year mainly due to increased capital expenditure and the cash consideration paid during acquisitions. These factors contributed to an increase in current liabilities.

The debt to equity ratio of the Company and its subsidiaries increased significantly primarily because of the increase in current liabilities and long-term loans.

The multiples of interest earned of the Company and its subsidiaries decreased from that of the same period last year mainly due to an increase in interest expenses (including capitalized interest) on loans borrowed to finance construction as well as reduced profitability.

During the first half of 2005, a significant portion of funding requirements of the Company and its subsidiaries for capital expenditure was met by short-term borrowings. The Company and its subsidiaries have used low-interest short-term borrowings to replace the high-interest long-term loans in order to minimize interest expenses. Consequently, as at 30th June, 2005, the Company and its subsidiaries had net current liabilities of approximately RMB10.552 billion. Based on the successful financing history of the Company and its subsidiaries, the significant amount of undrawn banking facilities available to the Company and the support of operating results, the Company and its subsidiaries believe that it is able to meet their liabilities as and when they fall due, and that they will be able to obtain long-term loans so as to meet the capital required for operations.

Liquidity and Cash Resources

Liquidity

	For the six months ended 30th June,	
	2005	2004
	RMB billion	RMB billion
Net cash provided by operating activities	1.972	3.823
Net cash used in investing activities	(7.065)	(3.883)
Net cash provided by financing activities	5.522	2.452
Net increase in cash and cash equivalents	0.429	2.392
Cash and cash equivalents, beginning of period	2.296	4.129

Cash and cash equivalents, end of period	2.725	6.521

The net cash provided by operating activities amounted to RMB1.972 billion in the first half of 2005 which was lower than that of last year. This was mainly due to the significant increase in fuel costs which led to the cash generated from operations less than the cash paid for the operations. It is anticipated that the net cash provided by operating activities remains the main source of cash for the Company and its subsidiaries.

Net cash used in investing activities mainly consisted of capital expenditure for the construction projects and cash paid for acquisitions of power plants.

Net cash flows from financing activities consisted mainly of repayments of loans, dividend payments and new financing projects. In the first half of 2005, the Company repaid RMB8.852 billion of loans, paid off RMB3.184 billion of dividends but took out new loans of RMB12.674 billion and issued short-term bonds of RMB4.862 billion.

Capital expenditure and cash resources

Capital expenditure

Capital expenditure on acquisitions

In January, 2005, the Company paid a cash consideration of approximately RMB2.025 billion to acquire a 65% equity interest in the Gansu Huaneng Pingliang Power Generation Limited Liability Company ("Pingliang Power Company") and a 60% equity interest in Sichuan Huaneng Hydropower Development Corporation, Ltd. ("Sichuan Hydropower"). The acquisitions enabled the Company to achieve the marketing development strategy of "consolidating positions in the coastal regions, expanding into Central China and entering West China". This is also one of the milestones of the Company in realizing the development strategy of "combining hydro and coal-fired power", and represents a continuation of the established strategy of a balance between development and acquisitions.

In June, 2005, the Company paid a cash consideration of RMB200.6 million to Jiangsu Yueda to acquire a 26.36% equity interest in Huaiyin Power Plant Phase I. Upon the completion of the acquisition, the Company's interest in Huaiyin Power Plant Phase I increased to 90%, with an increase of generation capacity of 116MW on an equity basis.

Capital expenditure on construction and renovation

The capital expenditure of the Company and its subsidiaries in the first half of 2005 amounted to approximately RMB5.731 billion, including RMB5.425 billion for construction projects and RMB306 million for renovation projects.

Capital expenditure on construction mainly included RMB994 million for Yuhuan project, RMB890 million for Taicang Phase II project, RMB678 million for Sichuan Hydropower, RMB459 million for Shantou Coal-fired project, RMB388 million for Shanghai Combined-Cycle project, RMB346 million for Luohuang expansion project, RMB338 million for Huaiyin expansion project, RMB323 million for Yueyang expansion project, RMB257 million for Xindian expansion project, RMB254 million for Yingkou project, RMB167 million for Qinbei project, RMB151 million for Yushe Phase II project and construction projects for other power plants.

Capital expenditure on renovation included RMB244 million for Shidongkou First Power Plant, as well as RMB62 million of routine renovation expenditure for other power plants.

The above capital expenditure items were mainly financed by long-term borrowings and cash from operations.

The Company and its subsidiaries will continue to incur significant capital expenditure in the forthcoming years. The Company will actively monitor the progress of its projects in accordance with commercially viable principles. The Company will also proactively develop its planned projects so as to lay foundation for the Company's long-term development. The Company expects to finance such projects through internal funding, bank borrowings and cash flows provided by operating activities.

Cash resources and anticipated financing costs

The Company expects the cash resources for capital expenditure for construction and acquisitions to be principally financed by internal funds, cash flows from operating activities and future debt financing.

Through years of successful operations, the market image and "brand" of the Company have continuously enhanced. Standard & Poor's upgraded the credit rating on the Company to BBB+, outlook of the rating was stable in February, 2004. Good operating results and good credit status grant the Company strong financing capabilities. As at 30th June, 2005, the Company and its subsidiaries had available unsecured borrowing facilities from banks of approximately RMB31 billion (included in the undrawn borrowing facilities are medium to long-term loan facilities of RMB20 billion subject to application and approval procedures). The Company and its subsidiaries has utilized approximately RMB2 billion up to 30th June, 2005. These unsecured borrowing facilities provide the Company and its subsidiaries with a sufficient level of available cash and raise the level of liquidity and repayment capabilities of the Company and its subsidiaries effectively.

On 27th May, 2005, the Company completed the issue of RMB5 billion short-term bonds successfully. The issued amount of the first stage of the bonds was RMB4.5 billion with a maturity period of 365 days. The nominal value of the bonds was RMB100 and the issued price was RMB97.16. The effective interest rate was 3.40%. The issued amount of the second stage of the bonds was RMB500 million with a maturity period of nine months. The nominal value was RMB100 and the issued price was RMB98. The effective interest rate was 3.31%. The issuances of short-term bonds provided the Company with new channels to obtain short-term financing, thus effectively lowering the overall cost of capital of the Company and supporting the stability of the Company's production and expansion of the Company's operating scale with sufficient and low cost of capital.

As at 30th June, 2005, the total interest bearing loans of the Company and its subsidiaries amounted to RMB42.5 billion, including RMB15.923 billion borrowings matured in one year. The interest bearing loans included foreign currency borrowings amounting to RMB7 billion, including US dollar of 744 million, Euro of 74 million and Japanese Yen of 1.429 billion. Approximately US$109 million and Japanese Yen of 238 million of foreign currency borrowings will mature in one year. Including in foreign currency borrowings, fixed rate and floating rate loans accounted for RMB6.234 billion and RMB773 million or 89% and 11% of total foreign currency borrowings respectively. The average fixed rate and floating rate loans approximated 5.68% and LIBOR+0.17% per annum respectively.

The long-term borrowings of the Company and its subsidiaries were mainly fixed rate loans (annual interest rates ranged from 2.28% to 6.12%). As at 30th June, 2005, pursuant to the relevant agreements, the balances of the floating rate loans of the Company and its subsidiaries were approximately US$80 million (annual interest rates ranged from LIBOR+0.075% to LIBOR+0.43%) and Japanese Yen 1.429 billion (annual interest rate of LIBOR+0.3%).

The repayment capability of the Company and its subsidiaries remains strong after acquisitions of a 65% equity interest in Pingliang Power Company and a 60% equity interest in Sichuan Hydropower in January, 2005 and a 26.36% equity interest of Phase I of Huaiyin Power Plant in June, 2005.

Other financing requirements

The objective of the Company is to bring long-term, stable and growing returns to the shareholders. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. In 2005, in accordance with the dividend distribution plan approved by the shareholders, the Company paid a cash dividend of approximately RMB3.014 billion for the year of 2004.

Performance of Significant Investments and their Prospects

On 22nd April, 2003, the Company acquired a 25% equity interest in SEG with a cash consideration of approximately RMB2.39 billion. This investment brought to the Company and its subsidiaries a net profit of approximately RMB112 million in the first half of 2005 recorded under International Financial Reporting Standards ("IFRS"). SEG is the largest power generation supplier in Shenzhen and its power plants are located in one of the prosperous provinces - Guangdong Province. With strong demand for electricity in that region, such an investment is expected to bring stable returns to the Company in the future.

In July, 2004, the Company acquired a 40% equity interest in Hebei Hanfeng Power Generation Limited Liability Company ("Hanfeng Power Company") with a cash consideration of approximately RMB1.375 billion. This investment brought to the Company and its subsidiaries a net profit of approximately RMB100 million in the first half of 2005 recorded under IFRS. Hanfeng Power Company is located in Hebei Province in Northern China and there is strong demand for electricity in that region. Through this acquisition, the Company and its subsidiaries expect this investment will contribute stable returns in the future.

Employee Benefits

As at 30th June, 2005, the Company and its subsidiaries had 22,883 employees. For the first half of 2005, total staff costs incurred amounted to approximately RMB1.130 billion. During the Accounting Period, there is no significant change to the Company's remuneration policy and training plan.

Related Party Transactions

The Company and its subsidiaries entered into various transactions with China Huaneng Group Corporation ("Huaneng Group"), Huaneng International Power Development Corporation ("HIPDC") and their affiliates during daily operations, including operating leases on land use rights and property, electricity transmission and fuel purchases and transportation, etc. Such transactions were for daily operations at prices no different from transactions conducted with other third parties and did not have significant impact on the business and operations of the Company and its subsidiaries. Huaneng Group, HIPDC and the minority shareholders of subsidiaries of the Company have also committed or agreed through contracts to provide guarantees on certain loans of the Company and its subsidiaries.

In addition, pursuant to relevant agreements, the Company rendered management services to those power plants owned by Huaneng Group and HIPDC at a standard fee covering its costs and a reasonable profit. For the first half of 2005, such transactions amounted to approximately RMB18.5652 million which was below 0.1% of net operating revenue. Pursuant to another relevant agreement, Huaneng Group rendered power plant management services (Sichuan Hydropower) to the Company at an annual standard fee of approximately RMB2.2401 million covering its costs and a reasonable profit.

In accordance with the transfer agreement entered into between the Company and Huaneng Group in October, 2004, the Company acquired a 60% equity interest in Sichuan Hydropower and a 65% equity interest in Pingliang Power Company, both owned by Huaneng Group, at a total consideration of RMB2.025 billion in January, 2005. In addition, the Company acquired an additional 26.36% equity interest in Huaiyin I Power Company from Jiangsu Yueda for a cash consideration of RMB200.6 million in June, 2005.

Please refer to Note 19 to the unaudited condensed consolidated interim financial statements prepared under IFRS for details of related party transactions.

Guarantees on Loans

As at 30th June, 2005, the Company provided guarantees on long-term bank borrowings of certain subsidiaries and an associate totalling approximately RMB1.735 billion. These included guarantees granted to Qinbei Power Company, Yushe Power Company and Rizhao Power Company amounting to RMB740 million, RMB702 million and RMB293 million respectively. The Company and its subsidiaries had no contingent liabilities other than those described above. The Company is of the view that the above guarantees do not have any significant financial impact on the operations of the Company and its subsidiaries.

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Pledged Assets

As at 30th June, 2005, Sichuan Huaneng Dongxiguan Hydropower Limited Liability Company, Sichuan Huaneng Kangding Hydropower Limited Liability Company and Sichuan Huaneng Mingtai Hydropower Limited Liability Company which were held by the Company's subsidiary, Sichuan Hydropower, pledged certain of their fixed assets with net book values of RMB612 million, RMB28 million and RMB72 million as at 30th June, 2005 respectively to obtain bank loans of RMB267 million, RMB20 million and RMB60 million respectively.

Impact of the Adjustment of Rmb Exchange Rate

On 21st July, 2005, The People's Bank of China adjusted the exchange rate of RMB to US$ from 8.2765 to 8.1100. As the US dollar liabilities of the Company and its subsidiaries outweighed their US dollar assets, the Company and its subsidiaries expect the appreciation of RMB will bring positive effect to the Company and its subsidiaries. In the event that the exchange rate of RMB to US$ is maintained at RMB8.11 to US$1.00 for the second half of 2005, this would bring an exchange gain of approximately RMB123 million upon the translation of US dollar liabilities of approximately US$758 million and US dollar deposits of approximately US$20 million as at 30th June, 2005.

SHARE CAPITAL STRUCTURE

As at 30th June, 2005, 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 74.67% of the entire issued share capital, and 3,055,383,440 shares were foreign shares, representing 25.34% of the entire issued share capital. In respect of domestic shares, Huaneng International Power Development Corporation owns a total of 5,197,680,000 shares, representing 43.12% of the entire issued share capital of the Company. Other domestic shareholders hold a total of 3,802,320,000 shares, representing 31.55% of the entire issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not sell any other types of securities and did not purchase or redeem its own shares or other securities in the first half of 2005.

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SHAREHOLDING STRUCTURE

As at 30th June, 2005, the shareholding position of the Company was as follows:

	Total Shareholdings (in `000)
Domestic Shares	
Huaneng International Power Development Corporation	5,197,680
Hebei Provincial Construction Investment Company	904,500
Jiangsu Provincial International Trust & Investment Company	624,750
Fujian International Trust & Investment Company Limited*	561,700
Liaoning Energy Investment (Group) Limited Liability Company	459,370
Dalian Municipal Construction Investment Company	452,250
Nantong Investment Management Centre	135,750
Minxin Group Limited Company*	108,000
Shantou Electric Power Development Company	38,000
Dandong Energy Investment Development Centre	13,000
Guangdong Shantou City Power Development Company	5,000
Public Shares	500,000
Sub-total	9,000,000
Overseas Listed Foreign Shares	3,055,383.44
TOTAL	12,055,383.44

* Fujian International Trust & Investment Company Limited transferred its 108,000,000 legal person shares of the Company to Minxin Group Limited Company on the date of completion, i.e. 15th June, 2005.

As at 30th June, 2005, 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 Future Ordinance ("SFO"):

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Shares held/Approximate Shareholding Percentage

Name of shareholder	Shares	Number of shares held	Interest Approximate percentage of shareholding in the Company's total issued share capital	Approximate percentage of shareholding in the Company's total issued domestic shares
Huaneng International Power Development Corporation (Note 1)	domestic shares	5,197,680,000	43.12%	57.8%
Hebei Provincial Construction Investment Company	domestic shares	904,500,000	7.50%	10.1%
Jiangsu Provincial International Trust & Investment Company	domestic shares	624,750,000	5.18%	6.9%
Fujian International Trust & Investment Company	domestic shares	561,700,000	4.66%	6.2%
Liaoning Energy Investment (Group) Limited Liability Company	domestic shares	459,370,000	3.81%	5.1%
Dalian Municipal Construction Investment Company	domestic shares	452,250,000	3.75%	5%
The Hongkong and Shanghai Banking Corporation Ltd. (Note 2)	H shares	753,634,908	6.25%	-
Standard Chartered Bank (Hong Kong) Limited (Note 2)	H shares	365,428,129	3.03%	-
Citibank N.A. (Note 2)	H shares	255,876,765	2.12%	-
UBS Securities Hong Kong Ltd. (Note 2)	H shares	173,251,372	1.44%	-

Note 1: As at 30th June, 2005, Huaneng Group holds 51.98% of the equity interest in Huaneng International Power Development Corporation.

Note 2: Such H shares were held through HKSCC Nominees Limited.

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Save as disclosed above and so far as the Directors, chief executive officer and Supervisors of the Company are aware, as at 30th June, 2005, 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.

DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES

As at 30th June, 2005, 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 not to distribute interim dividends for 2005.

MAJOR EVENTS

1. On 26th May, 2005, the Company entered into a transfer agreement with Jiangsu Yueda, pursuant to which the Company agreed to acquire 26.36% equity interest in Huaiyin Power Plant Phase I (1 x 220MW coal-fired generating unit) at a consideration of RMB200.6 million which was paid by the Company with cash on 28th June, 2005. Upon completion of the acquisition, the Company holds 90% equity interest in Huaiyin Power Plant Phase I. The remaining 10% equity interest of Huaiyin Power Plant Phase I is held by Jiangsu Power Development Company Limited.

2. The term of the fourth session of the board of directors expired. As approved at the meeting of the Supervisory Committee held on 14th March, 2005, the board meeting held on 15th March, 2005, and the annual general meeting held on 11th May, 2005, the fifth session of the board of directors includes 15 members, namely Mr. Li Xiaopeng, Mr. Huang Yongda, Mr. Wang Xiaosong, Mr. Na Xizhi, Mr. Huang Long, Mr. Wu Dawei, Mr. Shan Qunying, Mr. Yang Shengming, Mr. Xu Zujian, Mr. Liu Shuyuan, Mr. Qian Zhongwei, Mr. Xia Donglin, Mr. Liu Jipeng, Mr. Wu Yusheng and Mr. Yu Ning. The fifth session of the Supervisory Committee consists of 6 members, namely, Mr. Ye Daji, Ms. Yu Ying, Mr. Shen Weibing, Mr. Shen Zongmin, Ms. Zou Cui and Mr. Wang Zhaobin.

   Five members of the fourth session of the Board of Directors, namely Mr. Ye Daji, Mr. Huang Jinkai, Mr. Liu Jinlong, Mr. Gao Zongze and Mr. Zheng Jianchao were not re-appointed as members of the new session of the Board of Directors. Four members of the fourth session of the Supervisory Committee, namely, Mr. Wei Yunpeng, Mr. Li Yonglin, Mr. Pan Jianmin and Mr. Zhao Xisheng were not re-appointed as members of the new session of the Supervisory Committee.

3. At the board meeting held on 15th March, 2005, it was resolved to approve the appointment of Mr. Li Shiqi as Vice President of the Company, the

resignations of Mr. Wu Dawei from the position of Vice President and of Mr. Li Shiqi from the position of Chief Economic Engineer.

CORPORATE GOVERNANCE

Pursuant to the relevant requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited and with reference to the provisions in Appendix 23 of the Listing Rules, the following sets out the status of corporate governance of the Company for this year:

Corporate Governance Practices

The Board is of the view that other than Article C.2.1 of the Code of Corporate Governance Practices ("the Code") in Appendix 14 which has yet to be reinforced, the Company has complied with the provisions of the Code in a comprehensive manner. The Articles of Association of the Company have fully covered the principles set out in the Code. Moreover, the Company has established a regulated and highly effective governance system comprising the Board of Directors, the Supervisory Committee and the President. Four special committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee have been established under the Board of Directors assisting in handling various affairs of the Board of Directors. The Company has also established the Board of Directors Office responsible for day-to-day matters of the Board of Directors.

As regards the internal control matters contained in Article C.2.1 of the Code, the Company has formulated a new overall internal control system and the same has been approved at the Chairman's Working Meeting. The new system will be implemented in the second half of this year and the corporate governance of the Company will be further enhanced.

Securities Transactions by Directors

As the Company is listed in three places, the Company has strictly complied with the relevant restrictive provisions imposed by the US, Hong Kong and PRC regulatory organs in relation to securities transactions by directors and has consistently upheld the principle of complying with the most stringent provisions, that is performing according to the strictest restrictions of the three places. At present, specific enquiries have been made on all the directors of the Company and it has been confirmed that all of the directors do not hold any shares of the Company.

The Company has adopted the required standards set out in Appendix 10 - Model Code for Securities Transactions by Directors of Listing Companies of the Listing Rules. The Directors have complied with such code of conduct throughout the Accounting Period.

Board of Directors

The Board of Directors of the Company comprised 15 members. Mr. Li Xiaopeng acts as Chairman of the Board of Directors, whereas Mr. Huang Yongda and Mr. Wang Xiaosong act as Vice Chairmen of the Board of Directors. Mr. Li Xiaopeng, Mr. Huang Yongda, Mr. Na Xizhi and Mr. Huang Long are executive directors of the Company. Other non-executive directors are: Mr. Wang Xiaosong, Mr. Wu Dawei, Mr. Shan Qunying, Mr. Yang Shengming (whose resignation took effect on 9th August, 2005), Mr. Xu Zujian and Mr. Liu Shuyuan. The Company has five independent non-executive directors representing one-third of the members of the Board of Directors, namely Mr. Qian Zhongwei, Mr. Xia Donglin, Mr. Liu Jipeng, Mr. Wu Yusheng and Mr. Yu Ning.

The Company has convened three board meetings during the first half of the year and all directors have attended the meetings.

The Articles of Association contain detailed descriptions of the responsibilities and operation procedures of the Board of Directors (please refer to the Articles of Association for details). The Board of Directors of the Company holds meetings regularly, listens to the operating results reports of the Company and makes decisions. Significant operating decisions of the Company have to be discussed and passed at the Board of Directors meetings, whereas ad hoc meetings may be convened. Board meetings include regular meetings and ad hoc meetings. Regular board meetings include: the annual meeting, the half-yearly meeting, first quarterly meeting and third quarterly meeting.

Besides regular and ad hoc meetings, the Board of Directors obtains adequate information from the Chairman's Working Meetings in a timely manner in order to monitor the objectives and strategies of the management, financial conditions and operating results of the Company and the provisions of significant agreements. The Chairman's Working Meetings carry out the responsibilities on behalf of the Board of Directors as the Board of Directors' meetings are adjourned.

The Chairman's Working Meetings are held irregularly, attended by the Chairman, Vice Chairmen, Secretary to the Board of Directors, President, the relevant senior management personnel and personnel of relevant departments who will listen to the reports on the operation conditions of the Company and make relevant decisions. The meetings would cover the following issues: (1) examining proposals on establishing or cancelling development and construction projects; (2) examining proposals of the President in relation to the appointment, removal and transfer of managers of various departments of the Company and managers of agencies; (3) examining plans on the use of substantial funds; (4) examining proposals on the establishment or cancellation of branch companies or branch organs; (5) examining other particularly important issues.

The Chairman of the Company, on behalf of the Board of Directors, enters into an authorized management letter with the President of the Company specifying the powers and responsibilities of the Board of Directors and the management. The management of the Company makes a comprehensive report on the handling of authorizations each year.

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Chairman and President

At the Board of Directors, the Chairman and the President are separate functions. Mr. Li Xiaopeng acts as the Chairman of the Board of Directors and Mr. Huang Yongda acts as the President of the Company.

Non-executive Directors

Pursuant to the stipulations of the Articles of Association of the Company, each term of office of the members of the Board of Directors of the Company shall not exceed three years (inclusive) and members of the Board of Directors may be eligible for re-election. However, according to the relevant requirements of the China Securities Regulatory Commission, the term of office of independent non-executive directors shall not exceed six years (inclusive).

Directors' Remunerations

Pursuant to the relevant stipulations of the relevant laws of the State and the Articles of Association, the Board of Directors of the Company has established a

Remuneration and Appraisal Committee mainly responsible for reviewing the appraisal standards for directors and senior management personnel of the Company; conducting appraisals and making proposals; and reviewing and examining the remuneration policies and plans for directors and senior management personnel of the Company. The Remuneration and Appraisal Committee is accountable to the Board of Directors.

The establishment of the fifth session of the Remuneration and Appraisal Committee was approved at the first meeting of the fifth session of the Board of Directors on 11th May, 2005. The Remuneration and Appraisal Committee comprises 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, among whom Mr. Liu Jipeng, Mr. Qian Zhongwei, Mr. Xia Donglin and Mr. Wu Yusheng are independent non-executive directors. Mr. Liu Jipeng acts as the Chief Member of the Remuneration and Appraisal Committee.

Currently, the Company has formulated the Detailed Rules on the Work of the Remuneration and Appraisal Committee which has been approved by the Board of Directors for implementation. The fourth session of the Remuneration and Appraisal Committee convened a meeting on 14th March, 2005, at which, with the attendance of all committee members, the proposal for the total salary expenses for 2005 was approved. A report was then made to the Company's Board of Directors.

Nominations of Directors

Pursuant to the relevant stipulations of the relevant laws of the State and the Articles of Association of the Company, the Board of Directors of the Company has established a Nomination Committee mainly responsible for reviewing the standards and procedures for selecting candidates for directors and senior management personnel according to the operational management requirements of the Company and putting forward proposals to the Board of Directors; selecting qualified candidates for directors and senior management personnel; and examining the candidates for directors and senior management personnel and putting forward proposals.

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The establishment of the Nomination Committee was approved at the first meeting of the fifth session of the Board of Directors on 11th May, 2005. The Nomination Committee comprises seven directors, namely Mr. Qian Zhongwei, Mr. Huang Long, Mr. Shan Qunying, Mr. Yang Shengming, Mr. Xia Donglin, Mr. Liu Jipeng and Mr. Yu Ning, among whom Mr. Qian Zhongwei, Mr. Xia Donglin, Mr. Liu Jipeng and Mr. Yu Ning are independent non-executive directors. Mr. Qian Zhongwei acts as the Chief Member of the Nomination Committee.

Currently, the Company has formulated the Detailed Rules on the Work of the Nomination Committee which has been approved by the Board of Directors for implementation. All members had attended the committee's meeting on 14th March, 2005, at which Mr. Qu Xiaojun, general manager of Human Resources Department reported the details regarding the proposals on change of session of directors and on change of senior management. The members unanimously agreed to the proposals regarding the candidates for the fifth session of the Board of Directors and the change of senior management. A report was then submitted to the Board.

Auditors' Remuneration

The auditors' appointed by the Company for the year of 2005 were PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company, as the international auditors and the PRC auditors of the Company, respectively. Total auditors' remunerations for the six months ended 30th June, 2005 amounted to approximately RMB8.223 million.

Audit Committee

Pursuant to the requirements of the regulatory organs of the places where the Company is listed and the relevant stipulations of the Articles of Association, the Board of Directors of the Company has established the Audit Committee which shall be mainly responsible for:

(1) making proposals to appoint or change external audit organs;

(2) examining and monitoring the internal audit system of the Company and its implementation;

(3) communicating between internal and external audit parties;

(4) examining the financial information of the Company and its disclosures;

(5) other matters required by the Board of Directors of the Company.

The establishment of the Audit Committee of the fifth session of Board of Directors was approved at the first meeting of the fifth session of the Board of Directors held on 11th May 2005. Members of the Audit Committee comprises five independent non-executive directors, namely Mr. Xia Donglin, Mr. Qian Zhongwei, Mr. Liu Jipeng, Mr. Wu Yusheng and Mr. Yu Ning. Mr. Xia Donglin acts as the Chief Member of the Audit Committee.

The Audit Committee has held two meetings in the first half of 2005 examining the working report of 2004 and the working plan for audit in 2005, both prepared by the Company's audit department, and the report regarding the audit work of 2004 made by the Company's auditors. The committee also considered and examined the financial statements of 2004, the financial budgets for 2005, the profit distribution plan for 2004, the proposal regarding appointment of auditors for 2005, the proposal regarding general matters of auditors in 2005, and the financial statements for the first quarter of 2005, etc. Reports were submitted to the Board of Directors.

On 8th August, 2005, the Audit Committee has conducted a meeting to review both the interim announcement and interim report for the first half of 2005.

Currently, the Company has formulated the Detailed Rules on the Work of the Audit Committee which have been approved by the Board of Directors for implementation. The new internal control management system has recently been approved by the Chairman's Working Meeting. Major amendments will be made to the Detailed Rules on the Work of the Audit Committee. Accordingly, the Audit Committee will launch a comprehensive examination on the internal control management system of the Company in the second half of the year.

Shareholding Interests of Senior Management Personnel

The senior management personnel of the Company does not hold any shares of the Company.

Investor Relations

Facing the operational pressure resulting from the rise of fuel costs in the first half of 2005, the Company has made timely and accurate disclosures through various communication channels. In order to let the investors be fully aware of the Company's operations, financial status and strategies, the Company strived to ensure an unimpeded communication channel for carrying out open and transparent disclosure of information, with a view to building investor confidence in the Company's future and also enhancing the Company's reputation and image in the capital market.

Internal Control

The new internal control management system has been recently approved by the Chairman's Working Meeting. The Company will undertake a stricter and more regulated internal control management system in the second half of the year.

Management's Functions

The division of functions between the Board of Directors and the management are set out in the Company's Articles of Association.

LEGAL PROCEEDINGS

As at 30th June, 2005, 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.

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DOCUMENTS FOR INSPECTION

The interim report for the first half of 2005 of the Company containing all the information required by the Listing Rules will be published on the Hong Kong Stock Exchange's website. 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 2005 will be available at the following addresses and website:

PRC	Huaneng Power International, Inc. West Wing, Building C Tianyin Mansion 2C Fuxingmennan Street Xicheng District Beijing People's Republic of China Telephone Number: (8610) 6649 1999 Fax Number: (8610) 6649 1860 Postal code: 100031
Hong Kong	Rikes Communications Limited Room 1312, Wing On Centre 111 Connaught Road Central Hong Kong Telephone No: (852) 2520 2201 Fax No: (852) 2520 2241
Website of the Company	http://www.hpi.com.cn

By Order of the Board
Li Xiaopeng
Chairman

The directors of the Company are:

Li Xiaopeng (Executive director)	Qian Zhongwei (Independent non-executive director)
Huang Yongda (Executive director)	Xia Donglin (Independent non-executive director)
Wang Xiaosong (Non-executive director)	Liu Jipeng (Independent non-executive director)
Na Xizhi (Executive director)	Wu Yusheng (Independent non-executive director)
Huang Long (Executive director)	Yu Ning (Independent non-executive director)
Wu Dawei (Non-executive director)	
Shan Qunying (Non-executive director)	
Xu Zujian (Non-executive director)	
Liu Shuyuan (Non-executive director)	

Beijing, the PRC
9th August, 2005

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 30TH JUNE, 2005
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of Rmb)

	Note	30th June, 2005	3
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	72,457,443	
Investments in associates		4,297,427	
Available-for-sale investment		254,990	
Land use rights		1,698,673	
Other non-current assets		357,750	
Deferred income tax assets		133,298	
Goodwill	2,3	671,293	
Less: Negative goodwill	2	-	
Total non-current assets		79,870,874	
Current assets			
Inventories, net		2,538,944	
Other receivables and assets, net		1,161,587	
Accounts receivable, net	6	5,897,415	
Due from Huaneng Group	19	8,461	
Due from other related parties	19	16,357	
Restricted cash		200,281	
Temporary cash investments		7,641	
Cash and cash equivalents		2,724,723	
Total current assets		12,555,409	

Total assets		92,426,283

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	Note	30th June, 2005
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
8,500,000,000 (2004: 8,500,000,000) Domestic Shares, par value of Rmb1.00 each, in form of legal person shares		8,500,000
500,000,000 (2004: 500,000,000) A shares, par value of Rmb1.00 each		500,000
3,055,383,440 (2004: 3,055,383,440) Overseas Listed Foreign Shares, par value of Rmb1.00 each		3,055,383
Additional paid-in capital		8,972,184
Dedicated capital		4,065,970
Retained earnings		
Proposed dividend		-
Others		11,098,508
		36,192,045
Minority interests		5,434,898
Total equity		41,626,943
Non-current liabilities		
Long-term loans from a shareholder	11,19	800,000
Long-term bank loans	11	24,986,539
Other long-term loans	11,19	767,143
Deferred income tax liabilities		1,124,071
Other non-current liabilities		14,500
Total non-current liabilities		27,692,253

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Note	30th June, 2005

Current liabilities		
Accounts payable and other liabilities	8	6,028,188
Dividends payable to shareholders of the Company		-
Taxes payables		748,430
Due to Huaneng Group	19	63,939
Due to HIPDC	19	51,044
Due to an associate	19	3,655
Due to other related parties	19	78,535
Staff welfare and bonus payables		210,613
Short-term bonds	9	4,856,433
Short-term loans	10	8,675,300
Current portion of long-term bank loans	11	1,964,677
Current portion of other long-term loans	11,19	426,273
Total current liabilities		23,107,087
Total equity and liabilities		92,426,283

The notes on pages 30 to 60 are an integral part of these unaudited condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE, 2005
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of Rmb, except per share data)

		For the six month
	Note	2005
Operating revenue, net		18,800,474
Operating expenses:		
Fuel		(10,353,644)
Maintenance		(606,883)
Depreciation		(3,174,402)
Labor		(1,129,565)
Service fees to HIPDC		(70,493)
Others		(797,341)
Total operating expenses		(16,132,328)
Profit from operations		2,668,146

Interest income		25,196
Interest expenses		(723,260)
Bank charges and exchange losses, net		93,144
Total financial expenses		(604,920)
Share of profit of associates		238,741
Gain from disposal of investments		-
Other income, net	13	38,311
Profit before tax	14	2,340,278
Income tax expenses	15	(348,774)
Profit for the period		1,991,504
Attributable to:		
Equity holders of the Company		1,679,253
Minority interest		312,251
		1,991,504
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Rmb per share)	17	
- basic		0.14
- diluted		N/A

The notes on pages 30 to 60 are an integral part of these unaudited condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE, 2005
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of Rmb)

	Attributable to equity holders of the Company				
	Share capital	Additional paid-in capital	Dedicated capital	Equity component of convertible notes	Retai earni
Balance as at 1st January, 2005,					

as previously reported as equity	12,055,383	8,972,184	4,065,970	-	11,171,
Balance as at 1st January, 2005, as previously separately reported as minority interest	-	-	-	-	
Effect of changes in accounting policy (Note 2)	-	-	-	-	1,261,
Balance as at 1st January, 2005, as restated	12,055,383	8,972,184	4,065,970	-	12,433,
Acquisitions (Note 3)	-	-	-	-	
Capital injection from minority shareholders of subsidiaries	-	-	-	-	
Dividends relating to 2004	-	-	-	-	(3,013,
Net profit for the six months ended 30th June, 2005	-	-	-	-	1,679,
Balance as at 30th June, 2005	12,055,383	8,972,184	4,065,970	-	11,098,
Balance as at 1st January, 2004	6,027,671	10,780,133	4,328,423	255	12,818,
Balance as at 1st January, 2004, as previously separately reported as minority interest	-	-	-	-	
Balance as at 1st January, 2004, as restated	6,027,671	10,780,133	4,328,423	255	12,818,
Capital injection from minority shareholders of subsidiaries	-	-	-	-	
Dividends relating to 2003	-	-	-	-	(3,013,
Ordinary shares split	6,027,671	(1,808,301)	(1,205,534)	-	(3,013,
Net profit for the six months ended 30th June, 2004	-	-	-	-	2,481,
Conversion of convertible notes to share capital and redemption of convertible notes	21	359	-	(255)	
Balance as at 30th June, 2004	12,055,363	8,972,191	3,122,889	-	9,272,

The notes on pages 30 to 60 are an integral part of these unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE, 2005
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of Rmb)

		For the six month
	Note	2005

Net cash provided by operating activities		1,971,538
Net cash used in investing activities	18	(7,064,748)
Net cash provided by financing activities	18	5,522,402
Net increase in cash and cash equivalents		429,192
Cash and cash equivalents, beginning of period		2,295,531
Cash and cash equivalents, end of period		2,724,723

The notes on pages 30 to 60 are an integral part of these unaudited condensed consolidated interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(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 30th June, 1994. The Company and its subsidiaries are principally engaged in the generation and sale of electric power to the respective regional or provincial grid companies in the PRC.

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

2. Principal Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board ("IASB") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the 2004 annual financial statements.

During 2005, a significant portion of the Company and its subsidiaries' funding requirements for capital expenditures were satisfied by short-term borrowings. Consequently, as at 30th June, 2005, the Company and its subsidiaries have a negative working capital balance of approximately Rmb10.552 billion. The Company and its subsidiaries have significant undrawn available banking facilities amounting to approximately Rmb29 billion (31st December, 2004: approximately Rmb28 billion) and may refinance and / or restructure certain short-term loans into long-term loans and will also consider alternative sources of financing, where applicable. 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 these unaudited condensed consolidated interim financial statements on a going concern basis.

The principal accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual financial statements as at and for the year ended 31st December, 2004 except that the Company and its subsidiaries have adopted the revised and new IASs and International Financial Reporting Standards ("IFRSs") issued by IASB and International Financial Reporting Interpretations Committee Interpretation ("IFRIC Interpretation") issued by International Financial Reporting Interpretations Committee ("IFRIC") which are effective for accounting period commencing on or after 1st January, 2005.

2. Principal Accounting Policies (Cont'd)

The list of the new / revised IASs, IFRSs and IFRIC Interpretation which are relevant to the operation of the Company and its subsidiaries is as follows. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 16	Property, Plant, and Equipment
IAS 17	Leases
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 3	Business Combinations
IFRIC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilit

The adoption of IASs 1, 2, 8, 10, 16, 17, 21, 32, 33, 38 and 39 and IFRIC Interpretation 1 did not result in substantial changes to the accounting policies of the Company and its subsidiaries. In summary:

IAS 1 has affected the presentation of minority interest, share of profit of associates and other disclosures.

IASs 2, 8, 10, 16, 17, 32, 33, 38 and 39 and IFRIC Interpretation 1 had no material effect on the policies of the Company and its subsidiaries.

IAS 21 had no material effect on the policy of the Company and its subsidiaries. The functional currency of each of the entities of the Company and its subsidiaries has been re-evaluated based on the guidance to the revised standard. All the entities used Renminbi ("Rmb") as their functional currency as well as presentation currency.

2. Principal Accounting Policies (Cont'd)

IAS 24 has extended the identification and disclosure of related parties to include state-owned enterprises. Related parties include Huaneng Group, HIPDC and their related parties, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, other entities and corporations in which the Company is able to control, jointly control or exercise significant influence and key management personnel of the Company, HIPDC and Huaneng Group as well as their close family members.

The adoptions of IASs 27 and 28 have resulted in changes in accounting policies for investments in subsidiaries and associates at company level. Until 31st December, 2004, investments in subsidiaries and associates at company level are accounted for using the equity method. Subsequent to that date, the Company and its subsidiaries, at the entity level, restated such investments at cost less any accumulated impairment losses.

The adoption of IFRS 3 and IAS 36 resulted in changes in the accounting policies for goodwill and negative goodwill and the assessment by management of asset impairment.

In accordance with the provisions of IFRS 3:

o the Company and its subsidiaries ceased amortization of goodwill and negative goodwill from 1st January, 2005;

o accumulated amortization as at 31st December, 2004 has been eliminated with a corresponding decrease in the costs of goodwill and negative goodwill; and

o From 1st January, 2005 onwards, goodwill arising from all acquisitions is tested annually for impairment, as well as when there are indications of impairment while negative goodwill is derecognized as at 1st January, 2005 with a corresponding adjustment to the opening balance of retained earnings.

In accordance with the provision of IAS 36:

o Assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

o An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Principal Accounting Policies (Cont'd)

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All of the new / revised standards adopted by the Company and its subsidiaries require retrospective application other than:

- IAS 16 -- the exchange of property, plant and equipment is accounted at fair value prospectively; and
- IFRS 3 -- prospectively after 31st March, 2004.

The adoption of IAS 1 resulted in the changes of following:

	For the six months end
	2005
Decrease in share of profit of associates	(28,217)
Decrease in income tax expenses	28,217

The adoption of IFRS 3 resulted in an increase in opening retained earnings at 1st January, 200 Rmb1,261 million. Details of which are as follows:

	As
Decrease in negative goodwill	
Increase in deferred income tax liability	

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Increase in operating expenses -- others	
Decrease in income tax expense	
Decrease in basic earnings per share (Rmb)	

Comparatives

Due to an associate of approximately Rmb3.8 million has been reclassified from due to other related parties while current portion of bank loans of approximately Rmb32 million and long-term bank loans of approximately Rmb93.2 million have been reclassified into current portion of other long-term loans and other long-term loans respectively in order to conform with the presentation in the current period.

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3. Acquisitions

In January, 2005, the Company acquired equity interests in a number of power companies from Huaneng Group. In June, 2005, the Company also acquired additional 26.36% equity interest in Jiangsu Huaneng Huaiyin Power Limited Company ("Huaiyin Power Company") from Jiangsu Yueda Investment Co. Ltd. ("Jiangsu Yueda"). The Company previously held equity interest of 63.64% in this entity. These acquisitions have been accounted for under the purchase method of accounting.

The acquisition for the power companies acquired from the Huaneng Group became effective when the Company obtained effective control over the acquired power plants upon the Company's minority shareholders' approving the transaction, the Company obtained all necessary government approvals and paying the purchase consideration which was in the form of cash.

The acquisition of the additional interest in Huaiyin Power Company became effective when amongst other things, Jiangsu Yueda obtained shareholders' approval for the transaction, the Company obtained all necessary government approvals and paid the purchase consideration which was in the form of cash.

Details of these acquisitions are shown in the table below:

	For the six months ended 30th June	
	Acquisition of subsidiaries	
Equity interest acquired	60% equity interest in Sichuan Huaneng Hydropower Development Corporation, Ltd. ("Sichuan Hydropower")	65% equity interest in the Gansu Huaneng Pingliang Power Generation Limited Liability Company ("Pingliang Power Company")
Original equity holder	Huaneng Group	Huaneng Group
Effective date of acquisition	5th January, 2005	5th January, 2005
Consideration paid	Rmb1,219 million	Rmb806 million
Direct transaction costs of acquisitions paid	Rmb10.05 million	Rmb6.65 million
Fair value of net assets acquired	Rmb1,099.3 million	Rmb704.9 million
Goodwill	Rmb129.75 million	Rmb107.75 million

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3. Acquisitions (Cont'd)

The above acquisitions contributed unaudited net operating revenue of approximately Rmb1,441 million and unaudited net profit of approximately Rmb402 million to the Company and its subsidiaries for the period from 1st January, 2005 to 30th June, 2005. If the acquisitions had occurred on 1st January, 2005, there would have been no material impact on unaudited net operating revenue, unaudited profit before allocations and unaudited profit attributable to equity holders of the Company because the Sichuan Hydropower and the Pingliang Power Company acquisitions took place in early January, 2005 and Huaiyin Power Company was already a subsidiary of the Company prior to the acquisition of the additional interest and therefore, its unaudited operating results were already consolidated.

Goodwill arising from the acquisitions in 2005 is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the Company's acquisitions of equity interests in the subsidiaries stated above.

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3. Acquisitions (Cont'd)

The aggregated assets and liabilities arising from these acquisitions in 2005 were as follows:

	For the six mon 30th June,
	Fair value
Property, plant and equipment, net	12,416,392
Deferred income tax assets	33,993
Other non-current assets	192,689
Inventories, net	363,408
Other current assets	460,850
Accounts receivable	654,267
Cash and cash equivalents	650,948
Minority interest	(2,191,351)
Long-term loans, unsecured	(7,392,149)
Long-term loans, secured	(567,000)
Deferred income tax liabilities	(404,205)
Other current liabilities	(1,923,668)
Less: Original equity interest of the Company in Huaiyin Power Company	(346,443)
Net assets acquired	1,947,731
Add: Goodwill	294,567
Less: Direct transaction costs of acquisitions	(16,698)
Total consideration paid	2,225,600
Add: Direct transaction costs of acquisitions paid	16,698
Less: Cash inflow from the acquired power plants	(566,704)
Net cash outflow for the acquisitions	1,675,594

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4. List of Subsidiaries

Details of the major subsidiaries of the Company as at 30th June, 2005 were as follow:

	Country, date of	Percentage	Registered

Name of subsidiary	incorporation and type of legal entity	of equity interest held		and fully paid capital
		Direct	Indirect	
Huaneng Weihai Power Limited Liability Company ("Weihai Power Company")	PRC 22nd November, 1993 Limited liability company	60%	-	Rmb761,838,300
Suzhou Industrial Park Huaneng Power Limited Liability Company ("Taicang Power Company")	PRC 19th June, 1997 Limited liability company	75%	-	Rmb632,840,000
Huaneng Taicang Power Co., Ltd.	PRC 18th June, 2004 Limited liability company	75%	-	Registered capital of Rmb894,410,000 and fully paid capital of Rmb447,210,000
Huaiyin Power Company	PRC 26th January, 1995 Limited liability company	90%	-	Rmb265,000,000
Jiangsu Huaneng Huaiyin II Power Limited Company	PRC 22nd June, 2004 Limited liability company	63.64%	-	Rmb474,000,000
Henan Huaneng Qinbei Power Limited Company ("Qinbei Power Company")	PRC 12th July, 1995 Limited liability company	55%	-	Rmb10,000,000

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4. List of Subsidiaries (Cont'd)

Name of subsidiary	Country, date of incorporation and type of legal entity	Percentage of equity interest held		Registered and fully paid capital
		Direct	Indirect	
Shanxi Huaneng Yushe Power Limited Liability Company ("Yushe Power Company")	PRC 29th November, 1994 Limited liability company	60%	-	Rmb615,760,000
Shanxi Huaneng Yushe Yuanheng Power Industry	PRC 17th September, 2002	-	95%	Rmb3,000,000

Limited Liability Company	Limited liability company			
Shandong Huaneng Xindian Power Co., Ltd.	PRC 14th March, 2004 Limited liability company	95%	-	Rmb100,000,000
Huaneng Hunan Yueyang Power Generation Limited Liability Company ("Yueyang Power Company")	PRC 16th December, 2003 Limited liability company	55%	-	Rmb560,000,000
Huaneng Chongqing Luohuang Power Generation Limited Liability Company ("Luohuang Power Company")	PRC 16th December, 2003 Limited liability company	60%	-	Rmb900,000,000
Huaneng Shanghai Ranji Power Generation Limited Liability Company	PRC 13th January , 2005 Limited liability company	70%	-	Rmb50,000,000

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4. List of Subsidiaries (Cont'd)

Name of subsidiary	Country, date of incorporation and type of legal entity	Percentage of equity interest held		Registered and fully paid capital
		Direct	Indirect	
Sichuan Hydropower	PRC 12th July, 2004 Limited liability company	60%	-	Rmb800,000,000
Sichuan Huaneng Baoxinghe Power Limited Liability Company ("Baoxinghe Power")	PRC 19th June, 1994 Limited liability company	-	68%	Rmb516,100,000
Sichuan Huaneng Taipingyi Hydropower Limited Liability Company ("Taipingyi Hydropower")	PRC 23th April, 1994 Limited liability company	-	60%	Rmb100,000,000
Sichuan Huaneng Dongxiguan Hydropower Limited Liability Company ("Dongxiguan Hydropower")	PRC 29th June, 1994 Limited liability company	-	55.33%	Rmb156,725,000
Sichuan Huaneng Fujiang Hydropower Limited Liability Company	PRC 22nd March, 2002 Limited liability	-	95%	Rmb150,000,000

	company			
Sichuan Huaneng Kangding Hydropower Limited Liability Company ("Kangding Hydropower")	PRC 14th April, 1994 Limited liability company	-	60%	Rmb194,000,000

4. List of Subsidiaries (Cont'd)

Name of subsidiary	Country, date of incorporation and type of legal entity	Percentage of equity interest held		Registered and fully paid capital
		Direct	Indirect	
Sichuan Huaneng Mingtai Hydropower Limited Liability Company ("Mingtai Hydropower")	PRC 22nd May, 2000 Limited liability company	-	52.20%	Rmb97,700,000
Sichuan Huaneng Jialingjiang Hydropower Limited Liability Company	PRC 30th September, 1998 Limited liability company	-	55%	Registered capital of Rmb193,080,000 and fully paid capital of Rmb157,119,800
Pingliang Power Company	PRC 6th November, 1996 Limited liability company	65%	-	Rmb623,000,000

5. Property, Plant and Equipment, net

	As at 30th June, 2005	31
Beginning of period	57,780,410	
Acquisition (Note 3)	12,061,897	
Additions	5,799,548	
Depreciation	(3,179,241)	
Disposals	(5,171)	
End of period	72,457,443	

6. Accounts Receivable, Net

The Company and its subsidiaries usually grant about one month's credit period to local grid customers from the end of the month in which the sales are made.

The aging analysis of accounts receivable, net was as follows:

	As at 30th June, 2005	31
Within 1 year	5,356,263	
Between 2 to 3 years	124,958	
Over 3 years	416,194	
	5,897,415	

As at 30th June, 2005, HIPDC had provided guarantees on certain accounts receivable balances of the Company and its subsidiaries of approximately Rmb205 million (31st December, 2004: approximately Rmb209 million) (Note 19).

7. Appropriations of Profit

For the six months ended 30th June, 2005, the Company and its subsidiaries did not make a provision for the statutory and discretionary surplus reserve funds and the statutory public welfare fund.

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8. Accounts Payable and Other Liabilities

Accounts payable and other liabilities comprised:

	As at 30th June, 2005	31
Accounts and notes payable	1,460,467	
Other payables and accrued liabilities	4,567,721	

	6,028,188

The aging analysis of accounts and notes payable was as follows:

	As at 30th June, 2005	31
Within 1 year	1,438,882	
Between 1 to 2 years	18,196	
Over 2 years	3,389	
	1,460,467	

9. Short-term Bonds

On 27th May, 2005, the Company and its subsidiaries issued Rmb4.5 billion and Rmb0.5 billion short-term zero-coupon bonds with maturity of 1 year and nine months respectively. These bonds were of face value at Rmb100 and were issued at discounts of 97.16% and 98% with effective interest rates of 3.40% per annum and 3.31% per annum respectively.

10. Short-term Loans

Short-term loans are denominated in Rmb and bear interest at the prevailing rates in the PRC, which ranged from 4.30% to 5.76% per annum for the six months ended 30th June, 2005 (2004: 4.54% to 5.05% per annum).

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11. Long-term Loans