

(Amounts expressed in Rmb unless otherwise stated)

**18. LONG-TERM LOANS FROM SHAREHOLDERS**

Long-term loans from shareholders comprised:

	<b>2000</b>	1999
	<b>'000</b>	'000
Loans from local investment companies (a)	<b>120,000</b>	382,000
Foreign currency bank loans on-lent by HIPDC (b)	<b>881,820</b>	1,359,515
	<b>1,001,820</b>	1,741,515

- a. Interest-bearing Renminbi loans were borrowed from the local investment companies by the five original operating plants to finance construction. These loans bore interest at 6.21% per annum for the year ended 31st December, 2000 (1999: 3.60% to 6.21%) and are repayable in accordance with the agreed repayment schedules.
- b. The foreign currency bank loans bear interest at the prevailing lending rates (both fixed and floating) prescribed by the contract, which ranged from 4.25% to 7.40% per annum for the year ended 31st December, 2000 (1999: 4.25% to 8.80%), and are repayable in accordance with the repayment schedules set by the banks. The amounts outstanding comprised:

	<b>2000</b>	<b>2000</b>	1999
	<b>Original</b>	<b>Currency</b>	
	<b>'000</b>	<b>Rmb'000</b>	Rmb'000
Amounts denominated in United States Dollar ("US\$")	<b>97,936</b>	<b>810,721</b>	1,125,528
Amounts denominated in French Francs ("FRC")	—	—	802
Amounts denominated in Swiss Francs ("SFRC")	<b>14,040</b>	<b>71,099</b>	233,185
		<b>881,820</b>	1,359,515

The foreign-currency bank loans were previously borrowed by HIPDC for financing construction. All these outstanding long-term bank loans were restructured. HIPDC continued to borrow the loans from the banks and then on-lent the proceeds to the Company as shareholders' loans. The existing terms of the loans including interest rates and repayment schedules remained intact after the restructuring.

(Amounts expressed in Rmb unless otherwise stated)

## 18. LONG-TERM LOANS FROM SHAREHOLDERS *(CONT'd)*

c. The shareholders' loans are repayable as follows:

	<b>2000</b>	1999
	<b>'000</b>	'000
Within one year	<b>218,995</b>	673,482
Between one to two years	<b>4,967</b>	233,336
Between two to five years	<b>777,858</b>	816,993
Over five years	<b>—</b>	17,704
	<b>1,001,820</b>	1,741,515
Less: Amount due within one year included under current liabilities	<b>(218,995)</b>	(673,482)
	<b>782,825</b>	1,068,033

## 19. LONG-TERM LOAN FROM NANJING INVESTMENT

An interest bearing Renminbi loan was previously borrowed by the Nanjing Power Plant from Nanjing Investment to finance its construction. Upon the acquisition of the Nanjing Power Plant, the Company assumed the loan, as stipulated in the Nanjing Acquisition Agreement (See Note 5(d)), which bore interest at the prevailing lending rate in the PRC at 6.21% per annum for the year ended 31st December, 2000 (1999: 6.21% to 7.56%). The loan from Nanjing Investment is repayable as follows:

	<b>2000</b>
	<b>'000</b>
Within one year	<b>58,123</b>
Between one to two years	<b>58,123</b>
Between two to five years	<b>116,245</b>
	<b>232,491</b>
Less: Amount due within one year included under current liabilities	<b>(58,123)</b>
	<b>174,368</b>

(Amounts expressed in Rmb unless otherwise stated)

**20. LONG-TERM BANK LOANS**

Long-term bank loans comprised:

	<b>2000</b>	<b>2000</b>	1999
	<b>US\$'000</b>	<b>Rmb'000</b>	Rmb'000
Renminbi bank loans (a)	—	<b>828,000</b>	1,062,000
United States dollar bank loans (b)	<b>1,146,229</b>	<b>9,489,347</b>	9,674,507
		<b>10,317,347</b>	10,736,507

- a. Renminbi bank loans were borrowed from local banks to finance the construction of the Shanghan Phase II, the Dalian Phase II, the Nantong Phase II and the Shantou Power Plant. These loans bore interest at the prevailing lending rates at 6.21% per annum for the year ended 31st December, 2000 (1999: 5.85% to 6.21%) and are repayable in accordance with the agreed repayment schedules set by the banks. As at 31st December, 2000, Renminbi bank loans of Rmb418 million (1999: Rmb692 million) were guaranteed by HIPDC.
- b. United States dollar bank loans were borrowed mainly to finance the construction of the Dandong Power Plant, the Fuzhou Phase II, the Nantong Phase II and the Dalian Phase II. These loans bore interest at lending rates (both fixed and floating) ranging from 5.95% to 6.60% per annum for the year ended 31st December, 2000 (1999: 5.95% to 6.60%), and are repayable in accordance with the agreed repayment schedules set by the banks.
- c. The long-term bank loans are repayable as follows:

	<b>2000</b>	1999
	<b>'000</b>	'000
Within one year	<b>1,431,713</b>	1,118,036
Between one to two years	<b>1,429,713</b>	1,247,363
Between two to five years	<b>3,098,607</b>	3,519,493
Over five years	<b>4,357,314</b>	4,851,615
	<b>10,317,347</b>	10,736,507
Less: Amount due within one year included under current liabilities	<b>(1,431,713)</b>	(1,118,036)
	<b>8,885,634</b>	9,618,471

(Amounts expressed in Rmb unless otherwise stated)

## 21. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprised:

	2000 '000	1999 '000
Accounts payable	361,591	276,690
Regulatory liability for repair and maintenance (see Note 2(m))	535,588	355,276
Payable to contractors for construction costs incurred	1,249,780	1,802,414
Deposits payable to contractors	24,832	42,471
Accrued interest	202,390	297,963
Payable to power companies	36,550	82,216
Others	307,226	302,572
	<b>2,717,957</b>	3,159,602

As at 31st December, 2000 and 1999, the aging analysis of accounts payable were as follows:

	2000 '000	1999 '000
Within one year	356,527	272,485
Between one to two years	3,527	73
Over two years	1,537	4,132
	<b>361,591</b>	276,690

## 22. TAXES PAYABLE

Taxes payable comprised:

	2000 '000	1999 '000
VAT payable	193,000	146,569
Income tax payable	329,960	347,451
Others	6,701	17,045
	<b>529,661</b>	511,065

(Amounts expressed in Rmb unless otherwise stated)

## 23. ADDITIONAL FINANCIAL INFORMATION ON BALANCE SHEET

As at 31st December, 2000, the net current assets of the Company amounted to approximately Rmb2,991 million (1999: net current liabilities Rmb371 million). On the same date, the total assets less current liabilities was approximately Rmb35,396 million (1999: Rmb34,346 million).

## 24. HOUSING SCHEME

In accordance with the PRC housing reform regulations, the Company is required to make contributions to the State-sponsored housing fund at 5%-25% of the specified salary amount of the PRC employees. At the same time, the employees are required to make a contribution equal to the Company's contribution out of their payroll. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. For the year ended 31st December, 2000, the Company contributed approximately Rmb27 million (1999: Rmb27 million) to the fund.

In addition, the Company provided housing benefits to certain employees to enable them to purchase living quarters from the Company at a substantial discount. Such housing benefits represent the difference between the cost of the staff quarters sold to and the net proceeds collected from the employees. The housing benefits are expected to benefit the Company over the estimated remaining average service life of the relevant employees.

For the year ended 31st December, 2000, the housing benefits provided by the Company to the employees amounted to approximately Rmb87million (1999: Nil) which is recorded as a long-term deferred asset and amortized over the remaining average service life of the relevant employees which is estimated to be 10 years.

The Company has no further obligation for housing benefits.

## 25. PROVISION FOR INCOME TAX

Provision for income tax comprised:

	<b>2000</b>	1999
	<b>'000</b>	'000
Current tax expense	<b>445,244</b>	384,555
Adjustment for current tax of prior year of Shangan Phase II (See Note 2p(ii))	<b>(31,824)</b>	—
Others	<b>(2,218)</b>	—
	<b>411,202</b>	384,555

(Amounts expressed in Rmb unless otherwise stated)

## 25. PROVISION FOR INCOME TAX *(Cont'd)*

The reconciliation of the effective income tax rate to the statutory income tax rate in the PRC is as follows:

	<b>2000</b>	1999
Average statutory tax rate	<b>16%</b>	16%
Effect of tax holiday	<b>(4%)</b>	(2%)
Others	<b>2%</b>	3%
Effective tax rate	<b>14%</b>	17%

The aggregate effect of the tax holiday was approximately Rmb112 million for the year ended 31st December, 2000 (1999: Rmb56 million).

The average statutory tax rate for the year ended 31st December, 2000 represented the weighted average tax rate of the head office and the individual power plants calculated on the basis of the relative amounts of net profit before tax and the applicable statutory tax rates.

State Council has issued a directive requesting some local governments to correct their policies of requesting business enterprises to prepay taxes which were not authorized by the relevant national authorities. Such policies were suspended on 1st January, 2000. During the year ended 31st December, 2000, the Company did not make any unauthorized tax prepayment.

For the year ended 31st December, 2000, there were no deferred tax assets or liabilities recognized or reversed.