

OVERVIEW

The Company is the flagship company of CPI Group which is one of the leading independent power generating groups in the PRC. The principal business of the Group is to develop, construct, own, operate and manage large power plants in China. The Group owns and operates the following power plants: Pingwei Power Plant (100% ownership), Yaomeng Power Plant (100% ownership) and Changshu Power Plant (50% ownership). All of these three power plants are high-capacity coal-fired power plants under commercial operation and have a total installed capacity of 3,610 MW. The Group's attributable installed capacity in these three power plants under commercial operation is 3,010 MW. The Company also manages six other power plants on behalf of CPI Group and CPI Holding, namely, Qinghe Power Plant, Shentou I Power Plant, Guixi Power Plant, Shaxikou Power Plant, Wuhu Shaoda Power Plant and Hongze Power Plant, which have a total installed capacity of 3,480 MW. In addition, we plan to build three additional power plants, namely, Pingwei Power Plant II, Yaomeng Power Plant II and Huanggang Dabieshan Power Plant. These planned power plants, when completed, will have a total installed capacity of 3,600 MW, of which our attributable installed capacity will be 3,468 MW.



BUSINESS REVIEW FOR 2004

The PRC economy had been developing steadily in 2004 with gross domestic production having increased by 9.5% over the previous year, thus generating a strong demand for electricity which had led to an increase in electricity consumption in the PRC by 14.9% as compared with the previous year. The steady development of the PRC economy and the significant increase in demand for electricity in the PRC created favourable market conditions for the business development and operating results of the Company in 2004.

In 2004, with the collective efforts of the management and all staff, the Group had overcome numerous difficulties such as serious shortages of coal supply and constant significant increase in coal price. During the year, the Group also endeavoured to assure coal supply, enhanced the management of budgets, tightened cost control and accomplished each and every task for the year successfully.

1. SAFE AND STABLE PRODUCTION

As at 31 December, 2004, the Group's attributable installed capacity in our three power plants under commercial operation was 3,010 MW; the gross generation of the Group was approximately 15.704 billion kWh (excluding its associated company), which increased by approximately 5.7% from the previous year; the total output of the Group was about 14.737 billion kWh (excluding its associated company), which increased by approximately 5.8% from the previous year. Such increase in the Group's generation during 2004 laid the foundation for the outstanding operating performance achieved by the Group during the year.

The increase in the generation of the Group during 2004 was mainly attributable to: (1) the constant increase in demand for electricity in the PRC. Electricity consumption in the PRC increased by approximately 14.9% as compared with the previous year; (2) the promotion and implementation of an accountability system for safe production by the Group, thereby maintaining safe and stable production of the Group in 2004; (3) the enhancement of the Group's management of the operation of its power generation units, thereby constantly upgrading the major economic technical index of the Group's power generation units during the year and hence further improving the operating conditions of our power generation units and (4) stable coal supply. Although there were shortages in coal supply in the PRC during 2004, the Group's power plants successfully overcame the difficulties in coal supply by active coordination with various parties to strengthen the capabilities in coal purchases, by active exploration of new sources of coal as well as by maintaining and improving the working relationship and close cooperation with coal mines and transportation authorities. As a result, normal operation of the Group's power plants was secured.

In 2004, the operating conditions of the Company's major power plants were as follows:

Pingwei Power Plant with an installed capacity of 1,200 MW and gross generation of 8.259 billion kWh in 2004;

Yaomeng Power Plant with an installed capacity of 1,210 MW and gross generation of 7.445 billion kWh in 2004;

Changshu Power Plant with an installed capacity of 1,200 MW of which the Company's attributable installed capacity was 600 MW, and gross generation of 8.031 billion kWh in 2004.

2. STEADY GROWTH IN OPERATING RESULTS

The Group recorded consolidated turnover of about RMB3,352,001,000 in 2004, which increased by approximately 15.0% as compared with the previous year. The increase in turnover was mainly attributable to the enhancing of tariff management and the proactive raising of the on-grid tariffs during the year by the Group. As a result, the average on-grid tariff of the Group in 2004 rose by approximately RMB18.1/MWh (value-added tax excluded) to RMB227.5/MWh, representing a growth of approximately 8.7% as compared with the previous year. The respective increases in the turnover for the Group's two subsidiaries in 2004 were as follows: 25.1% for Pingwei Power Plant and 2.6% for Yaomeng Power Plant.

The Group recorded consolidated net profit of RMB643,203,000 in 2004, which increased by approximately 6.3% as compared with the previous year. The increase in the Group's consolidated net profit was attributable to safe and stable production of the Group during the year which brought about an increase in on-grid generation. The Group's operating costs, repair and maintenance expenses and finance costs were effectively controlled in 2004, thus effectively alleviating the operating pressure arising from the surge in fuel costs. In addition, the Group also enhanced its technology upgrading and facilities management in 2004 thus reducing energy consumption.

3. STEADY PROGRESS FOR PLANNED PROJECTS

During 2004, the preparation of the Group's planned power generation facilities commenced in full scale. In active response to the reform on investment approval regime and with the best support secured, the Group made substantive progress in obtaining project approvals as well as progresses of varying degrees in preliminary exploration and on-site preparation. The progress of each of the Group's principal operations was as follows:

- (1) The construction of two 600 MW super-critical coal-fired power generation units by Huanggang Dabieshan Power Plant, in which the Company owns 89% equity interest: The project is one of the first-batch projects approved after the reform on investment approval regime and is the Company's first development project approved by the State. Operation of the two power generation units in this project is scheduled to commence in 2008 and 2009 respectively.
- (2) The construction of two 600 MW super-critical coal-fired power generation units by Pingwei Power Plant II, in which the Company owns the entire equity interests: The proposal of the project has been approved by the National Development and Reform Commission of the PRC ("NDRC"). Operation of the two power generation units under this project is scheduled to commence in 2007 and 2008 respectively.
- (3) The construction of two 600 MW super-critical coal-fired power generation units by Yaomeng Power Plant II, in which the Company owns the entire equity interests: The progress in the approval application of this project is satisfactory. Operation of the two power generation units under this project is scheduled to commence in 2007 and 2008 respectively.

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”) OF THE COMPANY

The shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since 15 October, 2004. Upon completion of the IPO, the Company issued a total of 1,035,000,000 new shares at the time of listing, including the shares issued upon the exercise of the over-allotment option. The net proceeds from the IPO, after deducting underwriting commission and other listing expenses, amounted to approximately HK\$2,457,289,000 (equivalent to RMB2,604,726,000).

As described in the prospectus of the Company for the IPO dated 4 October, 2004, we intend to use the net proceeds from the IPO to further our development strategy. We plan to set aside approximately RMB900,000,000 from such net proceeds for capital injection into our planned power plant projects, approximately RMB1,651,000,000 to fund future acquisitions and the balance of approximately RMB53,000,000 to be utilized by the Group as general operating expenses.

For the year ended 31 December, 2004, the Group, as planned, invested about RMB88,000,000 in its planned power plant projects by way of capital injection into such planned power plant projects.

The following table sets out details on the use of net proceeds from the IPO during the year ended 31 December, 2004:

	RMB '000
General operating expenses	12,000
Planned power plant projects	88,000
Total	100,000

We had placed the unused net proceeds of approximately HK\$2,362,949,000 on short-term banking deposit.

OPERATING RESULTS

OVERVIEW

In 2004, the Company achieved promising operating results. The Group sold electricity of 14.737 billion kWh, representing an increase of 5.8% over 13.929 billion kWh for last year, and resulting in higher growth in the turnover and net profit of the Group as compared with last year. In 2004, the Group recorded consolidated turnover of approximately RMB3,352,001,000, representing an increase of 15.0% as compared with the previous year, consolidated net profit of approximately RMB643,203,000, representing an increase by 6.3% as compared with the previous year.

TURNOVER AND INCOME

In 2004, the Group recorded consolidated turnover of approximately RMB3,352,001,000, representing an increase of RMB436,619,000 or 15.0% compared with the previous year. Growth in turnover was mainly because in 2004, the Group's on-grid electricity increased by 808 million kWh or approximately 5.8% while the average on-grid tariff increased by about RMB18.1/MWh or approximately 8.7% when compared with last year.

The Group is principally engaged in the generation and sale of electricity and the development of power plants. Revenues recognised during the year are as follows:

	2004	2003
	RMB'000	RMB'000
Turnover		
Sales of electricity	3,352,001	2,915,382
Other revenues		
Management fee income	6,884	—
Rental income	2,854	2,430
Interest income on bank deposits	12,135	905
	21,873	3,335
Total revenues	3,373,874	2,918,717

Electricity was sold to provincial power companies pursuant to the power purchase agreements entered into between the members of the Group and the provincial power companies.

Management fee income was received pursuant to a management agreement dated 1 July, 2004 among the Group, CPI Group and CPI Holding (the “**Management Agreement**”). We manage six power plants on their behalves, namely Qinghe Power Plant, Shentou I Power Plant, Guixi Power Plant, Shaxikou Power Plant, Wuhu Shaoda Power Plant and Hongze Power Plant. Under the Management Agreement, each of CPI Group and CPI Holding entrusted to us the managing power that each of them has in the six power plants. The Management Agreement has a term of three years and is renewable with the consent of all parties.

The service fee paid to the Group for the period from 1 July, 2004 to 31 December, 2004 under the Management Agreement amounts to RMB6,884,000.

FUEL COSTS

Fuel costs, accounting for 66.2% of the total operating costs of the Group during the year, form the major part of the operating costs of the Group (operating costs mainly include fuel costs, depreciation, staff costs, repairs and maintenance, consumables and other operating costs, net). The Group incurred unit fuel costs of approximately RMB123.90/MWh in 2004, representing an increase of RMB29.45/MWh or 31.2% as compared with the previous year. Such increase was mainly attributable to the surge in coal price. The average standard unit coal price of the Group during the year surged by RMB85.93 per ton as compared with the previous year.

DEPRECIATION

The Group's depreciation amounted to RMB325,641,000 in 2004, representing a decrease of 12.9% as compared with last year. The reduction was mainly due to the fact that certain assets were fully depreciated during the year, thus causing less depreciation being charged during the year.

STAFF COSTS

The Group's staff costs amounted to RMB252,543,000 in 2004, representing an increase of 11.3% as compared with the previous year. The increase in staff costs was mainly due to implementation of performance-based bonus plan by the Group.

REPAIRS AND MAINTENANCE

The Group's repairs and maintenance amounted to RMB141,559,000 in 2004, representing a decrease of 9.3% against the previous year. The reduction was mainly attributable to the enhancement of facility management and the trimming of repair and maintenance costs by the Group.

OTHER OPERATING COSTS, NET

The Group's other operating costs, net amounted to RMB161,413,000 in 2004, representing a decrease of 9.7% as compared with the previous year, which was mainly the results from proactive cost control implemented by the Group.

OPERATING PROFIT

The Group's operating profit before finance costs increased by 2.0% as compared with the previous year to RMB615,522,000 in 2004. The increase was due to the growth in the net operating income of the Group surpassing the increase in its total operating expenses.

FINANCE COSTS

The Group's finance costs decreased from RMB85,038,000 in 2003 to RMB77,285,000 in 2004, representing a decrease of 9.1% as compared with the previous year. The reduction was mainly attributable to the reduction in interest expenses of Pingwei Power Plant. All interests of the financing loan incurred in 2004 of our three power plants planned to be constructed have been capitalized.

SHARE OF RESULTS OF AN ASSOCIATED COMPANY

The Group's share of results of an associated company was RMB163,604,000 in 2004, representing an increase of RMB27,186,000 or 19.9% from RMB136,418,000 in 2003. The increase was mainly attributable to the two upward adjustments in on-grid tariffs and the steady increase in gross generation in 2004.

TAXATION

The Group's taxation charges mainly comprise the PRC enterprise income tax. Our taxation charges in 2004 were approximately RMB59,212,000 as compared to approximately RMB49,826,000 in 2003, representing an increase of RMB9,386,000 or approximately 18.8%. The increase was mainly attributable to the surge in profits from the subsidiaries and associated company which lead to an increase in the PRC enterprise income tax.

No Hong Kong profits tax has been provided as the Group did not have any assessable profit in Hong Kong for the year (2003: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 33% of the assessable income for the year except as disclosed below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The amount of taxation charged to the consolidated profit and loss account represents:

	2004	2003
	RMB'000	RMB'000
PRC current income tax	42,589	38,021
Deferred taxation	3,824	(911)
	46,413	37,110
Share of taxation attributable to the associated company	12,799	12,716
	59,212	49,826

Pursuant to the relevant PRC income tax rules and regulations, a special income tax rate of 15% has been granted to certain subsidiaries of the Group and the associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. In addition, being sino-foreign joint venture enterprises historically and as approved by the relevant local tax bureaus, these companies are entitled to a two-year exemption from income tax starting from their first profit-making year and followed by a 50% reduction in income tax for the subsequent three years. These companies were established towards the end of 1999 and has been exempted from income tax in 2000 and 2001. After the two-year tax exemption period, these companies are subject to a reduced tax rate of 7.5% for the years ended 31 December, 2002, 2003 and 2004.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the country where the Group principally operates as follows:

	2004	2003
	RMB'000	RMB'000
Profit before taxation	701,841	654,982
Calculated at the PRC statutory tax rate of 33% (2003: 33%)	231,608	216,144
Effect of different tax rate	(1,068)	—
Effect of preferential tax rate	(128,592)	(117,896)
Effect of tax holiday	(53,579)	(49,125)
Income not subject to taxation	(9,212)	(10,545)
Expenses not deductible for taxation purposes	20,055	11,248
Taxation charge	59,212	49,826

NET PROFIT

The Group's net profit in 2004 was RMB643,203,000, representing an increase of RMB38,047,000 or approximately 6.3% as compared with the previous year, which was mainly due to the upsurge of on-grid generation of the Group. At the same time, the Group adhered to strict cost control management and properly implemented the asset and operation accountability system, the budget management strictly and effectively controlled different kinds of costs and expenses. In 2004, the significant increase in demand for electricity and coal price continued to be tense in the PRC, and it had led to constant shortage in coal supply in the PRC. Under such unfavourable market conditions, the Group on the one hand arranged for the coal supply, and on the other hand adjusted the power output structure. In particular, Pingwei Power Plant had benefited from the relatively lower coal price and the relatively higher tariffs for its power supply to the eastern China in order to secure safe and stable operation of its power generation units. The Group also took effective measures to increase income and save costs so as to enhance economic return of its power generation units.

SEGMENT INFORMATION BY GEOGRAPHICAL LOCATION

The Group is principally engaged in power generation business within the PRC, with major assets and liabilities located in the PRC. Accordingly, no segment information by geographical location is presented.

SEGMENT INFORMATION BY BUSINESS

The Group is engaged in one major line of business in power generation, which is mainly to develop, construct, own, manage and operate large power plants within the PRC.

DIVIDEND/PROFIT DISTRIBUTIONS

The Board has recommended to pay a final dividend for the year ended 31 December, 2004 of HK\$0.025 per share.

	2004	2003
	RMB'000	RMB'000
Profit distributions <i>(note (i))</i>	377,230	385,012
Proposed final dividend of HK\$0.025 per share (equivalent to RMB0.0265 per share) <i>(note (ii))</i>	83,078	—
	460,308	385,012

Notes:

- (i) The profit distributions disclosed for the year ended 31 December, 2004 represent dividends from certain subsidiaries of the Group in connection with their profits for the period from 1 January, 2004 to 30 September, 2004 attributed to CPI Holding, an intermediate holding company of the Company, pursuant to the Reorganisation Agreement.

The profit distributions disclosed for the year ended 31 December, 2003 represent dividends declared by the relevant subsidiaries of the Group to their then owners prior to the completion of the Reorganisation of the Group.

The rates of dividend and the number of shares ranking for dividends are not presented for those profit distributions as such information is not meaningful.

- (ii) At a board meeting held on 14 March, 2005, the Directors of the Company proposed a final dividend of HK\$0.025 (equivalent to RMB0.0265) per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 December, 2005.

EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year are based on the Group's profit for the year of RMB643,203,000. The basic earnings per share is based on the weighted average of 2,315,901,639 shares in issue during the year and the diluted earnings per share is based on 2,315,901,639 shares which is the weighted average number of shares in issue during the year plus the weighted average number of 704,231 shares deemed to be issued at no consideration when all outstanding options had been exercised.

The calculation of basic earnings per share for 2003 is based on the Group's profit for the year of RMB605,156,000 and the weighted average number of 2,100,000,000 shares.

THE GROUP'S PRINCIPAL FINANCIAL RATIOS

The Group's principal financial ratios for each of the two years ended 31 December, 2003 and 2004 respectively are set out below:

	2004	2003
Debt to equity ratio (%)	32.2	41.2
Current ratio (times)	2.42	1.18
Quick ratio (times)	2.36	1.05
EBITDA interest coverage (times)	12.29	13.10

The calculation formula of the financial ratios:

Debt to equity ratio = Total bank loans/balance of shareholders' or owner's equity interests at the end of the year

Current ratio = balance of current assets at the end of the year/balance of current liabilities at the end of the year

Quick ratio = (balance of current assets at the end of the year - net inventory at the end of the year)/balance of current liabilities at the end of the year

EBITDA interest coverage = (profit before taxation + interest expenses + depreciation and amortisation)/interest expenses (including capitalized interest)

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December, 2004, the Group derived its fundings mainly from bank loans of RMB1,574,676,000, net proceeds from the IPO of RMB2,604,726,000, internally generated fund from operating activities of RMB905,798,000. The Group's funds were mainly applied in the construction of its planned power plants, capital expenditures for its power plants under commercial operation as well as repayment of bank loans, in the amounts of RMB981,004,000 and RMB971,000,000 respectively.

For the year ended 31 December, 2004, cash and cash equivalents of the Company amounted to RMB3,064,224,000 in total, including cash inflow from operating activities of RMB794,856,000, net cash outflow in investment activities of RMB966,888,000, net cash inflow in financing activities of RMB3,114,536,000.

COMMITMENTS

Commitments are mainly related to purchases with respect to planned power plant projects and improvement of existing power plants. As at 31 December, 2004, the Group had outstanding capital commitments not provided for in the balance sheet, amounting to RMB6,894,000 (2003: RMB67,045,000) as authorized but not contracted for and RMB4,678,114,000 as contracted but not provided for (2003: RMB135,010,000).

The Group's minimum payments under non-cancellable operating leases in respect of land and buildings for leases not more than one year were RMB15,066,000 (2003: nil), whereas the lease payments for leases later than one year and not later than five years were RMB26,870,000 (2003: nil).

The Group's future minimum lease receipts under non-cancellable operating leases in respect of buildings for leases not more than one year will be RMB1,930,000 (2003: RMB71,000), whereas the lease receipts for leases later than one year and not later than five years will be RMB1,900,000 (2003: RMB100,000).

DEBTS

Details of the Group's bank borrowings for each of the two years ended 31 December, 2003 and 2004 are set out below:

	2004	2003
	RMB'000	RMB'000
Short-term bank loans	592,676	45,000
Long-term bank loans maturing within a year	261,000	265,000
Long-term bank loans maturing in 1-2 years	270,000	405,000
Long-term bank loans maturing in 2-5 years	790,000	495,000
Long-term bank loans of over 5 years	93,000	193,000
Total amount of debts	2,006,676	1,403,000

The Group's bank loans currently bear interests at rates ranging from 4.5% to 5.8%. The interest rates on the Group's bank loans will be adjusted in accordance with the relevant regulations of the People's Bank of China.

Our debt to equity ratio for each of the two years ended 31 December, 2003 and 2004 were 41.2% and 32.2% respectively.

On 31 May, 2004, Pingwei Power Plant II, Yaomeng Power Plant II and Huanggang Dabieshan Power Plant entered into syndicate loan agreements with a number banks to obtain banking facilities amounting to RMB11,400,000,000 in total with respect to the planned power plants. No amount has been drawn down from such banking facilities by such planned power plants.

The Group incurs debts for general corporate purposes, including capital expenditures and working capital requirements. The Group do not currently use any derivative instruments to modify the nature of our debts so as to manage our interest rate risk.

FOREIGN EXCHANGE RATE RISK

We collect all of our revenues in Renminbi, some of which need to be converted into foreign currencies to make investments in certain associated companies or acquire interests from other companies, and pay out dividends to our shareholders. Therefore we have certain exposure to foreign exchange fluctuations.

The Renminbi is not a freely convertible currency. Subject to the exchange rate control by the PRC government, international economic situation and supply and demand of Renminbi, the PRC government may take actions that could cause fluctuations in the future exchange rates for Renminbi. Fluctuations in exchange rates may positively or negatively affect the value, translated or converted into Hong Kong dollars, of our net assets, earnings and any dividends we declare (for the purpose of this annual report, the exchange rate of HK\$1 = RMB1.06 has been used in the conversion of Hong Kong dollars into Renminbi).

PLEDGE OF ASSETS

For the year ended 31 December, 2004, we had no assets pledged.

CONTINGENT LIABILITIES

For the year ended 31 December, 2004, we had no material contingent liabilities.

ENVIRONMENTAL PROTECTION

The Group's mission is "Serving our community with green energy". All the power plants of the Group are subject to strict compliance of the environmental laws and regulations promulgated by the State Council of the PRC and the local government of the regions where our power plants are located. For the year ended 31 December, 2004, the total discharge fees paid by our power plants were approximately RMB8,135,000 for Pingwei Power Plant, approximately RMB17,908,000 for Yaomeng Power Plant and approximately RMB13,522,000 for Changshu Power Plant. There was significant growth in the discharge fees paid by the Group during the year as compared to 2003, which was mainly due to the implementation of new PRC regulations on discharge fees. The construction of desulphurization facilities in the Changshu Power Plant has commenced, which will reduce pollution to the environment as well as the Group's discharge expenses.

EMPLOYEES

As at 31 December, 2004, the Group and its associated company had a total of 6,606 full time employees.

We enter into employment contracts with our employees. None of our power plants has experienced any strikes or other labour disputes affecting the operations of any of our power plants. We recruit our managerial personnel from the open market. We provide technical training to all new employees and continuing training for all employees. The remuneration packages of our employees include salaries, bonuses and various subsidies. We pay welfare for the employees of our power plants under commercial operation in accordance with PRC labour law and regulations.

We have planned to adopt a performance unit plan (the "Performance Unit Plan") as an incentive scheme for our employees. The eligible grantees under the Performance Unit Plan are directors, senior management and other employees of the Company, and employees of the Company's holding companies, subsidiaries and associated companies. We have also set up a share option scheme in order to retain high calibre employees and to provide additional incentives for our employees.

The Group determines the emoluments of its directors and employees based on the performance, working experience, prevailing market rates and duties.

We participate in a provident fund scheme (the "MPF Scheme") registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance") for all of our employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

Under the MPF Scheme, the Company and the employees of the Company have to contribute an amount equal to 5% of the relevant income of such employee to the scheme, subject to a maximum level of the relevant income of HK\$20,000 per month. If an employee's monthly income is less than HK\$5,000, he is not required to contribute but may elect to do so, but we must still contribute 5% of the employee's relevant monthly income. Contributions from us are 100% vested in such employee immediately but, subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65. Our contributions to the MPF Scheme can be used to offset any long service payments or severance payments payable and are deductible for profits tax purposes.

The Group's employees in the PRC participate in a State-managed retirement pension scheme operated by the respective local municipal government. The relevant local government is responsible for the planning, management and supervision of the scheme, including collecting and investing the contributions, and paying out the pensions to the retired employees. The Group's only obligation is to contribute at a rate of 20% of payroll expenses to the scheme.

OPERATING DATA OF OUR POWER PLANTS UNDER COMMERCIAL OPERATION

PINGWEI POWER PLANT

For the year ended 31 December, 2004, gross generation and net generation increased by 11.1% or approximately 828 million kWh and 11.5 % or approximately 820 million kWh respectively. In 2004, average tariff realised (value-added tax excluded) was RMB253.56 per MWh.

The following table sets out certain operating data of Pingwei Power Plant for the three years ended 31 December, 2002, 2003 and 2004 respectively.

	As at 31 December,		
	2004	2003	2002
Installed capacity (MW)	1,200	1,200	1,200
Average utilization hours (hours)	6,882	6,192	5,450
Gross generation (MWh)	8,258,600	7,430,474	6,539,500
Net generation (MWh)	7,914,950	7,095,360	6,205,310
Equivalent availability factor (%)	85	88	89
Net generation standard coal consumption rate (grams/kWh)	338	340	344

YAOMENG POWER PLANT

For the year ended 31 December, 2004, gross generation and net generation increased by 0.3% or approximately 24 million kWh and decreased by 0.2% or approximately 11 million kWh respectively. In 2004, average tariff realised (value-added tax excluded) was RMB197.17 per MWh.

The following table sets out certain operating data of Yaomeng Power Plant for the three years ended 31 December, 2002, 2003 and 2004 respectively.

	As at 31 December,		
	2004	2003	2002
Installed capacity (MW)	1,210	1,210	1,210
Average utilization hours (hours)	6,153	6,133	5,769
Gross generation (MWh)	7,445,028	7,420,400	6,980,058
Net generation (MWh)	6,822,031	6,833,446	6,412,385
Equivalent availability factor (%)	89	90	86
Net generation standard coal consumption rate (grams/kWh)	347	344	348

CHANGSHU POWER PLANT

For the year ended 31 December, 2004, gross generation and net generation increased by 1.0% or approximately 83 million kWh and 1.3% or approximately 96 million kWh respectively. In 2004, average tariff realised (value-added tax excluded) was RMB275.31 per MWh.

The following table sets out certain operating data of Changshu Power Plant for the three years ended 31 December, 2002, 2003 and 2004 respectively.

	As at 31 December,		
	2004	2003	2002
Installed capacity (MW)	1,200	1,200	1,200
Average utilization hours (hours)	6,693	6,624	6,128
Gross generation (MWh)	8,031,130	7,948,366	7,352,970
Net generation (MWh)	7,636,660	7,540,615	6,978,847
Equivalent availability factor (%)	90	91	88
Net generation standard coal consumption rate (grams/kWh)	347	350	350