

# BAKER & MCKENZIE

SOLICITORS AND NOTARIES

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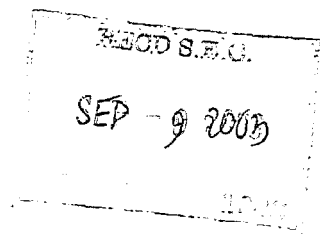


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September 5, 2003

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549  
U.S.A.



BY HAND

Division of Corporation Finance-International  
Mail Stop 3-2

SUPPL

Ladies and Gentlemen,

**Re: Shandong International Power Development Company Limited (the "Company") – Information Furnished Pursuant to Rule 12g3-2(b) Under the Securities Exchange Act of 1934 (File Ref.: 82-4932)**

This letter and the enclosed materials are furnished to the Commission pursuant to the referenced exemption from the registration requirements of Section 12 (g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), available to foreign private issuers pursuant to Rule 12g3-2(b) thereunder.

The purpose of this letter is to furnish to the Commission the documents relating to the Company which were made public since our letter dated June 27, 2003, copies of which are enclosed with this letter (indexed in Annex 1).

If you have any questions with regard to this letter, please contact the undersigned in the Hong Kong office of Baker & McKenzie by telephone at 011-852-2846-2429 or by facsimile at 011-852-2842-0516.

On behalf of the Company, thank you for your attention to this matter.

Very truly yours,

*Allen Shyu*  
Allen Shyu

PROCESSED  
SEP 11 2003

*llw 9/9*

Encl.

THOMSON  
FINANCIAL

**Annex 1**

**A List of Document Made Public  
in connection with the Listing since last submission of June 27, 2003**

1. Press release in connection with 2003 Interim Results



	5.65	3.06	2.42	1.68	1.33	0.42	0.59	0.29	11.75*
(million MWh)									
Equivalent availability factor (%)	91.00	100	100	96.57	82.31	93.64	86.74	97.77	95.92
Capacity factor (%)	55.02	61.02	60.36	62.81	51.91	60.47	54.43	70.47	57.79
Equivalent forced outage rate (%)	0.01	0	0	0.57	0.30	1.47	3.71	1.02	0.27
Net generation coal consumption (g/MWh)	333.36	338.51	341.97	350.02	344.45	364.41	375.86	382.08	346.15

Note:

- \* Calculated on the basis of gross amount of all units
- \*\* For Qingdao and Weifang Plants, the relevant items were calculated in proportion to the percentage of interest the Company owned. Such items were calculated on a 100% basis in respect of the other power plants and companies.

**Business Outlook for the Second Half of 2003**

- Ensuring the power plants of the Group are operated safely and attaining the targets of the Group relating to electricity generation scheduled for 2003;
- Ensuring the construction of the two 135MW generating units of Zibo Company and the second 135MW generating unit of Tengzhou Company being in progress as scheduled;
- Grasping such opportunities as the development of Western China and the transmission of electricity from Western China to Eastern China, and if opportunities arise, actively exploring and taking part in power source development projects in Ningxia autonomous region;
- Endeavoring to enhance the progress of the preliminary work of the Group's development projects within Shandong Province with a view to commencing the work for such projects as soon as possible.

**REPURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Period, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of its securities (the word "securities" shall have the meaning as in paragraph 1 of Part I of Appendix 7 to the Listing Rules).

**EMPLOYEES' MEDICAL INSURANCE**

Since 1 January 2003, the Group began to implement the basic medical insurance rules for staff in accordance with "the Implementing Project to Establish the Basic Medical Insurance Rules for the Urban and Rural Residents in Shandong Province", under the management of the local governments, pursuant to which the basic medical insurance fund will be contributed by the enterprise concerned and its staff. The employees are required to pay medical insurance fees calculated as 2% of their average monthly wages of the previous year, and the Group is required to pay fees ranging between 6% and 8% according to the policies promulgated by the local governments where the enterprise is situated.

The Group anticipates that the implementation of those medical insurance rules will not have any significant impact on the business operation and financial position of the Group. Apart from the above contribution, the Group is not required to pay any other medical expenses for employees.

**DESIGNATED DEPOSITS AND OVERDUE MATERIAL DEPOSITS**

As at 30 June 2003, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material deposits which could not be collected by the Group upon maturity.

**MATERIAL LITIGATION**

As at 30 June 2003, the Group was not involved in any material litigation or arbitration. Besides, no litigation or claim of material importance was known to the Directors of the Company to be pending or threatened by or against the Group.

**COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the Directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the Period, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

By order of the Board of Directors  
He Cong  
Chairman

JD 12g3-2 (b)  
File No. 82-4932

Jinan, Shandong, the PRC  
20 August 2003

electrical power bases at 10,000MW level in the autonomous region and is responsible for commencing the preliminary work of the power source projects in the autonomous region. At present, Ningxia Power Generation Company intends to invest in, plan and construct, two power source projects, which mainly include Zongting Company and Lingwu Power Plant.

**Issue of A Shares**

On 24 June 2003, in the annual general meeting for the year of 2002, the Company passed various resolutions regarding its proposed issue of A shares in China. The proposed issue by the Company of a maximum of 765,000,000 new A shares was conditionally approved. Out of the total number of new A shares to be issued by the Company, a maximum of 196,000,000 new A shares (in the form of unlisted State-owned legal person shares) were approved to be allocated and issued to China Huadian Corporation, with the remaining portion of the new A shares (which A shares being proposed to be listed on the Shanghai Stock Exchange) being proposed to be issued to natural persons and institutional investors, except those prohibited by PRC laws and/or regulations, in the PRC. Details regarding the Company's proposed issue of A shares are set out in its announcements dated 9 May, 13 May and 24 June 2003 and in its shareholders' circular dated 30 May 2003.

**Other Matters**

On 20 June 2003, the Company signed a "Comprehensive Cooperation Agreement" with the Shandong Branch of Industrial and Commercial Bank of China. According to the agreement, the Shandong Branch of Industrial and Commercial Bank of China will provide to the Company credit support in a total amount of RMB10 billion in accordance with the Company's capital demand in order to assist the Company to construct and acquire new power source projects.

On 24 June 2003, in the annual general meeting for the year of 2002, the Company resolved to acquire 80% equity interest in Sichuan Guangyan Power Generation Company Limited ("Guangyan Company") from the controlling shareholder of the Company — China Huadian Corporation. Guangyan Company was established in 1996, situated in Guangan Municipality of Sichuan Province and is mainly engaged in the business of generating electricity. The project of Guangyan Company has two phases: Phase I project comprises two 300MW coal-fired power generating units which started commercial operation in October 1999 and February 2000, respectively. Phase II project comprises two 300MW coal-fired power generating units which started construction in September 2002 and are expected to be put into commercial operation in August, 2004 and December 2004, respectively. Details regarding this acquisition by the Company are set out in its announcements dated 9 May, 13 May and 24 June 2003 and in its shareholders' circular dated 30 May 2003.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Economic Environment and Power Demand**

The economy of the People's Republic of China ("the PRC") maintained steady growth in the first half of 2003. Gross Domestic Product ("GDP") of the State amounted to approximately RMB5,005.3 billion, representing an increase of 8.2% over the same period of the previous year. GDP of Shandong Province on which the Group's services are mainly based was approximately RMB561,008 billion, representing an increase of 12.9% over the same period of the previous year, and was 4.7 percentage over the national average.

In the first half of 2003, the power consumption of the whole society of Shandong Province was 65,778 million kWh, representing an increase of 14.46% over the same period of last year. The industrial sector of Shandong Province consumed 49,873 million kWh, representing an increase of 15.68% over the same period of last year, and accounted for 75.82% of the total power consumption of Shandong Province. The agriculture, fisheries and water conservancy industries in Shandong Province consumed 2,792 million kWh, representing a decrease of 8.61% over the same period of last year and accounted for 4.24% of the total power consumption of Shandong Province. The power consumed by the urban and rural residents in Shandong Province amounted to 7,618 million kWh, representing an increase of 14.23% over the same period of last year and accounted for 11.58% of the total power consumption of Shandong Province.

**Operating Revenue and Profit**

During the Period, the operating revenue of the Group amounted to RMB4,096 million, representing an increase of 7.95% when compared with that for the corresponding period of the previous year; the operating profit amounted to RMB1,258 million, representing an increase of 13.54% when compared with that for the corresponding period of the previous year; net profit amounted to RMB671 million, representing an increase of 2.30% over that for the corresponding period of the previous year.

**Operating Costs**

During the Period, the operating expenses of the Group amounted to RMB2,838 million, representing an increase of 5.65% when compared with those for the corresponding period of the previous year, and were lower than the growth of the operating revenue.

The principal operating expense of the Group was the cost of coal. During the Period, the cost of coal was RMB1,419 billion which accounted for 50% of the Group's total operating expenses and represented an increase of RMB89.08 million or 6.7% when compared with that for the corresponding period of the previous year, and was lower than the growth of electricity generation amount. The coal cost of unit electricity supply of the Group for the first half of this year was RMB99.38/MWh, representing a decrease of 1.33% when compared with that for the same period of last year.

	2003	2002
Six months ended 30 June		
RMB '000		
1,519,459	1,388,998	
10,075	10,266	
608,597	559,033	

(3) Taxation

	2003	2002
Six months ended 30 June		
RMB '000		
330,611	318,043	
9,583	6,394	
340,194	325,337	

The charge for PRC enterprise income tax is calculated at the rate of 33% (six months ended 30 June 2002: 33%) on the estimated assessable profit of the Group for the six months ended 30 June 2003.

(4) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2003 of RMB670,576,000 (six months ended 30 June 2002: RMB 655,497,000) and the number of shares of 2,256,084,200 (six months ended 30 June 2002: 2,256,084,200).

(ii) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2002 and 2003.

**INTERIM RESULTS AND INTERIM DIVIDEND**

During the Period, net profit of the Group amounted to RMB671 million, representing an increase of 2.30% when compared with that for the corresponding period of the previous year. Earnings per share were RMB0.128.

The Board of Directors resolved to distribute an interim dividend of RMB0.02 per share for the six months ended 30 June 2003. Dividend for domestic shares will be distributed and paid in Renminbi whereas dividend for H shares will be declared in Renminbi and paid in Hong Kong dollars (at the average exchange rate of converting Renminbi to Hong Kong dollars as quoted by the People's Bank of China for the week immediately preceding Wednesday, 20 August 2003). The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 11 September 2003. The register of members of the Company will be closed from Friday, 5 September 2003 to Thursday, 11 September 2003 (both days inclusive) during which no share transfer will be registered. Registered holders of H shares of the Company should lodge their instruments of transfer and the relevant share certificates with the H share registrar of the Company, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by not later than 4:00 p.m. on Thursday, 4 September 2003 for the entitlement to receive the interim dividend. Dividend will be distributed on Friday, 26 September 2003.

**BUSINESS REVIEW OF THE PERIOD**

**Power Generation Management**

During the first half of 2003, the total electricity generation volume of the Group amounted to 14,665 million kWh, increased by 1,053 million kWh over 13,612 million kWh for the corresponding period of the previous year, representing an increase of 7.74%. On-grid power generation volume amounted to 13,742 million kWh, representing an increase of 7.47% over 12,787 million kWh for the same period of the previous year.

As at 30 June 2003, the total installed capacity managed by the Group amounted to 6,860MW and the total interested installed capacity was 5,964.5MW which represented an increase of 470MW (i.e., an increase of 8.55%) over the total interested installed capacity of 5,494.5MW at the end of 2002 and accounted for 22.30% of the total installed capacity of Shandong Province. Please see the following table for details:

Name of Power Plant	Equity Interest Owned	Installed Capacity Managed by the Group	Composition of Generating Units
Zoutian Power Plant	100%	2,500MW	One 300MW + One 330MW + Two 335 MW + Two 600MW
Shiliquan Power Plant	100%	1,255MW	Three 125MW + Two 140MW + Two 300MW
Laicheng Power Plant	100%	1,200MW	Four 300MW
Qingdao Power Plant	55%	660MW	Two 300MW + 60MW (Four units in total)
Weifang Power Plant	30%	630MW	One 300MW + One 330MW
Zibo Company <sup>(a)</sup>	100%	177MW	Two 88.5MW
Zhangjiu Company <sup>(b)</sup>	70%	270MW	(Two other 135MW under construction)
Tengzhou Company <sup>(c)</sup>	54.49%	168MW	Two 135MW
			(Another 135MW under construction)

Note 1: Zibo SFSD Power Company Limited ("Zibo Company");

Note 2: Shandong Zhangjiu Xinyuan Power Company Limited ("Zhangjiu Company");

Note 3: Shandong Tengzhou Xinyuan Power Company Limited ("Tengzhou Company");