

Chairman's Statement



The figures speak for themselves. For the year ended 31st December, 2000, the Company realized net profit of Rmb 2.516 billion and net operating revenue of Rmb12.553 billion, representing increases of 34.67% and 19.69% respectively as compared to the same period of 1999. Earnings per share were Rmb 0.45, representing an increase of Rmb 0.12 as compared to 1999. The Board of Directors has recommended the payment of an annual dividend of Rmb 0.22 per share.

BENEFITING FROM STRONG POWER DEMAND

On the one hand, the above results were possible because of remarkable growth in power demand in China as a whole and especially in the coastal areas where the Company's power plants are operated. In particular, the fact that the Company's power plants in Shangan, Shanghai and Shantou achieved record-high annual generation indicated strong power demand in these coastal regions. On the other hand, good operating conditions and reliability of the Company's power plants have ensured that the plants captured the demand growth without much constraint. Indeed, our long-term development strategy of focusing on China's high-growth coastal regions has been reaping reward.

PRO-ACTIVE BUSINESS DEVELOPMENT

Always searching for growth opportunities that would maximize shareholder return and enhance the Company's competitive position, the Company made a landmark arrangement to acquire all the shares of Shandong Huaneng in 2000. While externally others may see the merger as a significant development of China's power industry reforms, internally the Company sees it as a realization of our strategy of utilizing the economies of scale of the Company's operational and financial management as well as enlarging the Company's market share and enhancing its competitiveness.

STRIVING TO BE THE MOST COMPETITIVE

Cost efficiencies and competitiveness have always been the objectives of the Company's management. Our continuous efforts in this regard have enabled us to achieve many "firsts", such as in terms of availability factors, coal consumption rate and house consumption rate for our power plants. So much so that the Company was awarded as "First Class Power Company of China" by the State Power Corporation in July 2000.

Dear Shareholders,

Year 2000 was a year of harvest for the Company. The last year of the century witnessed major achievements made by the Company on various fronts: healthy growth in revenues and profits for the sixth consecutive year since its listing; expansion of power generation capability from 8,700 MW to 10,813.5 MW currently through a successful merger arrangement with Shandong Huaneng; and further improvements on the operating conditions, reliability and cost efficiencies of the Company's generating units. Such achievements were attributed to the strong support from various levels of government authorities and power authorities, as well as the support from investors and all the efforts made by the Company's employees.

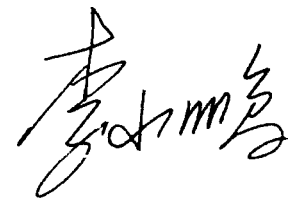
PROSPECTS

In line with China's continued economic reforms and rapid development, challenges and opportunities for independent power producers such as the Company will be abundant for the years to come.

With our competitiveness, we believe the Company will capitalize well on the emerging challenges and opportunities. With our excellent management and cost efficiencies, we believe the Company will continue to achieve remarkable profit growth in 2001 and beyond.

And last but not least, with our sound financial strength and business acumen, the Company will continue to seek new opportunities of both projects development and acquisition to sustain its growth and enhance shareholder value.

The Company is confident about its future development, and anticipates to grow together with China's power industry.



Li Xiaopeng
Chairman

14th March, 2001

