

INTERIM RESULTS

The Board of Directors of Huaneng Power International, Inc. (“the Company”) is pleased to announce the unaudited operating results for six months ended 30th June, 2000 (“Accounting Period”) and a comparison with the operating results for the same period of 1999. For the six months ended 30th June, 2000, the Company recorded net operating revenues of Rmb6.125 billion and net profit of Rmb1.1289 billion, representing an increase of 26.73% and 28.87% respectively as compared with the same period in 1999. Earnings per share was Rmb0.20 and net asset value per share was Rmb3.96.

The Board of Directors is satisfied with the above results. Please refer to the unaudited financial information below for details of the operating results.

BUSINESS REVIEW AND PROSPECTS

During the first half of year 2000, the national economy of the PRC developed steadily and the demand for electricity substantially increased thus creating a favourable market environment for business development and operating results of the Company. The management and all the staff of the Company worked together to seize the favourable opportunities of market upturn and strengthen the production and operation force and cost management, thus achieving the concurrent growth in electricity output and sales income and profit.

1. During first half of the year, the power plants of the Company maintained good and stable operating level and achieved power generation totalling 21.7 billion KWh representing 54.7% of the annual plan, an increase of 4.826 billion KWh over the same period of last year and a growth of 28.7%. The growth of power generation of the Company for the first half of the year is significantly higher than the average national power generation growth and the average power generation growth of the power grids where the power plants of the Company are located.
2. Efforts to strengthen cost management and improve efficiency proved to be fruitful. The average coal consumption rate for power sold of the power plants of the Company for the first half of the year was 325.54 gram/KWh, a 0.38% reduction over the same period of last year. The fuel cost per unit for power sold was Rmb0.0919/KWh, a reduction of 3.95% over the same period of last year.
3. In view of the increasingly keen competition in the power market, the Company reinforced the market research and marketing effort and actively participated in competition. As a result, the power plants participating in power sale by competitive bidding obtained a larger share of power sale by competitive bidding at the same time of achieving the planned power generation.
4. The Company achieved great breakthroughs in asset operation. After active preparation during the first half of the year, the Company entered into an Agreement of Merger by Absorption (the “Merger Agreement”) on 18 July, 2000 with Shandong Huaneng Power Development Co. Ltd. (“Shandong Huaneng”) which is of strategic significance so that the merger of Shandong Huaneng achieved significant results at this stage (the work and procedures required for the effectiveness of the merger are being carried out).

5. Another significant achievement of the Company for the first half of this year is, after comprehensive assessment, examination and acceptance by the responsible authorities, successfully passing the “Assessment Standards of Top-class Power Companies in China” and was designated as a “Top-class Power Company in China” by the State Power Corporation of China.
6. The development of the proposed projects of the Company also made progress, of which Shanghai Oil-fired Plant and Nanjing Jinling Oil-fired Power Plant are still at the preliminary feasibility study stage where the proposals on Shantou Phase II and Shangan Phase III have been submitted to the relevant government departments for approval.

Despite the above significant results, the Company anticipates to face various challenges during the second half of this year, such as the potential rise in coal price, the settlement tariff of the power sale by competitive bidding lower than the approved tariff. Accordingly, the management and all the staff of the Company will continue to work hard to ensure the full-year objectives for production, operation and asset acquisition are attained. The main tasks for the latter half of this year include:

1. to ensure the safe production of all power plants and increase power generation by every possible means so as to surpass the power generation target;
2. to continue strengthening the internal management and cost control and increase the competitiveness of the Company in the market;
3. to complete the merger of Shandong Huaneng within this year and continue implementing the listing plan of domestic A shares;
4. to actively carry out the preparation work for the proposed projects and strive for substantial progress; and
5. to continue placing special emphasis on the analysis on the power market so as to follow the trend of the structural reform of China's power industry and to realise bidding effectiveness and optimisation of competitive advantages.

SHARE CAPITAL STRUCTURE

As at 30th June, 2000, the entire issued share capital of the Company excluding the shares which might be converted from the convertible notes was 5,650,000,000 shares, of which 4,150,000,000 shares were domestic shares representing 73.45% of the entire issued share capital and 1,500,000,000 shares were foreign shares representing 26.55% of the entire issued share capital. In terms of domestic shares, Huaneng International Power Development Corporation (“HIPDC”) owns 2,382,440,000 shares representing 42.17% of the entire issued share capital of the Company. Other domestic shareholders hold a total of 1,767,560,000 shares representing 31.28% of the entire issued share capital.

The USD230 million convertible notes issued by the Company are convertible into foreign shares of the Company at a price of USD29.2 for each American Depositary Share on or before 21st May, 2004. Assuming the convertible notes were fully converted into foreign shares of the Company, the total issued share capital of the Company would increase by 315,068,493 shares.

The Company is not aware of any conversion of the convertible notes into shares of the Company as at 30th June, 2000.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not sell any type of securities and did not purchase or redeem its own shares in the first half of 2000.

SHAREHOLDING OF MAJOR SHAREHOLDERS

As at 30th June, 2000, the shareholding position of the Company was as follows:—

	Total Shareholdings (’000)	Percentage of total Shares Outstanding (%)
Domestic shares:		
Huaneng International Power Development Corporation	2,382,440	42.17
Hebei Provincial Construction Investment Co.	452,250	8.00
Fujian International Trust & Investment Company Limited	334,850	5.93
Jiangsu Province International Trust & Investment Company Limited	312,375	5.53
Liaoning Energy Corporation	229,685	4.07
Dalian Municipal Construction Investment Company	226,125	4.00
Fujian Enterprises (Holdings) Co. Ltd.	72,400	1.28
Nantong Investment Management Centre	67,875	1.20
Shantou Electric Power Development Co.	46,500	0.82
Shantou Power Development Joint Stock Company Limited	19,000	0.34
Dandong Energy Investment Development Centre	6,500	0.11
Sub-total	4,150,000	73.45
Overseas Listed Foreign Shares	1,500,000	26.55
TOTAL	5,650,000	100.00

Save and except for the above, the Board of Directors was not aware of any other persons who should make the aforesaid disclosure in accordance with section 16(1) of the Securities (Disclosure of Interests) Ordinance.

DIRECTORS’ AND SUPERVISORS’ RIGHT TO PURCHASE SHARES

As at 30th June, 2000, none of the directors, senior managerial staff, supervisors and their associates had any interests in the securities or debt securities of the Company which were required to be recorded on the register pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance or notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. The Company did not have any arrangement during such period whereby the above persons would acquire benefits by means of the acquisition of shares in, or debentures of, the Company or other corporate body.

DIVIDENDS

It was resolved by the Board of Directors not to distribute any interim dividends in 2000.

STAFF HOUSING

As at 30th June, 2000, the residential units of the Company's employees are provided by its parent company, HIPDC, and accordingly the issue of housing reforms is irrelevant to the Company. As stipulated by the relevant government policies, the Company reserves a staff housing fund for its employees.

MAJOR EVENTS

After adequate discussions and negotiations, the Company entered into the Merger Agreement with Shandong Huaneng at a total consideration of Rmb5.768 billion.

Pursuant to the Merger Agreement, Shandong Huaneng will merge into the Company upon completion of the merger and the Company will be the surviving company. The Company will settle the consideration by making a one-time cash payment of Rmb1.34 per ordinary shares (or USD8.09 per American Depositary Share) to Shandong Huaneng's domestic and foreign shareholders. The merger price represents a 72.6% premium to the closing price of the American Depositary Share of Shandong Huaneng on 17th July, 2000, the trading date prior to the announcement of the merger.

With the completion of the merger transaction, the Company will have 10,813.5 MW of installed capacity and 5,520 MW under construction and development. The position of the Company as the largest independent power producer in China, as well as in Asia, will be consolidated and the Company's competitive edge will be enhanced.

CHANGE OF DIRECTORS, SUPERVISORS AND MANAGEMENT

The elections of the directors and supervisors were conducted in the annual general meeting of the Company held on 6th June, 2000. Messrs. Li Xiaopeng, Wang Xiaosong, Ye Daji, Feng Dawei, Chen Baoliang, Huang Long, Wang Defang, Li Zhongshu, Bao Qianyuan, Shan Qunying, Yang Shengming, Xu Zujian, Liu Ming, Bai Changnian, Miao Kai, Lin Jianxin, Gao Zongze and Zheng Jianchao were elected as the new session of the members of the Board of Directors for a term of three years. Messrs. Ju Zhanghua, Zhao Xisheng and Pan Jianmin were elected as the new session of the Supervisory Committee for a term of three years.

On 6th June, 2000, the Board of Directors appointed Mr Huang Long as the secretary of the Company and the then secretary Mr Ju Zhanghua resigned accordingly.

On 14th August, 2000, the Board of Directors agreed to appoint Mr Huang Jian, as nominated by the Company's President, as the Deputy Chief Accountant of the Company.

CODE OF BEST PRACTICE

The Company has not established an audit committee (the "Audit Committee") to review and supervise the Company's financial reporting process and internal controls pursuant to paragraph 14 of Code of Best Practice set out in Appendix 14 to the Listing Rules (the "Code of Best Practice"). However, since the establishment of the Company, its organisational structure has, in lieu, a Supervisory Committee which carries out functions similar to those of an Audit Committee, with the differences being that the Company's Supervisory Committee comprises three representatives (one of whom is an employee of the Company) who are elected and removed in the general meeting of shareholders, and reports to the general meeting of shareholders instead of the board of directors, whereas an Audit Committee mainly comprises 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 the Accounting Period, in compliance with the Code of Best Practice.

MATERIAL LEGAL PROCEEDINGS

As at 30th June, 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.

DOCUMENTS FOR INSPECTION

Except for this report, the Company will also file the interim report as Form 6-K with the US Securities and Exchange Commission. Copies of the 2000 interim report will be available at:

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Telephone: (852) 2520 2201
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The Company's website: <http://www.hpi.com.cn>

By order of the Board of Directors
Li Xiaopeng
Chairman

Beijing, the People's Republic of China
14th August, 2000

The following financial information is extracted from the unaudited financial statements of the Company as at and for the six months ended 30th June, 2000, prepared in accordance with International Accounting Standards (“IAS”) issued by the International Accounting Standards Committee, together with the corresponding figures for 1999:

BALANCE SHEET (UNAUDITED)

AS AT 30th JUNE, 2000

(Amounts expressed in thousands)

	Note	30th June, 2000		31st December, 1999
		Rmb	USD	Rmb
ASSETS				
Property, plant and equipment, net		33,545,724	4,052,395	34,603,329
Other long-term assets		109,386	13,214	113,319
Current assets				
Cash and cash equivalents		2,856,396	345,059	2,493,198
Temporary cash investments	8	1,862,792	225,029	1,250,544
Accounts receivable		1,428,994	172,626	1,403,371
Materials and supplies		492,058	59,442	543,421
Other receivables and assets		208,189	25,148	146,965
Due from HIPDC		34,200	4,132	28,583
Total current assets		6,882,629	831,436	5,866,082
Total assets		40,537,739	4,897,045	40,582,730
EQUITY AND LIABILITIES				
Shareholders' equity				
4,150,000,000 Domestic Shares, par value Rmb 1.00 each		4,150,000	501,329	4,150,000
1,500,000,000 Overseas Listed Foreign Shares, par value Rmb 1.00 each		1,500,000	181,203	1,500,000
Additional paid-in capital		7,717,674	932,311	7,717,674
Dedicated capital	5	1,774,595	214,375	1,559,961
Equity component of convertible notes	7	510,506	61,670	510,506
Retained earnings		6,740,069	814,215	5,825,764
Total shareholders' equity		22,392,844	2,705,103	21,263,905

BALANCE SHEET (UNAUDITED)(Con't)
AS AT 30th JUNE, 2000
(Amounts expressed in thousands)

	Note	30th June, 2000		31st December, 1999
		Rmb	USD	Rmb
Liability component of convertible notes	7	1,393,360	168,321	1,393,672
Long-term loans from shareholders		981,811	118,605	1,068,033
Long-term loan from Nanjing Investment		203,429	24,575	226,033
Long-term bank loans		9,488,498	1,146,231	9,618,471
		<u>34,459,942</u>	<u>4,162,835</u>	<u>33,570,114</u>
Other non-current liabilities				
Accrued put premium for convertible notes		322,764	38,991	266,976
Current liabilities				
Short-term bank loans		40,000	4,832	50,000
Current portion of long-term loans from shareholders		214,907	25,961	673,482
Current portion of long-term loan from Nanjing Investment		58,123	7,021	64,581
Current portion of long-term bank loans		1,082,766	130,800	1,118,036
Accounts payable and accrued liabilities		3,231,770	390,404	3,159,602
Payable to Nanjing Investment		241,641	29,191	241,641
Taxes payable		449,518	54,303	511,065
Staff welfare and bonus payable		409,146	49,426	418,733
Dividend payable	6	27,162	3,281	508,500
Total current liabilities		<u>5,755,033</u>	<u>695,219</u>	<u>6,745,640</u>
Total equity and liabilities		<u>40,537,739</u>	<u>4,897,045</u>	<u>40,582,730</u>

INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30th JUNE, 2000
(Amounts expressed in thousands, except per share data)

	Note	For the six months ended 30th June,		
		2000		1999
		Rmb	USD	Rmb
Operating revenue, net	4	6,124,951	739,907	4,833,233
Operating expenses:				
Fuel		(1,898,548)	(229,349)	(1,515,288)
Maintenance		(290,249)	(35,063)	(248,403)
Depreciation and amortization		(1,369,564)	(165,446)	(1,121,001)
Labor		(307,407)	(37,135)	(199,319)
Transmission fees		(8,000)	(966)	(16,415)
Service fees to HIPDC		(155,376)	(18,770)	(155,607)
Others		(249,968)	(30,196)	(165,742)
Total operating expenses		(4,279,112)	(516,925)	(3,421,775)
Profit before financial expenses		1,845,839	222,982	1,411,458
Interest expenses, net		(488,262)	(58,983)	(347,333)
Exchange (losses) gains, net		(1,909)	(231)	48,892
Total financial expenses		(490,171)	(59,214)	(298,441)
Profit before taxation		1,355,668	163,768	1,113,017
Provision for income tax	9	(226,729)	(27,390)	(236,988)
Net profit		1,128,939	136,378	876,029
Earnings per share	10	0.20	0.02	0.16
Diluted earnings per share	10	0.20	0.02	N/A

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30th JUNE, 2000
(Amounts expressed in thousands)

	Ordinary shares	Additional paid-in capital	Dedicated capital			Equity component of convertible notes (Note 7)	Retained earnings	Total
			Statutory surplus reserve fund	Statutory public welfare fund	Sub-total	Rmb		
						Rmb		
Balance as at								
31st December, 1998	5,650,000	7,717,674	1,066,830	140,661	1,207,491	510,506	4,818,559	19,904,230
Net profit for the year ended								
31st December, 1999	—	—	—	—	—	—	1,868,175	1,868,175
Transfer to dedicated capital (Note 5)	—	—	201,411	151,059	352,470	—	(352,470)	—
Proposed dividend (Note 6)	—	—	—	—	—	—	(508,500)	(508,500)
Balance as at								
31st December, 1999	5,650,000	7,717,674	1,268,241	291,720	1,559,961	510,506	5,825,764	21,263,905
Net profit for the six months ended 30th June, 2000	—	—	—	—	—	—	1,128,939	1,128,939
Transfer to dedicated capital (Note 5)	—	—	122,648	91,986	214,634	—	(214,634)	—
Balance as at								
30th June, 2000	5,650,000	7,717,674	1,390,889	383,706	1,774,595	510,506	6,740,069	22,392,844

STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30th JUNE, 2000
(Amounts expressed in thousands)

	For the six months ended 30th June,		
	2000		1999
	Rmb	USD	Rmb
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	1,355,668	163,768	1,113,017
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation and amortization	1,369,564	165,446	1,121,001
Unrealized exchange gain	(6,898)	(833)	—
Amortization of deferred assets	3,407	412	3,407
Loss on disposals of fixed assets	5,007	605	320
Interest income	(41,482)	(5,011)	(60,488)
Interest expenses	529,744	63,994	407,821
(Increase) decrease in assets:			
Accounts receivable	(25,623)	(3,095)	(576,493)
Materials and supplies	51,363	6,205	(4,519)
Other receivables and assets	(45,966)	(5,553)	(47,954)
Due from HIPDC	(5,617)	(679)	(12,816)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	35,639	4,305	143,522
Taxes payable	(64,370)	(7,776)	38,729
Staff welfare and bonus payable	(9,587)	(1,158)	(63,174)
Interest paid	(437,427)	(52,842)	(266,555)
Income tax paid	(223,906)	(27,048)	(176,996)
Interest received	26,224	3,168	48,450
Net cash provided by operating activities	<u>2,515,740</u>	<u>303,908</u>	<u>1,667,272</u>

STATEMENT OF CASH FLOWS (UNAUDITED)(Con't)
FOR THE SIX MONTHS ENDED 30th JUNE, 2000
(Amounts expressed in thousands)

	For the six months ended 30th June,		
	2000		1999
	Rmb	USD	Rmb
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(330,045)	(39,871)	(785,816)
Proceeds from disposals of fixed assets	13,225	1,598	605
Decrease (increase) in other long-term assets	380	46	(2,860)
(Increase) decrease in temporary cash investments	(612,248)	(73,961)	693,352
Net cash inflow from acquisition of Nanjing Power Plant	—	—	150,229
Net cash (used in) provided by investing activities	(928,688)	(112,188)	55,510
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of short-term bank loans	40,000	4,832	92,000
Repayment of short-term bank loans	(50,000)	(6,040)	(232,000)
Repayment of long-term loans from shareholders	(538,211)	(65,017)	(558,311)
Repayment of long-term loan from Nanjing Investment	(29,062)	(3,511)	—
Drawdown of long-term bank loans	142,789	17,249	386,488
Repayment of long-term bank loans	(308,032)	(37,211)	(130,000)
Dividend paid	(481,338)	(58,147)	(226,775)
Net cash used in financing activities	(1,223,854)	(147,845)	(668,598)
Net increase in cash and cash equivalents	363,198	43,875	1,054,184
Cash and cash equivalents, beginning of period	2,493,198	301,184	2,185,418
Cash and cash equivalents, end of period	2,856,396	345,059	3,239,602

Notes:

- 1. Company Organization and Principal Activities**
The Company was incorporated in the People's Republic of China (the "PRC") as a joint stock limited company on 30th June, 1994. Currently, the Company owns and operates nine power plants, which are located in various provinces of the PRC.

The Company's power plants are principally engaged in the generation and sale of electric power to consumers through the respective regional or provincial power companies.
- 2. Principal Accounting Policies**
The principal accounting policies adopted for the preparation of the financial statements as at and for the six months ended 30th June, 2000 are consistent with those adopted for the preparation of the 1999 financial statements.
- 3. Foreign Currency Translation**
For the convenience of the reader, translation of amounts from Renminbi ("Rmb") into United States dollars ("USD") has been made at the rate of USD1.00=Rmb8.2780 announced by the People's Bank of China on 30th June, 2000. No representation is made that the Rmb amounts could have been, or could be, converted into USD at that rate on 30th June, 2000, or at any other rates.
- 4. Sales of Electric Power**
Operating revenue represents amounts billed for electricity generated and transmitted to the ultimate consumers through the respective regional or provincial power companies (net of Value Added Tax ("VAT")), less sales incentive fees paid to the power companies as an incentive to dispatch electricity in excess of annual minimum offtake. Revenues are billed and recognized upon transmission of electricity to the power grid controlled and owned by the respective power companies and include billings for generation through the end of each month.
- 5. Appropriation and Distribution of Profit**
For the six months ended 30th June, 2000, 10% and 7.5% of the after-tax profits, as reflected in the Company's statutory financial statements prepared under generally accepted accounting principles in the PRC have been appropriated to the statutory surplus reserve fund and the statutory public welfare fund respectively. The appropriations for the statutory surplus reserve fund and the statutory public welfare fund are reflected in the balance sheet under shareholders' equity as dedicated capital.
- 6. Dividends Paid**
On 6th June, 2000, the shareholders approved the declaration of dividend of Rmb0.09 per share, totaling Rmb509 million in respect of the year ended 31st December, 1999. During the six months ended 30th June, 2000, approximately Rmb481 million were paid.
- 7. Convertible Notes**
In accordance with IAS, the proceeds received on the issue of the convertible notes are allocated into liability and equity components. The liability component represents the present value of the contractually determined stream of cash flows discounted at the market rate of interest for instruments of comparable credit status providing substantially the same cash flows, on the same terms, but without the conversion option. The equity component is then determined by deducting the liability component from the proceeds received on the issue of the notes.
- 8. Temporary Cash Investments**
As at 30th June, 2000, fixed-term deposits of approximately Rmb1,550 million was placed with a non-bank financial institution, which is a subsidiary of China Huaneng Group Corporation, a substantial shareholder of HIPDC. There had been no collectibility problem encountered in respect of the Company's time deposits. As at 30th June, 2000, there was no designated deposit.

9. Provisions for Income Tax

Certain of the power plants, being located in specially designated regions or cities, are subject to preferential income tax rates. In addition, all power plants (except for expansion project) are exempted from the PRC income tax for two years starting from the first profit-making year (after covering any accumulated deficits) followed by a 50% exemption of the applicable tax rate for the next three years ("tax holiday"). For the six months ended 30th June, 2000, the weighted average effective tax rate applicable to the Company is 17% (for the six months ended 30th June, 1999 the weighted average effective tax rate was 19%).

As at 30th June, 2000, the Company had not received any notification from the relevant tax authority in respect of any material change of the present tax rates applicable to the Company.

The State Council has issued a directive requesting that, effective on 1st January, 2000, local governments should terminate their policies of granting refund of taxes paid by business enterprises which were not authorized by the relevant national authorities. This regulation has no impact on the Company as it has not received any unauthorized tax refund during the six months ended 30th June, 2000 (1999: Nil).

10. Earnings Per Share

The calculation of earnings per share is based on the net profit attributable to shareholders of Rmb1,128,939,000 and the weighted average number of 5,650,000,000 ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the adjusted net profit attributable to shareholders of Rmb1,189,271,000 and the adjusted weighted average number of 5,965,068,493 ordinary shares in issue during the period. The calculation assumes that the 1.75% convertible notes had been fully converted at the beginning of the period.

11. Subsequent Event

On 18th July, 2000, the Company and Shandong Huaneng Power Development Co. Ltd. ("Shandong Huaneng") entered into an agreement under which Shandong Huaneng will be merged with and into the Company. The Company will be the surviving company and the shareholders of Shandong Huaneng will be entitled to Rmb1.34 per Domestic Share and USD0.1618 per Overseas Listed Foreign Shares. The total consideration of the transaction is approximately Rmb5,768 million payable in one-time cash payment. The Company expects to finance the transaction by using internal surplus cash resources and contemplated short-term loans.

According to PRC's Company Law and the Articles of Association of the Company, the transaction requires approval of at least two-thirds of the holders of ordinary shares of the Company who present in person or by proxy at their special general meeting. In addition, as the transaction constitutes a connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, it must also be approved by the majority of the independent shareholders of the Company attending the independent shareholders special general meeting. The special general meeting of the shareholders and independent shareholders will be held on 15th September, 2000.

12. Supplemental Information for North American Shareholders

Under both IAS and generally accepted accounting principles in the United States ("US GAAP"), the accounting policies adopted by the Company are basically the same except that under US GAAP the entire proceeds of the issue of convertible notes as described in Note 7 are recorded as long-term liabilities without distinguishing between the equity and liability components. In addition, under US GAAP, dividends are recorded in the accounting period in which they are declared. Under IAS, dividends declared in respect of any accounting period are recorded in that accounting period. For the six months ended 30th June, 2000, there is no difference in the net profit of the Company between IAS and US GAAP, but the shareholders' equity of the Company determined under US GAAP is approximately Rmb511 million less than that determined under IAS, which represents the equity component of the convertible notes.