



CHINA POWER

International Development Limited, together with its subsidiaries and associated company, has over the years accumulated extensive experience in development, construction, operation and management of power plants, and achieved outstanding operating results, which facilitates the long-term development of the Group. To the best of our belief, with the ever-surgng demand for electricity in China, the Group will enjoy distinct competitive edges in this promising industry. We shall strive to provide stable and reliable power supply, seize opportunities to increase our quality assets and expand the asset portfolio, thereby developing the Group into one of the best corporations in the power industry in China.

To all shareholders:

Our ultimate goal has always been to maximize shareholder value.

The Company is the flagship company of CPI Group, and is the only company listed and incorporated outside Mainland China among the five national power generating groups in China. By capitalizing on our low operation cost base and high growth potential, we are confident that we will develop into a leading independent power generating company in China.

I. REVIEW OF YEAR 2004

Year 2004 was a major milestone in the development of the Company. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 15 October, 2004 and we are much encouraged by the enthusiastic market responses to our listing. In addition, we are committed to improve the Company's operation and accelerate the development of construction and technology, thereby strengthening and expanding the Group's position in the industry.

In 2004, the Group recorded a net profit of RMB643,203,000, net return on equity of 10.33%, gross generation of 15.704 billion kWh, net generation standard coal consumption rate of 342.3g/kWh, equivalent availability factor of power generation units of 87.2% and composite auxiliary power rate of 6.16%. Our system security and production conditions were maintained and there have been improvements in our major economic and technology indicators.

Whilst we attain satisfactory operating results, we have also contributed to the society by actively participating in various charitable activities.

II. OUTLOOK FOR YEAR 2005

It is expected that the demand for electricity in the PRC will continue to increase in 2005 and we will continue to benefit from such increase. Whilst having development opportunities, we are facing pressure and difficulties in our operation. Despite that, we will alleviate the operating pressure by proactively adopting effective development strategies so as to enhance our competitiveness, sustainability and risk control capability so as to secure the continuing, rapid and sound development of the Group.

III. FOCUS FOR YEAR 2005

(1) TO IMPROVE OPERATING RESULTS

The Group endeavors to strive for a favorable business environment and enhance its ability in risk control with emphasis on obtaining expected benefits from the fuel cost pass-through mechanism. Based on quality and efficiency, we shall improve our economic and technology targets and the early warning mechanism for fuel supplies so as to minimize fuel costs, and shall further establish and improve the supervisory, protective and risk control systems for our operation.



(2) TO IMPROVE OPERATING SYSTEM

The Group will integrate its management and control system with development strategies. The Group will optimize allocation of resources and upgrade the professionalism, quality as well as efficiency of our operation in order to further establish and improve the management and control systems. The Group will also strengthen its staff members as well as organization and management system so as to train up high-calibre staff members. The Group will enhance its corporate governance, operation quality and work efficiency by sharing information as well as collaborating targets and strategies within the Group.

(3) TO ENSURE SAFE PRODUCTION AND ENVIRONMENTAL PROTECTION

The Company will continue to comply strictly with the relevant rules and regulations and industrial standards and committed to create a safe production and management environment in line with its policy of "People-oriented, care for staff and treasure lives". While maintaining economic efficiency, we shall ensure the safe and reliable operation of our power generation units and procure environmental protection and work safety.

(4) TO ENSURE SUCCESSFUL COMPLETION OF ACQUISITION

With the full support of our parent company, CPI Group, the Company will create favorable conditions to expand its quality asset portfolio and strengthen its risk control and profitability. The Company will consider the acquisition of the relevant power plants under our management when appropriate and proceed with the acquisition of equity interests in Shanghai Power at an appropriate time. At the same time, we shall continue to monitor the market to seize good opportunities for further acquisitions.

(5) TO STEER THE CONSTRUCTION OF PLANNED PROJECTS

On the strength of our experience in the development and construction of new power plants, we shall use our best endeavors to maximize quality and efficiency while minimizing construction risks. The Group will use the best power generation indicators amongst those in the same region as benchmarks for the operation of all power plants, ensuring that the safety, quality, progress and costs of the construction projects are under control.

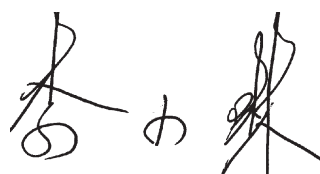


In conclusion, we will fully implement the decisions of the Board of the Company in all aspects with development as our first priority, safe production as our foundation, operating results as our primary goal, and reform and innovation as our motivation. We will enhance the principal competitive strengths, profitability, sustainability and risk control of the Group in all respects in order to ensure that our investors will obtain long-term, stable and satisfactory returns.

Finally, on behalf of the Board, we would like to express our sincere gratitude towards our shareholders and the community for their concern and support to the Company, and our sincere gratitude towards our management and all our staff for their dedicated hard work and contribution to the Company.



Wang Binghua
Chairman of the Board



Li Xiaolin
*Vice-Chairman of the Board and
Chief Executive Officer*

14 March, 2005



EXPAND OUR ASSET PORTFOLIO AND MAXIMIZE SHAREHOLDER VALUE

