



華潤電力控股有限公司

China Resources Power Holdings Co., Ltd.

2004 Interim Report





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Note: Unless otherwise defined in this interim report, terms defined in the prospectus of China Resources Power Holdings Company Limited dated 3 November 2003 have the same meanings when used in this interim report.

PERFORMANCE HIGHLIGHTS



	For the six months ended	
	June 2004	June 2003
	MWh	MWh
Generation volume of operating power plants		
Total gross generation volume	15,199,668	11,433,688
Total net generation volume	14,311,182	10,763,699
	For the six months ended	
	June 2004	June 2003
	HK Cents	HK Cents
Earnings per share		
Basic	16.66	7.52
Diluted	16.44	N/A
	For the six months ended	
	June 2004	June 2003
	HK\$'000	HK\$'000
Performance for the period		
Turnover	609,076	—
Net profit	634,307	206,741
	As at	
	June 2004	As at
	HK\$'000	December 2003
		HK\$'000
Balance at the period end		
Shareholders' equity	9,575,700	8,944,653
Total assets	17,841,334	14,994,306
Bank balances, cash and pledged bank deposits	3,238,691	3,735,146
Bank and other borrowings	6,321,182	4,288,160
	As at	
	June 2004	As at
		December 2003
Key financial ratios		
Current ratio (times)	0.98	1.41
Quick ratio (times)	0.96	1.41
Net debt to equity (%)	32.20	6.20
EBITDA interest coverage (times)	7.68	7.88



On behalf of China Resources Power Holdings Company Limited (the "Company"), I am pleased to present our financial results for the interim period ended 30 June 2004. For the first six months of 2004, the Company's net profit increased by 206.8% to HK\$634.3 million compared with the same period in 2003. The Company managed to achieve business targets and create solid value for our shareholders through effective execution of our "low cost strategy".

REVIEW ON THE OPERATING RESULTS FOR THE FIRST HALF OF 2004

During the first half of 2004, rapid economic growth of the People's Republic of China (the "PRC") continued to drive the electricity demand growth. During the same period, total electricity consumption in the PRC increased by 15.8%. With respect to our service areas, including Central China, Southern China and the Beijing-Tianjin-Tangshan area, growth was even faster. Under the market environment characterised by strong demand, together with the increase in our attributable installed generation capacity, net generation by the Company during the interim period was 14,311,182MWh, representing a year-on-year growth of 33.0%. Excluding the contribution by the new generation units, net generation increased by 14.5% to 12,321,418MWh, compared with the same period last year.

During the first half of the year, 99% of our total net generation was derived from our plants in Eastern China, Southern China and the Beijing-Tianjin-Tangshan area. Net generation by our power plants in Eastern China increased by 17.3% compared with the same period last year. This was attributable to the increase in utilisation hours for Xuzhou Power Plant and Wenzhou Telluride Phase II as well as the commissioning of the first generation unit of Xuzhou Phase II. Net generation by our power plants in Southern China registered 48.6% year-on-year growth compared with the same period last year. This was mainly due to the increase in utilisation hours of Shajiao C Power Plant as well as the commissioning of two generation units of Liyujiang Power Plant in the second half of 2003. With regard to our power plants in the Beijing-Tianjin-Tangshan area, net generation posted a year-on-year growth of 6.0%, driven by the increase in utilisation hours of Hengfeng Power Plant. In addition, approximately 1% of total net generation was recorded in Central China as the two generation units of Luoyang Power Plant was commissioned in February and April 2004 respectively. It is expected that, with the commercial operations of power plants in Henan Province (2 x 300MW generation units of Dengfeng Power Plant) and Hubei Province (2 x 300MW generation units of Puqi Power Plant) commence successively in the second half of the year, our net generation in Central China will further increase.

Apart from adding new capacity and increasing utilisation hours of generation units, we endeavour to reduce fuel costs and shorten the construction time in a bid to enhance profitability.

Although coal prices have been augmenting, we managed to control our unit fuel cost increase. At the beginning of the year, we contracted 80-90% of our total coal demand for the year during the Annual Coal Conference. By leveraging on our long-term relationship with coal suppliers, as well as taking a series of proactive measures, such as mixing coal of different grades, we successfully contained our unit coal cost increase within 6% compared with the average of 2003.

We also seek to reduce costs by shortening the construction period. As at to date, the construction time for our new generation units has been shorter than the industry average in the PRC. The construction of the first generation unit of Xuzhou Phase II which commenced operation in June 2004, took 15.5 months, approximately six months ahead of the average construction time for similar generation units in the industry. Commissioning of new generation units ahead of schedule helped reduce the interest expenses capitalised during the construction period.



So far the progress and quality of all our projects under construction have been in line with our expectations. Having adhered to the principles of being "safe", "reliable", "economical" and "practical", we managed to reduce our construction costs without compromising with construction quality. In July 2004, the first 300MW generation unit of Dengfeng Power Plant and the first 300MW generation unit of Puqi Power Plant successively completed 168 hours' full-load trial run and commenced commercial operation earlier than scheduled.

OUTLOOK FOR THE SECOND HALF OF 2004

The economy of China is projected to sustain rapid growth for the second half of 2004, which will result in strong electricity demand. Since the shortage problem of electricity supply could be worsening, the utilisation rates of our generation units should sustain at a very high level. Coal prices should stay at high levels, adding upward pressure to our fuel cost. In the second half of 2004, the Company will adopt various measures in order to maximise shareholders' value.

- (1) To ensure availability of our generation units and therefore to raise utilisation rates. Through ensuring that our generation units are well maintained and operate in safe and steady conditions, we will benefit from the market demand for electricity in our service areas.
- (2) To complete the construction of new generation units on or ahead of schedule. During the fourth quarter of this year, the second 300MW generation unit of Xuzhou Phase II, the second 300MW generation unit of Dengfeng Power Plant and the second 300MW generation unit of Puqi Power Plant will successively commence commercial operation, raising our attributable operating installed capacity further. We could create additional shareholders' value through completing construction for these new generation units ahead of schedule.
- (3) To control coal costs. We will devote our best efforts to reducing our fuel cost through centralising coal purchases, mixing coal of different grades and lowering our coal consumption per unit of generation. At the same time, forming strategic alliances with coal suppliers is one of the options that we will consider in order to ensure stable supply of coal and contain our costs.
- (4) To enhance our strategy execution capability using various management tools such as benchmarking scheme and balanced scorecard. The overall strategic goals of the Company will be split into various performance targets for various departments and project companies. Performance of each department and project company is evaluated in respect of the percentage of target achieved. This will ensure various departments and project companies implementing the same strategy as the holding company.
- (5) To identify appropriate power generation projects for investment in target markets that suit our development strategy. This will warrant high growth rate of our installed generation capacity.
- (6) To strengthen our corporate governance in accordance with the international corporate governance best practices. We will further improve our communication with investors and analysts in order to enhance the transparency of the Company.



APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the staff for their efforts in accomplishing the long-term goals of the Company. We believe that a professional team with scrupulous and cooperative spirit is the most valuable asset to the Company, an indispensable part of creating our core competitiveness.

China Resources Power Holdings Company Limited

Song Lin

Chairman

30 August 2004



OVERVIEW

Total electricity consumption in the PRC grew by approximately 15.8% in the first half of 2004. Out of 31 provinces in China, a total of 22 provinces had encountered electricity consumption restrictions in the first half of 2004 due to the shortage of electricity supply.

GROWTH OF GENERATION CAPACITY

As at 30 June 2004, we have seven power plants in commercial operations which give us an attributable installed generation capacity of 1,701MW and six power plants under construction with an attributable installed generation capacity of 2,737MW. As a comparison, our attributable installed generation capacities of power plants in commercial operations were 1,043MW and 1,545MW, respectively as at 30 June 2003 and 31 December 2003.

Our attributable operational generation capacity increased by 658MW or 63.1% from 1,043MW as at 30 June 2003 to 1,701MW as at 30 June 2004, mainly due to:

- commencement of commercial operations of unit 1 and unit 2 of Liyujiang Phase II in July and September 2003, respectively;
- acquisition of a 35% equity interest in China Resources (Xuzhou) Electric Power Co., Ltd. ("CR Xuzhou") from our controlling shareholder, China Resources (Holdings) Company Limited ("CRH"), in September 2003;
- commencement of commercial operations of unit 1 and unit 2 of Luoyang Power Plant in February and April 2004, respectively; and
- commencement of commercial operation of unit 1 of Xuzhou Phase II in June 2004.

During the first half of 2004, Luoyang Power Plant, which is held by China Resources (Luoyang) Thermal Power Co., Ltd. ("CR Luoyang"), commenced commercial operation. CR Luoyang is 51% owned by the Company. The power plant comprises two 50MW circulating fluidised bed combustion units generating electricity as well as heat.

In June 2004, the first unit of Xuzhou Phase II, which is held by CR Xuzhou, commenced commercial operation. CR Xuzhou is 35% owned by the Company. Comprised of two 300MW coal-fired generation units, Xuzhou Phase II began its construction on 28 February 2003. The first generation unit of Xuzhou Phase II completed a 168 hours' full loading trial operation and commenced commercial operation on 11 June 2004.



INCREASE IN GENERATION VOLUME

The total gross generation volume of our seven operating power plants in the first half of 2004 amounted to 15,199,668MWh, representing an increase of 32.9% compared to 11,433,688MWh in the first half of 2003. The total net generation volume of our seven operating power plants in the first half of 2004 amounted to 14,311,182MWh, representing an increase of 33.0% compared to 10,763,699MWh in the first half of 2003.

The following tables set out the gross and net generation volume for the operating power plants for the six months ended 30 June 2003 and 2004, respectively:

Gross Generation Volume

	For the six months ended		Increase %
	30 June 2004 MWh	30 June 2003 MWh	
Shajiao C Power Plant	7,021,752	6,036,556	16.3
Xuzhou Power Plant	1,795,768	1,702,924	5.5
Xuzhou Phase II	85,350	N/A	N/A
Hengfeng Power Plant	1,818,710	1,716,410	6.0
Wenzhou Telluride Phase II	2,435,820	1,977,798	23.2
Liyujiang Phase II	1,923,890	N/A	N/A
Luoyang Power Plant	118,378	N/A	N/A
	15,199,668	11,433,688	32.9

Net Generation Volume

	For the six months ended		Increase %
	30 June 2004 MWh	30 June 2003 MWh	
Shajiao C Power Plant	6,571,414	5,637,295	16.6
Xuzhou Power Plant	1,701,561	1,616,505	5.3
Xuzhou Phase II	81,150	N/A	N/A
Hengfeng Power Plant	1,720,930	1,623,360	6.0
Wenzhou Telluride Phase II	2,327,513	1,886,539	23.4
Liyujiang Phase II	1,804,745	N/A	N/A
Luoyang Power Plant	103,869	N/A	N/A
	14,311,182	10,763,699	33.0



Gross Utilisation Hours

	For the six months ended		Increase %
	30 June 2004 Hours	30 June 2003 Hours	
Shajiao C Power Plant	3,546	3,049	16.3
Xuzhou Power Plant	2,993	2,838	5.5
Xuzhou Phase II	285	N/A	N/A
Hengfeng Power Plant	3,031	2,861	6.0
Wenzhou Telluride Phase II	4,060	3,296	23.2
Liyujiang Phase II	3,206	N/A	N/A
Luoyang Power Plant	1,184	N/A	N/A

The increase in gross and net generation volume is primarily due to the following reasons:

- growth of attributable operational generation capacity from 1,043MW as at 30 June 2003 to 1,701MW as at 30 June 2004; and
- demand for electricity in our service areas increased significantly in the first half of 2004. Liyujiang Phase II, Luoyang Power Plant and Xuzhou Phase II excluded, the net generation volume for the remaining four power plants amounted to 12,321,418MWh, representing a 14.5% increase over a net generation volume of 10,763,699MWh for the first half of 2003. All of our operating power plants recorded higher utilisation hours in the first half of 2004.

STABLE AND RELIABLE POWER SUPPLY

Whilst our primary mission is to maximise our shareholders' value, we believe this target can only be achieved if we can provide the power grids and the community with safe, reliable, economical and stable electricity supply. This is important especially when the demand for electricity in the service areas where our power plants are located exceeds supply. Our operating power plants are regularly maintained and periodical overhauls are scheduled in order to ensure safety and efficiency of our electricity supply, which we believe in turn will enable us to optimise our operation efficiency and maximise our profitability.

The Group currently has six power plants under construction. In addition, we also manage the construction of three additional power plants on behalf of our controlling shareholder, CRH and its affiliated entities. For all of our projects under construction, we have not encountered any safety-related issues.



USE OF NET PROCEEDS FROM THE IPO

The net proceeds of the IPO (after deduction of underwriting fees and expenses) amounted to approximately HK\$2,855 million.

As stated in our 2003 Annual Report, for the year ended 31 December 2003, total net proceeds invested in power plants under construction amounted to approximately HK\$538.02 million, in the form of equity contribution by the Company in Puqi Power Plant, Jiaozuo Thermal Power Plant and Changshu Power Plant.

For the six months ended 30 June 2004, the Company further invested approximately HK\$932.05 million in power plants under construction.

The table below sets out the details of the use of proceeds for the six months ended 30 June 2004:

	(HK\$ million)
Tangshan Thermal II	30.51
Jiaozuo Thermal Power Plant	60.23
Puqi Power Plant	271.44
Dengfeng Power Plant	163.80
Changshu Power Plant	406.07
Total	932.05

We invest the remaining unused net proceeds in short-term bank deposits.

PROSPECTS FOR SECOND HALF OF 2004

We believe the PRC economy will continue to grow at a steady rate in the second half of 2004 and demand for electricity will continue to grow nationwide. We also expect that in our service areas where our power plants are located, demand for electricity will continue to exceed supply in the second half of the year. At the same time, prices of coal are likely to continue to remain at high levels.

One of our important missions for 2004 is to ensure all projects under construction will be completed and commence commercial operations on or before the target completion dates, with all of them achieving or exceeding our requisite quality standards.

The first unit of each of Dengfeng Power Plant and Puqi Power Plant commenced commercial operations on 17 July 2004 and 27 July 2004, respectively, both ahead of schedule.

In addition to completing the construction of power plants on schedule, we will continue to identify and develop new projects in our targeted markets to ensure the Group can maintain a high growth rate in the future.

For operational power plants, we will continue to monitor the coal price movement in the PRC market and endeavour to control our unit fuel costs. We will explore to establish long-term strategic relationships with large coal suppliers in the PRC in order to secure coal supply for our power plants on a long-term basis and at competitive costs.



OPERATING RESULTS

The results for each of the two six-month periods ended 30 June 2003 and 2004 reviewed by the auditors and the audit committee of the Company are as follows:

Condensed Consolidated Income Statement For the Six Months Ended 30 June 2003 and 2004

	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Turnover	609,076	—
Operating expenses		
Fuel	(274,186)	—
Repairs and maintenance	(4,387)	—
Depreciation and amortisation	(53,524)	(3,217)
Others	(69,849)	(22,660)
Total operating expenses	(401,946)	(25,877)
Other operating income	9,461	2,656
Profit (loss) from operations	216,591	(23,221)
Finance costs	(43,987)	—
Share of results of associates	537,191	343,693
Share of result of jointly controlled entity	207,486	—
Amortisation of goodwill of associates	(13,206)	(14,912)
Release of negative goodwill of associates	1,853	758
Profit before taxation	905,928	306,318
Taxation	(126,545)	(70,008)
Profit before minority interests	779,383	236,310
Minority interests	(145,076)	(29,569)
Net profit for the period	634,307	206,741
Interim dividend per share	2.50 cents	—
Earnings per share		
- basic	16.66 cents	7.52 cents
- diluted	16.44 cents	N/A


Condensed Consolidated Balance Sheet
At 30 June 2004

	30 June 2004 HK\$'000 (unaudited)	31 December 2003 HK\$'000 (audited)
Non-current assets		
Property, plant and equipment	9,153,307	6,138,496
Interests in associates	3,717,980	3,739,457
Interest in jointly controlled entity	1,139,319	992,133
Goodwill	108,574	111,508
Negative goodwill	(54,087)	(54,087)
Deferred taxation assets	5,942	5,942
	14,071,035	10,933,449
Current assets		
Inventories	72,657	10,054
Trade receivables, other receivables and prepayments	456,558	311,687
Amounts due from associates	1,063	1,888
Amounts due from fellow subsidiaries	30	2,007
Amount due from immediate holding company	1,145	—
Amount due from ultimate holding company	138	62
Amount due from a related company	17	13
Pledged bank deposits	39,246	39,246
Bank balances and cash	3,199,445	3,695,900
	3,770,299	4,060,857
Current liabilities		
Trade payables, other payables and accruals	958,749	874,132
Amount due to immediate holding company	—	77,563
Amount due to a fellow subsidiary	778	782
Amounts due to associates	9,360	6,401
Amounts due to shareholders of an associate	—	3,978
Borrowings - repayable within one year	2,885,288	1,915,958
	3,854,175	2,878,814
Net current (liabilities) assets	(83,876)	1,182,043
Total assets less current liabilities	13,987,159	12,115,492
Non-current liabilities		
Loans from minority shareholders of subsidiaries	159,143	239,393
Borrowings - repayable over one year	3,435,894	2,372,202
Deferred taxation liabilities	2,071	916
	3,597,108	2,612,511
Minority interests	814,351	558,328
	9,575,700	8,944,653
Capital and reserves		
Share capital	3,808,000	3,808,000
Reserves	5,767,700	5,136,653
	9,575,700	8,944,653



Overview

The substantial increase in the results of operations is primarily due to the increase in the Group's attributable operational generation capacity as well as strong demand for electricity in the service areas where our power plants in operations are located.

In June 2003, the Group increased its stake in Zhejiang Wenzhou Telluride Power Generating Company Limited ("Zhejiang Wenzhou") from 37.6% to 40.0%. Our total attributable operational generation capacity as at 30 June 2003 was 1,043MW.

The Group acquired from its controlling shareholder, CRH, a 35% equity interest in CR Xuzhou in September 2003 and a 10% equity interest in Huaneng International Power Development Corporation ("HIPDC") in October 2003. In addition, through acquisition of a further 1.56% equity interest and a disposal of 5% equity interest in Guangdong Guanghope Power Co., Ltd. ("GGPC"), our equity interest in GGPC was reduced from 33.00% to 29.56% in 2003. The two units of our Liyujiang Phase II commenced commercial operations in July and September 2003, respectively. Hence, starting from 1 July 2003, we consolidated the results of China Resources Power Hunan Liyujiang Co., Ltd. ("CR Liyujiang"). As a result, our total operational attributable installed capacity reached 1,545MW as at 31 December 2003.

The two units of our Luoyang Power Plant commenced commercial operations in February and April 2004, respectively. The first unit of Xuzhou Phase II also commenced commercial operation in June 2004. As a result, our total operational attributable installed capacity reached 1,701MW as at 30 June 2004.

The results of the first half of 2004 also reflected the consolidated results of CR Liyujiang, our share of results of Xuzhou Power Plant and HIPDC for the entire six-month period, and the consolidated results of CR Luoyang and our share of results of Xuzhou Phase II since their commencement of commercial operations. As a contrast, the results of the first half of 2003 did not reflect these.

As a result, our net profit increased by 206.8% to HK\$634.3 million for the first half of 2004 from HK\$206.7 million for the first half of 2003.

Basis of preparation of the condensed financial statements

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2003.

Business segments

The Group is principally engaged in a single business segment, i.e., the development, investment and operation of power plants in the PRC.



Geographical segments

All of the Group's assets and liabilities are principally located in the PRC and operations for the period were substantially carried out in the PRC. Accordingly, no geographical segment information for the period is presented.

Turnover

Turnover represents the amounts received and receivable for electricity delivered, net of value-added tax ("VAT"), during the period. For the six months ended 30 June 2004, the consolidated turnover for the Group was HK\$609.1 million, representing sales revenue of Liyujiang Phase II and Luoyang Power Plant. There was no turnover for the six months ended 30 June 2003.

Operating expenses

The operating expenses of the Group were HK\$401.9 million for the six months ended 30 June 2004, representing a 1,453.3% increase from HK\$25.9 million for the six months ended 30 June 2003. Total operating expenses mainly comprise of fuel costs, repairs and maintenance, depreciation and amortisation, and other administrative costs such as staff costs, insurance, professional fee and write-off of pre-operating expenses. The significant increase in operating expenses is mainly due to the commencement of commercial operations of Liyujiang Phase II in the second half of 2003 and Luoyang Power Plant in the first half of 2004, which resulted in various operating expenses being consolidated by the Group.

Profit (loss) from operations

	For the six months ended	
	30 June 2004	30 June 2003
	HK\$'000	HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Amortisation of goodwill of subsidiaries	2,934	2,934
Depreciation and amortisation of property, plant and equipment	52,510	283
Less: depreciation and amortisation capitalised in construction in progress	(1,920)	—
	53,524	3,217
and after crediting:		
Interest income	5,224	706

Profit from operations for the Group in the first half of 2004 amounted to HK\$216.6 million, which mainly represents profit derived by CR Liyujiang. In the first half of 2003, the Group recorded a loss from operations of HK\$23.2 million, mainly representing depreciation and amortisation, staff costs and other administrative expenses incurred by the Group.



Finance costs

Our finance costs for the first half of 2004 amounted to HK\$44.0 million, representing finance costs of CR Liyujiang for the period and of CR Luoyang since the commencement of commercial operations of its two generating units. We did not incur any finance costs for the first half of 2003 as we capitalised all of our interest expenses incurred during the project construction phase.

	For the six months ended	
	30 June 2004	30 June 2003
	HK\$'000	HK\$'000
Interest on bank and other loans		
- repayable within five years	101,372	21,819
- not repayable within five years	30,764	18,917
	132,136	40,736
Less: Interest capitalised	(88,149)	(40,736)
	43,987	—

Share of results of associates

Share of results of associates in the first half of 2004 increased significantly to HK\$537.2 million, compared to HK\$343.7 million in the first half of 2003. The increase was partly due to the increase of net generation volume of Shajiao C Power Plant, Wenzhou Telluride Phase II and Hengfeng Power Plant; and partly resulted from our share of results of Xuzhou Power Plant for the entire six-month period and our share of results of Xuzhou Phase II since the date of commencement of commercial operation of its unit 1 in June 2004. For the six months ended 30 June 2004, Shajiao C Power Plant, Wenzhou Telluride Phase II, Hengfeng Power Plant, Xuzhou Power Plant and Xuzhou Phase II accounted for approximately 58.0%, 23.0%, 6.4%, 11.7% and 0.9%, respectively of our total share of results of associates.

Pursuant to a legally binding memorandum of understanding signed on 26 February 2004 between Resources Shajiao C Investments Limited ("Resources Shajiao C"), a subsidiary of the Company, and the Chinese joint-venture partner of GGPC, the Chinese joint-venture partner agreed that, notwithstanding the mandatory tariff reduction imposed by the Guangdong Province Pricing Bureau on GGPC as from 1 July 2002, the distributable net profits paid and payable by GGPC to Resources Shajiao C as from that date shall be recalculated as if there were no tariff reduction. The share of results of associates for both six-month periods ended 30 June 2003 and 2004 reflected the financial impact of this matter.

Share of results of a jointly controlled entity

Share of results of a jointly controlled entity for the first half of 2004 amounted to HK\$207.5 million, representing our 40% share of pre-tax results of BOCGI China Resources Power Co., Ltd. ("BOCGICRP"), a joint venture company incorporated in the British Virgin Islands in October 2003 which holds 25% equity interest in HIPDC. The share of taxation of BOCGICRP for the six-month period amounting to HK\$60.3 million is included under "Taxation" in the condensed consolidated income statement. There is no comparative figure for the first half of 2003 as we acquired BOCGICRP in October 2003.



Amortisation of goodwill of associates

Amortisation of goodwill of associates for the first half of 2004 amounted to HK\$13.2 million, compared to HK\$14.9 million for the first half of 2003, which largely resulted from our acquisitions of Zhejiang Wenzhou and GGPC. The decrease was mainly due to the disposal of a 5% equity interest in GGPC in December 2003.

Release of negative goodwill of associates

We released HK\$1.9 million of negative goodwill of associates in the first half of 2004, compared to HK\$0.8 million in the first half of 2003. The increase was due to the release of negative goodwill in respect of the acquisition of a 2.4% shareholding in Zhejiang Wenzhou in June 2003 and the acquisition of a 1.56% interest in GGPC in September 2003.

Taxation

Our taxation expense for the first half of 2004 was approximately HK\$126.5 million, compared to HK\$70.0 million for the first half of 2003. This was largely due to the increase in the share of PRC Enterprise Income Tax and deferred taxation attributable to a jointly controlled entity, BOCGICRP. CR Liyujiang and CR Luoyang are exempt from PRC Enterprise Income Tax for the first half of 2004.

Details of the taxation charges for the six months ended 30 June 2003 and 2004 are set out below:

	For the six months ended	
	30 June 2004	30 June 2003
	HK\$'000	HK\$'000
The charge comprises:		
The Company and its subsidiaries		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	—	—
- Deferred taxation	1,155	—
Taxation attributable to the Company and its subsidiaries	1,155	—
Share of taxation attributable to associates and jointly controlled entity		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	107,870	58,970
- Deferred taxation	17,520	11,038
	125,390	70,008
	126,545	70,008

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated in Hong Kong had no assessable profits for the period.

PRC Enterprise Income Tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries, associates and jointly controlled entity in the PRC.

The share of deferred taxation charge attributable to associates and jointly controlled entity principally represents the share of provision for deferred taxation recognised in respect of temporary differences arising as a result of the excess of tax depreciation over accounting depreciation.



Net profit

As a result of the above, the Group's net profit for the first half of 2004 increased to HK\$634.3 million, representing a 206.8% increase compared to HK\$206.7 million for the first half of 2003.

Interim dividend and closure of register of members

The Board of Directors resolved to declare an interim dividend of HK2.5 cents per share for the six months ended 30 June 2004. The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 24 September 2004. The register of members of the Company will be closed from Monday, 20 September 2004 to Friday, 24 September 2004 (both day inclusive), during which no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, 17 September 2004. The dividend will be payable on or about 4 October 2004.

Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended	
	30 June 2004	30 June 2003
	HK\$'000	HK\$'000
Net profit for the period and earnings for the purposes of basic and diluted earnings per share	634,307	206,741
	Number of ordinary shares	
	1 January 2004	1 January 2003
	to	to
	30 June 2004	30 June 2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,808,000,000	2,750,000,000
Effect of dilutive potential ordinary shares on share options	50,914,978	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	3,858,914,978	

For the purpose of calculation of earnings per share for the period from 1 January 2003 to 30 June 2003, the weighted average number of 2,750,000,000 shares in issue for that period was assumed that the capitalisation issue pursuant to the group reorganisation for the purpose of the preparation of the Company's shares to be listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in 2003 was taken place on 1 January 2003.

No diluted earnings per share has been presented for the period from 1 January 2003 to 30 June 2003 as there were no potential ordinary shares in that period.



Liquidity and capital resources

For the six months ended 30 June 2004, the Group's primary sources of funding include loans provided by the PRC domestic commercial banks, capital repatriated from GGPC and dividend received from associates, which amounted to HK\$4,022.0 million, HK\$342.7 million and HK\$229.9 million, respectively. The Group's funds were primarily used in the purchase of property, plant and equipment and the construction of our power plants and repayment of short-term bank loans, which amounted to HK\$2,861.6 million and HK\$1,974.3 million, respectively.

The table below sets forth the cash flow of the Group for the six months ended 30 June 2003 and 2004 and the cash equivalents at the end of each of the two periods:

	For the six months ended	
	30 June 2004	30 June 2003
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	26,929	(47,141)
Net cash used in investing activities	(2,372,472)	(1,086,286)
Net cash from financing activities	1,853,584	1,570,508
Net (decrease) increase in cash and cash equivalents	(491,959)	437,081
Effect on foreign exchange rate change	(4,496)	247
Cash and cash equivalents at beginning of the period	3,695,900	101,635
Cash and cash equivalents at the end of the period	3,199,445	538,963
Pledged bank deposits	39,246	—
Total bank balances, cash and pledged bank deposits at the end of the period	3,238,691	538,963

The bank balances, cash and pledged bank deposits as at 30 June 2004 denominated in local currency and foreign currencies amounted to HK\$832 million, RMB882 million and US\$202 million.

Borrowings

The consolidated bank and other borrowings of the Group as at 31 December 2003 and 30 June 2004 were as follows:

	As at	As at
	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Unsecured bank loans	6,321,182	4,273,528
Unsecured other loans	—	14,632
	6,321,182	4,288,160

The maturity profile of the above loans is as follows:

Within 1 year	2,885,288	1,915,958
More than 1 year, but not exceeding 2 years	325,739	437,108
More than 2 years, but not exceeding 5 years	1,268,861	691,306
More than 5 years	1,841,294	1,243,788
	6,321,182	4,288,160



All of the above bank borrowings are borrowed by our subsidiaries and are denominated in RMB.

Short-term borrowings of HK\$2,855.3 million primarily comprise of short-term borrowings incurred by Changshu Power Plant, Dengfeng Power Plant, and the preparation office of Shouyangshan Power Plant. Based on our agreements and understandings with the relevant PRC commercial banks, approximately HK\$2,500 million of these short-term borrowings will be renewed or replaced by long-term borrowings when they mature.

Key financial ratios of the Group

	As at 30 June 2004	As at 31 December 2003
Current ratio (times)	0.98	1.41
Quick ratio (times)	0.96	1.41
Net debt to equity (%)	32.2	6.2
EBITDA interest coverage (times)	7.68	7.88

Current ratio = balance of current assets at the end of the period/balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period - balance of inventories at the end of the period)/balance of current liabilities at the end of the period

Net debt to equity = (balance of total bank borrowings at the end of the period - balance of bank balances, cash and pledged bank deposits at the end of the period)/balance of shareholders' equity at the end of the period

EBITDA interest coverage = (profit before taxation + interest expense + depreciation and amortisation) / interest expenditure (including capitalised interests)

Foreign exchange rate risk

We collect all of our revenues in Renminbi and most of our expenditures including expenditures incurred in the operations of power plants as well as capital expenditures are also denominated in Renminbi. Dividends payable by the Group's subsidiaries and associates can be collected in either Renminbi or US dollars.

Renminbi is not a freely convertible currency. Future exchange rates of Renminbi could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates are also affected by economic developments and political changes domestically and internationally, and supply and demand of Renminbi. The appreciation or devaluation of Renminbi against Hong Kong Dollars may have positive or negative impacts on the results of operations of the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2004.



Charge of assets

As at 30 June 2004, Telluride International Energy, L.P., a wholly owned limited partnership of the Company, has pledged its equity interest in Zhejiang Wenzhou and a bank deposit amounting to HK\$39,246,000 to a bank for securing the bank loans granted to Zhejiang Wenzhou of approximately HK\$507,700,000 (31 December 2003: HK\$717,213,000).

Environmental regulations

For the six months ended 30 June 2004, total discharge fee paid and payable by our operational power plants amounted to approximately RMB1.4 million, RMB3.4 million, RMB2.9 million and RMB1.4 million for Xuzhou Power Plant, Hengfeng Power Plant, Wenzhou Telluride Phase II and Liyujiang Phase II, respectively.

Legal liabilities

The Group is not involved in any lawsuits, in which the Group is the named defendant.

Employees

As at 30 June 2004, the Company and its subsidiaries employed a total of 1,630 employees.

The Company and its subsidiaries have employment contracts with all of their respective employees. None of our power plants has experienced any strikes or other labour disputes which affected the operation of any of our power plants.

The Company has implemented share option schemes in order to retain the best available personnel and to provide additional incentives to employees. On 30 August 2004, the Board of Directors approved, subject to issue of written offer, to issue options to 84 employees, who joined the Group or the power plants managed by the Company on behalf of CRH or its affiliated entities after the listing of the Company on the Hong Kong Stock Exchange, to subscribe for an aggregate of 28,200,000 ordinary shares of the Company under the Share Option Scheme. The exercise price will be the greater of the closing price on the date of the written offer of each option (the "Date of Grant") and the average of the closing prices of the five trading days preceding the Date of Grant.



OPERATION STATISTICS BY POWER PLANTS

Shajiao C Power Plant

For the six months ended 30 June 2004, Shajiao C Power Plant's gross generation volume and net generation volume increased by 16.3% and 16.6%, respectively to approximately 7,022 million kWh and 6,571 million kWh, respectively. For the first half of 2004, the net tariff (exclusive of VAT) for Shajiao C Power Plant is RMB352.78/MWh. The Group's share of results of GGPC has reflected the contents of the legally binding memorandum of understanding which we signed with our Chinese partner on 26 February 2004.

The table below sets out certain operation statistics of Shajiao C Power Plant for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June		For the year ended 31 December	
	2004	2003	2003	2002
Installed capacity at period end (MW)	1,980	1,980	1,980	1,980
Average utilisation hours	3,546	3,049	6,566	6,274
Gross generation (MWh)	7,021,752	6,036,556	13,000,020	12,422,778
Net generation (MWh)	6,571,414	5,637,295	12,152,650	11,588,177
Equivalent availability factor (%)	94	90	90	90
Net generation standard coal consumption rate (grams/kWh)	322	323	323	325

Liyujiang Phase II

For the six months ended 30 June 2004, Liyujiang Phase II's gross generation volume and net generation volume amounted to approximately 1,924 million kWh and approximately 1,805 million kWh, respectively. For the first half of 2004, the net tariff (exclusive of VAT) for Liyujiang Phase II is RMB346.50/MWh.

The table below sets out certain operation statistics of Liyujiang Phase II for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June		For the year ended 31 December	
	2004	2003	2003	2002
Installed capacity at period end (MW)	600	N/A	600	N/A
Average utilisation hours	3,206	N/A	3,148	N/A
Gross generation (MWh)	1,923,890	N/A	1,889,000	N/A
Net generation (MWh)	1,804,745	N/A	1,768,260	N/A
Equivalent availability factor (%)	82	N/A	98	N/A
Net generation standard coal consumption rate (grams/kWh)	367	N/A	368	N/A



Wenzhou Telluride Phase II

For the six months ended 30 June 2004, Wenzhou Telluride Phase II's gross generation volume and net generation volume increased by 23.2% and 23.4%, respectively to approximately 2,436 million kWh and approximately 2,328 million kWh, respectively. The net planned tariff (exclusive of VAT) for Wenzhou Telluride Phase II was RMB371.98/MWh before 15 June 2004 and RMB358.12/MWh on and after 15 June 2004.

The table below sets out certain operation statistics of Wenzhou Telluride Phase II for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June		For the year ended 31 December	
	2004	2003	2003	2002
Installed capacity at period end (MW)	600	600	600	600
Average utilisation hours	4,060	3,296	7,481	6,631
Gross generation (MWh)	2,435,820	1,977,798	4,482,720	3,978,822
Net generation (MWh)	2,327,513	1,886,539	4,282,402	3,802,187
Equivalent availability factor (%)	97	84	91	88
Net generation standard coal consumption rate (grams/kWh)	331	333	335	338

Xuzhou Power Plant

For the six months ended 30 June 2004, Xuzhou Power Plant's gross generation volume and net generation volume increased by 5.5% and 5.3%, respectively to approximately 1,796 million kWh and approximately 1,702 million kWh, respectively. In the first half of 2004, the net planned tariff (exclusive of VAT) for Xuzhou Power Plant is RMB317.95/MWh before 15 June 2004 and RMB311.97/MWh on and after 15 June 2004.

The table below sets out certain operation statistics of Xuzhou Power Plant for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June		For the year ended 31 December	
	2004	2003	2003	2002
Installed capacity at period end (MW)	600	600	600	600
Average utilisation hours	2,993	2,838	6,044	5,425
Gross generation (MWh)	1,795,768	1,702,924	3,626,488	3,255,042
Net generation (MWh)	1,701,561	1,616,505	3,445,411	3,085,597
Equivalent availability factor (%)	87	95	95	95
Net generation standard coal consumption rate (grams/kWh)	346	346	345	346



Xuzhou Phase II

For the six months ended 30 June 2004, Xuzhou Phase II's gross generation volume and net generation volume amounted to approximately 85 million kWh and approximately 81 million kWh, respectively. In the first half of 2004, the net planned tariff (exclusive of VAT) for Xuzhou Phase II was RMB317.95/MWh before 15 June 2004 and RMB311.97/MWh on and after 15 June 2004.

The table below sets out certain operation statistics of Xuzhou Phase II for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June 2004	2003	For the year ended 31 December	
			2003	2002
Installed capacity at period end (MW)	300	N/A	N/A	N/A
Average utilisation hours	285	N/A	N/A	N/A
Gross generation (MWh)	85,350	N/A	N/A	N/A
Net generation (MWh)	81,150	N/A	N/A	N/A
Equivalent availability factor (%)	100	N/A	N/A	N/A
Net generation standard coal consumption rate (grams/kWh)	356	N/A	N/A	N/A

Hengfeng Power Plant

For the six months ended 30 June 2004, Hengfeng Power Plant's gross generation volume and net generation volume increased by 6.0% and 6.0%, respectively to approximately 1,819 million kWh and approximately 1,721 million kWh, respectively. In the first half of 2004, the net planned tariff (exclusive of VAT) for Hengfeng Power Plant was RMB300.85/MWh before 15 June 2004 and RMB294.02/MWh on and after 15 June 2004.

The table below sets out certain operation statistics of Hengfeng Power Plant for the two years ended 31 December 2002 and 2003 and the two six-month periods ended 30 June 2003 and 2004:

	For the six months ended 30 June 2004	2003	For the year ended 31 December	
			2003	2002
Installed capacity at period end (MW)	600	600	600	600
Average utilisation hours	3,031	2,861	6,350	6,532
Gross generation (MWh)	1,818,710	1,716,410	3,810,050	3,918,930
Net generation (MWh)	1,720,930	1,623,360	3,607,230	3,701,150
Equivalent availability factor (%)	83	83	91	93
Net generation standard coal consumption rate (grams/kWh)	345	349	347	351



Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED
華潤電力控股有限公司

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 24 to 35.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

FUNDAMENTAL UNCERTAINTY RELATING TO THE INTEREST IN JOINTLY CONTROLLED ENTITY

In arriving at our review conclusion, we have considered the adequacy of the disclosures made in Note 11 to the interim financial report concerning the Group's interest in BOCGICR China Resources Power Co., Ltd. ("BOCGICR"), which is included in the consolidated balance sheet at HK\$1,139,319,000 as at 30 June 2004, is based on BOCGICR's share of net assets of Huaneng International Power Development Corporation ("HIPDC"), the sole associate of BOCGICR, prepared on a going concern basis and, accordingly, does not reflect any adjustments that might be necessary in the event that the joint venture period of HIPDC is not extended. In such circumstances, the realisable value of the Group's interest in BOCGICR may be materially different from its carrying amount. We consider that the fundamental uncertainty has been adequately accounted for and disclosed and our review conclusion is not modified in this respect.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004 and corresponding comparative figures.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 30 August 2004

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2004



	NOTES	1.1.2004 to 30.6.2004 HK\$'000 (unaudited)	1.1.2003 to 30.6.2003 HK\$'000 (unaudited)
Turnover		609,076	—
Operating expenses			
Fuel		(274,186)	—
Repairs and maintenance		(4,387)	—
Depreciation and amortisation		(53,524)	(3,217)
Others		(69,849)	(22,660)
Total operating expenses		(401,946)	(25,877)
Other operating income		9,461	2,656
Profit (loss) from operations	4	216,591	(23,221)
Finance costs	5	(43,987)	—
Share of results of associates		537,191	343,693
Share of result of jointly controlled entity		207,486	—
Amortisation of goodwill of associates		(13,206)	(14,912)
Release of negative goodwill of associates		1,853	758
Profit before taxation		905,928	306,318
Taxation	6	(126,545)	(70,008)
Profit before minority interests		779,383	236,310
Minority interests		(145,076)	(29,569)
Net profit for the period		634,307	206,741
Interim dividend	7	95,200	—
Earnings per share	8		
- basic		16.66 cents	7.52 cents
- diluted		16.44 cents	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2004



	NOTES	30.6.2004 HK\$'000 (unaudited)	31.12.2003 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	9,153,307	6,138,496
Interests in associates	10	3,717,980	3,739,457
Interest in jointly controlled entity	11	1,139,319	992,133
Goodwill		108,574	111,508
Negative goodwill		(54,087)	(54,087)
Deferred taxation assets		5,942	5,942
		14,071,035	10,933,449
Current assets			
Inventories		72,657	10,054
Trade receivables, other receivables and prepayments	12	456,558	311,687
Amounts due from associates		1,063	1,888
Amounts due from fellow subsidiaries		30	2,007
Amount due from immediate holding company		1,145	—
Amount due from ultimate holding company		138	62
Amount due from a related company		17	13
Pledged bank deposits		39,246	39,246
Bank balances and cash		3,199,445	3,695,900
		3,770,299	4,060,857
Current liabilities			
Trade payables, other payables and accruals	13	958,749	874,132
Amount due to immediate holding company		—	77,563
Amount due to a fellow subsidiary		778	782
Amounts due to associates		9,360	6,401
Amounts due to shareholders of an associate		—	3,978
Borrowings - repayable within one year	14	2,885,288	1,915,958
		3,854,175	2,878,814
Net current (liabilities) assets		(83,876)	1,182,043
Total assets less current liabilities		13,987,159	12,115,492
Non-current liabilities			
Loans from minority shareholders of subsidiaries		159,143	239,393
Borrowings - repayable over one year	14	3,435,894	2,372,202
Deferred taxation liabilities		2,071	916
		3,597,108	2,612,511
Minority interests		814,351	558,328
		9,575,700	8,944,653

CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

At 30 June 2004



	NOTE	30.6.2004 HK\$'000 (unaudited)	31.12.2003 HK\$'000 (audited)
Capital and reserves			
Share capital	15	3,808,000	3,808,000
Reserves		5,767,700	5,136,653
		9,575,700	8,944,653

The condensed financial statements on pages 24 to 35 were approved by the Board of Directors and authorised for issue on 30 August 2004 and are signed on its behalf by:

SONG LIN
DIRECTOR

WANG SHUAI TING
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004



	Share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
For the six months ended 30 June 2004:							
At 1 January 2004	3,808,000	4,468,992	46,742	40,782	(21,174)	601,311	8,944,653
Exchange differences from translation of operations outside Hong Kong not recognised in the condensed consolidated income statement	—	—	—	—	(3,260)	—	(3,260)
Net profit for the period	—	—	—	—	—	634,307	634,307
Transfer	—	—	6,771	—	—	(6,771)	—
At 30 June 2004	3,808,000	4,468,992	53,513	40,782	(24,434)	1,228,847	9,575,700
For the six months ended 30 June 2003:							
At 1 January 2003	10	—	4,741	40,782	197	53,852	99,582
Exchange differences from translation of operations outside Hong Kong not recognised in the condensed consolidated income statement	—	—	—	—	264	—	264
Net profit for the period	—	—	—	—	—	206,741	206,741
Transfer	—	—	5,471	—	—	(5,471)	—
At 30 June 2003	10	—	10,212	40,782	461	255,122	306,587

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004



	1.1.2004 to 30.6.2004 HK\$'000 (unaudited)	1.1.2003 to 30.6.2003 HK\$'000 (unaudited)
Net cash from (used in) operating activities	26,929	(47,141)
Net cash used in investing activities	(2,372,472)	(1,086,286)
Net cash from financing	1,853,584	1,570,508
Net (decrease) increase in cash and cash equivalents	(491,959)	437,081
Cash and cash equivalents at beginning of the period	3,695,900	101,635
Effect of foreign exchange rate changes	(4,496)	247
Cash and cash equivalents at end of the period	3,199,445	538,963
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	3,199,445	538,963



1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2003.

3. SEGMENT INFORMATION

Business segments

The Group's principal activities are the development and operation of power stations as a single business segment.

Geographical segments

Nearly all of the Group's assets and liabilities are located in the People's Republic of China, other than Hong Kong, (the "PRC") and operations for the period were substantially located in the PRC. Accordingly, no geographical segment information for the period is presented.

4. PROFIT (LOSS) FROM OPERATIONS

	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Amortisation of goodwill of subsidiaries	2,934	2,934
Depreciation and amortisation of property, plant and equipment	52,510	283
Less: depreciation and amortisation of property, plant and equipment capitalised in construction in progress	(1,920)	—
	53,524	3,217
and after crediting:		
Interest income	5,224	706

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT'D)

For the six months ended 30 June 2004



5. FINANCE COSTS

	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
Interest on bank and other loans:		
- wholly repayable within five years	101,372	21,819
- not wholly repayable within five years	30,764	18,917
Less: Interest capitalised	132,136 (88,149)	40,736 (40,736)
	43,987	—

6. TAXATION

	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
The charge comprises:		
The Company and its subsidiaries		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	—	—
- Deferred taxation	1,155	—
Taxation attributable to the Company and its subsidiaries	1,155	—
Share of taxation attributable to associates and jointly controlled entity		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	107,870	58,970
- Deferred taxation	17,520	11,038
	125,390	70,008
	126,545	70,008

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated in Hong Kong had no assessable profits for the period.

PRC Enterprise Income Tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries, associates and jointly controlled entity in the PRC.

The share of deferred taxation charge attributable to associates and jointly controlled entity principally represents the share of provision for deferred taxation recognised in respect of temporary differences arising as a result of the excess of tax depreciation over accounting depreciation.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT'D)

For the six months ended 30 June 2004



7. INTERIM DIVIDEND

	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
Interim dividend declared of HK\$0.025 (1.1.2003 to 30.6.2003: nil) per share on 3,808,000,000 shares	95,200	—

The Board of Directors resolved to declare an interim dividend of HK\$0.025 per share for the six months ended 30 June 2004 (six months ended 30 June 2003: nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
Net profit for the period and earnings for the purposes of basic and diluted earnings per share	634,307	206,741

	Number of ordinary shares	
	1.1.2004 to 30.6.2004	1.1.2003 to 30.6.2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,808,000,000	2,750,000,000
Effect of dilutive potential ordinary shares on share options	50,914,978	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	3,858,914,978	

For the purpose of calculation of earnings per share for the period from 1 January 2003 to 30 June 2003, the weighted average number of 2,750,000,000 shares in issue for that period was assumed that the capitalisation issue pursuant to the group reorganisation for the purpose of the preparation of the Company's shares to be listed on The Stock Exchange of Hong Kong Limited in 2003 was taken place on 1 January 2003.

No diluted earnings per share has been presented for the period from 1 January 2003 to 30 June 2003 as there were no potential ordinary shares in that period.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2004, the Group spent HK\$2,861,594,000 (six months ended 30 June 2003: HK\$749,742,000) on acquisition of property, plant and equipment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT'D)

For the six months ended 30 June 2004



10. INTERESTS IN ASSOCIATES

The extracts of the unaudited management accounts prepared under accounting principles generally accepted in Hong Kong for the six months ended 30 June 2004 of the Company's major associates, Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope"), Zhejiang Wenzhou Telluride Power Generating Company Limited ("Wenzhou Telluride") and China Resources (Xuzhou) Electric Power Company Limited ("Xuzhou Power"), are as follows:

	Guangdong Guanghope - significant associate (note below) 30.6.2004 RMB'000	Wenzhou Telluride 30.6.2004 RMB'000	Xuzhou Power* 30.6.2004 RMB'000
Balance sheet			
Non-current assets	8,562,207	2,538,326	3,530,524
Current assets	770,941	279,228	706,254
Current liabilities	(552,044)	(112,740)	(2,034,109)
Non-current liabilities	(668,999)	(1,346,517)	(941,888)
Shareholders' funds	8,112,105	1,358,297	1,260,781
Income statement			
	1.1.2004 to 30.6.2004 RMB'000	1.1.2004 to 30.6.2004 RMB'000	1.1.2004 to 30.6.2004 RMB'000
Turnover	2,318,264	860,109	552,202
Net profit for the period	609,776	334,494	176,188
Cash flow statement			
	1.1.2004 to 30.6.2004 RMB'000	1.1.2004 to 30.6.2004 RMB'000	1.1.2004 to 30.6.2004 RMB'000
Net cash from operating activities	1,058,805	437,813	391,431
Net cash (used in) from investing activities	(41,539)	90,964	(1,237,977)
Net cash (used in) from financing activities	(872,288)	(718,119)	1,022,948
Net increase (decrease) in cash and cash equivalents	144,978	(189,342)	176,402

* The financial figures for Xuzhou Power are consolidated figures.



10. INTERESTS IN ASSOCIATES (CONT'D)

Note:

Further information relating to Guangdong Guanghope

(i) *Litigation and contingent assets*

Guangdong Guanghope has sued People's Insurance Company of China ("PICC") in respect of an insurance claim for over US\$100 million arising from a major equipment breakdown in the main transformer of power generator No. 2 taken place between October 2000 and July 2001. From 1996 to 2002, Guangdong Guanghope maintained a business interruption insurance policy with PICC. After the breakdown of power generator No. 2 from October 2000 to July 2001, a dispute arose between Guangdong Guanghope and PICC regarding the nature of the accident and the insurance proceeds entitlement of Guangdong Guanghope. In April 2002, Guangdong Guanghope commenced legal proceedings against PICC at the Guangdong Provincial High Court, and a court hearing date had not been fixed as at 30 June 2004. As the legal proceedings against PICC has not yet been finalised, no such insurance claim receivable is recognised in the financial statements.

(ii) *Share of results of Guangdong Guanghope*

Pursuant to a legally binding memorandum of understanding (the "MOU") entered into among Resources Shajiao C Investments Limited ("Resources Shajiao"), a subsidiary of the Company, Guangdong Province Shajiao (Plant-C) Power Generation Corporation ("Shajiao Power") and Guangdong Province Yudean Group Co., Ltd. dated 26 February 2004, the mandatory tariff reduction imposed by the Guangdong Province Pricing Bureau on Guangdong Guanghope as from 1 July 2002 shall be restored as if there were no tariff reduction and be calculated according to the terms of the operation and offtake agreement dated 18 December 1992 (as amended) between Guangdong Province Guangdian Group Co., Ltd. and Guangdong Guanghope (the "Operation and Offtake Agreement") and the joint venture agreement dated 4 June 1992 (as amended) between Shajiao Power and Resources Shajiao (the "JV Agreement") to the extent to which the distributable net profits related to Guangdong Guanghope's minimum on-grid power output of 10,800,000,000 kWh per year. As a result, the fair value of net assets of Guangdong Guanghope shared by Resources Shajiao in 2002 was increased to the amount that would have been determined had no tariff reduction taken place and the goodwill arising from the acquisition of Resources Shajiao by the Group in 2002 had been adjusted in accordance with the MOU, the Operation and Offtake Agreement and the JV Agreement, and had already been reflected in the Group's annual financial statements for the year ended 31 December 2003.

The share of results of Guangdong Guanghope for the six months ended 30 June 2003 and 30 June 2004 were calculated on the basis that no tariff reduction had been taken place and in accordance with the terms of the MOU, the Operation and Offtake Agreement and the JV Agreement.

11. INTEREST IN JOINTLY CONTROLLED ENTITY

Interest in jointly controlled entity represents the Group's 40% equity interest in BOCGI China Resources Power Co., Ltd. ("BOCGICR"), an investment holding company which holds an aggregate of 25% equity interest in Huaneng International Power Development Corporation ("HIPDC").

HIPDC was established as a sino-foreign equity joint venture company on 8 June 1985, in accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment". The joint venture period is 20 years and will expire on 7 June 2005. It is the intention of the management of HIPDC to apply for extension of the joint venture period. The Group's interest in BOCGICR amounting to HK\$1,139,319,000 as at 30 June 2004 is based on BOCGICR's share of net assets of HIPDC prepared on a going concern basis and, accordingly, does not reflect any adjustments that might be necessary in the event that the joint venture period of HIPDC is not extended. In such circumstances, the realisable value of the Group's interest in BOCGICR may be materially different from its carrying amount.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT'D)

For the six months ended 30 June 2004



12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

Trade receivables are due within 60 days from the date of billing.

The following is an aged analysis of trade receivables at the reporting dates:

	30.6.2004 HK\$'000	31.12.2003 HK\$'000
0 - 30 days	136,140	148,633
31 - 60 days	126,275	91,896
Over 60 days	87,006	—
	349,421	240,529

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables at the reporting dates:

	30.6.2004 HK\$'000	31.12.2003 HK\$'000
0 - 30 days	46,982	30,730
31 - 60 days	1,541	—
Over 60 days	94	—
	48,617	30,730

14. BORROWINGS

During the six months ended 30 June 2004, the Group repaid bank and other loans totally HK\$1,988,932,000 (six months ended 30 June 2003: HK\$752,987,000) and obtained new bank loans totally HK\$4,021,954,000 (six months ended 30 June 2003: HK\$1,867,291,000) of which the proceeds were used for general working capital and for financing the acquisition of property, plant and equipment.

15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary share of HK\$1.00 each		
Authorised:		
Balance at 31 December 2003 and 30 June 2004	10,000,000	10,000,000
Issued and fully paid:		
Balance at 31 December 2003 and 30 June 2004	3,808,000	3,808,000

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT'D)

For the six months ended 30 June 2004



16. CAPITAL COMMITMENTS

	30.6.2004 HK\$'000	31.12.2003 HK\$'000
Capital expenditure in respect of the acquisition of construction in progress:		
- Authorised but not contracted for	11,092	23,735
- Contracted for but not provided in the financial statements	5,803,779	6,277,163
	5,814,871	6,300,898

17. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following significant transactions with related parties:

Name of related company	Relationship	Nature of transactions	1.1.2004 to 30.6.2004 HK\$'000	1.1.2003 to 30.6.2003 HK\$'000
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expenses paid by the Group (note a)	580	490
Wenzhou Telluride	Associate	Service income received by the Group (note a)	1,950	1,950
Guangdong Guanghope	Associate	Reimbursement of repairs and maintenance fee to Guangdong Guanghope (note b)	3,120	3,120
Guangdong Guanghope	Associate	Interest received by the Group (note c)	—	663
China Resources (Holdings) Company Limited	Immediate holding company	Management fee income received by the Group (note a)	1,300	—
China Resources National Corporation	Ultimate holding company	Management fee income received by the Group (note a)	150	—

Notes:

- (a) The transactions were carried out in accordance with the relevant agreements.
- (b) The transactions were carried out on actual cost incurred basis.
- (c) The transactions were carried out with reference to prevailing rate of interest.



DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2004, the interests of the Directors in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(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 period	Number of options exercised during the period	Number of options and underlying shares as at 30 Jun 2004	Percentage 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	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%

**(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 30 June 2004 are as follows:

Name of Director	Capacity	Number of shares held	Percentage of the issued share capital of CRE
Song Lin	Family Interest (Note)	200,000	0.010%
Ning Gao Ning	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 period	Number of options exercised during the period	Number of	Percentage of
								options and underlying shares as at 30 Jun 2004	
Song Lin	Beneficial Owner	7 Feb 2002	6 Feb 2012	7.17	2,000,000	—	—	2,000,000	0.095%
	Beneficial Owner	14 Jan 2004	13 Jan 2014	9.72	—	2,500,000	—	2,500,000	0.119%
	Family Interest (Note)	20 Jun 2000	19 Jun 2010	7.19	200,000	—	—	200,000	0.010%
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	Beneficial Owner	20 Jun 2000	19 Jun 2010	7.19	3,300,000	—	—	3,300,000	0.157%
	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	0.029%

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



(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 30 June 2004 are as follows:

Name of Director	Capacity	Number of 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 period	Number of options exercised during the period	Number of options and underlying shares as at 30 Jun 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	0.262%
	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	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%

**(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 30 June 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 period	Number of options exercised during the period	Number of	Percentage of
								options and underlying shares as at 30 Jun 2004	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	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 30 June 2004 are as follows:

Name of Director	Capacity	Number of shares held	Percentage of the issued share capital of CR Cement
Ning Gao Ning	Beneficial Owner	163,000	0.045%

Save as disclosed above, as at 30 June 2004, none of the Directors or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the following disclosure of interests by shareholders holding 5% or more of the issued share capital of the Company have been recorded in the register of interests 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.

Save as disclosed above, as at 30 June 2004, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTIONS

(I) PRE-IPO SHARE OPTION SCHEME

Movement of the options granted under the Pre-IPO Share Option Scheme during the period ended 30 June 2004 is as follows:-

Name of Director	Date of grant	Number of options as at 1 January 2004	Number of options lapsed or cancelled during the period	Number of options outstanding as at 30 June 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	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	—	48,210,000	5 Oct 2013	2.80

Note: 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.



(II) SHARE OPTION SCHEME

As at 30 June 2004, no option has been granted, exercised, cancelled or lapsed under the Share Option Scheme, which was approved by shareholders on 6 October 2003.

Detailed terms of the Pre-IPO Share Option Scheme and Share Option Scheme were disclosed in the 2003 Annual Report.

CORPORATE GOVERNANCE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed accounts for the six months ended 30 June 2004. All of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman of the Audit Committee having appropriate professional qualifications and experience in financial matters.

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2004, in compliance with the Code of Best Practice contained in Appendix 14 to the Hong Kong Listing Rules.

We have adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Hong Kong Listing Rules. We have made specific enquiry of all Directors that all of them have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company and its subsidiaries have not purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2004.



FINANCIAL DIARY

Six-month financial period end	30 June 2004
Announcement of interim results	30 August 2004
Interim report posted to shareholders	13 September 2004
Last day to register for interim dividend	17 September 2004
Book close day	20 September 2004 to 24 September 2004
Payment of interim dividend	4 October 2004

SHAREHOLDER ENQUIRIES

Share transfer and registration	Computershare Hong Kong Investor Services Limited 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong Telephone: (852) 2862 8628 Facsimile: (852) 2865 0990
Enquiries from investors and securities analysts	Investor Relations Department Rm.3203, 32/F, China Resources Building 26 Harbour Road Wanchai Hong Kong Telephone: (852) 2593 7550 Facsimile: (852) 2593 7551 E-mail: crp-ir@crc.com.hk

SHARE LISTING AND STOCK CODE

The shares of our company are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

OUR WEBSITE

www.crp-power.com