

(Amounts expressed in Rmb unless otherwise stated)

7. DIRECTORS', SENIOR EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

	2000	1999
	'000	'000
Fees for executive directors	—	—
Fees for non-executive directors	—	—
Fees for supervisors	—	—
Other emoluments for executive directors		
- basic salaries and allowances	396	492
- bonus	544	523
- retirement benefits	134	118
Other emoluments for non-executive directors	—	—
Other emoluments for supervisors	237	279

No director had waived or agreed to waive any emoluments during the year.

The annual emoluments paid during the year to each of the directors and supervisors (including the five highest paid employees) fell within the band from Rmb nil to Rmb1 million.

Details of emoluments paid to the five highest paid employees (all being directors) were:

	2000	1999
	'000	'000
Basic salaries and allowances	223	266
Bonus	369	298
Retirement benefits	86	66

During the year, no emolument was paid to the five highest paid individuals (all being directors) as an inducement to join or upon joining the Company or as compensation for loss of office.

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8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised:

	2000						1999	
	Land Use Right '000	Buildings '000	Electric Utility Plant in Service '000	Transportation Facilities '000	Others '000	Construction- in-progress '000	Total '000	
Cost								
Beginning of year	565,702	1,797,355	36,769,295	713,119	1,043,127	371,065	41,259,663	36,586,543
Reclassification	59,040	(158,210)	671,546	(203,718)	(368,658)	—	—	—
Acquisition of Nanjing Power Plant	—	—	—	—	—	—	—	2,429,312
Addition	—	648	40,008	6,560	8,772	295,978	351,966	2,274,342
Transfer from CIP	—	14,435	395,655	6,353	15,415	(431,858)	—	—
Disposals	—	—	(8,082)	—	(66,628)	—	(74,710)	(30,534)
End of year	624,742	1,654,228	37,868,422	522,314	632,028	235,185	41,536,919	41,259,663
Accumulated Depreciation								
Beginning of year	36,141	341,707	5,885,947	131,382	261,157	—	6,656,334	4,271,192
Reclassification	—	(25,817)	153,835	(43,575)	(84,443)	—	—	—
Charge for the year	12,536	63,805	2,511,197	22,629	56,782	—	2,666,949	2,391,998
Written back on disposals	—	—	(3,578)	—	(2,381)	—	(5,959)	(6,856)
End of year	48,677	379,695	8,547,401	110,436	231,115	—	9,317,324	6,656,334
Net Book Value								
End of year	576,065	1,274,533	29,321,021	411,878	400,913	235,185	32,219,595	34,603,329
Beginning of year	529,561	1,455,648	30,883,348	581,737	781,970	371,065	34,603,329	32,315,351

No interest was capitalized to construction-in-progress for the year ended 31st December, 2000 (1999: Rmb503 million). The interest rates for such funds ranged from 3.6% to 8.8% per annum for the year ended 31st December, 1999.

(Amounts expressed in Rmb unless otherwise stated)

9. TEMPORARY CASH INVESTMENTS

Temporary cash investments consist of fixed-term deposits denominated in Renminbi and U.S. dollars with original maturities ranging from more than three months to one year.

As at 31st December, 2000, deposits of approximately Rmb100 million (1999: Rmb650 million) were placed with a non-bank financial institution, which is a subsidiary of China Huaneng Group (see Note 5(g)). The annual interest rate and interest earned from that financial institution were as follows:

	2000	1999
Interest rate	1.89%-2.25%	3.78%-5.62%
Interest earned	25 million	35 million

10. ACCOUNTS RECEIVABLES

Accounts receivables comprised:

	2000 '000	1999 '000
Accounts receivables	1,126,072	1,400,566
Notes receivables	70,000	2,805
	1,196,072	1,403,371

The Company usually grants one month credit period to all the local power companies from the end of the month in which the sales are made. As at 31st December, 2000 and 1999, all accounts receivable were aged within one year.

(Amounts expressed in Rmb unless otherwise stated)

11. MATERIALS AND SUPPLIES, NET

Materials and supplies comprised:

	2000	1999
	'000	'000
Fuel (coal and oil) for power generation	176,628	153,217
Construction and other supplies	397,721	390,204
	574,349	543,421
Less: Provision for obsolescence	(10,608)	—
	563,741	543,421

Materials and supplies are stated at cost. There was no write-down of any materials and supplies during the year.

12. OTHER RECEIVABLES AND ASSETS, NET

Other receivables and assets comprised:

	2000	1999
	'000	'000
Prepayments for materials and supplies	24,224	11,353
Prepayments for contractors	65,010	72,356
Prepayment for consideration of acquisition of Shandong Huaneng	5,767,898	—
Deferred expenditure relating to acquisition of Shandong Huaneng	23,070	—
Others	82,964	63,256
	5,963,166	146,965
Less: Provision for bad debt	(4,588)	—
	5,958,578	146,965

(Amounts expressed in Rmb unless otherwise stated)

13. CAPITALIZATION

Authorized Share Capital

The original authorized share capital comprised 3,750,000,000 Domestic Shares of Rmb1.00 each and 1,250,000,000 Overseas Listed Foreign Shares of Rmb1.00 each. By a special shareholders' resolution passed on 29th September, 1997, the authorized share capital of the Company was increased to 4,500,000,000 Domestic Shares of Rmb1.00 each and 1,500,000,000 Overseas Listed Foreign Shares of Rmb1.00 each.

As at 31st December, 2000, share capital comprising of 4,150,000,000 Domestic Shares and 1,500,000,000 Overseas Listed Foreign Shares were issued and fully paid. The holders of Overseas Listed Foreign Shares and Domestic Shares, with minor exceptions, are entitled to the same economic and voting rights.

Public Offering

On 30th June, 1994, the Board of Directors authorized the issuance and sale of 1,250,000,000 Overseas Listed Foreign Shares of the Company, par value Rmb1.00 each, in a public offering. ADSs, each of which represents 40 Overseas Listed Foreign Shares, were offered to the public at a price of US\$20.00 per ADS before underwriting discounts and commissions of US\$0.62 per ADS. The 31,250,000 ADSs were listed on the New York Stock Exchange on 6th October, 1994. Direct costs of US\$4 million were incurred to sell the ADSs and reduced the net proceeds.

On 21st January, 1998, 1,250,000,000 existing Overseas Listed Foreign Shares and 315,068,493 potential new Overseas Listed Foreign Shares issuable upon full conversion of the convertible notes were listed by way of introduction on the Stock Exchange of Hong Kong Limited (the "SEHK"). All of the shares are designated as H Shares for the purpose of the listing on the SEHK.

On 26th February, 1998, 250,000,000 new ordinary shares, par value Rmb1.00 each, in the form of H Shares or ADSs, were issued in a public offering at HK\$4.4 per H Share or US\$22.73 per ADS before underwriting discounts and commissions of HK\$0.10 per H Share or US\$0.5 per ADS. These new shares were approved for listing on both the NYSE and SEHK and commenced trading on 4th March, 1998. The net proceeds from the offering of approximately US\$138.9 million were used to finance a portion of the purchase consideration for the acquisition of the Shanghai Power Plant.

On 4th March, 1998, 400,000,000 new Domestic Shares of Rmb1.00 each were issued to HIPDC at HK\$4.4 each pursuant to the Shanghai Acquisition Agreement.

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14. APPROPRIATION AND DISTRIBUTION OF PROFIT

The Board of Directors decides on an annual basis the percentages of the profit after taxation, as determined under the PRC accounting standards and regulations, to be appropriated to the statutory surplus reserve fund, the statutory public welfare fund and, on an optional basis, the discretionary surplus reserve fund. When the balance of the statutory surplus reserve fund reaches 50% of the Company's share capital, any further appropriation will be optional. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of registered capital. The statutory public welfare fund can only be utilized on capital items for the collective benefits of the Company's employees. Titles of these capital items will remain with the Company. This fund is non-distributable other than in liquidation. The discretionary surplus reserve fund can be provided and used in accordance with the resolutions of the shareholders.

For the year ended 31st December, 2000, the Board of Directors resolved the following on 14th March, 2001:

- (i) to appropriate 10% and 7.5% (1999: 10% and 7.5%), respectively, of the profit after taxation as determined under the PRC accounting standards and regulations to the statutory surplus reserve fund and the statutory public welfare fund, amounting to approximately Rmb463 million (1999: Rmb352 million) in total;
- (ii) to make no appropriation to the discretionary surplus reserve fund;

In accordance with the Articles of Association, earnings available for distribution by the Company will be based on the least of the amounts determined in accordance with (a) the PRC accounting standards and regulations and (b) the accounting standards applicable in the countries in which its shares are listed. The amounts of distributable profit resulting from the current year operation after appropriation to dedicated capital for the year ended 31st December, 2000 was approximately Rmb2.03 billion (1999: Rmb1.52 billion). The cumulative balance of distributable profit as at 31st December, 2000 was approximately Rmb7.85 billion (1999: Rmb6.33 billion (as restated)).

15. DIVIDENDS

On 14th March, 2001, the Board of Directors proposed a dividend of Rmb0.22 (1999: Rmb0.09) per share, totaling approximately Rmb1,243 million (1999: Rmb509 million) for the year ended 31st December, 2000. The proposed dividend distribution is subject to shareholders' approval in their next meeting. Because of the adoption of the revised IAS 10 "Events After the Balance Sheet Date", the dividend will be recorded in the Company's financial statements for the year ending 31st December, 2001 (Note 32).

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16. CONVERTIBLE NOTES

In May 1997, the Company issued at par value convertible notes with an aggregate principal amount of US\$230 million at 1.75% due 2004. These notes are listed on the New York Stock Exchange and the Luxemburg Stock Exchange. The notes mature on 21st May, 2004, unless previously redeemed or converted.

The notes are convertible, at the option of the noteholders, at any time from and including 21st August, 1997 up to and including the date of maturity, unless previously redeemed, at an initial conversion price of US\$29.20 per ADS, each of which represents 40 Overseas Listed Foreign Shares, subject to adjustment in certain circumstances. No noteholder had converted the convertible notes to ADS during the year ended 31st December, 2000.

The notes may be redeemed, at the option of the noteholders, in whole or in part, on 21st May, 2002 at 128.575% of the principal amount of the notes together with accrued interest, if any. The Company has accrued for the put premium liability together with the interest payable on the notes using the effective interest rate of 6.66%.

The notes may be redeemed, at the option of the Company, at any time on or after 21st May, 2000, but prior to maturity, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes, together with accrued interest, if any, if the closing price of the ADSs for a period of 30 consecutive trading days is at least 130% of the conversion price in effect on each such trading day.

The proceeds received were allocated for accounting purposes into a liability component of approximately US\$168 million (equivalent to Rmb1,393 million) and an equity component of approximately US\$62 million (equivalent to Rmb511 million) at the issuance date.

17. SHORT-TERM BANK LOANS

Short-term bank loans are denominated in Renminbi and drawn primarily as bridging loans for acquisition of Shandong Huaneng (Note 34). They are unsecured, bears interest at the prevailing interest rates in the PRC, which was 5.02% per annum for the year ended 31st December, 2000 (1999: 5.58%), and repayable within one year.