

# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

• Power Generation	:	313.3 million kilowatt hour
• Turnover	:	\$187,786,000
• Profit attributable to shareholders	:	HK\$5,067,000
• Earnings per share	:	HK2.63 cents

The board of directors (the “Board”) of Enerchina Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2003.

During the period under review, the Group recorded consolidated turnover of HK\$187.8 million, representing an increase of 166.2% over the same period last year. The net profit for the period was HK\$5.1 million, an encouraging turnaround as compared to the loss of HK\$72.3 million during the same period last year. The earnings per share was HK2.63 cents and the net asset value per share as at 30 June 2003 was HK\$1.72.

## BUSINESS REVIEW

### Electricity generation

In the first half of 2003, the growth of both power generation and consumption maintained at fast pace. Notwithstanding the outbreak of Severe Acute Respiratory Syndrome which slowed down the growth of the overall economy, the power generation industry was not impacted significantly. During the first half of the year, the gross domestic product was estimated to grow by 8.2%, and the growth of national power consumption was even stronger. The growth was particularly remarkable in developing cities including Shenzhen. According to the statistics, the total domestic electricity consumption increased by nearly 15.4% during the first six months in 2003 to 861.7 billion kilowatt hour, and is expected to reach 1,850 billion kilowatt hour by the end of the year. The rapid growth in electricity demand, together with the implementation of industry reform by the PRC government, provide a fair and competitive platform for the industry players which in turn give new and good opportunities to the Company for achieving sustainable growth and development.

### Property investment

As mentioned before, it is the Group’s strategy to gradually dispose of its properties portfolio. During the period under review, the Company disposed of its last investment property at a gross consideration of HK\$550,000 and incurred a loss of approximately HK\$126,000. With the disposal of all its investment properties, the Group had discontinued its property investment business and would focus its resources on the electricity generation business in the PRC.