

It is expected that the PRC's economy will continue to grow steadily in 2007 and the electricity consumption will continue to have a rapid increase. The rapid surge in the demand of electricity will bring opportunities to the Group to expand its power generation capacity.

In 2006, the acquisition of 25% equity interest in Shanghai Power by the Group established a new platform for the Group's further expansion in Eastern China power market, enlarged the Group's profit base and strengthened the Group's ability for risk management and sustainable development.

The Group will continue to strengthen the construction of new power plants so as to ensure the quality, commissioning and costs are in line with the schedule, and to guarantee that the two power generation units with highly efficient, large scale and low energy consumption in Pingwei Power Plant II will commence commercial operation, so as to strive for the further enhancement of electricity generation and income level.

The further rise in on-grid tariff approved by the NDRC in 2006 will be fully implemented in 2007, so that the Group and its associated companies will enjoy reasonable compensation on higher fuel costs.

The Group will closely monitor the changes in the power market and be responsive to future competitions in the regional markets.

The Group will continue to attain business expansion and explore suitable investment opportunities, so as to increase profitability and value for the shareholders.

The Group will continue to focus on environmental protection and social welfare in order to actively fulfil social responsibility and to show good corporate image.

The Group will actively cultivate the corporate culture characterised as "Still water runs deep" and endeavor to build up a harmonious organization.

The key objectives of the Group for 2007 are as follows:

1. To implement the scientific and effective strategic management system, ensure the implementation of strategies, speed up mergers and acquisitions and the construction of new power plants so as to achieve sustainable, healthy and rapid development.
2. To strengthen safety production management, upgrade the operation quality of our equipments to generate power as much as possible.
3. To restructure management process and strengthen fuel procurement management so as to ensure a stable coal supply.
4. To initiate various activities in the "Year of Refined Management," strengthen our existing inventory management, improve operational efficiency and profitability so as to enhance shareholder value.
5. To reinforce people-oriented policy by enhancing staff training and performance assessment so as to build up a great team.