

Interim Results

The board of directors (the "Board") of Beijing Datang Power Generation Company Limited (the "Company") hereby announces the unaudited operating results of the Company and its subsidiaries for the six months ended 30th June 2003 (the "Period") prepared in conformity with International Financial Reporting Standards. Such results have been reviewed and confirmed by the audit committee of the Company (the "Audit Committee").

The Company's consolidated operating revenue for the Period amounted to approximately Rmb4,501,679,000, an increase of 28.93% as compared to the corresponding period last year. Consolidated net profit was approximately Rmb784,233,000, an increase of 30.42% as compared to the corresponding period last year. Earnings per share amounted to approximately Rmb0.15, an increase of approximately Rmb0.03 per share as compared to the corresponding period last year.

The Board is satisfied with the above results. Please refer to the unaudited condensed consolidated financial statements as set out on page 14 to 32 for detailed operating results.

Management Discussion and Analysis

The People's Republic of China (the "PRC") recorded a GDP growth rate of 8.2% during the Period. Driven by domestic economic growth, power demand increased substantially, and aggregate social power consumption increased by 15.43% as compared to the corresponding period last year. Power generation by the Company and its subsidiaries during the Period increased by 29.87% as compared to the corresponding period last year, while consolidated operating revenue increased by 28.93% as compared to the corresponding period last year. In summary, consolidated net profit of the Company and its subsidiaries increased by 30.42%, or approximately Rmb182,915,000, as compared to the corresponding period last year.

1. Operating Conditions

During the Period, the Company and its subsidiaries' operating installed capacity was 6,770MW and total power generation amounted to 18,241,529MWh, representing an increase of 29.87% as compared to the corresponding period last year. On-grid power generation during the Period amounted to 17,114,600MWh, representing an increase of 30.97% as compared to the corresponding period last year. The increase in power generation and on-grid power generation was mainly attributable to: (1) the increase of installed capacity, owing to the addition of Unit 2 (600MW) of Tianjin Datang Panshan Power Generation Company Limited ("Datang Panshan Power") which commenced commercial operation in July 2002, and Unit 1 (600MW) of Inner Mongolia Datang Tuoketuo Power Generation Company Limited ("Datang Tuoketuo Power") which commenced power generation in June 2003; (2) the rising power demand in the Beijing-Tianjin-Tangshan ("BTT") area, marked by a 15.5% increase in power sold during the Period; and (3) safe and stable operation of existing units at high operating levels, as reflected by an equivalent availability factor of 92.15% for the Period.

2. Business Expansion

The Company continued to implement a pro-active expansion strategy while enhancing management of construction in progress ("CIP") and preparatory works. The current status of CIP and preliminary works in which the Company owns controlling stakes is as follows:

- Unit 1 of Datang Tuoketuo Power Phase I (600MW) commenced power generation in June 2003.
- Unit 2 of Datang Tuoketuo Power Phase I (600MW) commenced power generation in July 2003.
- The two units of Shanxi Datang Pingwang Thermal Power Company Limited (2X220MW) are expected to commence power generation in the second half of 2003.
- Datang Tuoketuo Power Phase II (2X600MW) is expected to commence power generation in 2004.
- The first unit of Shanxi Datang Shentou Power Generation Company Limited (2X500MW) is expected to commence power generation in 2004.
- Technological upgrade work of Hebei Datang Tangshan Thermal Power Company Limited Phases I and II (2X300MW) are expected to commence power generation in 2004.
- The two units of Gansu Datang Liancheng Power Generation Company Limited (2X300MW) are expected to commence power generation in 2004.
- The first unit of Yunnan Datang Nalan Hydropower Development Company Limited (3X50MW hydropower units) is expected to commence power generation in 2005.

Datang Tuoketuo Power Phase I is an integral part of the "West-to-East Power Transmission Plan". It transmits electricity directly to the BTT area power grid, and will play a pivotal role in securing a steady supply of power to Beijing.

3. Financial Analysis

(1) Operating Results

During the Period, the Company and its subsidiaries recorded consolidated operating revenue of approximately Rmb4,501,679,000, consolidated net profit of approximately Rmb784,233,000 and earnings per share of Rmb0.15.

During the Period, growth in both consolidated operating revenue and consolidated net profit was attributed to the following reasons: the on-grid power generation of the four power plants wholly-owned by the Company (with installed capacity of 4,950 MW) increased 13.19% as compared to the corresponding period last year, thereby sustaining a relatively high level of profit. The smooth running of Datang Panshan Power Units 1 and 2 and the two hydropower units of Hebei Huaze Hydropower Development Company Limited have led to continued growth in consolidated profit of the Company and its subsidiaries. Our consistent and stringent control over costs was effective to the extent that growth in consolidated operating revenue of the Company and its subsidiaries out-performed the increase in consolidated operating costs. Owing to the factors mentioned above, the consolidated net profit of the Company and its subsidiaries increased by approximately 30.42%, or approximately Rmb182,915,000, as compared to the corresponding period last year.

(2) Financial Conditions

As at 30th June 2003, total assets of the Company and its subsidiaries amounted to approximately Rmb28,680,743,000, representing an increase of approximately Rmb1,861,055,000 as compared to that as at 31st December 2002. Total liabilities amounted to approximately Rmb13,123,757,000, representing an increase of Rmb1,590,582,000 as compared to that as at 31st December 2002. Minority interests amounted to Rmb1,013,016,000, representing an increase of Rmb105,782,000 as compared to that as at 31st December 2002. Shareholders' equity amounted to approximately Rmb14,543,970,000, representing an increase of Rmb164,691,000 as compared to that as at 31st December 2002. The growth in the Company's total assets mainly reflected the implementation of the Company's development strategy and the increase in investments in CIP by the Company.

(3) Liquidity

As at 30th June 2003, the Company's asset-to-liability ratio (i.e. the ratio between total assets and total liabilities, excluding minority interests) was 45.76%. The net debt-to-equity ratio (i.e. (total debt – cash and cash equivalents – short-term bank deposits (over 3 months) – investments held for trading)/shareholders' equity) was 40.62%.

(4) Cash

As at 30th June 2003, the Company and its subsidiaries had total cash and cash equivalents and short-term bank deposits (over 3 months) amounting to approximately Rmb4,228,207,000, among which the equivalent of approximately Rmb786,833,000 of deposits was held in foreign currencies. The Company had no trust deposits or overdue fixed deposits during the Period.

(5) Borrowings

As at 30th June 2003, the Company and its subsidiaries had short-term loans of approximately Rmb1,780,450,000 at annual interest rates of 4.54% to 4.79%. Long-term loans (excluding those payable within 1 year) amounted to approximately Rmb7,848,948,000 and long-term loans payable within 1 year amounted to approximately Rmb607,124,000 at annual interest rates of 2.53% to 5.76%, including US Dollar loans equivalent to approximately Rmb2,407,512,000.

As at 30th June 2003, North China Power Group Company and certain minority shareholders of the Company's subsidiaries provided guarantees to the loans of the Company and its subsidiaries amounting to approximately Rmb4,972 million. The Company did not provide any form of guarantee for any company other than its subsidiaries.

4. Future Prospects

The PRC government has laid down an objective to build a moderately affluent society. The adoption of effective economic policies supported by pro-active fiscal and sound monetary policies, and flexible economic leveraged realignments not only bolstered the existing economic growth, but also laid a solid foundation for the future long-term development of the PRC. PRC will continue to maintain its tremendous growth trend with the implementation of strategies like "Development of the West" and "West-to-East Power Transmission Plan". Although the business expansion of the Company will be greatly benefited by the sustained growth of the domestic economy, its operating results will be affected by the impact of surging fuel prices and profitability of newly operating units. Taking into account the prevailing market conditions, the Company will adhere to the business objectives formulated by the Board early this year. The Company will continue to focus on both expansion within and beyond our service area; our dual emphasis on hydropower and coal-fired power; and dual strategy of building and acquiring power plants. The Company will strive to pursue greater cost efficiency through growth, and growth through greater cost efficiency. It is also our objective to bolster competitiveness through new management methods, system reforms and technological innovation.

Share Capital and Dividends

1. Share Capital

No new shares were issued by the Company during the Period. As at 30th June 2003, the total share capital of the Company amounted to Rmb5,162,849,000, divided into 5,162,849,000 shares with a nominal value of Rmb1.00 each.

2. Substantial Shareholders

During the Period, the following persons (other than a director, chief executive or supervisor of the Company) have interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571) ("SFO"):

Name of shareholder	Class of shares	Number of shares	Percentage of share capital held (%)
China Datang Corporation/ North China Power Group Company	Domestic Shares*	1,828,768,200	35.43
Beijing International Power Development and Investment Company	Domestic Shares*	671,792,400	13.01
Hebei Construction Investment Company	Domestic Shares*	671,792,400	13.01
Tianjin Jinneng Investment Company	Domestic Shares*	559,827,000	10.84

* Shareholder's own interest in the long position

3. Dividends

Pursuant to a resolution at the Board meeting on 3rd March 2003 and as approved at the annual general meeting held on 10th July 2003, the Company declared a dividend of Rmb0.12 for year 2002 payable to the shareholders of the Company whose names appear on the Company's register of members as at 1st June 2003. Dividends to domestic shares shareholders were declared and paid in Rmb. Dividends to H shares shareholders were declared in Rmb and paid in Hong Kong Dollars.

The Board does not recommend the payment of any interim dividend for 2003.

4. Shareholdings of Directors and Supervisors

At any time during the Period, none of the directors, supervisors, chief executives of the Company or their associates held or were deemed to hold interests or short positions in the shares, underlying shares or debenture of the Company or any of its associated corporations (as defined in the SFO), nor were they granted the right to subscribe for or purchase any interests in shares or debentures of the Company or any of its associated corporations.

Purchase, Sale and Redemption of the Company's Listed Securities

During the Period, the Company had not purchased, sold or redeemed any of the its listed securities.

Significant Matters

1. At the 2002 annual general meeting held on 10th July 2003, the Board was granted the authority to issue new shares in the Company not exceeding 20% of its share capital.
2. At the 2003 extraordinary general meeting, H class meeting and domestic class meeting held on 10th July 2003, it was resolved that the validity period of the special resolutions passed at the extraordinary general meeting, H class meeting and domestic class meeting held on 10th May 2002 authorising the Board to issue up to US\$300,000,000 overseas convertible bonds be extended until 29th June 2004.

Code of Best Practice

During the Period, the Company had complied with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Audit Committee

The Audit Committee, together with the management, has reviewed the accounting principles, accounting standards and practices adopted by the Company, and has discussed the issues on internal controls. It has also reviewed the unaudited condensed consolidated financial statements for the six months ended 30th June 2003.

By Order of the Board
Zhai Ruoyu
Chairman

Beijing, PRC, 22nd August 2003

Condensed Consolidated Balance Sheet *(Unaudited)*

As at 30th June 2003

(Amounts expressed in thousands of Renminbi ("Rmb"))

	Note	30th June 2003	31st December 2002
ASSETS			
Non-current assets			
Property, plant and equipment, net		22,389,930	20,856,652
Investments in associates		168,525	142,351
Available-for-sale investments		52,620	47,820
Goodwill		41,731	44,745
Deferred housing benefits		205,386	224,079
Deferred tax assets		136,310	99,489
		22,994,502	21,415,136
Current assets			
Inventories		340,587	302,108
Other receivables and current assets		93,849	106,320
Due from NCPGC	8	923,598	769,510
Investments held for trading		100,000	–
Short-term bank deposits over three months		836,680	1,876,610
Cash and cash equivalents	8	3,391,527	2,350,004
		5,686,241	5,404,552
Total assets		28,680,743	26,819,688

Condensed Consolidated Balance Sheet *(Unaudited) (cont'd)*

As at 30th June 2003

(Amounts expressed in thousands of Renminbi ("Rmb"))

	Note	30th June 2003	31st December 2002
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		5,162,849	5,162,849
Reserves		9,381,121	9,216,430
Total shareholders' equity		14,543,970	14,379,279
Minority interests		1,013,016	907,234
Non-current liabilities			
Long-term loans	8	7,848,948	8,125,089
Deferred tax liabilities		29,820	31,123
		7,878,768	8,156,212
Current liabilities			
Accounts payable and accrued liabilities	3	2,620,018	1,886,388
Short-term loans	8	1,780,450	316,000
Current portion of long-term loans	8	607,124	540,953
Taxes payable		237,397	633,622
		5,244,989	3,376,963
Total liabilities		13,123,757	11,533,175
Total shareholders' equity and liabilities		28,680,743	26,819,688

Condensed Consolidated Income Statement *(Unaudited)*

For the six months ended 30th June 2003
(Amounts expressed in thousands of Rmb, except per share data)

	Note	Six months ended 30th June	
		2003	2002
Operating revenue	4 & 8	4,501,679	3,491,543
Operating costs	8 & 9	(3,129,463)	(2,473,133)
Operating profit		1,372,216	1,018,410
Share of profit of associates		7,223	3,718
Interest income		24,503	48,153
Finance costs	9	(233,700)	(236,584)
Profit before taxation		1,170,242	833,697
Taxation	5	(390,427)	(277,565)
Profit before minority interests		779,815	556,132
Minority interests		4,418	45,186
Net profit		784,233	601,318
Earnings per share – basic (Rmb)	6	0.15	0.12

Condensed Consolidated Statement of Changes in Shareholders' Equity *(Unaudited)*

For the six months ended 30th June 2003
(Amounts expressed in thousands of Rmb)

	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Discretionary surplus reserve	Restricted reserve	Retained earnings	Total shareholders' reserves	Total equity
Balance as at 1st January 2002	5,162,849	3,653,421	950,988	4,879	2,927,294	226,521	926,399	8,689,502	13,852,351
Dividends declared	-	-	-	-	-	-	(877,684)	(877,684)	(877,684)
Net profit	-	-	-	-	-	-	601,318	601,318	601,318
Transfer between reserves	-	-	65,693	65,693	480,685	(16,180)	(595,891)	-	-
Balance as at 30th June 2002	5,162,849	3,653,421	1,016,681	70,572	3,407,979	210,341	54,142	8,413,136	13,575,985
Balance as at 1st January 2003	5,162,849	3,653,421	1,107,529	112,317	2,976,397	194,161	1,172,605	9,216,430	14,379,279
Dividends declared	-	-	-	-	-	-	(619,542)	(619,542)	(619,542)
Net profit	-	-	-	-	-	-	784,233	784,233	784,233
Transfer between reserves	-	-	-	(16,673)	16,673	(16,180)	16,180	-	-
Balance as at 30th June 2003	5,162,849	3,653,421	1,107,529	95,644	2,993,070	177,981	1,353,476	9,381,121	14,543,970

Condensed Consolidated Statement of Cash Flows

(Unaudited)

For the six months ended 30th June 2003

(Amounts expressed in thousands of Rmb)

	Note	Six months ended 30th June	
		2003	2002
Net cash from operating activities		1,230,463	502,329
Net cash used in investing activities	9	(1,301,554)	(2,021,894)
Net cash provided by financing activities	9	1,112,614	1,103,109
Net increase/(decrease) in cash and cash equivalents		1,041,523	(416,456)
Cash and cash equivalents, beginning of period		2,350,004	1,273,122
Cash and cash equivalents, end of period		3,391,527	856,666

Notes to the Condensed Financial Statements *(Unaudited)*

30th June 2003

(Amounts expressed in Rmb)

1. Company organisation and principal activities

Beijing Datang Power Generation Company Limited (the "Company") was incorporated in Beijing, the People's Republic of China (the "PRC"), on 13th December 1994 as a joint stock limited company. The Company listed its shares on The Stock Exchange of Hong Kong Limited and the London Stock Exchange Limited on 21st March 1997. The Company and its subsidiaries currently own and operate six coal-fired power plants and one hydropower plant in Hebei Province, Beijing City, Tianjin City and Inner Mongolia Municipality of the PRC. The Company and its subsidiaries' power plants are principally engaged in the generation and sale of electric power to North China Power Group Company ("NCPGC").

The Company holds equity interests in the following subsidiaries and associates, all of which are limited liability companies established and operated in the PRC:

Company name	Date of establishment	Registered capital	Attributable interest	Principal activities
		'000		
Subsidiaries				
Inner Mongolia Datang Tuoketuo Power Generation Company Limited ("Datang Tuoketuo")	17th November 1995	698,090	60%	Power generation
Tianjin Datang Panshan Power Generation Company Limited ("Datang Panshan")	6th August 1997	1,050,791	75%	Power generation
Hebei Huaze Hydropower Development Company Limited	29th July 1998	59,161	90%	Hydropower generation
Shanxi Datang Shentou Power Generation Company Limited ("Datang Shentou")	8th December 1998	261,200	60%	Power generation (under construction)

1. Company organisation and principal activities (cont'd)

Company name	Date of establishment	Registered capital	Attributable interest	Principal activities
		'000		
Shanxi Datang Pingwang Thermal Power Company Limited ("Datang Pingwang")	14th July 2000	207,000	80%	Power generation (under construction)
Yunnan Datang Honghe Power Generation Company Limited	27th April 2001	10,000	70%	Power generation (pre-construction)
Hebei Datang Tangshan Thermal Power Company Limited ("Datang Tangshan")	21st February 2002	215,000	80%	Power generation (under construction)
Yunnan Datang Lixianjiang Hydropower Development Company Limited	8th November 2002	10,000	70%	Hydropower generation (under construction)
Associates				
North China Electric Power Research Institute Company Limited ("NCEPRI")	7th December 2000	100,000	30%	Power related technology services
Gansu Datang Liancheng Power Generation Company Limited ("Datang Liancheng") *	18th August 2001	10,000	55%	Power generation (under construction)
Wenshan Malutang Power Generation Company Limited	19th September 2001	146,600	20%	Hydropower generation (under construction)
Tianjin Dagang Huashi Power Generation Company Limited	5th April 2002	10,000	30%	Power generation (under construction)

1. Company organisation and principal activities (cont'd)

Company name	Date of establishment	Registered capital	Attributable interest	Principal activities
Beijing Datang Texin Heat Company Limited	27th April 2002	87,800	49%	Heat transportation (under construction)
Yunnan Datang Nalan Hydropower Development Company Limited ("Datang Nalan") *	30th October 2002	25,000	51%	Hydropower generation (under construction)
Shanxi Datang Niangziguan Power Generation Company Limited ("Datang Niangziguan") *	9th January 2003	2,000	54%	Power generation (pre-construction)
Shanxi Datang Yuncheng Power Generation Company Limited ("Datang Yuncheng") *	28th March 2003	10,000	51%	Power generation (pre-construction)

* Though the Company holds majority equity interests of Datang Liancheng, Datang Nalan, Datang Niangziguan and Datang Yuncheng, it has not obtained majority voting rights of these companies. Therefore, the Company classifies these investees as associates.

2. Principal accounting policies

The accompanying condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") No. 34, Interim Financial Reporting, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted for the preparation of the condensed consolidated financial statements as at and for the six months ended 30th June 2003 are consistent with those adopted for the preparation of the consolidated financial statements as at and for the year ended 31st December 2002.

3. Accounts payable and accrued liabilities

	30th June 2003	31st December 2002
	'000	'000
Construction costs and deposits payable to contractors	901,104	983,337
Fuel and material costs payables	531,382	335,281
Salary and welfare payable	172,184	111,883
Interest rate swap liability	283,701	215,286
Government grants	118,928	118,928
Dividends payable	447,862	–
Others	164,857	121,673
	2,620,018	1,886,388

As at 30th June 2003, substantially all accounts payable were due within one year.

As at 30th June 2003, the notional principal amount of the outstanding interest rate swap contract of Datang Tuoketuo was USD214,397,000, and the fixed rate and floating rate were 5.15% and 1.39% (LIBOR offered by British Bankers' Association at 13th January 2003), respectively.

4. Operating revenue

Operating revenue represents amount of tariffs billed for electricity generated and transmitted to NCPGC. Operating revenue is billed and recognised upon transmission of electricity to the power grid controlled and owned by NCPGC.

5. Taxation

	Six months ended 30th June	
	2003	2002
	'000	'000
PRC enterprise income tax		
– Current tax	428,552	339,918
– Deferred tax	(38,125)	(62,353)
	390,427	277,565

Enterprise income tax is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable PRC enterprise income tax rate for the Company and its subsidiaries is 33%.

6. Earnings per share

The calculation of basic earnings per share for the six months ended 30th June 2003 was based on net profit of approximately Rmb784,233,000 (2002 - Rmb601,318,000) and on the weighted average number of 5,162,849,000 shares outstanding during the period.

No diluted earnings per share have been presented, as there were no dilutive potential ordinary shares outstanding for the six months ended 30th June 2003 and 2002.

7. Profit appropriations

Dividends

On 3rd March 2003, the Board of Directors proposed a dividend of Rmb0.12 per share, totalling approximately Rmb619,542,000 for the year ended 31st December 2002. The proposed dividend distribution was approved by the shareholders in their general meeting dated 10th July 2003.

7. Profit appropriations (cont'd)

Reserves

Approximately Rmb16,180,000 has been transferred from the restricted reserve, which is specifically set up to reflect the reduction of the statutory public welfare fund under PRC GAAP, to retained earnings. This amount represented amortisation of deferred housing benefits for the six months ended 30th June 2003.

Pursuant to the Accounting System for Business Enterprises of the PRC, statutory public welfare fund is transferred out to discretionary surplus reserve upon utilisation for the collective benefits of the employees. For the six months ended 30th June 2003, approximately Rmb16,673,000 (2002 - Nil) of the statutory public welfare fund was transferred out to discretionary surplus reserve.

8. Related parties and transactions

(i) Related parties of the Company and its subsidiaries:

Name of related parties	Nature of relationship
Related parties in which the Company has no equity interest	
China Datang Corporation/NCPGC *	Substantial shareholder
Tianjin Jinneng Investment Company	Shareholder
Beijing International Power Development and Investment Company	Shareholder
Inner Mongolia Mengdian Huaneng Power Generation Company Limited	Minority shareholder of Datang Tuoketuo
Shanxi Electric Construction Company	Affiliate of NCPGC
Beijing Electric Construction Company	Affiliate of NCPGC
Tianjin Electric Construction Company	Affiliate of NCPGC
Beijing Electric Equipment Plant	Affiliate of NCPGC

8. Related parties and transactions (cont'd)

(i) Related parties of the Company and its subsidiaries (cont'd):

Name of related parties	Nature of relationship
Related parties in which the Company has equity interest	
NCEPR	Associate
NCPG Finance Company Ltd.	Investee of the Company

- * In accordance with document Guo Han [2003] 16, "Approval from the State Council Regarding the Establishment of China Datang Corporation", China Datang Corporation will replace NCPGC and hold 35.43% of the Company's shares, and become the substantial shareholder of the Company. As at 9th April 2003, China Datang Corporation has registered at the State Administration Bureau for Industry and Commerce.

(ii) The following is a summary of the major related party transactions undertaken by the Company and its subsidiaries during the Period:

	Note	Six months ended 30th June	
		2003	2002
		'000	'000
Tariff revenue from NCPGC	(a)	4,501,679	3,491,543
Management fee to NCPGC	(b)	15,155	11,794
Fuel service fee to divisions and affiliates of NCPGC	(b)	4,980	14,827
Ash disposal fee to divisions and affiliates of the substantial shareholder	(b)	43,183	36,599
Rental fee to the substantial shareholder	(b)	3,614	3,614
Construction and equipment costs charged by affiliates of NCPGC	(c)	599,853	296,014

8. Related parties and transactions (cont'd)

- (ii) The following is a summary of the major related party transactions undertaken by the Company and its subsidiaries during the Period (cont'd):

	Note	Six months ended 30th June	
		2003	2002
		'000	'000
Technical supervision, assistance and testing service fee to NCEPR	(d)	13,766	10,350
Interest income from NCPG Finance Company Ltd.	(e)	5,365	728
Interest expenses to NCPG Finance Company Ltd.	(e)	17,521	5,005
Dividend income from NCPG Finance Company Ltd.		10,063	7,107

- (a) All of the Company and its subsidiaries' sales of on-grid electricity for the six months ended 30th June 2003 were made to NCPGC. Pursuant to the power purchase agreement dated 5th August 1996, the Company is required to sell its entire net generation of electricity to NCPGC at an approved tariff rate as determined based on a regulatory process.

The balance due from NCPGC mainly represents the receivable from NCPGC for tariff revenue. This receivable is unsecured and non-interest bearing. The tariff revenue is settled on a monthly basis according to the payment provisions in the power purchase agreements. As at 30th June 2003, all tariff revenues receivable from NCPGC were aged within one month.

8. Related parties and transactions (cont'd)

(ii) The following is a summary of the major related party transactions undertaken by the Company and its subsidiaries during the Period (cont'd):

(b) The Company has entered into a number of agreements with the substantial shareholder and its affiliates. Details of the major agreements are as follows:

Name of agreement	Services to be provided	Pricing policy
Production and Construction Management Services Agreement	Management services in relation to the production and construction of electric utility plants	Management fee at Rmb 0.001/KWh of on-grid electricity
Fuel Supply Agreement	Fuel purchase, delivery and technical assistance services	Fuel service fee at 1% to 3% of the cost of coal purchased
Ash Disposal Agreement	Disposal of ash generated by the power plants	Ash disposal fee computed based on ash disposal operating costs, taxes, depreciation of ash yards and a profit margin at 5% to 10% of the total costs
Building Lease Agreement	Lease of buildings located at the sites of the Company's power plants totalling 141,671 square metres	Annual rental fee of approximately Rmb7 million

(c) The majority of the construction works of Datang Tuoketuo, Datang Panshan, Datang Tangshan, Datang Pingwang and Datang Shentou were carried out respectively by Shanxi Electric Construction Company, Beijing Electric Construction Company and Tianjin Electric Construction Company. In addition, Beijing Electric Equipment Plant supplied certain electric equipment for the construction works of Datang Tuoketuo and Datang Tangshan. The total contracted amount related to these construction works and equipment purchase was approximately Rmb2.7 billion (2002 - Rmb2.4 billion).

As at 30th June 2003, balances due to these related contractors amounted to approximately Rmb193,434,000 (2002 - Rmb160,004,000) and were included in accounts payable.

8. Related parties and transactions *(cont'd)*

- (ii) The following is a summary of the major related party transactions undertaken by the Company and its subsidiaries during the Period *(cont'd)*:
- (d) NCEPR provides technical supervision, assistance and testing services to the Company and its subsidiaries in relation to the power generation equipment and facilities. Pursuant to the Technical Supervision Services Contract, such services are charged at a pre-determined rate based on the installed capacity of the Company and its subsidiaries.
 - (e) As at 30th June 2003, cash and cash equivalents of approximately Rmb2,494,757,000 (2002 - Rmb49,090,000) were deposited with NCPG Finance Company Ltd., an institution of which the Company holds 16% of its equity interest, at the prevailing market interest rate of 0.72% (2002 - 0.72%). In addition, the Company and its subsidiaries had loans payable to NCPG Finance Company Ltd. totalling approximately Rmb1,470,050,000 as at 30th June 2003 (2002 - Rmb316,000,000).
 - (f) As at 30th June 2003, NCPGC and certain minority shareholders of the Company's subsidiaries, including Tianjin Jinneng Investment Company, Inner Mongolia Mengdian Huaneng Power Generation Company Limited and Beijing International Power Development and Investment Company, had provided guarantees to the loans of the Company and its subsidiaries amounting to approximately Rmb4,972,547,000 (2002 - Rmb4,767,000,000).
 - (g) In addition to the transactions mentioned above, for the six months ended 30th June 2003, there are related companies managed by the Company or owned by certain management personnel of the Company's subsidiaries, which provided property management, cleaning, transportation, and other services of approximately Rmb43,486,000 (2002 - Rmb20,168,000) to the Company and its subsidiaries.
 - (h) The Company has also entered into numerous transactions with other state-owned enterprises to which the exception in IAS 24, Related Party Disclosures, applies.

9. Supplemental financial information

(a) Balance sheet

	30th June 2003	31st December 2002
	'000	'000
Net current assets	441,252	2,027,589
Total assets less current liabilities	23,435,754	23,442,725
Net assets	14,543,970	14,379,279
	Six months ended 30th June 2003	2002
	'000	'000
Additions to property, plant and equipment	2,286,037	2,903,062

9. Supplemental financial information (cont'd)

(b) Income statement

	Six months ended 30th June	
	2003	2002
	'000	'000
Interest expenses	254,991	243,108
Less: amount capitalised in property, plant and equipment	(85,416)	(103,756)
	169,575	139,352
Exchange loss, net	13	-
Fair value loss on an interest rate swap	64,112	97,232
	233,700	236,584
Finance costs		
Cost of inventories		
– Fuel	1,524,410	1,094,233
– Spare parts and consumable supplies	22,112	22,723
	716,794	666,358
Depreciation and amortisation		
Dividend income	(10,063)	(7,107)

9. Supplemental financial information (cont'd)

(c) Statement of cash flows

	Six months ended 30th June	
	2003	2002
	'000	'000
Investing activities		
Additions to property, plant and equipment	(2,279,515)	(2,296,834)
Financing activities		
Addition of short-term loans	1,728,950	886,456
Repayment of short-term loans	(264,500)	(580,076)
Addition of long-term loans	483,737	1,429,111
Repayment of long-term loans	(689,749)	(631,413)

10. Commitments

(a) Capital commitments

As at 30th June 2003, capital commitments of the Company and its subsidiaries in relation to the construction and renovation of the electric utility plants not provided for in the balance sheet were as follows:

	'000
Authorised and contracted for	6,382,492
Authorised but not contracted for	4,020,016
	<u>10,402,508</u>

10. Commitments (cont'd)

(b) Operating lease commitments

As at 30th June 2003, operating lease commitments extending to November 2016 in relation to buildings were as follows:

	'000
Amount repayable	
Within one year	12,127
Between one to five years	33,705
Over five years	61,344
	<hr/>
	107,176
	<hr/>

11. Prior year comparatives

Certain comparative figures of 2002 have been reclassified to conform to the current period's presentation.