



The directors (the "Directors") of China Resources Power Holdings Company Limited (the "Company") have the pleasure in presenting to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Group is to invest, develop, operate and manage large coal-fired power plants in the more affluent regions in China. Particulars of the Company's principal subsidiaries, associates and jointly controlled entity are set out in notes 13, 14 and 15 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 70 and shows the Group's profit for the year ended 31 December 2004. A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 38 to 54 of this Annual Report.

DIVIDENDS

An interim dividend of HK2.5 cents per share was paid on 4 October 2004.

The Board of Directors resolved to recommend the payment of a final dividend of HK6.1 cents per share for the year ended 31 December 2004 to shareholders whose names appear on the Register of Members of the Company on 26 May 2005. The proposed final dividend will be paid on or about 6 June 2005 following approval at the Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$6,127.5 million, mainly representing power generation assets. Details of the movement in property, plant and equipment of the Group and the Company during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements. There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares (the "Shares") during the year.

RESERVES

Distributable reserves of the Company amounted to HK\$380.8 million as at 31 December 2004 (2003: HK\$52.1 million). Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 74 of this Annual Report and note 32 to the financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2004 amounted to HK\$9,059.5 million (2003: HK\$4,288.2 million). Particulars of borrowings are set out in note 28 to the financial statements.



DIRECTORS

The Directors who held office during the year and as at the date of this Annual Report are as follows:

EXECUTIVE DIRECTORS:

Mr. Song Lin	(Chairman)
Mr. Wang Shuai Ting	(Vice Chairman and Chief Executive Officer)
Mr. Shen Zhong Min	(Chief Operation Officer)
Mr. Tang Cheng	
Mr. Zhang Shen Wen	

NON-EXECUTIVE DIRECTORS:

Mr. Ning Gao Ning	(resigned on 30 December 2004)
Mr. Jiang Wei	

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Fong Ching, Eddy
Mr. Anthony H. Adams
Mr. Wu Jing Ru

Mr. Wang Shuai Ting, Mr. Shen Zhong Min, Mr. Tang Cheng and Mr. Zhang Shen Wen have entered into service contracts with the Company on 22 August 2003 for a term of three years.

Other than as disclosed above, as at 31 December 2004, none of the Directors has a service contract with the Company or any subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

In accordance with Article 120 of the Company's Articles of Association, Messrs. Song Lin, Wang Shuai Ting, Shen Zhong Min, Tang Cheng, Zhang Shen Wen, Jiang Wei, Fong Ching, Eddy, Anthony H. Adams and Wu Jing Ru retire and being eligible, offer themselves for re-election in the forthcoming annual general meeting of the Company.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical details of the Directors as at the date of this report are set out on pages 17 to 21 of this Annual Report. Details of Directors' remuneration are provided under note 8 to the financial statements.



SHARE OPTIONS

The Company has two share option schemes, namely the pre-IPO share option scheme and the share option scheme as follows: -

(A) PRE-IPO SHARE OPTION SCHEME

The Company has adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 6 October 2003. The purposes of the Pre-IPO Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies and (b) China Resources (Holdings) Company Limited ("CRH") and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies. The Pre-IPO Share Option Scheme ended on the date on which dealings in the Shares commenced on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (i.e. 12 November 2003), and no further options under the Pre-IPO Share Option Scheme can be granted after that date. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect.

Each option has a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

As at 31 December 2004, a total of 166,205,000 Shares (representing approximately 4.4% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Pre-IPO Share Option Scheme.

The Directors do not consider it to be appropriate to state the value of all share options granted under the Pre-IPO Share Option Scheme, as the generally accepted option value pricing models are applicable to those options which are transferable and options granted under the Pre-IPO Share Option Scheme are not transferable.

Movement of the options under the Pre-IPO Share Option Scheme during the year ended 31 December 2004 is as follows:

Name of Director	Date of grant	Number of options outstanding as at 1 January 2004	Number of options lapsed or cancelled during the year	Number of options exercised during the year ^(Note)	Number of options outstanding as at 31 December 2004	Date of expiry	Exercise price (HK\$)
Song Lin	6 Oct 2003	2,000,000	—	—	2,000,000	5 Oct 2013	2.80
Wang Shuai Ting	6 Oct 2003	4,500,000	—	—	4,500,000	5 Oct 2013	2.80
Shen Zhong Min	6 Oct 2003	3,000,000	—	—	3,000,000	5 Oct 2013	2.80
Tang Cheng	6 Oct 2003	3,000,000	—	—	3,000,000	5 Oct 2013	2.80
Zhang Shen Wen	6 Oct 2003	3,000,000	—	—	3,000,000	5 Oct 2013	2.80
Ning Gao Ning (resigned on 30 December 2004)	6 Oct 2003	1,000,000	—	—	1,000,000	5 Oct 2013	2.80
Jiang Wei	6 Oct 2003	1,000,000	—	—	1,000,000	5 Oct 2013	2.80
Aggregate total of employees	6 Oct 2003	101,575,000	1,000,000	—	100,575,000	5 Oct 2013	2.80
Aggregate total of other participants	6 Oct 2003	48,210,000	—	80,000	48,130,000	5 Oct 2013	2.80
		167,285,000	1,000,000	80,000	166,205,000		

Note: The weighted average closing prices of the Company's shares immediately before the dates on which the options were exercised was HK\$4.26.



SHARE OPTIONS (CONT'D)

(B) SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") has been approved by a resolution in writing of the shareholders of the Company on 6 October 2003. The purposes of the Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies and (b) CRH and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies.

The Board may, at its absolute discretion, offer an option to eligible person to subscribe for the Shares at an exercise price and subject to the other terms of the Share Option Scheme. Upon acceptance of the offer of a grant, the grantee shall pay HK\$1.00 to the Company as nominal consideration for the grant.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 367,000,000 Shares of the Company, being 10% of the total number of Shares in issue immediately prior to the date on which dealings in the Shares commence on the Stock Exchange.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

Options granted have a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

The Share Option Scheme will remain in force for a period of 10 years from 6 October 2003.

On 1 September 2004, in consideration of HK\$1.00 per grant, options to subscribe for an aggregate of 27,900,000 Shares at an exercise price of HK\$4.25 (being the greater of (1) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date the share option was granted, (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant, or (3) the nominal value of the Shares) have been conditionally granted to 84 grantees under the Share Option Scheme.

As at 31 December 2004, a total of 27,900,000 Shares (representing approximately 0.7% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Share Option Scheme.

The Directors do not consider it to be appropriate to state the value of all share options granted under the Share Option Scheme during the year ended 31 December 2004, as the generally accepted option value pricing models are applicable to those options which are transferable and options granted under the Share Option Scheme are not transferable.



SHARE OPTIONS (CONT'D)

(B) SHARE OPTION SCHEME (CONT'D)

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2004 is as follows:

Participants	Date of grant	Number of options granted on 1 September 2004 ^(Note)	Number of options lapsed or cancelled during the year	Number of options outstanding as at 31 December 2004	Date of expiry	Exercise price (HK\$)
Aggregate total of employees	1 Sep 2004	23,600,000	—	23,600,000	30 Aug 2013	4.25
Aggregate total of other participants	1 Sep 2004	4,300,000	—	4,300,000	30 Aug 2013	4.25
		27,900,000	—	27,900,000		

Note: The closing price of the Company's share immediately before the date on which the options were granted was HK\$4.1.



DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2004, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

(A) THE COMPANY

The number of Shares and the outstanding options granted under the Pre-IPO Share Option Scheme in the Company held by the Directors are as follows :

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wang Shuai Ting	Beneficial Owner	350,000	0.009%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options held as at 1 Jan 2004	Number of options granted during the year	Number of options exercised during the year	Number of	Percentage
								options and underlying shares as at 31 Dec 2004	of the issued share capital of the Company
Song Lin	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	2,000,000	—	—	2,000,000	0.053%
Wang Shuai Ting	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	4,500,000	—	—	4,500,000	0.118%
Shen Zhong Min	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	3,000,000	—	—	3,000,000	0.079%
Tang Cheng	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	3,000,000	—	—	3,000,000	0.079%
Zhang Shen Wen	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	3,000,000	—	—	3,000,000	0.079%
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	1,000,000	—	—	1,000,000	0.026%
Jiang Wei	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.80	1,000,000	—	—	1,000,000	0.026%



DIRECTORS' INTERESTS IN SECURITIES (CONT'D)

(B) CHINA RESOURCES ENTERPRISE, LIMITED

China Resources Enterprise, Limited ("CRE"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CRE. The number of shares and the outstanding options in CRE held by the Directors as at 31 December 2004 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of CRE
Song Lin	Family Interest ^(Note)	200,000	0.009%
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	1,630,000	0.077%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options held as at 1 Jan 2004	Number of options granted during the year	Number of options exercised during the year	Number of	Percentage
								options and underlying shares as at 31 Dec 2004	of the issued share capital of CRE
Song Lin	Beneficial Owner	7 Feb 2002	6 Feb 2012	7.17	2,000,000	—	—	2,000,000	0.094%
	Beneficial Owner	14 Jan 2004	13 Jan 2014	9.72	—	2,500,000	—	2,500,000	0.118%
	Family Interest ^(Note)	20 Jun 2000	19 Jun 2010	7.19	200,000	—	—	200,000	0.009%
Wang Shuai Ting	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	450,000	—	—	450,000	0.021%
Tang Cheng	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	80,000	—	—	80,000	0.004%
Zhang Shen Wen	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	50,000	—	—	50,000	0.002%
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	20 Jun 2000	19 Jun 2010	7.19	3,300,000	—	—	3,300,000	0.155%
	Beneficial Owner	7 Feb 2002	6 Feb 2012	7.17	1,200,000	—	—	1,200,000	0.057%
Jiang Wei	Beneficial Owner	8 Mar 2002	7 Mar 2012	7.50	600,000	—	—	600,000	0.028%

Note: The shares in CRE and the outstanding options were held by the spouse of Mr. Song Lin.


DIRECTORS' INTERESTS IN SECURITIES (CONT'D)
(C) CHINA RESOURCES LOGIC LIMITED

China Resources Logic Limited ("CR Logic"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Logic. The number of shares and the outstanding options in CR Logic held by the Directors as at 31 December 2004 are as follows:

Name of Director	Capacity			Number of issued ordinary shares held	Percentage of the issued share capital of CR Logic
Song Lin	Beneficial Owner			3,600,000	0.136%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options held as at 1 Jan 2004	Number of options granted during the year	Number of options exercised during the year	Number of options and underlying shares as at 31 Dec 2004	Percentage of the issued share capital of CR Logic
Song Lin	Beneficial Owner	21 Sep 2000	20 Sep 2010	0.59	6,900,000	—	—	6,900,000	0.261%
	Beneficial Owner	13 Jan 2004	12 Jan 2014	0.906	—	2,000,000	—	2,000,000	0.076%
Wang Shuai Ting	Beneficial Owner	9 Apr 2002	8 Apr 2012	0.82	540,000	—	—	540,000	0.020%
Tang Cheng	Beneficial Owner	9 Apr 2002	8 Apr 2012	0.82	90,000	—	—	90,000	0.003%
Zhang Shen Wen	Beneficial Owner	9 Apr 2002	8 Apr 2012	0.82	60,000	—	—	60,000	0.002%
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	2 Oct 2002	1 Oct 2012	0.57	2,000,000	—	—	2,000,000	0.076%
	Beneficial Owner	9 Apr 2003	8 Apr 2013	0.479	1,000,000	—	—	1,000,000	0.038%
Jiang Wei	Beneficial Owner	9 Apr 2002	8 Apr 2012	0.82	720,000	—	—	720,000	0.027%



DIRECTORS' INTERESTS IN SECURITIES (CONT'D)

(D) CHINA RESOURCES LAND LIMITED

China Resources Land Limited ("CR Land"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Land. The number of outstanding options in CR Land held by the Directors as at 31 December 2004 are as follows:

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options held as at 1 Jan 2004	Number of options granted during the year	Number of options exercised during the year	Number of options and underlying shares as at 31 Dec 2004	Percentage of the issued share capital of CR Land
Wang Shuai Ting	Beneficial Owner	4 Mar 2002	31 Jan 2012	1.59	540,000	—	—	540,000	0.036%
Tang Cheng	Beneficial Owner	4 Mar 2002	31 Jan 2012	1.59	100,000	—	—	100,000	0.007%
Zhang Shen Wen	Beneficial Owner	4 Mar 2002	31 Jan 2012	1.59	60,000	—	—	60,000	0.004%
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	27 Jun 1997	27 May 2007	4.592	2,500,000	—	—	2,500,000	0.166%
	Beneficial Owner	20 Jul 2000	27 May 2007	0.99	2,500,000	—	—	2,500,000	0.166%
Jiang Wei	Beneficial Owner	4 Mar 2002	3 Mar 2012	1.59	720,000	—	—	720,000	0.048%

(E) CHINA RESOURCES CEMENT HOLDINGS LIMITED

China Resources Cement Holdings Limited ("CR Cement"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Cement. During the year, no options were granted. The number of shares in CR Cement held by the Directors as at 31 December 2004 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of CR Cement
Ning Gao Ning (resigned on 30 December 2004)	Beneficial Owner	163,000	0.045%

ARRANGEMENT FOR DIRECTOR TO ACQUIRE SHARES

Other than disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates, of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.



CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

In addition there was no contract of significance between the Company and its controlling shareholder (or its subsidiaries) (if any) and there was no contract of significance for the provision of services to the Company by its controlling shareholder (or its subsidiaries) (if any) subsisting during the year.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2004, the Directors are not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests in Securities" above) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register of kept pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	No. of Shares held	Approximate % of shareholding
CRH	Beneficial owner	2,750,000,000	72.2%
CRC Bluesky Limited	Interest of a controlled corporation	2,750,000,000	72.2%
China Resources Co., Limited ("CRL")	Interest of a controlled corporation	2,750,000,000	72.2%
China Resources National Corporation ("CRNC")	Interest of a controlled corporation	2,750,000,000	72.2%

Note:

CRH is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRL, which is in turn held as to 99.98% by CRNC. Each of CRNC, CRL and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the share capital of the Company as those of CRH.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

- (a) On 21 August 2003, a rental agreement was entered into between China Resources Property Management Co., Ltd. (the "Lessor"), a wholly-owned subsidiary of CRH and the Company in respect of Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The term of such rental agreement is 2 years commencing from 20 September 2003 to 19 September 2005 at a monthly rent of HK\$46,410 exclusive of rates, management fee and air-conditioning fee. The total leasable area of the premises is 3,094 square feet. The total rent payable per annum is HK\$556,920.



CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONT'D)

- (b) On 19 March 2003, a rental agreement was entered into between the Lessor and the Company in respect of Rooms 3203-3204, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The term of such rental agreement is two years commencing from 1 April 2003 to 31 March 2005 at a monthly rent of HK\$50,192 exclusive of rates, management fee and air-conditioning fee. The total leasable area of the premises is 3,137 square feet. The total rent payable per annum is HK\$602,304. Half of all the rights, interests, liabilities and obligations of the Company under this rental agreement were assigned to Resources Shajiao C Investments Limited, a subsidiary of the Company, pursuant to a novation agreement dated 17 October 2003. The rental agreement due on 31 March 2005.
- (c) The Company entered into three management agreement dated 17 October 2003 in respect of the management of the power plant project companies held by CRH and CRNC, respectively. The first management agreement relates to CRH entrusting the Company to manage CRH's 17.615% and 48% interests in Sichuan Shurun Electric Development Company Limited and Dongguan Houjie Power Company Limited, respectively, for a term of one year in return for a fixed service fee of HK\$600,000 in aggregate per annum. This management agreement due on 16 October 2005. Another management agreement relates to CRH entrusting the Company to manage CRH's 65% and 55% interests in Yunnan China Resources Power (Honghe) Company Limited and Fuyang China Resources Power Company Limited, respectively, for a term of three years in return for a fixed service fee of HK\$2,000,000 in aggregate per annum. The last management agreement relates to CRNC entrusting the Company to manage CRNC's 25% interest in Hengshui Hengxing Power Generation Company Limited ("Hengfeng Phase II") for a term of one year in return for a fixed service fee of HK\$300,000 per annum. This management agreement due on 16 October 2005. All management agreements grant to the Company a right of renewal subject to the agreement of the parties in respect of the service fees thereunder.
- (d) A deed of option dated 17 October 2003 was executed by CRNC in favour the Company, under which the Company was granted an option, in consideration of a nominal amount of HK\$1.00, to acquire all of CRNC's interest in 25% of the entire registered capital of Hengfeng Phase II. The Company exercised its right of acquisition on 30 August 2004. The consideration was RMB65,000,000, being the amount equal to the net book value of Hengfeng Phase II on the same day as determined by an independent valuer. The acquisition was completed in January 2005.



CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS (CONT'D)

The independent non-executive directors have confirmed that the above connected transactions and continuing connected transactions:

- (i) have been entered into in the ordinary course of its business;
- (ii) had been entered into either:
 - (a) on normal commercial terms; or
 - (b) where there was no available comparison to judge whether they are on normal commercial terms, on terms no less favourable than those available to or from independent third parties; and
- (iii) had been entered into on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned, and in accordance with the terms of the agreement governing such transactions.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2004.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five highest suppliers together accounted for 30.20% of the Group's total purchases during the year. The five highest suppliers are 鄭州煤炭工業集團有限責任公司 (Zhengzhou Coal Industry Group Co., Ltd.) (9.49%), 類底經建貿易有限公司 (Leidi Jingjian Trading Co., Ltd.) (5.69%), 資興礦業集團有限責任公司 (Zixing Mining Group Co., Ltd.) (5.66%), 河南登封陽城集團有限公司 (Henan Dengfeng Yangcheng Group Co., Ltd.) (4.85%), and 鄭州新登集團新登煤業有限公司 (Zhengzhou Xindeng Group Xindeng Coal Co., Ltd.) (4.51%). To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders who owns more than 5% of the Company's issued share capital had any interest in any of the Group's top five suppliers.

Sales to the Group's five highest customers together accounted for almost all of the Group's total turnover during the year. The five highest customers are 廣東省廣電集團公司 (Guangdong Guangdian Group Company) (65.17%), 河南省電力公司 (Henan Provincial Power Company) (18.31%), 湖北省電力公司 (Hubei Provincial Power Company) (12.03%), 河南省電網洛陽供電局 (Henan Provincial Company Luoyang Bureau) (4.46%), and 偃師市煤氣熱力公司 (Yanshi City Gas & Heat Company) (0.02%). To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders who owns more than 5% of the Company's issued share capital interest in the Group's top five suppliers.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.



CORPORATE GOVERNANCE

We are committed to maintaining a high standard of corporate governance. For details, please refer to the Corporate Governance Report on pages 22 to 33 in this Annual Report.

The financial statements have been reviewed by the Audit Committee. All of its members are appointed from the independent non-executive Directors, with the Chairman having appropriate professional qualifications and experience in financial matters.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), which was in force prior to 1 January 2005.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

POST BALANCE SHEET EVENTS

Details of significant events occurred after the balance sheet date are set out in note 38 to the financial statements.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board

Song Lin
Chairman

Hong Kong, 20 April 2005