

ENVIRONMENTAL PROTECTION

The Company has put a lot of efforts in environmental protection and waste treatment to ensure that we meet the national and regional environmental standards on various waste disposal indicators. Our measures include the following:

Various measures are implemented to control the emission of dust and sulphur dioxide, such as using high-efficiency electrostatic dust collectors to reduce dust emission; using coal with low sulphide level, applying smoke desulphurization technology and low nitrogen emission combustion devices to reduce the emission of sulphur dioxide and nitrogen oxides; equipping waste water treatment facilities in all power plants to treat and dispose waste water according to environmental standards; putting strong emphasis on developing dust and residue re-use projects by utilizing 70% of the coal residue remained after burning to manufacture brick and other materials. We have also constructed special dust and residue collection sites to prevent them from polluting the environment.

Since 2002, based on the PRC Atmospheric Pollution Prevention Law, local governments started to regulate the emission of carbon dioxide by charging emission fees in terms of the actual emission amounts instead of the emission amounts above a certain level. In 2003, in relation to waste disposal fees, the government published the "Regulations on Collection and Usage of Waste Disposal Fees" and the "Guidelines on the Charging Standards of waste Disposal Fees". Starting from 1st July 2003, all coal-fired power plants have to pay a waste disposal fee according to its emission of ash, waste water, solid waste

and noise level exceeding the standard, with the fee gradually increasing in the next three years and various waste disposal calculation methods being formulated: the waste gas emission fee is calculated with reference to the type and amount of waste gas produced, which is then translated into a pollution equivalent unit by which the government charges Rmb 0.6 for each pollution equivalent unit; the waste water disposal fee is calculated with reference to the type and amount of waste water produced, which is then translated into a pollution equivalent unit by which the government charges Rmb 0.7 for each unit. For sulphur dioxide, the disposal fee for one pollution equivalent unit is Rmb 0.21 in the first year (starting from 1st July 2003), Rmb 0.42 in the second year (starting from 1st July 2004), and Rmb 0.63 in the third year (starting from 1st July 2005), reaching the same standard as other atmospheric pollutants. For nitrogen oxides, there was no charge before 1st July 2004, and starting from 1st July 2004, each pollution equivalent unit was charged Rmb 0.63.

The Company believes that it has already implemented enough measures to control the pollution generated by the Company's facilities. Besides the above measures, all operating power plants have their own environmental protection office or specialist to monitor and operate the environmental protection facilities. The environmental protection departments of local governments monitor the amount of waste disposed by the Company and calculates waste disposal fees according to the monitoring results.

The Company believes the environmental policy and facilities of its operating power plants and construction projects meet the current requirements of the laws and regulations prescribed by the national and local governments.



CONTRIBUTION TO SOCIETY

In 2005, the Company and its staff have been engaged in charity donations (including money and goods), Helping the Poor donations (including money and goods) and Project Hope donations (including money and goods). The Company also organized its employees to engage in voluntary tree-planting activities, Helping the Poor activities and Project Hope activities, trying its best and fulfilling its duty to help people living in poor and rural areas of China.