



董事長耿雷先生
Mr. Geng Lei, Chairman

致各位股東：

本人欣然提呈哈爾濱動力設備股份有限公司截至二零零零年十二月三十一日止之年度報告，並藉此機會代表本公司全體同仁向各位股東致意。

二零零零年，是本公司發展的重要一年。公司全體同仁戮力同心，積極進取，使公司經營業績保持了穩定增長，各項工作亦取得了顯著進展，為公司跨入新世紀奠定了堅實基礎。

經營業績

截至二零零零年十二月三十一日止之年度，本公司及其附屬公司（本集團）實現營業額人民幣302,891萬元，較上年同期增長2.4%；除稅及少數股東權益後綜合溢利為人民幣3,909萬元，較上年同期增長12.9%；每股盈利人民幣0.033元，較上年同期增加人民幣0.004元；年末資產淨值人民幣290,518萬元，每股資產淨值人民幣2.44元。

股息

董事會建議派發截至二零零零年十二月三十一日止之年度股息，每股人民幣0.0375元。於二零零一年五月二十二日登記在本公司股東名冊上的股東可獲派二零零零年度股息。該股息將於二零零一年八月二十二日或之前派發。

境內股東的股息以人民幣支付；境外H股股東的股息以人民幣計算，以港幣支付。匯率乃按股息宣派日「二零零一年四月二十日」前一周，中國人民銀行公佈的匯率之平均值計算，即港幣1元兌換人民幣1.0600元，每股H股年度股息為港幣0.0354元。

To all shareholders:

I am pleased to present the annual report of Harbin Power Equipment Company Limited (the "Company") for the year ended 31st December 2000. On behalf of the Company, I would like to extend my gratitude to our shareholders for their continuing support.

The year of 2000 is a significant year for the development of the Company. The staff of the Company has worked concerted efforts to enable the Company to steadily improve its performance. All tasks achieved remarkable progresses. All these have laid a sound foundation for the Company to enter new century.

RESULTS

For the year ended 31st December 2000, the Company and its subsidiaries ("the Group") recorded turnover of Rmb3028.91 million, representing an increase of 2.4% over 1999. Consolidated profit after minority interests and taxation was Rmb39.09 million, representing an increase of 12.9% over last year. Earnings per share was Rmb0.033, representing an increase of Rmb0.004 as compared to 1999. As at 31 st December 2000, the Company's total net assets were valued at Rmb2905.18 million, and net assets per share was Rmb2.44.

DIVIDEND

The Board of Directors recommended a final dividend of Rmb0.0375 per share for the year ended 31 st December 2000 to shareholders whose names appear on the Register of Members of the Company on 22nd May 2001. The final dividend will be payable on or before 22nd August 2001.

The final dividends for domestic shareholders will be paid in Renminbi. The final dividends for H shares will be calculated in Renminbi and paid in Hong Kong dollars. The exchange rate used, that is HK\$1.00 = Rmb1.0600, is based on the average closing rate of the People's Bank of China during the calendar week preceeding 20th April 2001. The final dividend for every H share will be HK\$0.0354 per share.

業務回顧

二零零零年，中國經濟繼續保持較快速度增長，經濟形勢進一步向好，電力需求增加，局部地區電力供應再次出現緊張狀況，發電設備市場需求亦出現回升態勢，一批新項目開始啟動。但發電設備總體上供大於求的狀況仍未根本改變，市場競爭十分激烈，特別是產品價格不斷下降，而原材料及電力價格上漲亦導致成本增加。受一九九九年年初開始的「三年內不新開工常規火電項目」的影響，本集團期內可供安排生產的產品數量仍不足，部分生產能力放空，全年完成發電設備產量3280.5MW。

面對種種不利因素，本人最關注的是如何使本集團提高市場競爭能力及保持公司高效運營，以達致良好經營業績，回報諸位股東。為此，本集團按照「轉換機制、開拓市場、科學管理、發展至上」的總要求，對內、對外採取了多項措施。

在對內方面：一是改革內部機制，改革人事用工制度和分配制度。本人認為，企業成敗的關鍵取決於其機制和人才，尤其是高級管理人才。建立一種令人才倍出，人盡其才的寬鬆環境和激勵機制，塑造一種積極進取，務實創新的文化氛圍，對企業發展是至關重要的。因此，二零零零年本公司著力在內部改革上下功夫，重點對中、高級管理層進行了調整，實現中、高級管理人員的年輕化、知識化和專業化。精簡機構，壓縮分流人員，提高工作效率，以調動各方面的積極性。

BUSINESS REVIEW

In the year of 2000, the economy of China continued to grow at a relatively high speed. The macroeconomic environment further improved and the electricity demand increased. Certain areas were again reported lack of electricity supply and some new projects started up. However, the general oversupply status of power generation equipment has not been essentially changed. The market competition intensified, especially, the product price kept declining. But the prices of raw materials and electricity increased, which led to the increase of cost. Effected by the policy at the early 1999 that there are no new conventional thermal power projects in the next three years, the production of the Group during the period under review was still insufficient and some manufacturing facilities were not operated at full capacity. The output of power generation equipment for the year recorded 3280.5MW.

Confronting various unfavourable factors, my focus is how to improve the Group's competitiveness and maintain a high operation efficiency so as to achieve excellent performance to reciprocate shareholders. Therefore, the Group adopted many measures based on the general strategy of "transforming structure, exploiting market, scientific management, development as top priority".

Internally, the first measure was to reform internal structure, personnel system and distribution system. I think the success of one enterprise relies on its structure and qualified personnel, especially, the senior management people. It is vital for enterprises to set up such an environment and incentive system that can encourage the coming forth of talented people and make best use of them. Setting up an active, positive, practical and original cultural atmosphere is also very important for enterprises. Therefore, in the year of 2000, the Company put the emphasis of internal reform on adjusting middle and top management and enabling them to be young, knowledgable and professional. Also the Company streamlined its structure and downsizing its staff in order to improve efficiency and bring every positive factor into play.



二是加強公司管治。二零零零年，我們抓住公司董事會和監事會換屆的時機，按照有關要求，學習、借鑒國際先進經驗，優化、改善了董事會和監事會成員結構和專業結構，擴大了外部董事比例，增設了獨立董事和獨立監事，使公司決策更趨科學合理，從而有效推動公司各項工作的穩步發展。

三是轉變觀念，強化用戶意識、質量意識和服務意識，開展「創三優」活動。通過創優質產品、優質工程、優質服務，樹立以優質產品、優質工程、優質服務贏得用戶、贏得市場的觀念，努力為用戶提供滿意的產品和服務。

四是加強內部管理。整頓、規範管理行為和工作秩序；加強對外投資、對外借款和合同履約的管理，增強風險防範意識；推行比質比價採購和網上採購，以達到控制成本，降低費用，提高經營業績的目的。

五是推進技術進步和產業升級。期內，本公司承建的發電設備國家工程研究中心已正式成立，建設工作全面啟動。產品開發和技術開發取得新成就，300MW優化型電站汽輪機被評為國家重點新產品；電站鍋爐脫硫成套技術的開發成功將為環境保護做出貢獻，並將為集團帶來直接的經濟效益；大型水電技術改造，超臨界、聯合循環、核電、大型循環流化床鍋爐等的開發與技術改造工作亦按計劃加速進行，這些都將為本集團的長遠發展奠定基礎。

The second measure was to enhance the corporate administration. The office term of the second board and supervisory committee of the Company expired in 2000. We made use of this opportunity to optimize and improve the membership and professional structure of the board of directors and supervisory committee in line with relevant requirement using the advanced experience of international companies. We increased the number of directors outside the Company and added independent directors and independent supervisors to the board and supervisory committee so as to make corporate decisions more scientific and reasonable and push forward the steady development of various tasks of the Company.

The third measure is to strengthen customer, quality and service ideology and carry out "creating three qualities" activity. Through creating quality product, quality engineering project and quality service, we should set up the concept of winning customers and market by quality product, quality engineering project and quality service and try our utmost to provide customers with satisfactory product and service.

The fourth measure was to enhance internal management. We rectified and normalized management activities and working orders; strengthened the administration of investment, loans and execution of contracts; enhanced the risk protection ideology; promoted procurement after quality and price comparison and online purchases in order to control cost, reduce expenses and improve the performance of the Company.

The fifth measure was to push forward technology advancement and industry upgrading. During the period under review, the National Engineering Research Center- Power Equipment undertaken by the Company has been formally set up and the construction has comprehensively begun. Regarding product development and technology development, we achieved new results. The power plant turbine of 300MW type has been awarded the State Key New Product. The successful development of power plant boiler desulphurization technology would contribute a lot to the environmental protection and bring direct economic benefits to the Group. The development and technical renovation of large-scale hydropower equipment, super-critical, combined-cycle, nuclear equipment and large circulated fluidised bed boiler and etc proceeded as planned. All of these have laid a foundation for the long-term development of the Group.

在對外方面：一是加大市場開發力度。繼續堅持「大中小齊上，主輔機並重，國內外市場齊抓」的經營方針，重點抓好「西部開發」項目、工程成套項目、新技術項目。鞏固傳統市場，拓展新市場，努力爭取更多訂單。截至二零零零年十二月三十一日止之年度，本集團新接訂單合同額為人民幣35.4億元，較上年同期增加人民幣24.3億元。「西部開發」方面，取得了內蒙古托克托電廠2x600MW鍋爐島工程項目和貴州納雍電廠2x300MW火電機組主機供貨合同，取得了「西部大開發」的初步成果；工程成套項目方面，簽訂了伊朗塔瓦茲2x55MW火電站工程項目，草簽了蘇丹吉利2x206B聯合循環工程項目，中標了陝西韓城電廠2x600MW鍋爐島和汽機島工程項目；新技術產品方面，取得了4台100MW級循環流化床鍋爐和湖南洪江水電站3x45MW大型貫流式水輪發電機組供貨合同，為新世紀的發展奠定了基礎。

二是繼續加強與跨國公司的合作，以迎接中國加入WTO的挑戰。一方面通過合作爭取分包項目，擴大市場份額；另一方面通過合作探索技術引進的途徑，以提高技術水平和產品競爭實力，加快本集團技術進步步伐。

展望

二零零一年是新世紀的第一年，也是中國實施「十五」計劃的頭一年，本集團將面臨新的挑戰和新的機遇。一是常規發電設備供大於求的狀況難以在短期內根本改觀，市場競爭仍將十分激烈，產品價格短

Externally, the first measure was to enhancing marketing. Continued with the marketing principle of "exploiting big, medium and small projects, main units and auxiliaries projects together both in and outside China", we put focus on "big west development" projects, engineering and complete set of equipment supplying projects and new technology projects. We tried to get more orders by strengthening traditional market while developing new market. For the year ended at 31st December 2000, the newly signed contracts secured by the Group totalled Rmb3.54 billion, an increase of Rmb2.43 billion over last year. As the initial results of "big west development", we secured the contract of the boiler island engineering project for the Tuoketuo Power Plant (2x600MW) in the Inner Mongolia and main units supplying contract for the Guizhao Nayong Thermal Power Plant (2x300MW). Regarding engineering and supplying complete set of equipment, we secured the engineering project contract for the Iran Tavazon Thermal Power Station (2x55MW). We signed a referendum contract for the El Gaili Combined Cycle engineering project (2x206B) in Sudan and won the bids for the boiler island and turbine island engineering projects for the Shanxi Hancheng Thermal Power Plant (2x600MW). As for technology products, we secured orders for four 100MW class circulated fluidised bed boilers and equipment supply contract of three sets of 45MW large-scale tubular hydropower turbo-generators for the Hunan Hongjiang Hydropower Station, which laid a foundation for the development of the Group in the new century.

The second measure was to continue to strengthen the cooperation with multinational companies in order to meet the challenges brought by China's entry into WTO. On one hand, we tried to get subcontracting projects through cooperation so as to increase market share and we tried to improve technology level and product competitiveness by jointly exploring the methods of technology transfer in order to accelerate the technology advancement of the Group on the other hand.

PROSPECTS

The year 2001 is the first year of the new century and the first year of the Tenth Five-year Plan of the PRC. The Group will meet new challenges and opportunities in the year of 2001. Firstly, the oversupply status of conventional power generation equipment can



期內難以提升；二是原材料及電力價格呈上升趨勢，使生產成本難以降低；三是生產能力部分放空及生產不均衡的狀況仍將存在，給生產組織帶來困難；四是中國加入WTO在即，加入WTO將使國內市場國際化，並將在一定程度上加劇國內市場的競爭。

本人認為：在面對嚴峻形勢的情況下，也存在許多發展的潛在機遇。一是宏觀經濟環境進一步改善，國家採取技改貼息、債轉股、出口信貸等政策大力扶持重點骨幹企業；二是中國「十五」計劃確立了「進一步調整電源結構，充分利用現有發電能力，積極發展水電、坑口大機組火電，壓縮小火電，適度發展核電，鼓勵熱電聯產和綜合利用發電」的電力發展政策。預計「十五」期間平均年增發電設備裝機2000萬千瓦，一批大機組項目將陸續開工建設或開始前期工作；三是中國實施的「西部大開發」、「西電東送」、「西氣東輸」戰略，亦將增加大型水電、大型火電以及空冷機組、燃機等發電設備的需求；四是本集團在國際市場上的經驗更加成熟，經營的區域範圍逐步擴大，有利於本集團拓展國際市場。

二零零一年，本集團將以經濟效益為中心，以「爭市場、保合同、創三優、樹形象」為突破口，加強內部管理，提高綜合素質，為集團長遠發展奠定基礎。二零零一年重點抓好以下工作：

not be essentially changed in a short term. The competition will still be very fierce and the product price can not increase in a short term. Secondly, the prices of raw materials and electricity will continue to increase, which makes it difficult to reduce production cost. Thirdly, manufacturing facilities still can not be operated at full capacities and the unbalance of production will also exist, which would bring difficulties to production organization. And lastly, the China's coming entry into WTO will internationalize the domestic market and intensify the competition in domestic market to certain extent.

I think there must be many potential opportunities for development while confronting challenging situation. Firstly, the macroeconomic environment will further improve. The State adopts many policies such as debt-share swap, technical renovation discount and export loan to support key backbone enterprises. Secondly, the Tenth Five-year Plan of the PRC determined the power development policy of further adjusting power structure, making full use of existing power generation capabilities, actively developing hydropower, mine-mouth large thermal power equipment, cutting down small thermal power equipment, appropriately developing nuclear power and encouraging co-generation and comprehensive usage of fuel for power generation and residue from power generation. It was estimated that the average annual installed capacity growth of power generation equipment during the period of the Tenth Five-year plan is 20000MW. A batch of large-scale unit projects will begin construction and preliminary work. Thirdly, the strategy of "big west development", "transmitting the power generated in the west to the east" and "transporting the natural gas in the west to the east" will increase the demand for large-scale hydropower equipment, large-scale thermal power equipment, air cooling units, gas turbine and other power generation equipment. And lastly, the Group is becoming more and more mature in the international market and gradually expands its marketing areas, which will be favourable for the exploiting of international market of the Group.

In the year of 2001, the Group will take economic benefits as center, take "winning market, securing contracts, creating three qualities and setting up image" as breakthrough point; enhance internal administration and improve comprehensive quality so as to lay foundation for the long-term development of the Group. The Group will put emphasis on the following work in 2001:

第一，全力開拓國內外市場。繼續堅持「大中小齊上，主輔機並重，國內外市場齊抓」的經營方針，結合「十五」規劃，以「西部開發」為重點，著力開發300MW、600MW亞臨界火電市場、大型水電市場、工程成套項目、空冷機組市場、熱電聯供機組市場、「以大代小」老機組改造市場以及輔機等配套產品市場。同時加大對超臨界火電機組市場、核電機組市場、聯合循環機組市場的調查研究和前期開發力度；繼續加強同跨國公司的合作，積極開發國際市場，特別是亞洲、非洲和拉美地區市場；加強市場信息收集，充實營銷力量，完善營銷網絡體系，採取可行的營銷策略，努力擴大市場份額。

第二，加大資產和結構重組力度。一方面，以「發電設備國家工程研究中心」的建設為突破口，整合科研開發資源，建立統分結合，遠近兼顧，機制靈活的技術開發和技術創新體系，培養一批高素質的工程技術人才隊伍，形成以「工程研究中心」為核心的科研開發體系；另一方面，本著「主輔分離」和產品、服務專業化的原則，盤活存量資產，推行資產經營責任制，以運輸、自動化、輔機、熱加工和交直流電機為重點推進資產、結構重組，優化資源配置，培育新的經濟增長點。

First, the Group will exert all strength to exploit domestic and overseas market. Integrating with the Tenth Five-year Plan and putting emphasis on “big west development”, the Group will continue with the marketing strategy of “exploiting big, medium and small projects, main units and auxiliaries projects together both in and outside China” to develop 300MW and 600MW sub-critical thermal power market, large-scale hydropower market, engineering and supplying complete set of equipment projects market, air cooling units market, co-generation units market, “replacing small one with large one” old units retrofitting market and auxiliary product market. At the same time, the Group will strengthen the investigation and research and preliminary development of super-critical thermal power units market, nuclear units market and combined-cycle units market. The Group will enhance the cooperation with multinational companies and actively develop international market, especially, the market in Asian, African and Latin American region. Also the Group will strengthen the collection of market information, enhance the marketing team and sales network, and adopt feasible marketing strategies to expand its market share.

Second, the Group will strengthen assets and structure reorganization. On one hand, the Group will make use of the establishment of “National Engineering Research Center-Power Equipment (‘NERC-PE’) to rectify research and development resources to set up a technology development and technical renovation system with comprehensive research scope and flexible organization. Meanwhile, the Group will cultivate an engineering technology team with high quality. All these will form a research and development system with the NERC-PE as the core, which will provide technical support to the development of the Company. On the other hand, based on the principle of “seperating supplementary business from main business” and service specialization, the Group will activate assets and carry out assets operation responsibility system. With transportation, automation, auxiliaries, heat processing and AC/DC motors as emphasis, the Group will push forward assets and structure reorganization, optimize assets distribution and cultivate new economy growth point.



第三，加強企業管理。進一步深化以人事用工制度和分配制度為主要內容的企業改革，建立激勵、約束機制，調動各方面積極性，以「爭市場、保合同、創三優、樹形象」為突破口，強化質量管理，完善質保體系，落實質量責任，為用戶提供一流的產品、一流的工程 and 一流的服務。加強成本管理，通過優化設計和比質比價以及網上採購，不斷降低設計成本和採購成本。建立財務監督體系和經濟活動分析制度，嚴格控制費用，壓縮開支，加強貨款回收，提高資金使用效率。加強公司管治，增加公司透明度。

第四，圍繞產品升級和技術創新，積極開發新技術、新產品，大力推進技術進步和產品結構調整，加快技術改造步伐。以300MW、600MW亞臨界火電機組優化設計為重點，儘快消化吸收和掌握三峽700MW水電機組核心技術，精心製造已取得的100MW等級循環流化床鍋爐產品，加快超臨界、聯合循環機組、核電機組、抽水蓄能機組等新產品的技術開發和技術引進步伐；抓好以生產三峽機組為主的大型水電技術改造和產品試製工作；全面啟動以生產1000MW等級的核電和大型超臨界火電以及大型循環流化床鍋爐為主的技術改造；積極開展出海口基地建設和燃機製造兩個項目的可行性研究和論證工作，努力推動本集團的技術進步和主導產品的升級換代，促進集團的快速發展。

Third, the Group will enhance enterprise management. The Group will deepen the corporate reforms whose main contents are personnel system and distribution system reform; set up incentive and restraining system; bring every positive factor into play; strengthen quality management, perfect quality assurance system and implement quality responsibility with "winning market, securing contract, creating three qualities and setting up image" as breakthrough point in order to provide customers with first-class product, first-class engineering and first-class service. The Group will also enhance cost administration. The Group will continue to reduce design cost and procurement cost through optimizing design, purchasing after quality and price comparison and online procurement. The financial supervision system will be set up and economic activity analyzing rules will be formulated. The Group will strictly control expenses, cut down expenditure, enhance payoff of the product payment and increase capital usage efficiency. Also the Group will strengthen enterprise transparency through enhancing enterprise management.

Fourth, centering on product upgrading and technical innovation, the Group will actively develop new product and new technology and push forward technical advancement and adjustment of product structure so as to speed up technical renovation. Putting emphasis on optimized design of 300MW and 600MW sub-critical thermal units, the Group will digest, absorb and master the key technology of the 700MW hydropower units of the Three Gorges project; carefully manufacture 100MW class circulated fluidised bed boiler; accelerate the technology development and technology transfer of super-critical, combined-cycle units, nuclear units, pumped storage units and other new products; pay attention to the technical innovation and product testing of the large-scale hydropower units with the Three Gorges units as focus; comprehensively start the technical renovation mainly for manufacturing 1000MW class nuclear units, large super-critical thermal units and large circulated fluidised bed boilers; actively carry out the feasibility research and demonstration for the construction of coastal base and production of gas turbine. The Group will try its best to push forward the technical advancement and upgrading and replacement of its main products so as to accelerate the rapid growth of the Group.

至二零零零年底，中國人均發電設備裝機僅0.24KW，與中等發達國家的人均1KW相比尚有較大差距，顯示中國發電設備市場仍有廣闊的發展空間。本人相信，本集團所面臨的困難仍是暫時的，隨著宏觀經濟環境的改善，經濟發展速度的加快，「西部大開發」戰略的實施，中國發電設備市場將迎來新的發展時期。本公司將抓住機遇，加快發展，以良好的業績回報各位股東。

最後，讓我代表本公司全體同仁再次對各位股東在過去一年裡，對本公司乃至本人的大力支持和關愛表示謝意。

董事長
耿雷

二零零一年四月二十日於中國哈爾濱

By the end of 2000, the average installed capacity per capita in China was only 0.24KW, far behind 1KW, the level of the moderately developed countries. Therefore, the power generation market of China has great potential to develop. I believe that the difficulties confronted by the Group are temporary. With the improvement of the macroeconomic environment, speeding up of economy growth and carrying out of the strategy of "big west development", the power generation equipment market will welcome an era of new development. The Company will take the opportunities and accelerate its development to reciprocate its shareholders with good results.

On behalf of the Board of Directors, I wish to thank our shareholders for their continuous support and deep concerns for the Company and myself during the year of 2000.

Geng Lei
Chairman

Harbin, the People's Republic of China, 20th April, 2001

