



華能國際電力股份有限公司 HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock code : 902)

Overseas Regulatory Announcement Third Quarterly Report of 2006

Pursuant to the regulations of the China Securities Regulatory Commission, Huaneng Power International, Inc. (the "Company") is required to publish a quarterly report for each of the first and third quarters.

All financial information set out in this quarterly report is unaudited and prepared in accordance with the PRC Accounting Standards ("PRC GAAP").

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. IMPORTANT NOTICE

1.1 The directors of the Company guarantee that the information contained in this report does not contain any false statements, misleading representations or material omissions. The directors jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this report.

1.2 Mr. Li Xiaopeng (Chairman), Ms. Zhou Hui (person in charge of accounting function) and Mr. Huang Lixin (person in charge of the Accounting Department) declare to guarantee the truthfulness and completeness of the content of the third quarterly report of 2006.

1.3 All financial information set out in this quarterly report is unaudited and prepared in accordance with the PRC GAAP.

1.4 This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. COMPANY PROFILE

2.1 Corporate Information

Stock Abbreviation at Shanghai Stock Exchange	Huaneng Power		
Stock Code	Shanghai Stock Exchange: 600011	The Stock Exchange of Hong Kong Limited: 902	New York Stock Exchange: HNP

	Secretary to the Board	Securities Representative
Name	Huang Jian	Jia Wenxin
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2.2 Financial Information (PRC GAAP)

2.2.1 Major Unaudited Financial Information and Financial Indicators

	Amounts: RMB		
	End of current reporting period	End of last year	Variance from end of last year (%)
Total Assets	104,529,913,217	94,947,938,479	10.09
Shareholders' equity (excluding minority interests)	39,594,410,932	39,081,551,960	1.31
Net assets per share	3.28	3.24	1.23
Adjusted net assets per share	3.26	3.22	1.24
	From the beginning of the year to the end of current reporting period		
	Current reporting period	End of current reporting period	Variance from equivalent period of last year (%)
Net cash inflow from operating activities	4,195,502,331	10,771,711,744	(6.18)
Earnings per share	0.13	0.29	8.33
Return on net assets (%)	3.71	8.73	0.13 percent
Return on net assets after deducting non-recurring items (%)	3.72	8.75	0.11 percent
	Amounts		
Gain/(Losses) from disposal of assets other than the products of the Company			(615,329)
Non-operating income/(expense), net, after deducting impairment provisions for assets			48,541,244
Reversal of assets impairment of prior years			(38,972,091)
Subsidy income			(5,768,900)
Tax impact			4,897,330
Total			8,082,254

2.2.2 Profit and Loss Accounts

UNAUDITED PROFIT AND LOSS ACCOUNTS (PRC GAAP) FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER, 2006

Item	Amounts: RMB			
	For the third quarter ended 30th September, 2006	For the third quarter ended 30th September, 2006	For the third quarter ended 30th September, 2005	For the third quarter ended 30th September, 2005
	Consolidated	The Company	Consolidated	The Company
1. Revenues from principal operations	11,588,633,255	7,162,733,411	10,264,947,517	6,967,583,382
Less: Cost of principal operations	(8,802,475,546)	(5,639,838,259)	(7,906,533,310)	(5,520,126,664)
Tax and levies on principal operations	(43,187,790)	(1,511,535)	(29,713,556)	(1,351,227)
2. Profit from principal operations	2,742,969,919	1,521,383,617	2,328,700,651	1,446,105,491
Add: Profit from other operations	12,548,610	10,528,993	16,194,602	11,249,557
Less: General and administrative expenses	(290,463,315)	(195,442,036)	(182,889,342)	(154,694,935)
Financial expenses, net	(422,317,864)	(133,113,523)	(245,064,876)	(65,707,880)
3. Operating profit	2,042,737,350	1,203,357,051	1,916,941,035	1,236,952,233
Add: Investment income	90,792,902	459,379,072	66,681,900	354,442,158
Subsidy income	800,000	800,000	16,933,538	16,933,538
Non-operating income	1,954,046	29,085,312	3,934,989	908,374
Less: Non-operating expenses	(9,301,081)	(3,487,426)	(9,865,930)	(2,107,876)
4. Profit before taxation and minority interests	2,126,983,217	1,689,134,009	1,994,625,532	1,607,128,427
Less: Income tax	(421,261,333)	(192,775,086)	(350,770,791)	(177,020,018)
Minority interests	(237,277,604)	—	(213,746,332)	—
5. Net profit	1,468,444,280	1,496,358,923	1,430,108,409	1,430,108,409

UNAUDITED PROFIT AND LOSS ACCOUNTS (PRC GAAP) FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2006

Item	Amounts: RMB			
	For the nine months ended 30th September, 2006	For the nine months ended 30th September, 2006	For the nine months ended 30th September, 2005	For the nine months ended 30th September, 2005
	Consolidated	The Company	Consolidated	The Company
1. Revenues from principal operations	31,450,749,315	19,864,002,673	29,125,622,148	19,432,833,149
Less: Cost of principal operations	(24,433,427,929)	(16,063,917,639)	(23,287,828,606)	(16,103,720,747)
Tax and levies on principal operations	(110,511,976)	(4,249,671)	(84,694,084)	(4,745,129)
2. Profit from principal operations	6,906,809,410	3,795,835,363	5,753,099,458	3,324,367,273
Add: Profit from other operations	31,112,867	26,683,612	46,793,227	35,932,321
Less: General and administrative expenses	(780,433,055)	(547,648,275)	(627,786,410)	(446,150,999)
Financial expenses, net	(1,253,939,544)	(401,320,295)	(932,220,309)	(407,871,582)
3. Operating profit	4,903,549,678	2,873,550,405	4,239,885,966	2,506,277,013
Add: Investment income	227,064,666	1,113,598,136	165,354,074	915,170,311
Subsidy income	5,768,900	5,768,900	16,933,538	16,933,538
Non-operating income	10,625,093	34,578,610	17,263,941	13,796,716
Less: Non-operating expenses	(58,551,008)	(50,407,241)	(52,798,175)	(5,763,624)
4. Profit before taxation and minority interests	5,088,457,329	3,977,088,810	4,386,639,344	3,446,413,954
Less: Income tax	(981,612,658)	(486,262,725)	(751,231,119)	(396,017,396)
Minority interests	(652,149,941)	—	(585,011,667)	—
5. Net profit	3,454,694,730	3,490,826,085	3,050,396,558	3,050,396,558

2.3 Total number of shareholders and shareholding of the ten largest holders of shares in circulation as at the end of the reporting period (share reform has been implemented)

Total number of shareholders as at the end of the reporting period: 61,966 (including 61,173 holders of A shares and 793 registered holders of foreign shares)

Ten largest holders of shares in circulation without any limitations on sale

Name of shareholders (full name)	Number of shares in circulation without any limitations on sale as at the end of the reporting period	Type of shares
Horizon Asset Management, Inc.	156,788,240	H shares
Kinetics Asset Management, Inc.	54,087,000	H shares
Renaissance Technologies Corp.	25,212,000	H shares
Shenyin Wanguo - HSBC - Societe Generale	23,867,586	A shares
Nanjing Municipal Investment Company	2,262,000	A shares
Shenyin Wanguo - Citigroup - UBS Limited	19,313,239	A shares
IFC - Standard Chartered - Citigroup Global Markets Limited	18,826,580	A shares
Comercia Bank	16,679,800	H shares
Yangjiang Xizhilang Jelly Manufacturing Limited Company	16,237,510	A shares
PowerShares Capital Management LLC	15,629,240	H shares

3. MANAGEMENT'S DISCUSSION AND ANALYSIS

3.1 Brief analysis on the overall situation of the operating activities of the Company during the reporting period

In the first three quarters of 2006, the Company capitalized the opportunity arising from the rapid growth of the power industry. The power generation capacity of the Company was raised through putting new generating units into commercial operation on schedule. The utilization hours of the Company's power plants declined slightly as a result of an alleviation of the intense power supply and demand situation, the volume of electricity sold by the Company increased by 5.39%. The commencement of the commercial operation of the new generating units led to an increase of 7.66% in the volume of electricity sold. The decrease in utilization hours of the original generating units caused a 2.27% decrease in the volume of electricity sold.

At the same time, as a result of the tariff adjustments implemented in May 2005 and June 2006 under the policies on the Coal-electricity Price Linkage Mechanism, the average settlement tariff rate increased by RMB8.01 per MWh compared to the same period last year, amounting to RMB333.93 per MWh. During the first three quarters, the tariffs of the generating units which participated in power pooling in Northeast China were calculated based on the provisional tariffs. The relevant authorities of the State are currently formulating the relevant tariff settlement mechanisms. Once effective, the tariff will be tracked back and adjusted.

The Company has taken various measures in controlling fuel costs, which contributed to a 1.22% decrease in the average unit fuel cost for electricity sold.

The above factors contributed to an increase in operating revenue and profit attributable to equity holders of the Company by 7.98% and 13.25% respectively for the first three quarters.

3.1.1 Principal operations or products contributing more than 10% of revenue or profit from principal operations

Applicable Not applicable

	Unit / Currency: RMB		Type of audit: unaudited
	Revenue from principal operations	Cost of principal operations	Gross margin (%)
According to Sector			
Power production	31,450,749,315	24,433,427,929	21.96
According to product			
Power	31,450,749,315	24,433,427,929	21.96

3.1.2 Seasonal or periodic characteristics of the Company's operations

Applicable Not applicable

3.1.3 Composition of profit for the reporting period (Disclosure as to and reasons for any material changes in the ratios of profit from principal operations, profit from other operations, expenses for the period, investment income, subsidy income and net non-operating income/expenses to profit before taxation and minority interests, as compared to those of the previous reporting period)

Applicable Not applicable

3.1.4 Disclosure as to and reasons for material changes in principal operations and their structure as compared to those of the previous reporting period

Applicable Not applicable

3.1.5 Disclosure as to and reasons for material changes in profitability (gross margins) of principal operations as compared to the previous reporting period

Applicable Not applicable

3.2 Significant matters and analysis on their impact and solutions

Applicable Not applicable

I. Regular Related Party Transactions During the Reporting Period:

1. Major Related Party Transactions regarding purchase of commodity and services

Name of Related Party	Transaction details	Pricing principles	Transaction amount (RMB'000)	% of same type of transaction	Settlement method
Huaneng International Economic Trading Company	Coal purchase	market price	168,870	3.72	cash
Shanghai Time Shipping Co., Ltd.	Coal purchase and transportation services	by contract	535,580		cash

The Company purchased coal from Huaneng International Economic Trading Company, a subsidiary of China Huaneng Group ("Huaneng Group"), the Company's controlling shareholder.

The Company also purchased coal and obtained transportation services from other related party, i.e. Shanghai Time Shipping Co., Ltd..

1. General information of related persons

- Huaneng International Economic Trading Company ("Huaneng International Trading")
Legal Representative: Xu Fangjie; Registered Capital: RMB86.003 million; Principal Scope of Business: import and export, foreign economic co-operation, domestic trade, international tendering; Address: Huaneng Tower, No.23A, Fuxing Road, Haidian District, Beijing.
- Shanghai Time Shipping Co., Ltd. ("Time Shipping")
Legal Representative: Wu Ruosi; Registered Capital: RMB500 million; Principal Scope of Business: maritime transportation along coastal regions and the middle and lower streams of Yangtze River; Address: 16/F., No.139 Yincheng Road East, Pudong New Area, Shanghai.

2. Relationship

Huaneng Group is the controlling shareholder of the Company. Huaneng International Trading and Time Shipping are controlled by Huaneng Group and both of them are regarded as "related parties" under item II of Rule 10.1.3 of the Listing Rules of the Shanghai Stock Exchange.

3. Ability of performance

The aforesaid related parties have strong ability to fulfil the relevant contracts. Throughout the past years, they have not failed to fulfil the obligations under the relevant contracts. According to experience and based on reasonable judgement, such related parties will continue to fulfil their respective obligations under the relevant contracts.

4. The regular related party transactions occurred during the reporting period are the same kind of transactions as estimated for the year of 2006.

5. Reasons of the transactions and impact on the Company

- Purchasing coal from Huaneng International Trading will enable the Company to take advantage of the scale and expertise of Huaneng Group, and will help the Company to reduce purchase costs.
- Time Shipping is a company owned by Huaneng Group specialising in maritime transportation. Compared with other similar companies, it has strengths in management and service qualities and enjoys good reputation. Therefore, transportation of part of the Company's coal was undertaken by Time Shipping.
- Such related party transactions will be conducted in strict compliance with the aforesaid pricing policies and basis of pricing. Such transactions will not have any adverse impact on the financial position and operating results of the reporting period as well as those in future.

II. Material Related Party Transactions Regarding Transfer of Assets and Shareholdings

According to the resolutions passed at its eighth meeting of the Fifth Session of the Board of Directors, the Company entered into the relevant transfer agreement with Huaneng Group on 28th September 2006, pursuant to which the Company will acquire from Huaneng Group its 5% equity interest in the registered capital of Henan Huaneng Qinbei Power Limited Company for a consideration of RMB65.75 million (the "Acquisition"). At the same time, the Company also entered into a capital increase agreement with Huaneng Group and Huaneng Sichuan Hydropower Co., Ltd. ("Sichuan Hydropower") on 28th September 2006, pursuant to which the Company agreed to increase the registered capital

of Sichuan Hydropower from RMB800 million to RMB979.6 million by way of capital injection to be solely made by Huaneng Group (the "Capital Increase"). According to the requirements under the Shanghai Stock Exchange Listing Rules, the Acquisition and Capital Increase constitute connected transactions of the Company. Details of such connected transactions were set out in the Announcement of Huaneng Power International, Inc. as published on China Securities Post and Shanghai Securities Post on 29th September 2006.

In accordance with the regulations of the jurisdictions on which the Company's shares are listed, the Acquisition and the Capital Increase are subject to the shareholders' approvals at the Second Extraordinary General Meeting of 2006 to be held on 5th December 2006. The notice of such extraordinary general meeting and the details thereof were set out in the Notice of the Second Extraordinary General Meeting of 2006 of Huaneng Power International, Inc. published on China Securities Post and Shanghai Securities Post on 19th October 2006.

3.3 Disclosure as to and reasons for changes in accounting policies, accounting estimates, consolidation scope and significant accounting errors

Applicable Not applicable

3.4 Relevant explanations by the board of directors and the supervisory committee in respect of "qualified" audit opinion

Applicable Not applicable

3.5 Disclosure as to and reasons for the warning in respect of forecast of a probable loss in respect of the accumulated net profit from the beginning of the financial year to the end of the next reporting period or any significant changes in profit as compared with that of the corresponding period of last year

Applicable Not applicable

3.6 Cumulative adjustments to the annual operating plan or budget previously disclosed by the Company

Applicable Not applicable

3.7 The specific undertakings given by the original holders of non-circulating shares during the share reform process and the status regarding their implementation are as follows:

Applicable Not applicable

All the original holders of the Company's non-circulating shares will comply with the requirements of the relevant laws, regulations and rules to perform their respective statutory obligations as undertaken.

In addition, the following set out the details and the performance status of the specific undertakings given by the original holders of non-circulating shares during the share reform process:

Name of shareholder(s)	Specific undertakings given	Status of implementation of the specific undertakings
Huaneng Group and Huaneng International Power Development Corporation ("HIPDC")	The original non-circulating shares in the Company held by Huaneng Group and HIPDC are not allowed to be traded on the market within 60 months starting from 19th April 2006.	The consideration price was settled on 19th April 2006 and China Securities Registration Clearing Limited Liability Company Shanghai Sub Branch has been appointed to impose restriction against those shares of the Company that are subject to lock-up.
Hebei Province Construction Investment Company	The original non-circulating shares in the Company held by Hebei Province Construction Investment Company are not allowed to be traded on the market or transferred within 12 months starting from 19th April, 2006. Upon expiry of the aforementioned lock-up period, Hebei Province Construction Investment Company can sell its original non-circulating shares on the market through security exchange. The shares to be sold within a period of 12 months shall not exceed 5% of the total issued shares of the Company, and within a period of 24 months, the shares to be sold shall not exceed 10% of the total issued shares of the Company.	The consideration price was settled on 19th April 2006 and China Securities Registration Clearing Limited Liability Company Shanghai Sub Branch has been appointed to impose restriction against those shares of the Company that are subject to lock-up.
Other original holders of non-circulating shares apart from the abovementioned three companies	All the original holders of non-circulating shares in the Company are not allowed to be traded on the market or transferred within 12 months starting from 19th April 2006.	The consideration price was settled on 19th April 2006 and China Securities Registration Clearing Limited Liability Company Shanghai Sub Branch has been appointed to impose restriction against those shares of the Company that are subject to lock-up.
All original holders of non-circulating shares	All original holders of non-circulating shares in the Company shall diligently implement the undertakings and assume the corresponding legal responsibility. Unless the transferee agrees and is capable of assuming the responsibility regarding the undertakings, all original holders of non-circulating shares in the Company is not allowed to transfer their shares.	In the course of implementation
Huaneng Group and HIPDC	Huaneng Group and HIPDC shall be responsible for all of the costs and expenses incidental to the Share Reform.	Completed
3.8 Details of the timetable of share reform (for those companies not yet started the share reform process) as at the date of this quarterly report	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	
Illustration by the companies not started undertaking the share reform as at the date of this quarterly report	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	

For details of the unaudited balance sheets (PRC GAAP) as at 30th September 2006, unaudited profit and loss and appropriation account (PRC GAAP) for the nine months ended 30th September 2006 and the unaudited cash flow statements (PRC GAAP) for the nine months ended 30th September 2006, please visit the Shanghai Stock Exchange's website www.sse.com.cn.

By Order of the Board
Huaneng Power International, Inc.
Li Xiaopeng
Chairman

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

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

Please also refer to the published version of this announcement in South China Morning Post and Wen Wei Po Post.