



Cao Peixi
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

I hereby present the annual results of the Group for the year ended 31 December 2006. During the year, despite the keen competition and various unfavourable factors, the Company, under the support of the government and shareholders as well as the concerted efforts and diligence of the management and our staff, accomplished various predetermined targets for the year.

Electricity generation of the Group during the year ended 31 December 2006 amounted to 52.53 million MWh, representing an increase of approximately 12.20% over 2005. Operating turnover for the year amounted to approximately RMB15,131 million, representing an increase of approximately 13.76% over 2005. The Group's profits attributable to equity shareholders amounted to approximately RMB1,201 million, representing an increase of approximately 12.64% over 2005. Earnings per share were RMB0.199. The Board recommended the payment of a final dividend of RMB0.062 per share for the financial year ended 31 December 2006.

As a further step in light of its nationwide development strategy following the acquisition of 97% equity interests in Suzhou Company and 90% equity interests in Xinxiang Company held by its controlling shareholder China Huadian in 2005, the Group entered into share transfer agreements with China Huadian in 2006 to acquire 95% equity interests in Wuhu Company. Such transactions laid a solid foundation for the Company's rapid development as a national independent power producer.

In accordance with relevant requirements of the securities regulatory authorities of the PRC and the government, the Company's share reform in the A shares market kicked off in June 2006 and was completed in August 2006.

To increase the rate of return for shareholders and strengthen its core competitiveness, the Group has been continuously exploring new opportunities for development of electricity business throughout the country, with a view to maintaining its position as one of the largest and most competitive listed power producers in China. The Group's projects under construction and under development are in smooth progress. To date, the Group's projects under construction include the second 1,000MW generating unit of Zouxian Plant Phase IV expansion project, the second 670MW generating unit of Weifang Company Phase II expansion project, the second 600MW generating unit of Guangan Company Phase III expansion project, two 600MW generating units of Lingwu Company, two 600MW generating units of Suzhou Company Phase I project, two 660MW generating units of Xinxiang Company Phase I project, two 600MW generating units of Wuhu Company, two 600MW generating units of Luzhou Company, Anhui Suzhou Straw-fried Thermal Power Plant project with a planned capacity of 50MW ("Suzhou Straw-fried Power Project") and wind power project of Ningdong Wind Power Company with a planned capacity of 45MW.

In addition to developing thermal power, the Group further strengthens the development of Luding Hydropower Company for earlier approval by the State while actively seeking to obtain the development rights for other hydropower projects along the Daduhe river basin and new hydropower resources. In respect of wind power, the Group has obtained the development rights for Jiangsu Binhai and Qingdao Jimo wind power projects. In December 2006, the 45MW Ningdong Wind Power Phase I project was approved by Ningxia Hui Autonomous Region Development and Reform Commission. As for biomass energy power generation, the Company modified the boiler burner of unit No. 5 of Shiliquan Plant by application of the renewable energy utilisation techniques - straw combustion techniques in 2005, which has brought satisfying economic benefit. Meanwhile, the Suzhou Straw-fried Power Project with planned capacity of 50MW was approved by the National Development and Reform Commission in August 2006.

During the past year, the Group's achievement in its operating results was attributable to the unremitting efforts devoted by its staff as well as the support of local governments and shareholders. I hereby express my heartfelt thanks to them. In future operation and development, the Company will strive to keep up with its efforts to create more promising results to render satisfactory return to shareholders.

Cao Peixi
Chairman

Beijing, the PRC
23 March, 2007