

any arrangement during 2000 whereby the above persons would acquire benefits by means of the acquisition of shares in, or debentures of the Company or other corporate body.

SHAREHOLDING OF MAJOR SHAREHOLDERS

The following table sets forth the shareholding position of the Company as at 31st December, 2000:

	No. of Shares outstanding (‘000)	Percentage of Shareholding (%)
Domestic Shares		
Huaneng International Power Development Corporation	2,382,440	42.17
Hebei Provincial Construction Investment Company	452,250	8.00
Fujian International Trust & Investment Company	334,850	5.93
Jiangsu International Trust & Investment Company	312,375	5.53
Liaoning Energy Corporation	229,685	4.07
Dalian Municipal Construction Investment Company	226,125	4.00
Fujian Enterprises (Holdings) Company Limited	72,400	1.28
Nantong Investment Management Center	67,875	1.20
Shantou Electric Power Development Company	46,500	0.82
Shantou Power Development Joint Stock Company Limited	19,000	0.34
Dandong Energy Investment Development Center	6,500	0.11
Sub-total	4,150,000	73.45
Foreign Shares	1,500,000	26.55
TOTAL	5,650,000	100.00

Save as aforesaid, the Company had no notice of any interest required to be recorded under section 16(1) of the Securities (Disclosure of Interests) Ordinance.

DIRECTORS AND SUPERVISORS OF THE COMPANY

The following table sets forth certain information concerning the Directors and supervisors of the Company. All Directors will serve a term of three years or until the election of their respective successors.

Name	Age	Position in the Company
Li Xiaopeng	41	Chairman
Wang Xiaosong	54	Vice Chairman
Ye Daji	55	Director and President
Feng Dawei	50	Director and Vice President
Chen Baoliang	46	Director and Vice President
Huang Long	47	Director and Vice President
Hu Jianmin *	46	Candidate of Director and Vice President
Wang Defang	76	Director
Li Zhongshu	62	Director
Bao Qianyuan	60	Director
Shan Qunying	47	Director
Yang Shengming	57	Director
Xu Zujian	46	Director
Liu Shuyuan *	50	Candidate of Director
Bai Changnian	50	Director
Miao Kai	38	Director
Lin Jianxin	45	Director
Gao Zongze	61	Independent Director
Zheng Jianchao	61	Independent Director
Ju Zhanghua	51	Chairman of the Supervisory Committee
Zhao Xisheng	57	Member of the Supervisory Committee
Pan Jianmin	45	Member of the Supervisory Committee

* Note: The Board of Directors has nominated such persons as the directors of the Company and the ordinary resolutions in relation to the appointment will be tabled before the annual general meeting of the Company to be held on 23rd May, 2001.

As at the end of 2000, the above persons did not own any type of shares of the Company.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS AND SERVICE CONTRACTS

Save for the service contracts mentioned below, as at the end of 2000, the Directors and supervisors of the Company did not have any material interests in any contracts entered into by the Company.

No Director or supervisor has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

The Company approved the shift of directors and supervisors at the annual general meeting of the Company held on 6th June, 2000. The appointment of the new members of the Board of Directors shall become effective from the date of passing the resolution and the term of service is three years.

EMOLUMENTS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to Note 7 of the financial statements for the emoluments of the Directors, supervisors and senior management.

STAFF HOUSING

Prior to 30th June, 2000, quarters for the employees of the Company are provided by the parent company, HIPDC.

In the second half of 2000, the Company purchased certain quarters for the staff of the head office for approximately Rmb121 million. Certain quarters of the Company have been sold to certain employees according to the state housing reform policy.

The Company is required to make contributions to the staff housing reserve fund for its employees according to the relevant PRC regulations.

MAJOR EVENTS

(1) The Company entered into an agreement of merger by absorption ("the Transaction Agreement") with Shandong Huaneng on 18th July, 2000. According to the Transaction Agreement, Shandong Huaneng would be merged into the Company where the Company would be the surviving entity. The Company paid in cash in one lump sum to the shareholders of Shandong Huaneng inside and outside the PRC at Rmb1.34 per ordinary share (equivalent to US\$8.09 for each American Depository Share).

On 15th September, 2000, the Company approved the Transaction Agreement at a special general meeting and a special independent shareholders' meeting.

Thereafter, the Company obtained all the approvals from the relevant PRC Government authorities in relation to the acquisition of Shandong Huaneng and Shandong Huaneng was de-registered from the Shandong Provincial Industry and Commerce Bureau. Since 1st January, 2001, the Company took over the control of the net assets and operation of Shandong Huaneng. On 17th January, 2001, the shares of Shandong Huaneng were de-registered at SEC of USA.

This acquisition enables the Company to own an aggregate generation capacity of 10,813.5 MW and a capacity under construction of 1,320 MW, thereby further strengthening the position of the Company as the largest independent power company in the PRC and enhancing its competitiveness in the power market.

- (2) The Company convened a Board of Directors' meeting on 15th February, 2001. According to the board resolutions, it was approved to appoint Mr Hu Jianmin as the Vice President of the Company and nominate him as the candidate of the board members. It was also approved to recommend Mr Liu Shuyuan as the candidate of the board members and that Mr Liu Ming shall no longer hold any post as board member of the Company. Resolutions in relation to the change of board members referred to above shall be submitted to the annual general meeting of the Company for consideration and approval.
- (3) On 26th December, 2000, the Company entered into an Administrative Offices Tenancy Agreement ("Leasing Agreement") with HIPDC. According to the Leasing Agreement, HIPDC agreed to lease certain properties to the Company with a total area of 27,800 square metres and an annual rental of Rmb25,000,000. The Leasing Agreement became effective on 1st January, 2000 until 31st December, 2004. According to the Listing Rules, the Leasing Agreement constitutes a connected transaction. The Company has published an announcement in relation thereto accordingly.

CODE OF BEST PRACTICE

The Company has not established an audit committee (the "Audit Committee") with the majority of its members being the independent non-executive Directors to review and supervise the Company's financial reporting process and internal controls pursuant to paragraph 14 of the Code of Best Practice (the "Code of Best Practice") set out in Appendix 14 to the Listing Rules. However, since the establishment of the Company, its organisational structure has a Supervisory Committee which carries out functions similar to that of an Audit Committee. The member of the Company's Supervisory Committee are elected by and can be removed by the shareholders of the Company in general meeting. The Supervisory Committee reports to the general meeting of shareholders instead of the Board of Directors, whereas an Audit Committee is appointed amongst the non-executive directors of a company. Apart from this, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of year 2000, in compliance with the Code of Best Practice.

The Company is considering to set up various professional committees, including the Audit Committee.

DESIGNATED DEPOSIT

As at 31st December, 2000, the Company did not have any designated deposit with any financial institutions within the PRC nor any overdue fixed deposit which could not be recovered.

LEGAL PROCEEDINGS

As at 31st December, 2000, 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.

CLOSURE OF REGISTER

The register of the Company will be closed from 23rd April, 2001 to 22nd May, 2001 (both days inclusive). The record date for distribution of dividend is 30th April, 2001. Shareholders on the register as at 23rd April, 2001 will be entitled to attend the annual general meeting of the Company and to receive the dividends for 2000.

AUDITORS

In 2000, Arthur Andersen & Co was appointed as the auditors of the Company and has audited the accompanying financial statements. Resolutions will be submitted at the forthcoming annual general meeting of the Company to re-appoint Arthur Andersen & Co as the Company's auditors.

By Order of the Board

Li Xiaopeng

Chairman

Beijing, the PRC
14th March, 2001