



Expanding Our Financing Channels to
Support Long-term Developments

Investor Relations



INVESTOR RELATIONS

As a result of the substantial increase in coal prices in China since the fourth quarter of 2004 which brought about a significant pressure on the Company's production and generation, the Company also faced new challenges relating to information disclosure and investor relations. The workload and difficulties regarding information disclosure, communication with and explanation to investors increased remarkably.

In 2005, the Company disclosed the Company's information in a precise and timely manner through various channels in order to ensure that the information disclosure and the publicity met the regulatory requirements of the jurisdictions in which the Company's shares are listed, to enable the investors to have an objective and comprehensive understanding of the Company and the power industry, and to safeguard and enhance the Company's reputation and image in the capital market. During the year, the Company dispatched scores of press releases, and held more than a hundred "one-to-one" meetings with domestic and overseas investors through roadshows and conferences. The Company has also organized overseas investors to visit power plants and to engage in direct communication with the management of the power plants. During the year, the Company was awarded "The Best Large Company in Investor Relations among PRC A-Share Companies" by the first China IR Annual Conference held by *Securities Market Magazine of China*.

NOTICE TO SHAREHOLDERS

Dividend

The Board resolved to propose for the year ended 31st December 2005 a cash dividend of Rmb 0.25 per ordinary share.

Cash dividends will be denominated and declared in Renminbi. Cash dividends on domestic shares will be paid in Renminbi. Save for the dividends on foreign shares traded on the Hong Kong Stock Exchange which will be paid in Hong Kong dollars, cash dividends on foreign shares will be paid in US dollars. Exchange rates for dividends paid in US dollars and Hong Kong dollars are USD1 to Rmb 8.0317 and HK\$1 to Rmb 1.03505 respectively.

All the cash dividends will be paid to shareholders on or before 30th June 2006, subject to approval at the annual general meeting of the Company.

Annual General Meeting and Close of Register

Details regarding the book closure period of H Share register, record date and date for convening annual general meeting will be set out in the notice of annual general meeting to be issued by the Company in due course.



QUESTIONS AND ANSWERS WITH INVESTORS

- What were the factors that affected the fulfilment rate of major coal contracts in 2005?
 - (a) The impact of differential prices. Throughout the whole year of 2005, the prices quoted by the market for raw coal which the Company purchased were higher by an average of RMB84.24 per tonne when compared to our major contracts for similar products, accounting for 20% to 25% of the quoted prices for raw coal.
 - (b) The impact of transportation capacity. Although there had been an increase in transportation capacity for railway and marine transportation as compared to 2004, the transportation capacity for railways at Shitai, Taijiao, Longhai and Jingguang remained tight, thereby impacting on the fulfilment rate of certain major contracts.
 - (c) The impact of supply capability. The production capabilities of some of the suppliers did not correspond with their obligations to supply under the terms of contracts. This impacted on the fulfilment of actual supply.
- In view of an expected decrease in utilization hours for the next two years, how will the Company ensure a reliable inflow of income?
 - (a) To enhance market analysis and forecasting work; to upgrade the timeliness, accuracy and completeness of collected information; and to grasp the market pulse in a timely manner under the increasingly competitive market environment.
 - (b) To research on the operation modes of power grid and the operation situation of power plants, and to grasp all opportunities striving for developing the power market.
 - (c) Pinpointing on the change from a tight supply to a relative supply-demand balance and the distinguishing feature of power shortage in certain regions or for particular timeframes, to focus on the fundamental work such as planning on the annual generation volume for each of the regions, and committing contracts on sales of electricity and on electricity transmission adjustments among power grids.
 - (d) To reinforce market risk analysis, to formulate strategies on enhancing supply and sales that are beneficial to the Company and to strive for increasing the utilization hours of the generating units.
 - (e) To actively participate in the development of regional power markets and to diligently research on market mechanisms. Likewise, to reinforce the co-operation among power plants of the Company within the same market; to organize concisely and to quote prices using scientific methods for maximizing the benefits of the Company as a whole.



(f) To closely follow and analyze the policy for power tariffs; to carry out power tariff work with emphasis and focus so as to increase the overall sales of electricity.

- **How does the Company strike a balance between protecting the interests of shareholders and working with the government's policy on investing in more costly environmental projects?**

To abide by the laws has consistently been the principle of the Company in undertaking any project construction. All construction projects of the Company are in compliance with the State's production and environmental policies.

The State's policy to intensify efforts on environmental protection is beneficial to the society and in accordance with the sustainable development strategy, thereby guaranteeing the shareholders' long-term benefits. The Company gives its full support to the policy.

The Company will make concrete analysis on specific projects, and adopt measures for effective environmental protection. This will not be only for satisfying the State's environmental protection requirements for electricity-related projects, but also for preserving the interests of its shareholders.

- **How does the Company arrive at its contemplated return on investment in relation to power plants under proposed acquisitions or power plants under construction?**

The purpose of an acquisition by the Company is to further enhance the advantage of economies of scale, thereby increasing market share and enhancing competitive strengths. Based on these criteria, the Company will choose and assess projects based on whether the acquired projects are commercially feasible and on their abilities to enhance shareholder value:

- in the short run, the acquired projects should bring an increase in earnings per share for shareholders; and
- in the long run, the acquired projects should provide guaranteed growth in profits of the Company in a continuous and reliable manner.