

**GUANGDONG ELECTRIC POWER
DEVELOPMENT CO., LTD.**

**INTERIM REPORT
AS OF 30 JUNE 2003**

Important Notices

The Board of Directors of the Company assures that there is no omission of material facts, nor untrue presentations, nor seriously misleading statements contained in the information hereinto. The Board of Directors severally and jointly accepts responsibility for the correctness, accuracy and completeness of the information contained in this interim report.

Chairman of the Board of Directors, Pan Li, General Manager, Liu Xian and Finance Department Manager, Liu Xuemao severally and jointly accept responsibility for the correctness, accuracy and completeness of the information contained in this interim report.

This interim financial statements are unaudited.

The reader is advised that this report has been prepared originally in Chinese. In the event of a conflict between this report and the original Chinese version or difference in interpretation between the versions of the report, the Chinese language report shall prevail.

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I. Corporate Information

1. Official Chinese name of the Company: 广东电力发展股份有限公司
Official English name of the Company: GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.
(Abbreviation: GED)
Place of listing of Company's shares: Shenzhen Stock Exchange
Abbreviation of Company's shares: Yue Dian Li A and Yue Dian Li B
Code of Company's shares: 000539 and 200539
2. Company's address: 10/F., Boli Commercial Center, Guang Fa Garden, 498 Huan Shi Dong Road, Guangzhou, Guangdong Province 510075
Postal code: 510075
Company's web site: <http://www.ged.com.cn/>
Company's e-mail address: ged@ged.com.cn
3. Legal representative: Mr. Pan Li
4. General manager: Mr. Liu Qian
5. Secretary to the Board of Directors: Ms. Li Xiaoqing
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- Representatives on security issues: Mr. Liu Wei
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E-mail address: liuw@ged.com.cn
Correspondence address: 10/F., Boli Commercial Center, Guang Fa Garden, 498 Huan Shi Dong Road, Guangzhou, Guangdong Province
6. Designated media for information disclosure:
Web site: <http://www.cninfo.com.cn>
Newspapers: Securities Times, Shanghai Securities, China Securities, Hong Kong Commercial (overseas)
Place where Company's periodic report is kept: Office of Board Affairs

II. Major Financial Information

1. Major accounting and operating data of the Company and its subsidiaries (the "Group") prepared in accordance with International Financial Reporting Standards ("IFRS") as of and for the six months ended 30 June 2003 (the "Reporting Period") are as follows:

	30 June 2003 (Rmb)	31 December 2002 (Rmb)	Variance (%)
Current assets	3,649,281,000	3,403,034,000	7.24%
Current liabilities	1,647,387,000	1,328,684,000	23.99%
Total assets	12,176,031,000	11,872,866,000	2.55%
Shareholders' equity after minority interests	7,345,367,000	7,397,470,000	-0.7%
Net assets per share	2.76	2.78	-0.7%
Adjusted net assets per share	2.76	2.78	-0.7%
	Six months ended 30 June 2003 (Rmb)	Six months ended 30 June 2002 (Rmb)	Variance (%)
Net profit	559,560,000	734,714,000	-23.84%
Earnings per share	0.21	0.28	-25%
Earning per share (Calculated on new capital if changes occur)	0.21	0.28	-25%
Return on equity	7.62%	9.93%	-23.26%
Net cash flow from operating activities	729,727,000	809,470,000	-9.85%

2. Reconciliation of the Group's net profit as disclosed by the financial reports for domestic and overseas purposes:

	As disclosed by financial statements prepared in accordance with the generally accepted accounting principles of the PRC	As disclosed by financial statements prepared in accordance with IFRS (International Financial Reporting Standards)
Net profit	585,091,100	559,557,000
Explanation on differences	Adjustments according to IFRS: write-off of pre-operating expenses of Maoming Ruineng of Rmb8.155 million, amortization of deferred staff cost of Rmb6.511 million, reverse of over-accrued repair and maintenance expenses in 2002 of Rmb26.08 million, reverse of deferred tax assets of Rmb2.212 million and others of Rmb1.116 million.	

III. Changes in Share Capital & Details of Shareholding Structure

1. There was no change in shareholding structure during the Reporting Period.

2. As of 30 June 2003, the Company had 117,394 shareholders, including 63,514 A share shareholders and 53,880 B share shareholders.

3. Major Shareholders

i) Major shareholders

As of 30 June 2003, top 10 major shareholders are as follows:

	Name of shareholders	Shares held as at 30 June 2003 (shares)	Proportion to total share capital (%)	Share ownership
1	Guangdong Electric Power Holdings Co.*	1,333,800,000	50.15	State-owned shares
2	Guangdong Provincial Trust and Investment Company of Construction Bank of China	87,750,000	3.30	Legal entity shares inside PRC
3	Guangdong Electric Power Development Company	85,082,400	3.20	State-owned legal entity shares
4	Guangzhou Development Industry (Holding) Co. Ltd.	43,875,000	1.65	Legal entity shares inside PRC
5	Great Wall Securities Co. Ltd.	27,328,439	1.03	State-owned legal entity shares
6	Templeton World Fund INC	25,718,523	0.97	Foreign currency shares
7	Yangpu Huasheng Investment Management Co. Ltd.	16,764,819	0.63	Other shares
8	BSDT/Mellon GLB FDS PLC-GLB Equity Portfolio	10,406,930	0.39	Foreign currency shares
9	Northwest Securities Co. Ltd.,	10,201,365	0.38	Other shares
10	Xiangcai Securities Co. Ltd.,	8,211,008	0.31	Other shares

Notes:

* Pursuant to the Approval on the Implementation Plan of Guangdong Province's Reform of Power Industry Structure Relating to Separation of Generation and Transmission Assets, a document issued by Guangdong Provincial Government [Yue Fu Han [2001] No.252], the shares of the Company formerly held by Guangdong Electric Power Holdings Co. was transferred to Guangdong Yuedian Assets Management Co., Ltd. (which was officially changed its name as "Yudean Group Co. Ltd" in May 2003). The

formality of registration of equity interest transfer is still in progress. Its holding stock is not impawned.

ii) Information of top ten shareholders of the Company:

Guangdong Electric Power Holdings Co. is the holding company of Guangdong Electric Power Development Company. The two companies are related parties.

IV. Information of the Company's Current Directors, Supervisors and Senior Management:

1. There was no change in shares held by the directors, supervisors or senior management during the Reporting Period.
2. Changes about the Directors, Supervisors and senior management are as follows:

As approved by the Board of Directors meeting held on 12 May 2003, Mr. Zhang De Wei will no longer act as the secretary to the Board of Directors. Ms. Li Xiao Qing was appointed as the secretary to the Board of Directors. As a result of position transfer, Mr. Chen Jin Liang will no longer act as employee supervisor; Mr. Chen Chu Yang was elected as supervisor by the employee committee of the Company.

V. Management's Discussion and Analysis

1. Analysis on operating results and financial position

	Six months ended 30 June 2003 (Rmb'000)	Six months ended 30 June 2002 (Rmb'000)	Variance (%)
Operating revenue	2,694,815	2,966,624	-9.16%
Operating costs	(1,732,828)	(1,689,653)	2.56%
Operating profit	961,987	1,276,971	-24.67%
Net profit	559,560	734,714	-23.84%
Net decrease on cash and cash equivalents	(220,279)	(1,026,340)	-78.54%

In the Reporting Period, the total on-grid electricity volume was 8,001 million KWH compared with 7,749 million KWH of the corresponding period of prior year, showing an increase of 3.25%. Operating revenue decreased by 9.16% and net profit decreased by 23.84% compared with the corresponding period of prior year. The main reasons were:

- (1) Although on-grid electricity volume increased slightly, due to the adjustment of the electricity prices, operating revenue decreased about Rmb272 million;
- (2) There was more rain in the first half year of 2003 in the eastern and northern areas of Guangdong Province. As a result, Meixian Power Plant B and Shaoguan #10 Generator

decreased their electricity generation volume which led to the increase of unit fixed operation costs compared with that of the corresponding period of prior year. Thus Guangdong Yuejia Electric Power Co., Ltd (“Yuejia Electric”) in which the Company held 68% equity interests Guangdong Shaoguan Yuejiang Electric Power Co., Ltd (“Yuejiang Electric”) in which the Company held 65% equity interests, were both showing a sharp decrease of profit;

(3)Guangdong Maoming Ruineng Thermal Power Co., Ltd (“Maoming Ruineng”) in which the Company held 51% equity interests, was put into operation in May 2003, the on-grid electricity volume of it was only 0.341 million KWH, which led to a high unit fixed operation cost therefore resulted in a loss in the first half year of 2003.

2. Business review for the reporting period

(1) Business review

The Group are principally engaged in the business of developing and operating electric power plants.

Operating result by industry and by product are as follows:

By industry	Operating revenue (Rmb'000)	Operating costs (Rmb'000)	Gross profit (%)	Increase (decrease) on operating revenue over the same period in previous year (%)	Increase (decrease) on operating costs over the same period in previous year (%)	Increase (decrease) on gross profit over the same period in previous year (%)
Electricity	2,694,815	1,732,828	35.70	(9.16)	2.56	(24.67)
Amount of related party transactions	-	-	-	-	-	-

By product	Operating revenue (Rmb'000)	Operating costs (Rmb'000)	Gross profit (%)	Increase (decrease) on operating revenue over the same period in previous year (%)	Increase (decrease) on operating costs over the same period in previous year (%)	Increase (decrease) on gross profit over the same period in previous year (%)
Electricity	2,694,815	1,732,828	35.70%	(9.16)	2.56	(24.67)
Amount of related party transactions	-	-	-	-	-	-
Pricing principles for related party transactions	On an arm's length basis					

Operating result by area

Area	Operating revenue (Rmb'000)	Increase (decrease) of operating revenue over the same period in previous year (%)
Guangdong Province	2,694,815	(9.16)

As of 30 June 2003, the installed capacity of the Group was 3,150.5MW. The electricity generation volume and on-grid electricity volume were 8,569 million KWH and 8,001 million KWH respectively, showing an increase of 3.09% and 3.25% respectively from the corresponding period of prior year.

Electricity generation of the power plants of the subsidiaries of the Company were as follow:

Shajiao Power Plant A, the Company's wholly-owned plant, achieved an electricity generation volume of 3,831 million KWH and on-grid electricity volume of 3,577 million KWH, showing an increase of 0.52% and 0.34% respectively from the corresponding period of prior year.

Zhanjiang Power Plant of Zhanjiang Electric Power Co., Ltd. ("Zhanjiang Electric") in which the Company held 76% equity interest, achieved an electricity generation volume of 3,450 million KWH and on-grid electricity volume of 3,256 million KWH, representing an increase of 28.05% and 28.75% respectively from the corresponding period of prior year.

Meixian Power Plant B of Guangdong Yuejia Electric Power Co., Ltd. (“Yuejia Electric”) in which the Company held 68% equity interests, achieved an electricity generation volume of 658 million KWH and on-grid electricity volume of 600 million KWH, showing an decrease of 29.09% and 29.82% respectively from the corresponding period of prior year.

The #10 Generating Unit of Shaoguan Power Plant of Guangdong Shaoguan Yuejiang Electric Power Co. Ltd. ("Yuejiang Electric"), achieved an electricity generation volume of 593 million KWH and on-grid electricity volume of 535 million KWH, showing a decrease of 32.54% and 33.04% respectively from the corresponding period of prior year.

The #5 Generating Unit of Maoming Thermal Power Plant of Guangdong Maoming Ruineng Thermal Power Co., Ltd (“Maoming Ruineng”) was put into operation on 25 May 2003, achieved an electricity generation volume of 38 million KWH and on-grid electricity volume of 34 million KWH.

During the Reporting Period, the Group derived operating revenue of Rmb2,695 million and profit before taxation of Rmb932 million from its principal activities. The profit after income tax expenses and minority interests was Rmb560 million, showing an decrease of 23.84% from the corresponding period of prior year.

- (2) During the Reporting Period, there was no significant change of the components of profit, operating structures and profitability of the main operations.
- (3) Other non-operating business of the Company did not make significant contribution to the Company’s net profit.
- (4) There was no single invested company contributed investment income which counted for over 10% of the net profit of the Group (include 10%).
- (5) Issues and difficulties in the operation

In the first half year, the total electricity consumption of Guangdong Province increased 16.20% compared with the corresponding period of prior year, which provided a prosperous market condition for the power plants of the Company. However, the electricity generation of the power plants of the Company did not achieve an increase consistent with the electricity demand, and the market share of the electricity generation of the Company decreased. The main reasons were: 1. The operating installed capacity could not match the demand of the electricity market; 2. the other electricity generation resources, e.g. Ling’ao Nuclear Power Plant newly put into operation and the enhanced capability of western electricity transmission to eastern areas, occupied most of the increased demand of the electricity market; 3. due to the limited transmission capacity of transmission lines of the electricity system, the electricity generation volume of Meixian Power Plant B of Yuejia Electric and the #10 Generating Unit of Shaoguan Power Plant of Yuejiang Electric decreased significantly; 4. in the first half year, the #1 Generating Unit of Shajiao Electric and the #10 Generating Unit of Yuejiang Electric was put into major repairs, which impacted the electricity generation of the Company.

In the second half year, demand will be over supply in the electricity market of Guangdong Province therefore the Company is facing a prosperous market situation. However, with the carry-out of the electricity reform, the electricity generation market is facing a keen competition. The Company will keep tight control over the safely production of the existing power plants and guarantee to fulfil the planned

electricity generation of 2003; meanwhile to accelerate the expansion of operation to improve the efficiency through scale of economic.

3. Investment in the first half of 2003

- (1) During the Reporting Period, there were no proceeds used as all of the proceeds have been used up by the Company.
- (2) Investment status of project funded by capital other than proceeds of previous fund raising and their profitability:

The #5 Generating Units (200MW) of Maoming Thermal Power Plant of Maoming Ruineng was put into operation on 25 May 2003. The operation is smooth. However, as the operation period is short, it has not achieved satisfactory revenue yet.

It was approved by the Board of Directors that the Company invest Rmb2.6 million in Guangdong Yuedian (Holdings) Western Investment Co., Ltd. and hold 26% of the equity interest, for its construction of Guizhou Pannan Power Plant.

It was approved by the Board of Directors that the Company increase the investment in Huazhou LNG Power Plant from 24% to 32%.

The #11 Generating Unit of Shaoguan Power Plant of Yuejiang Electric in which the Company held 65% equity interests was being prepared for start of construction in August, 2003.

The construction of #5 Generating Unit of Meixian Power Plant B of Yuejia Electric in which the Company held 68% equity interests was started on 28 June 2003.

4. Business plan for the second half of 2003

- (1) To improve the stability and efficiency of the generators, and maximize the electricity generation volume and on-grid electricity volume, in order to fulfil and exceed the production plan of 2003 based on the good results achieved in the first half of the year.
- (2) To follow up the plan of the construction of the #5 Generating Unit of Meixian Power Plant B and the #11 Generating Unit of Shaoguan Power Plant and keep them in schedule, take active part in the preparation work of the Huizhou LNG Power Plant, Guizhou Pannan Power Plant, Shanwei Power Plant and Qianwan Gas Turbine Power Plant.
- (3) To achieve the acquisitions of certain equities of Guangdong Shajiao Plant C Power Generation Co. and of Shenzhen Qianwan Gas Turbine Power Plant. To take the advantage of the electricity reform to obtain more merge and acquisition projects.

VI. Significant Events

1. Management structure of the Company

Since its incorporation and listing on the market in 1993, along with the improvement of the external legal and regulation environment, the internal management structure of the Company was also improved. The Company set up its own administrative structure strictly complied with the Company Laws, Security Laws, related regulations of China

Securities Regulatory Commission and Security Listed Regulations of Shenzhen Stock Exchange. In business operation, the Company appoints the parent company as fuel purchaser, which is pursuant to the characteristics of the power plants' operation – to fully take advantage of resources of the parent company and the advantage of centralized purchase. Therefore, the Company and Yudean intend to sign the “Agreement on Fuel Purchase”, which will be submitted to the shareholders meeting and extraordinary general shareholders meeting for approval, to better standardize the relationships between the Company and the parent company.

2. Implementation of the profit appropriation plan of the previous year

The 2002 profit appropriation plan of the Company has been reviewed and approved by the Annual General Meeting on 12 May 2003. The right record date was 29 May 2003 and the ex-right date was 30 May 2003. The cash dividend was paid on 30 May 2003 for A share shareholders and 30 June 2003 for B share shareholders. For details of the public notice on 2002 dividend distribution please refer to the Securities Times, Shanghai Securities, China Securities and Hong Kong Commercial dated 13 May 2003 (web site: <http://www.cninfo.com.cn/>).

3. The Company had no lawsuits and arbitration during the Report Period.

4. The Company had no significant assets acquisition, disposal and re-organisation during the Report Period.

5. Significant related party transactions please refer to Note 9 to the condensed consolidated financial statements.

6. Significant contracts and commitments

(1) The Company was not involved in trustee, sub-contract or lease with other Companies in the Reporting Period.

(2) Significant guarantee events

The Company provide guarantee to its subsidiary, Zhanjiang Electric from 2002 to August 2006. As at 30 June 2003, the guaranteed amount was Rmb690 million.

(3) The Company has no significant trustee events in the Reporting Period.

(4) Commitment

Maoming Ruineng, a subsidiary of the Company, entered into a long-term loan contract with Shanghai Pudong Development Bank Guangzhou Branch for a loan of Rmb0.65 billion. The Company issued a support letter for the loan and committed as follows: 1) unless written consent by the creditor, the Company shall maintain its 51% equity interest in Maoming Ruineng. Before the rescission day, the disposition of the relevant equity interests should be written consent by the creditor. 2) The Company was forbidden from equity set up or equity set up permission about its direct or indirect holding shares of Maoming Ruineng, or cause any mortgage, pledge, retain or other guarantee on the equity interests. 3) Except for requirement by law or regulation, the Company was forbidden from modifying the articles of association of Maoming Ruineng without written consent by the creditor. As of 30 June 2003, the loan balance was Rmb423 million.

7. Other information

Announcement of the Company in relation to the change of the senior management, #5 Generating Unit of Maoming Ruineng put into operation, change of name of the biggest shareholder and the investment in Shenzhen Guangqian Power Co., Ltd were published in the Securities Times, Shanghai Securities, China Securities and Hong Kong Commercial on respectively dated 13 May, 30 May, 4 June, 18 June of 2003 (web site: <http://www.cninfo.com.cn>).

VII. Financial Report

1. Condensed interim financial statements (unaudited) (as attached)
2. Notes to condensed consolidated financial statements

VIII. Documents for Future Reference

1. Interim Report signed by the Chairman of the Board of Directors
2. Financial statements manually signed and chopped by Authorized Representative, Finance Officer and Accounting Officers
3. Originals of documents and announcement of the Company as disclosed in Securities Times, China Securities, Shanghai Securities, Hong Kong Commercial (Chinese and English version for overseas investors) in the reporting period
4. Articles of Association of the Company
5. Originals of the English version of the Interim Report.

The above documents are kept in the Company's office and can be reviewed anytime (except public holiday, Saturday and Sunday) by the shareholders.

Board of Directors
Guangdong Electric Power Development Co., Ltd.
21 August 2003