

# Chairman's Statement



## **To all shareholders,**

The 10th anniversary of the Company in 2004 is witnessed by encouraging records in production, operation and infrastructure, reflecting the rapid growth and increasingly strengthened integral capabilities of the Company.



As at 31st December 2004, consolidated total assets of the Company and its subsidiaries amounted to approximately RMB 49,475 million, an increase of approximately RMB 13,931 million over 2003 (the "Previous Year"). Consolidated operating revenue amounted to approximately RMB 13,584 million, an increase of 36.51% over the Previous Year. Consolidated net profit amounted to approximately RMB 2,293 million, an increase of 26.54% over the Previous Year. Earnings per share was approximately RMB 0.44, an increase of RMB 0.09 per share over the Previous Year. As at 31st December 2004, total installed capacity of the Company and its subsidiaries amounted to 10,410 MW.

In 2004, the Company continued to maintain a high level of safe production with an overall equivalent availability factor of 93.96%. Power generation by the Company and its subsidiaries increased by approximately 35.58% over the Previous Year. Coal consumption was approximately 352.4g/kWh, a decrease of approximately 4.10g/kWh over the Previous Year. Weighted self-consumption rate was approximately 5.98%, a decrease of 0.20 percentage point compared to the Previous Year.

In 2004, China saw a considerable growth in its economy, rapid progress in science and technology development, a faster pace of structural adjustments of its economy, stronger national integral capabilities, burgeoning demand for power supply and, consequently, greater room for development and growth. In 2005, although the imbalance between power supply and demand is expected to ease, the country may continue to see an overall shortage in supply and serious seasonal undersupply may lead to periodic power stoppage in a number of regions. Given the pace of economic growth and the construction period required for power plants, power supply is expected to remain stretched in 2005. However, China will continue to undertake differential approaches for different industries in its macro-economic control measures, under which the development of the power industry

will continue to receive the State's support. Reforms on the power sector are advancing and more market-oriented policies will be promulgated, thereby gradually regulating behaviors in the market.

Growth is always our top priority. In 2005, the Company will seize the unique development opportunities presented to the industry, and will continue to pursue rapid, sustainable growth and unceasing enhancement of our integral capabilities. On the other hand, the Company will emphasize the balance between the pace of growth and the quality and effectiveness of growth, aiming to achieve synchronous growth in operating scale and effectiveness. The Company will be careful in selecting and optimising its projects, controlling construction costs, and preventing investment and operational risks. In short, the Company will work hard to maximise profitability and strengthen its competitiveness and productivity, with a view to providing high-quality and safe power supply to the public and pushing forward a rapid, sustainable development of the Company.

Meanwhile, the Company will continue to count on its investors for their views and opinions and to seek effective communication with its shareholders, so as to achieve high management effectiveness and transparency. We will enhance our efforts in communicating with the market in various forms and in cultivating the Company's influence in the market, in an endeavour to uphold its positive image and to procure a continued growth in shareholder value.

Last but not least, may I express my sincere gratitude to all shareholders, various organisations and friends for their trust and support over the year.

Zhai Ruoyu  
Chairman

28th March 2005





# Operations • Achieving Another High.



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According to forecasts, China will continue to achieve steady economic growth in 2005. Power demand in the Company's service area is expected to grow more than 10%. Tension in power supply provides new business opportunities to the Company and its subsidiaries.

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