2012 ANNUAL REPORT

POWERING A BRIGHTER FUTURE

WITH SYNERGY FROM DIVERSIFIED GROWTH

大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.
(Stock Code: 00991)

POWERING A BRIGHTER FUTURE
WITH SYNERGY FROM DIVERSIFIED GROWTH

Over the years, Datang Power has been vigorously implementing a business diversification strategy, while deepening business restructuring, maintaining the stable costs of supply, broadening the profit platform and promoting synergies. Following our tremendous expansion and work efforts, we have now laid a solid foundation for business diversification which is growing prosperously and begins to score fruitful results. Moreover, the implementation of the thermal coal price reform at this time in China will provide a greater impetus for the development of Datang Power, and further enhance its competitiveness. In 2013, Datang Power will proceed, on the basis of past performance, to a higher level and into a year of harvest!

COMPANY PROFILE

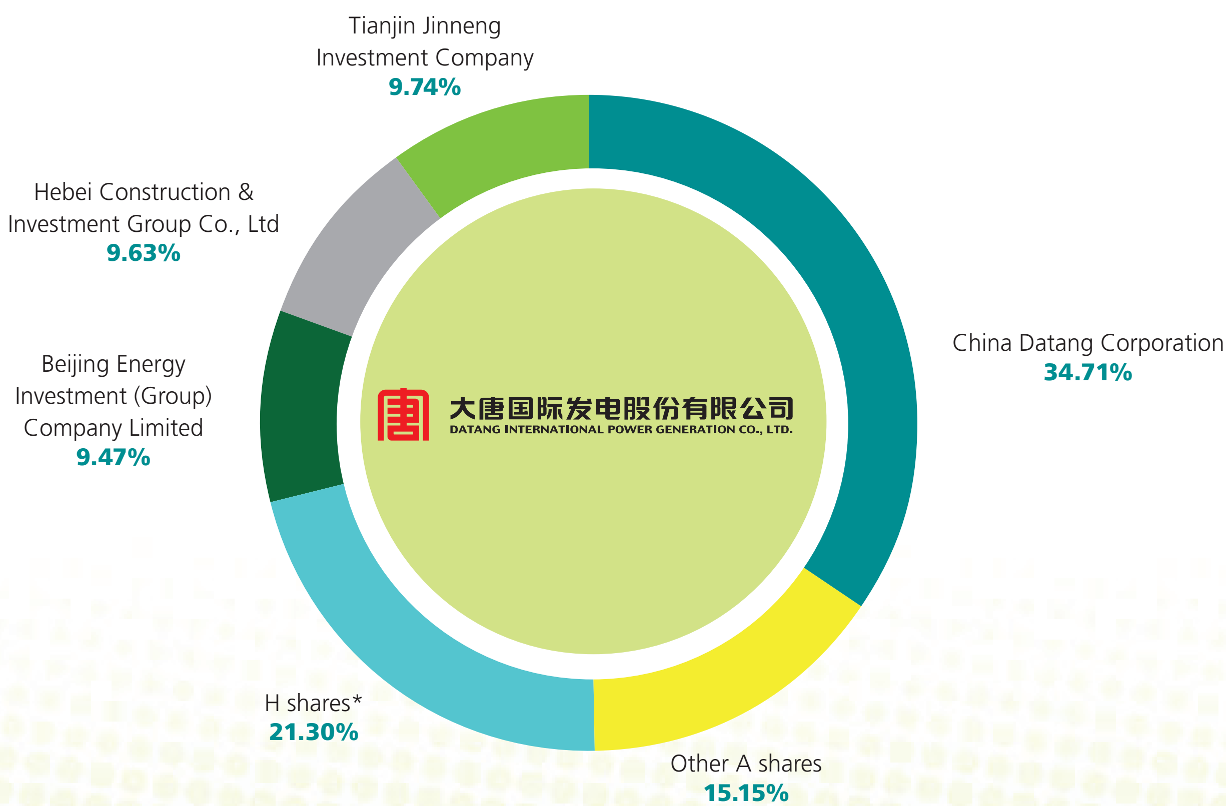
STRATEGIC POSITIONING:

In line with the strategy aimed at "focusing on its power generation business complemented with synergistic diversifications", and its business association and positioning that features power generation as the principal business on the basis of coal operations, with coal-to-chemical business as the new growth point while railway, port and shipping development as the bonds, Datang Power will strengthen the dynamic integration between business development and regional development, centralise its advantages on building a batch of industrial bases with core competitiveness, reinforce the strength of key regions, enhance its brand effect and economic benefits.

DEVELOPMENT STRATEGIES:

Enhancing the coal-fired power segment; aggressively expanding hydropower segment; continuing the progress of wind power; safely and efficiently developing nuclear power; developing solar energy to an appropriate scale; selecting suitable coal operations; steadily developing coal- to-chemical; accelerating the development of cyclic-economy projects; and establishing railway, port and shipping as auxiliary arms.

EQUITY STRUCTURE AND SHAREHOLDING OF THE COMPANY



* Excluding the H shares held by China Datang Corporation

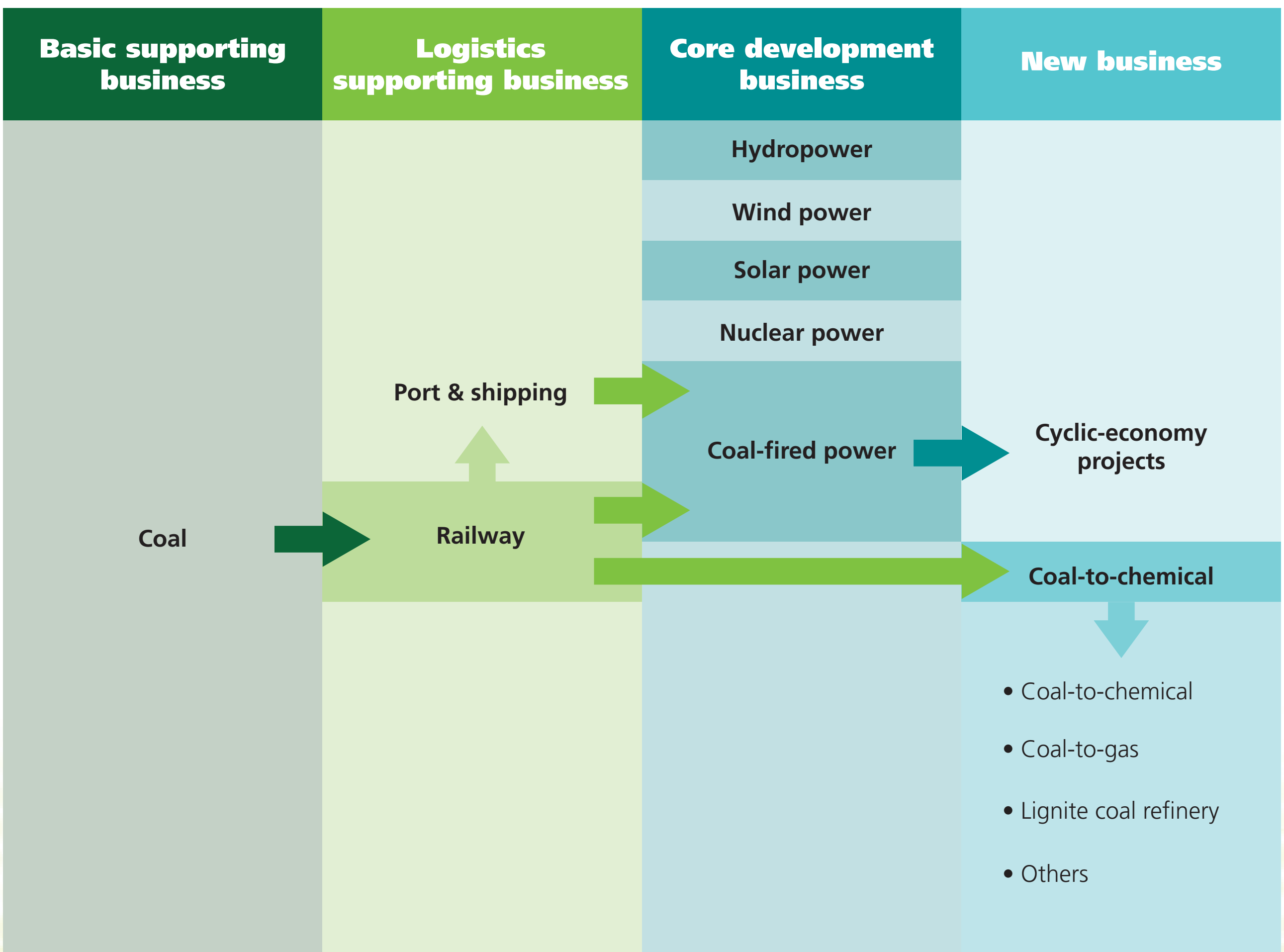
DEVELOPMENT GOALS:

To realize healthy growth of the Company's principal power generation business, achieve remarkable results for the diversification deployment, further enhance synergies among different regions and to improve power generation structure under the construction and development pursuant to the Twelfth Five-year plan; to further expand and strengthen the Eastern Inner Mongolia Energy Chemical Profit Base, the Western Inner Mongolia Recycling Economic Profit Base, the Pan-Bohai Co-generation Profit Base, the Southeastern Coastal Coal-Fired Power Profit Base, the Southwestern Hydropower Profit Base, the New Energy Profit Bases at the "Three Northern" and the Southeastern coastal areas; to place focus on the construction of a number of first-class quality projects both globally and domestically; to continue to be a leading industry player in energy conservation and emission reduction, and make significant progress in low-carbon development.

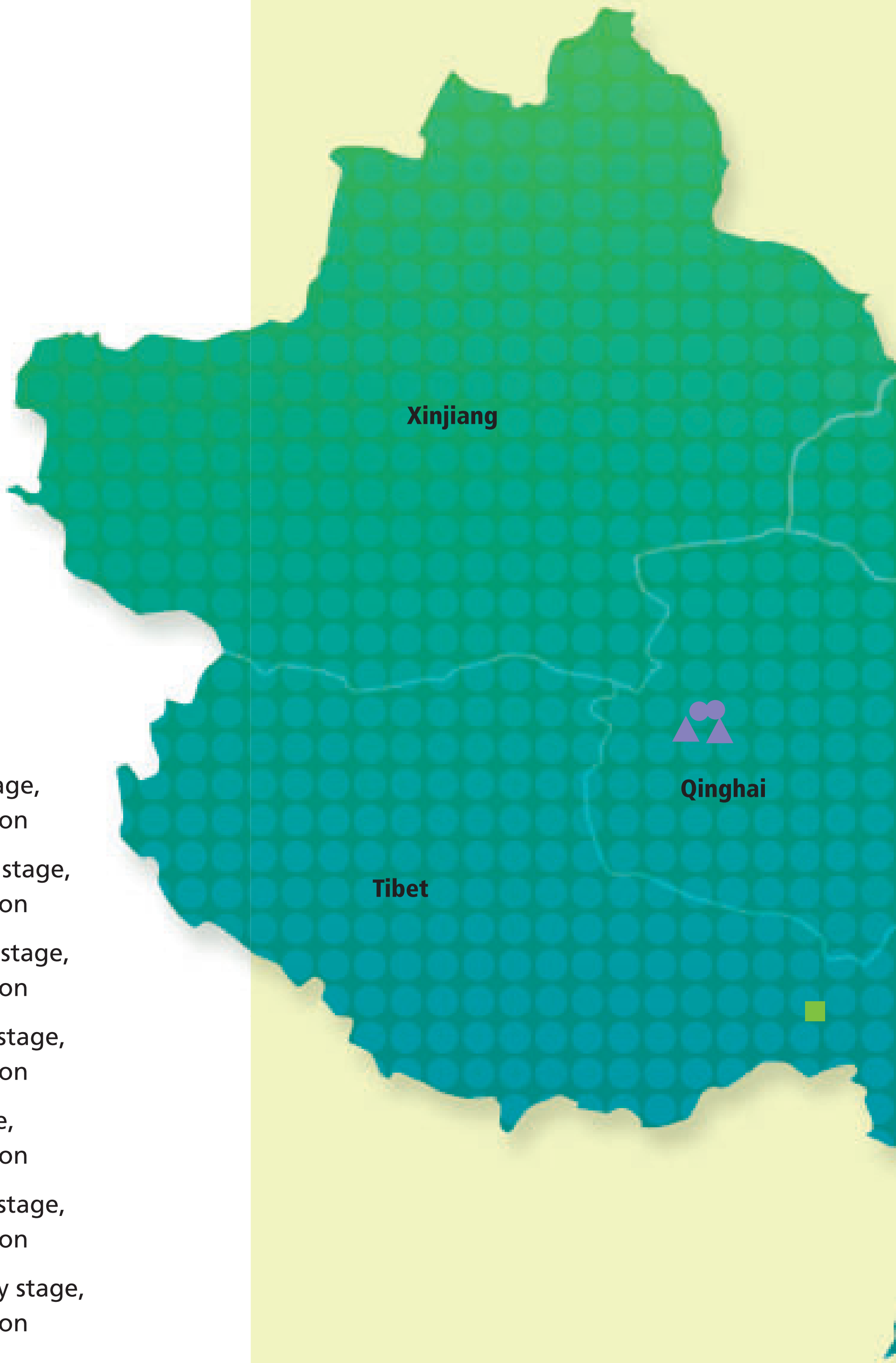
COMPANY INTRODUCTION:

Datang International Power Generation Company Limited ("Datang Power" or the "Company") was incorporated as a joint stock limited company and registered with the State Administration for Industry and Commerce of the People's Republic of China (the "PRC") on 13 December 1994. As one of the largest independent power producers in China, Datang Power explores businesses in both upstream and downstream segments of the power generation sector according to its strategy of "focusing in the power generation business whilst complementing with synergistic diversifications". As at 31 December 2012, the total consolidated assets of the Company and its subsidiaries amounted to approximately RMB275.278 billion. Total installed capacity in operation of the Company amounted to 39,147 MW. The businesses in power generation, coal-to-chemical, transportation and cyclic-economy of the Company spread across 18 provinces (municipalities and autonomous regions) throughout the country.

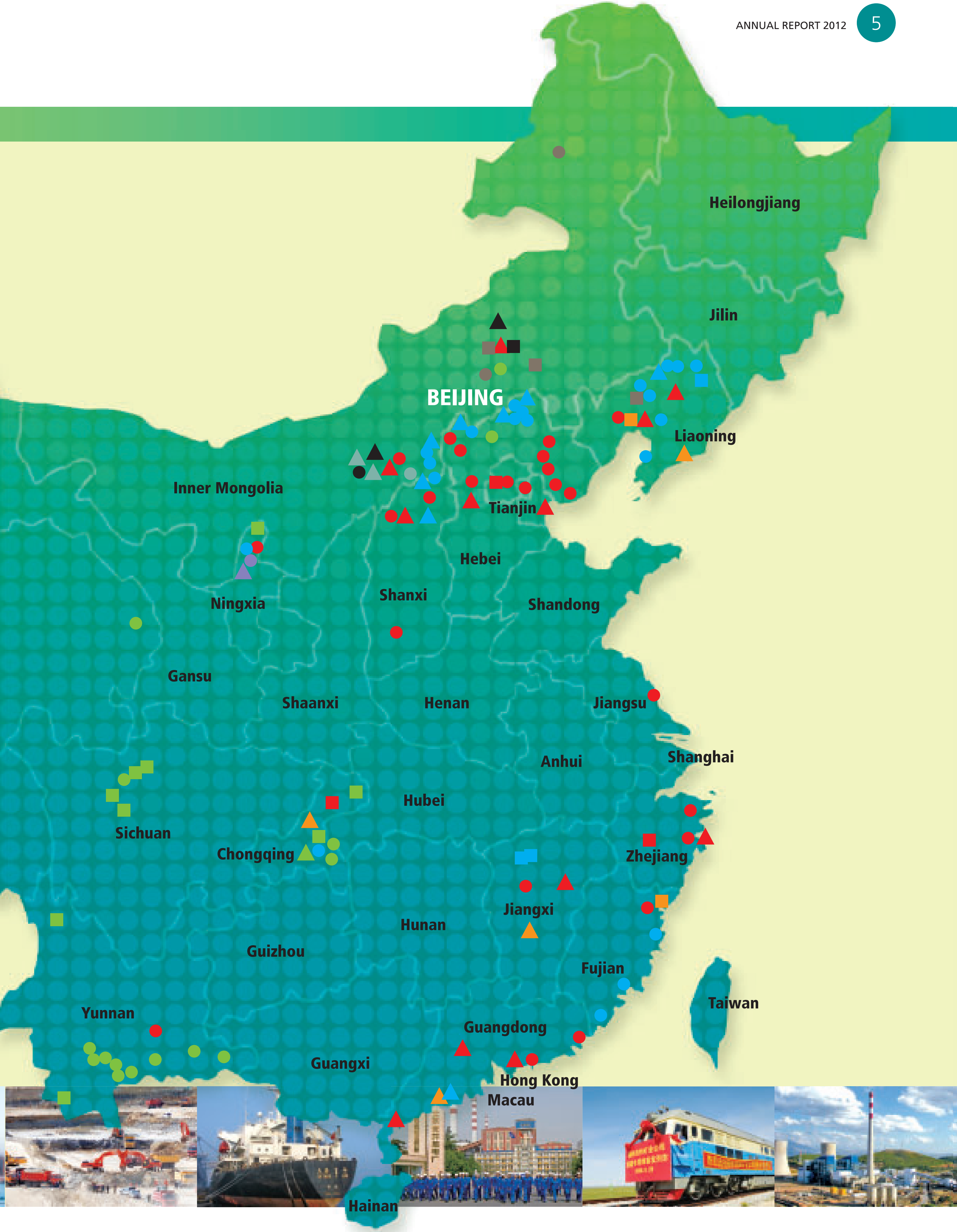
BUSINESS SEGMENT STRUCTURE



DISTRIBUTION OF PROJECTS



- ▲ ■ ● Coal-fired project at early stage, infrastructure and in operation
- ▲ ■ ● Hydropower project at early stage, infrastructure and in operation
- ▲ ■ ● Wind power project at early stage, infrastructure and in operation
- ▲ ■ ● Solar power project at early stage, infrastructure and in operation
- ▲ ■ ● Nuclear project at early stage, infrastructure and in operation
- ▲ ■ ● Coal mining project at early stage, infrastructure and in operation
- ▲ ■ ● Coal chemical project at early stage, infrastructure and in operation
- ▲ ■ ● Cyclic-economy projects, infrastructure and in operation


Heilongjiang
Jilin
BEIJING
Liaoning
Inner Mongolia
Tianjin
Hebei
Ningxia
Shanxi
Shandong
Gansu
Shaanxi
Henan
Jiangsu
Anhui
Shanghai
Hubei
Sichuan
Chongqing
Zhejiang
Jiangxi
Hunan
Guizhou
Fujian
Taiwan
Yunnan
Guangdong
Guangxi
Hong Kong
Macau
Hainan

MAJOR EVENTS IN 2012

MARCH

26 The Development and Reform Commissions of Chongqing Municipality and Guizhou Province issued an official reply to approve the Furongjiang Haokou Hydropower Project, with an approved installed capacity of 125MW (2 x 62.5MW).

29 The Development and Reform Commission of Beijing Municipality issued an official reply and approved the development of Beijing Gaojing Thermal Power Plant of Datang International Power Generation Co., Ltd. to construct three F-grade gas-steam combined cycle power generating units with an approved installed capacity of 1,380MW of the Beijing Gaojing Gas-fired Combined Heat and Power Project.

31 The Development and Reform Commission of Liaoning Province issued an official reply to approve Liaoning Datang International Changtu Wind Power Company Limited to construct Changtu Sanjiangkou Wind Farm, with an installed capacity of 48MW, in which 24 wind power generating units with unit capacity of 2MW and a 220kV step-up substation as an ancillary facility.

MAY

17 "Datang 711", a 76,000-tonne bulk carrier of Jiangsu Datang Shipping Company Limited, was launched by Jiangnan Shipyard (Group) Co., Ltd.

JUNE

26 The Development and Reform Commission of Liaoning Province issued an official reply to approve the Faku Shuangtaizi Wind Power Project, with an installed capacity of 48MW, in which 24 wind power generating units with unit capacity of 2MW are to be installed.

JULY

6 "Datang 712", a 76,000-tonne bulk carrier of Jiangsu Datang Shipping Company Limited, was launched by Jiangnan Shipyard (Group) Co., Ltd.

18 The Development and Reform Commission of Qinghai Province issued an official reply to approve the Qinghai Geermu Phase 2 20MW Photovoltaic Power Generation Project.

24 24 wind turbines (48MW) of Zhaoan Meiling Wind Farm of Fujian Datang International Wind Power Development Company Limited were all connected to the grid for power generation.

28 The methanation facility of Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited produced qualified natural gas with a methane content of 94.99% following a successful first trial run.

SEPTEMBER

18 The Development and Reform Commission of Inner Mongolia Autonomous Region issued an official reply to approve the Hangjinqi Balagong 10MW Photovoltaic Power Generation Project.

OCTOBER

30 The Development and Reform Commission of Inner Mongolia Autonomous Region issued an official reply to approve the Bayin Phase 1 10MW Photovoltaic Power Generation Project.

30 The Development and Reform Commission of Inner Mongolia Autonomous Region issued an official reply to approve the Hongmu Phase 1 20MW Photovoltaic Power Generation Project.

NOVEMBER

26 The Development and Reform Commission of Guangdong Province issued an official reply to approve the Guangdong Gaoyao Jintao Gas-steam Combined Cycle Thermoelectric Cooling and Power project to construct two 400MW grade gas-steam combined cycle natural gas combined thermoelectric cooling and power generating units and construct a heating pipeline network as an ancillary facility.

DECEMBER

19 The Development and Reform Commission of Hebei Province issued an official reply to approve the Fengning Luotuogou Wind Farm Phase 2 Project of Hebei Datang International Renewable Power Company Limited, with an installed capacity of 48MW, in which 24 2MW wind power generating units and ancillary facilities are to be installed.

21 The Development and Reform Commission of Ningxia Hui Autonomous Region issued an official reply to approve the Ningxia Hongsibao (Kangmatou) 20MW Photovoltaic Power Generation Project.

DECEMBER

21 The Development and Reform Commission of Jiangxi Province issued an official reply to approve the Anyuan Jiulongshan Wind Farm Construction Project, with an installed capacity of 48MW, to install 24 2MW wind power generating units.

24 The Development and Reform Commission of Jiangxi Province issued an official reply to approve the Fengcheng Yuhuashan Wind Farm Construction Project, with an installed capacity of 48MW, to install 24 2MW wind power generating units.

MAJOR HONOURS AND ACCOLADES IN 2012

1. **Ranked No. 145 (integrated) in the 2012 Top 250 Global Energy Companies; ranked No. 8 among global independent power generation companies; and ranked No. 38 in terms of overall performance in Asia**
   Datang International Power Generation Co., Ltd.

2. **"Listed Companies with the Highest Investment Value" in the China Securities Golden Bauhinia Award**
   Datang International Power Generation Co., Ltd.

3. **China Electric Power Quality Engineering Project Award**
   "Replacing Small Units with Large Units" Expansion Project of Linfen Hexi Thermal Power Plant of Shanxi Datang International Linfen Thermal Power Company Limited

   Qianchatai and Houchatai (2 x 49.5MW) Wind Power Project of Liaoning Datang International Fuxin Wind Power Company Limited

   Ningxia Datang International Qingtongxia 10MW Photovoltaic Project

4. **National Outstanding Enterprise in Power Industry**
   Yunnan Datang International Honghe Power Generation Company Limited

5. **2011 National Reliable Power Generation Units — Gold Medal (600MW coal-fired class)**
   Unit 2 of Hebei Datang International Wangtan Power Generation Company Limited

   Unit 1 of Fujian Datang International Ningde Power Generation Company Limited

   Unit 2 of Guangdong Datang International Chaozhou Power Generation Company Limited

6. **2011 National Reliable Power Generation Units — Gold Medal (300MW coal-fired class)**
   Unit 1 of Zhangjiakou Power Plant of Datang International Power Generation Co., Ltd.

   Unit 11 of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited

FINANCIAL AND OPERATING HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in millions of RMB)

For the year ended 31 December	2008	2009 (Restated)	2010	2011	**2012**
Operating revenue	36,900	47,943	60,672	72,382	**77,598**
Profit before tax	600	3,132	4,700	3,710	**7,586**
Income tax expense	(72)	(615)	(871)	(668)	**(1,361)**
Profit for the year attributable to:					
– Owners of the Company	749	1,537	2,570	1,971	**4,062**
– Non-controlling interests	(221)	980	1,259	1,071	**2,163**

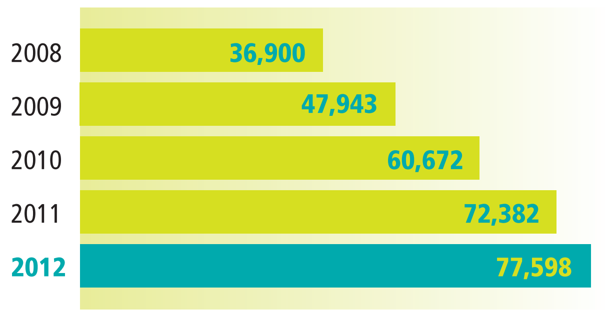
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in millions of RMB)

As at 31 December	2008	2009 (Restated)	2010	2011	**2012**
Total assets	158,719	184,149	212,915	247,697	**275,278**
Total liabilities	(127,813)	(151,376)	(174,483)	(196,965)	**(218,618)**
Non-controlling interests	(4,654)	(6,650)	(7,582)	(11,791)	**(15,001)**
Equity attributable to owners of the Company	26,252	26,123	30,850	38,941	**41,658**

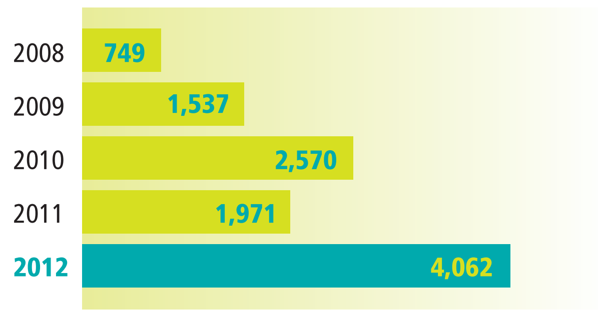
CONSOLIDATED OPERATING REVENUE

(RMB million)



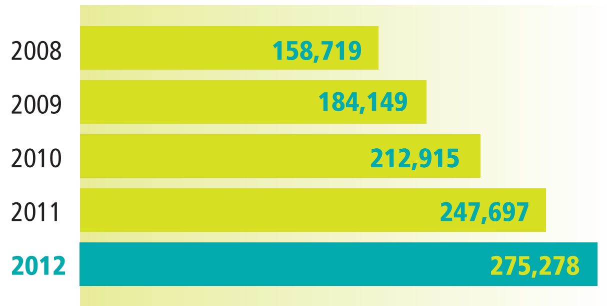
CONSOLIDATED PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB million)



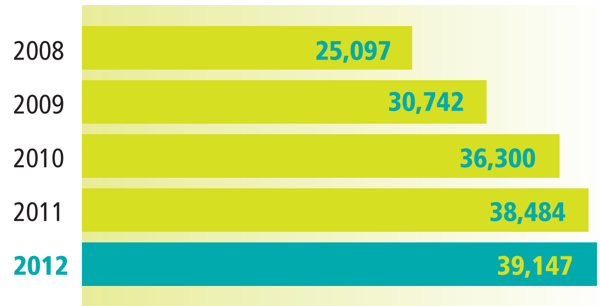
TOTAL CONSOLIDATED ASSETS

(RMB million)



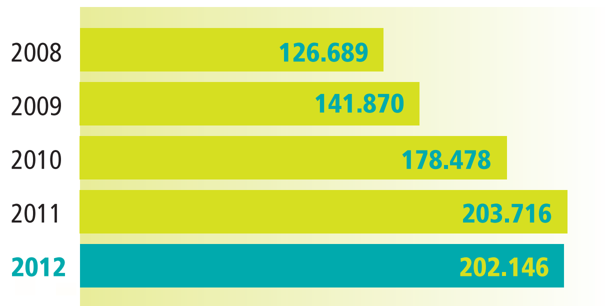
TOTAL INSTALLED CAPACITY

(MW)



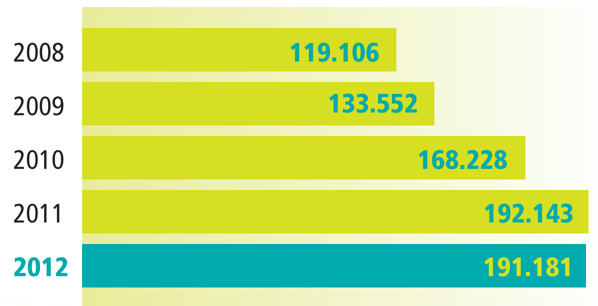
GROSS GENERATION

(billion kWh)



ON-GRID GENERATION

(billion kWh)



CHAIRMAN'S STATEMENT

2012 was a year filled with difficulties but full of breakthroughs for Datang Power. In the year, the operating environment was complicated and full of changes, in which the Company encountered tremendous challenges in its development. Despite the transitional opportunities arising from the price fall in the coal market, the pressure in operation brought by the year-on-year negative growth in power generation remained. The challenges to "pass five checkpoints" (technology, safety, operation, human resources, management) faced by non-power projects after their operation commencement were still severe. With growing scarcity of project resources and rising competition within the industry, views on the development environment remained conservative. In face of unprecedented challenges, the numerous cadres under the Company continued to adhere to Datang's tradition and insisted on being practical yet innovative and working together to solve difficulties. All the projects realised solid progress and achieved breakthroughs. The various target tasks set out in the year were completed successfully, creating the best operating results since the Company was incorporated 18 years ago.

In 2012, we adhered to focusing on the power generation business and deploying diversified synergistic strategies, and worked unremittingly towards developing the Company into an integrated energy company with an operation-cum-holding orientation, enjoying a domestic leadership position and international reputation for having strong development capabilities, profitability and competitiveness. We believe that for an enterprise to achieve sustainable development, its business development takes the lead, corporate development serves as protection, staff development is the starting point and the ultimate goal, and social development is responsibility.

We adhered to business development. In 2012, we continued to promote the comprehensive implementation of diversified synergistic strategies with focus on the power generation business, and worked hard to change our development approach, achieving optimisation and upgrade in the business structure. While optimising the development of coal-fired power, the Company has been gaining greater influence in the relevant sectors of the hydropower, wind power, solar power, coal, coal chemical and cyclic-economy projects. Diversified development is poised to achieve a quality leap.

We adhered to corporate development. In 2012, we continued to promote safety development, clean development and energy-conserving development in an effort to make the Company a resource-saving and environmentally-friendly enterprise and to achieve a harmonious win-win situation between the Company and society. In the year, the Company ranked among the "Top 250 Global Energy Company Rankings" by Platts Energy Information for the sixth consecutive year, ranking 145th in the general ranking from 162th last year and 8th among independent power generation enterprises around the world from 9th last year. It ranked among "Top 100 Chinese Listed Company Capital Brands" for the first time, ranking 46th. In the "Bauhinia Awards", it was once again awarded "Listed Company with the Highest Investment Value".

We adhered to staff development. During the year, the "Twelfth Five-year Plan" for human resources of the Company was further implemented. It continued to optimise the allocation of human resources and reserved talents in an appropriately proactive manner, thereby basically satisfying the dire need of talents in different fields for the development of the Company. Corporate democracy was fully practised and pleasant living and working environments were ensured for the staff, which allowed the whole staff to share the development achievements with the Company. A total of four staff members were granted the title Technical Expert in the Power Industry in China and 14 were granted the title Technical Expert of Central State-Owned Enterprises.

We adhered to social development. We focused on fulfilling social responsibilities and building corporate image. The fourth social responsibility report was successfully issued and the brand image of Datang Power was further enhanced. In the "Bauhinia Awards", it was awarded "Listed Company with the Best Investor Relations Management". It received the "Investor Relations Gold Award" from The Asset Magazine, and was granted the "Golden Bee Ecologically Civilised Award" by The Corporate Social Responsibility International Forum.

2013 is a year with historical opportunities to the Company carrying significant meaning in maintaining steady and robust development of the Company. Year 2013 marks the first year for the comprehensive implementation of the ideologies of the 18th National Congress of the CPC, a key year for the execution of the Twelfth Five-year Plan in which past experience gained will be consolidated and the future development will be prepared for, and the beginning year for the third phase of the mid-term development plan of the Company. At this crucial juncture with historical significance, we will continue to strengthen our strategic thinking, seize international and domestic development opportunities, and adhere to scientific development, safe production and green operation. We will strive for harmonies between production development and environmental friendliness, business development and corporate development, and corporate development and staff development respectively, with an aim to build Datang Power up to a robust enterprise with ongoing innovations.

Liu Shunda
Chairman

25 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW

The Company, primarily engaged in power generation businesses with its main focus on coal-fired power generation, is one of the largest independent power generation companies in the People's Republic of China (the "PRC"). In 2012, the Company continued to drive the strategy of "focusing on the power generation business whilst complementing with synergistic diversifications". In the face of a complex and volatile business environment and the increasingly fierce competition within the industry, the Group, following closely the changes in the State's policies and the market environment, placed emphasis on resources conservation and environmental protection and fulfilled social responsibilities. As a result, the Company showed healthy signs of overall development and achieved a significant year-on-year growth in profits.

B. REVIEW ON THE OPERATING RESULTS OF VARIOUS BUSINESSES

1. Power Generation Business

The power generation businesses of the Company and its subsidiaries are primarily distributed across the North China Power Grid, the Gansu Power Grid, the Jiangsu Power Grid, the Zhejiang Power Grid, the Yunnan Power Grid, the Fujian Power Grid, the Guangdong Power Grid, the Chongqing Power Grid, the Jiangxi Power Grid, the Liaoning Power Grid, the Ningxia Power Grid, the Qinghai Power Grid and the Sichuan Power Grid. As at 31 December 2012, the Company managed an installed capacity of approximately 39,147 MW.

(1) Maintenance of safe and stable power production. During the Year, total power generation of the Company and its subsidiaries amounted to 202.1456 billion kWh, representing a year-on-year decrease of approximately 0.77%. The accumulative on-grid power generation amounted to 191.1810 billion kWh, representing a year-on-year decrease of approximately 0.50%. Utilisation hours of generating units accumulated to 5,212 hours, representing a year-on-year decrease of 164 hours. No casualties or material damage to the facilities occurred to the Company and its subsidiaries during the course of power production. The equivalent availability coefficient of the operational generating units amounted to 93.78%.

(2) Steady progress in energy conservation and emission reduction. In 2012, the Company adhered to management by objective and dynamic benchmarking; focused on economic operation of power generation facilities; and intensified technological renovation on energy conservation and facilities treatment. During the Year, total coal consumption for power supply was 317.31 g/kWh, representing a year-on-year decrease of approximately 2.38 g/kWh. Electricity consumption rate of power plants was 4.56%, representing a year-on-year decrease of approximately 0.32 percentage points. The total desulfurization facilities operation rate and the total overall desulfurization efficiency rate amounted to 99.67% and 94.18%, respectively. The emission rates of sulfur dioxide, nitrogen oxides, smoke ash and waste water were 0.37 g/kWh, 1.22 g/kWh, 0.10 g/kWh and 50 g/kWh respectively, representing a year-on-year decrease of 2.63%, 8.27%, 16.67% and 16.67%, respectively. During the Year, a total of 11 power generating units of certain power generation companies of the Company carried out denitrification transformation projects.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Achieved breakthrough in progress of preliminary works. During the Year, 14 power generation projects of the Company were officially approved, including 2 coal-fired power (gas turbine) projects with total approved capacity of 2,226 MW, 1 hydropower project with total approved capacity of 125 MW, 6 wind power projects with total approved capacity of 276 MW, and 5 photovoltaic power projects with total approved capacity of 80 MW. Details of the aforesaid projects are:

Coal-fired power (gas turbine) projects: Beijing Gaojing 3 units of 460 MW Gas Thermal Power Expansion Project; Guangdong Gaoyao 2 units of 423 MW Turbine Project.

Hydropower project: Furongjiang Haokou 2 units of 62.5 MW Hydropower Project of Wujiang basin, Chongqing.

Wind power projects: Liaoning Changtu Sanjiangkou 48 MW Wind Power Project; Liaoning Faku Shuangtaizi 48 MW Wind Power Project; Datang Yangxi Baishawan 36 MW Wind Power Project; Hebei Fengning Luotuogou Phase 2 48 MW Wind Power Project; Jiangxi Anyuan Jiulongshan 48 MW Wind Power Project; Jiangxi Fengcheng Yuhuashan 48 MW Wind Power Project.

Photovoltaic projects: Qinghai Geermu Phase 2 20 MW Photovoltaic Project; Inner Mongolia Hangjinqi Balagong 10 MW Photovoltaic Project; Inner Mongolia Zhuozi Bayin Phase 1 10 MW Photovoltaic Project; Inner Mongolia Hongmu 20 MW Photovoltaic Project; Ningxia Hongsibao 20 MW Photovoltaic Project.

(4) Pushed forward project construction and improved power generation structure. During the Year, the capacity of generating units of the Company increased by 213.5 MW, all of which are green energy. As at the end of 2012, coal-fired power, hydropower, wind power and photovoltaic power accounted for 83.75%, 12.33%, 3.74% and 0.18% of the Company's installed power generation capacity, respectively. The proportion of capacity in clean and renewable energy reached 16.25%, representing a year-on-year increase of 0.33 percentage points.

2. Coal Chemical Business

During the Year, the Duolun Coal Chemical Project with an annual output of 460,000 tonnes of polypropylene, the Keqi Coal-based Natural Gas Project with an annual output of 4 billion cubic meters of natural gas, and the Fuxin Coal-based Natural Gas Project with annual production scale of 4 billion cubic meters of natural gas, being constructed by the Company with controlling interests, proceeded smoothly. Of these projects:

(1) The Duolun Coal Chemical Project: The Duolun Coal Chemical Project, developed and constructed by the Company with controlling interests is located at Duolun County, Xilinguole League, the Inner Mongolia Autonomous Region. It uses lignite coal from the Shengli Open-cut Coal Mine East Unit 2 in Shengli area of Inner Mongolia as raw materials; and it applies advanced technologies in the world including the technology of vaporising coal ash, the syngas purification technology, the large-scale ethanol synthesis technology, the technology to convert methanol to propylene, and the propylene polymerisation technology to produce polypropylene and other chemical by-products.

The project officially started to undergo trial production in March 2012. In August 2012, the continuous and stable trial operation at a heavy loading rate of 70% was completed. With prolonged practice and innovative improvements based on the construction and operation of the project, the relevant professionals of the Company fully verified that the Duolun Coal Chemical Project has reached its expected usable condition. Since December 2012, the construction-in-progress was successively transferred to fixed assets.

(2) The Keqi Coal-based Natural Gas Project: The Keqi Coal-based Natural Gas Project with an annual output of 4 billion cubic meters, developed and constructed by the Company with controlling

interests, is located in Keshiketeng Qi, Chifeng City, the Inner Mongolia Autonomous Region. Upon its completion, the major supply targets of the project are Beijing and cities along the gas transmission pipeline. As a political, cultural and financial centre of the PRC, Beijing has a strong demand for clean energy such as natural gas, given the city's higher requirement for the quality of air environment. Following the completion of the Keqi Coal-based Natural Gas Project, it will benefit from the growing demand for clean energy in Beijing and cities along the gas transmission pipeline, thereby increasing the overall profitability of the Company.

As at the end of the reporting period, the construction of Series 1 of Phase 1 of the Keqi Coal-based Natural Gas Project has gone through all the technological processes and produced qualified natural gas. For the construction of Phase 2, the startup of 8 facilities has been completed. Apart from methanation facilities, major facilities in the chemical zone have also fully commenced construction. The main structure of the air separation installation has been constructed, while installations for gasifiers at the gasification plant, waste heat boiler and non-standard ancillary facilities have all been completed. Lifting and installation for the low-temperature methanol tower washers of the purification plant have all been completed. The construction of the main structure of phenol ammonia recovery facility and the underground pipeline network has been completed. The circulation water system has also been basically constructed.

(3) The Fuxin Coal-based Natural Gas Project: The Fuxin Coal-based Natural Gas Project with an annual output of 4 billion cubic meters of natural gas, developed and constructed by the Company with controlling interests, is located in Fuxin City, Liaoning Province. The project was approved and commenced construction in 2010. Upon its completion, its natural gas will be mainly supplied to Shenyang City of Liaoning Province and the nearby cities such as Tieling, Fushun, Benxi and Fuxin. Liaoning Province has experienced fast economic growth. With the acceleration of urbanisation, the reform in coal-fired boilers and the development of gas buses and industries using natural gas as raw materials, the supply gap of natural gas in the above cities will grow bigger and bigger. Following the completion of the Fuxin Coal-based Natural Gas Project, the Company will benefit from the growing demand for clean energy in Shenyang and nearby cities which have experienced rapid economic development, thereby increasing the overall profitability of the Company.

As at the end of the reporting period, the air separation units of the Keqi Coal-based Natural Gas Project already met the requirements of trial run; Gasifier no. 1 met the requirements of ignition; installation of facilities in the chemical zone completed in general; 80% of the long distance natural gas transmission pipelines completed; 9.6km of rail were laid.

3. The Coal Business

The Shengli Open-cut Coal Mine East Unit 2 in Shengli area of Inner Mongolia, developed and constructed by the Company, is located in the central part of Shengli Coal Mine in Inner Mongolia, with a planned construction scale of 60 million tonnes. Its coal products will be primarily supplied as raw materials to the coal chemical and coal-based natural gas projects such as the Duolun Coal Chemical Project, the Keqi Coal-based Natural Gas Project and the Fuxin Coal-based Natural Gas Project. Among which, the annual production capacity of Phase 1 project reached 10 million tonnes; Phase 2 project with an annual production capacity of 20 million tonnes is currently undergoing construction of infrastructure as scheduled. The preliminary development works of the Wujianfang Coal Mine, the Kongduigou Coal Mine and the Changtan Coal Mine carried out by the Company in Inner Mongolia region proceeded in an orderly manner. The successful development of the above-said coal mine projects would also increase the coal self-sufficiency ratio of the Company. As at the end of the reporting period, the volume of coal produced by Inner Mongolia Datang International Xilinhaote Mining Company Limited, a subsidiary of the Company, amounted to 10.81 million tonnes; the volume of coal produced by Inner Mongolia Baoli Coal Company Limited amounted to 1.25 million tones.

C. MAJOR FINANCIAL INDICATORS AND ANALYSIS

1. Operating Revenue

During the Year, the Group realised an consolidated operating revenue of approximately RMB77,598 million, representing an increase of approximately 7.21% over the Previous Year, among which revenue from electricity sales increased by approximately RMB2,994 million.

2. Operating Costs

During the Year, total operating costs of the Group amounted to approximately RMB64,088 million, representing an increase of approximately RMB1,259 million or 2% over the Previous Year. Among which, fuel cost accounted for approximately 69.39% of the operating costs, and depreciation cost accounted for approximately 13.76% of the operating costs. Since the standard coal unit price of the Company for power generation decreased by RMB28.22/tonne over the Previous Year, the fuel cost for power generation of the Company decreased by RMB1,548 million as a result.

3. Net Finance Costs

During the Year, finance costs of the Group amounted to approximately RMB8,568 million, representing an increase of approximately RMB1,466 million or approximately 20.65% over the Previous Year. The relatively significant increase was mainly due to the increase in borrowings.

4. Total Profit before Tax and Net Profit

During the Year, the Group reported a total profit before tax amounting to approximately RMB7,586 million, representing an increase of approximately 104.49% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB4,062 million, representing an increase of 106.08% over the Previous Year. The increase in the Group's profit was mainly due to increase in operating revenue and decrease in fuel costs.

5. Financial Position

As at 31 December 2012, total assets of the Group amounted to approximately RMB275,278 million, representing an increase of approximately RMB27,581 million as compared to the end of 2011. The increase in total assets was primarily attributable to increased investments in construction in progress and fixed assets as a result of the Group's implementation of its development strategies.

Total liabilities of the Group amounted to approximately RMB218,618 million, representing an increase of approximately RMB21,653 million over the end of 2011. Of the total liabilities, non-current liabilities increased by approximately RMB19,630 million over the end of 2011. The increase in total liabilities was mainly due to an increase in the Group's borrowings and debentures so as to fulfill the needs of day-to-day operations and infrastructure construction. Equity attributable to equity holders of the Company amounted to approximately RMB41,658 million, representing an increase of approximately RMB2,717 million over the end of 2011. Net asset value per share attributable to equity holders of the Company amounted to approximately RMB3.13, representing an increase of approximately RMB0.20 per share over the end of 2011.

6. Liquidity

As at 31 December 2012, the assets-to-liabilities ratio of the Group was 79.42%. The net debt-to-equity ratio (i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/total equity) was approximately 315.30%.

As at 31 December 2012, cash and cash equivalents of the Group amounted to approximately RMB4,613 million, among which deposits equivalent to approximately RMB517 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the Year.

As at 31 December 2012, short-term loans of the Group amounted to approximately RMB22,240 million, bearing annual interest rates ranging from 1.64% to 6.94%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB129,446 million and long-term loans repayable within one year amounted to approximately RMB12,771 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.00% to 7.76%. Loans equivalent to approximately RMB1,512 million were denominated in US dollar, and loans equivalent to approximately RMB365 million were denominated in HK dollar. The Group paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

7. Welfare Policy

As at 31 December 2012, the staff of the Group totalled 22,012. The Group adopts the basic salary system on the basis of position-points salary distribution. The Group is concerned about personal growth and occupational training of its staff. Led by the strategy of developing a strong corporation with talents, the Group relies on a three-tier management organizational structure and implements an all-staff training scheme for various levels.

D. OUTLOOK FOR 2013

In 2013, the domestic economy is expected to stabilise and move to the track of significant rebound, which would set to drive the actual growth of electricity demand. Meanwhile, given the concentrated release of domestic coal production capacity and the sustained downturn of international coal price, the coal market will generally be in the status of oversupply, thus thermal coal price is expected to fluctuate at low level in recent years.

Diversified business deployment of the Company has been gradually paving the way to the harvest stage of the diversified and synergistic development. The Company's structures in terms of business, power generation, regional distribution and equity holding would further be optimised; power generation, the core business of the Company, will see another new height, and the preliminary works for power generation projects of approximately 3,900 mWh are expected to make significant breakthrough in 2013, which are conducive to the strengthening of core competitiveness of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

While the overall slowdown of domestic economic growth continues to impose substantial pressure to the power generation business the Company; local governments are becoming more demanding on emission reduction performances and about the timing for facility rectification, which will probably affect the normal power generation of enterprises. Confronting the challenges, the Company will consolidate advantageous factors and implement effective measures to strive for achieving total power generation in 2013 to exceed 200 billion kWh.

In 2013, according to the strategy of "focusing on the power generation business whilst complementing with synergistic diversifications", the Company will uphold an integrated-business positioning: with the power generation business as the dominant development; coal operations as foundation; coal-to-chemical projects as a new growth driver; and railway, port, and shipping as connecting ties. The Company will enhance its coal-fired power; aggressively expand its hydropower; continuously develop wind power; safely and efficiently develop nuclear power; appropriately develop solar power; focus on suitable coal operations; actively and steadily develop coal chemical projects; accelerate the development of cyclic-economy projects; and secure a complementary development of railway, port and shipping operations. The Company will carry out innovative development in regions where the Company has advantages in terms of resources, market and policies; reinforce the dynamic integration of business development with regional development; and focus its advantages on building a batch of business strongholds featuring core competitiveness, enhancing the strengths of key regions, the Company's brand position and profitability.

1. Strengthen the construction of long-effect mechanism on production safety

Enhance safety management. Continue to persist in rigorous examination on production safety; intensify the nurturing of execution capabilities, focus on forging quality safety enterprise and a long-effect mechanism on production safety of the Company style.

Enhance facility management. Emphasis will be placed on improvement of auxiliary reliability management system and spot-checking performance management system of power generation enterprises, as well as the building of healthy and comprehensive reliability management system of major facilities of non-power generation enterprises.

Enhance operational management. Continue to improve "great centralisation" of coal-fired enterprises; promote the new production management model featuring centralised operation, on-spot checking and regional repairing among medium and small hydropower, wind power and photovoltaic power generation enterprises.

Enhance technological innovation. Launch programmes to build a technologically innovative enterprise and focus on tackling practical issues in strengthened technological ways to ensure solid results. Strengthen the management of independent intellectual property rights and speed up carrying out the brand strategy of non-power generation products.

2. Strive to further improve profitability

Continue to reinforce the coordination of power generation at corporate level, grasp various types of complementary power generation that are beneficial to profit contribution, and continue the incentive programme for overfulfillment of power generation targets, with an aim to drum up the willingness, motivation and inventiveness of units-in-charge at different levels.

Concentrate on intensifying study on fuel market and formulate fuel purchasing strategy scientifically. Execute effectively the new model of fuel management, enhance the central management of purchasing and sales to ride on the advantage of large scale purchasing.

Keep improving capital management model; rationally adjust the debt structure; raise the efficiency of capital utilisation; step up the comprehensive rigid budget control and management.

3. Accelerate the development of "six efficiency bases"

Intensify the exploration of power generation projects. Continue to expand wind power reserve and advance wind power development towards areas with more abundant resources, higher tariff, larger capacity of power grids, and absence of wind power projects.

Extend the business chain of non-power generation. Explore new growth drivers from the existing non-power generation projects of the Company. Emphasis placed on product compatibility and synergy in efficiency of coal chemical and coal-based natural gas projects. Speed up the development of cyclic-economy project in Ordos area riding on the independent intellectual rights in the extraction of alumina from high-aluminium pulverised fuel ash.

4. Push forward energy conservation and emissions reduction

Enhance energy conservation and reduction of energy consumption. Intensify the research and promotion on new technology on energy conservation, with highlight on promoting the technology of utilisation of smoke residue heat; carry out renovation for environmental production; enhance control on the total systematic pollutant emission volume of the Company and improve the monitoring of performance on environmental protection at basic level of the Company; strengthen the investigation of key environmental issues and build a comprehensive response system on environmental emergencies.

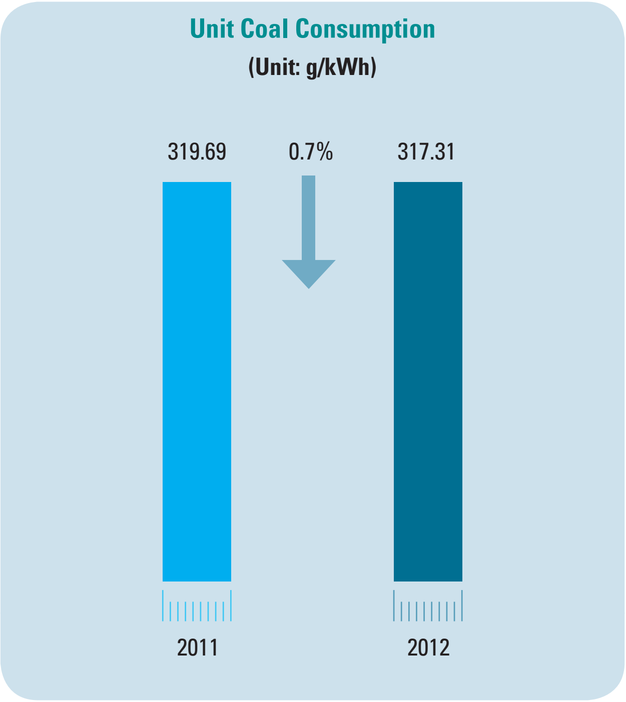
5. Continue active capital operation

Continue capital operation. Make full use of the listed company as a financing platform, reinforce its function of direct financing and optimise its equity structure; intensify the organisation and coordination at corporate level, and enhance the capability of capital operation and risk resistance.

6. Push forward the comprehensive improvement of corporate governance

Continue to enhance the institutions of authority and responsibility. Further clarify the managerial interface and functions, clean out management flows.

Continue to improve internal control. Improve "Datang International internal control deficiency identification standards" and commence quality evaluation on internal control.



FULFILLMENT OF SOCIAL RESPONSIBILITIES

OUR RESPONSIBILITY

We are committed to becoming a reliable, responsible and strong integrated energy company. By managing and practising our social responsibility, we aim at integrating our operations, social prosperity and ecological civilization. We want to be a sustainable and profitable company by meeting the needs of social development and are working hard to achieve sustainable development for ourselves and society.

ESSENCE OF SOCIAL RESPONSIBILITY

- **Scientific Development**

  Taking secured energy supply as the starting point, we pursue an intellectual and high-quality sound and rapid development to create a sustainable development model and build the Company to be a domestic renowned and world renowned leading integrated energy company with strong development capacity, profitability and competitiveness, creating more economic value for the stakeholders.

- **All-win in Harmony**

  We believe that "Being pragmatic and harmonious, and making strides with one mind" is the spirit of Datang Power. Ethical business and conducting business with integrity benefits the local economy, safeguards social stability, aids public welfare, contributes to mutual cooperation, and helps us grow while also contributing to society.

- **Safe Production**

  We place top priority on safety, focus on prevention and promote safety in a comprehensive way. We strengthen the philosophy that hazards can be eliminated, risk can be prevented, errors should be controlled, and accidents can be avoided to build an intrinsically safe enterprise.

- **Staff Growth**

  We believe that 'people are fundamental, harmony is admired, and efficiency is first' and uphold the belief that 'Datang is a huge stage on which people can showcase their talents' and successfully contribute to their own development and that of the company. Partnerships strengthen our company and we want staff to grow in unison with us.

FULFILLMENT OF SOCIAL RESPONSIBILITIES

- **Green Operations**

  We strive to be an environmentally friendly company that uses resources efficiently. We are committed to transforming resource constraints into opportunities that will aid our development and will continue to pursue coordinated development activities that result in economic efficiency and protect the environment.

SOCIAL RESPONSIBILITY MANAGEMENT

Datang Power has integrated the concept of social responsibility into our corporate decision-making and production process to ensure that all business aspects are aligned with the corporate mission, vision and values. By developing policies and systems, implementing organizational support, and strengthening our supervision and evaluation systems, we have optimized our business processes. We have also incorporated our approach to stakeholder responsibility into our management system to enhance overall transparency and information disclosure, to strengthen our approach to social communication, and to standardize our systematic approach to holistic social responsibility.

Social Responsibility Management Structure

- Social Responsibility Leading Team

  Coordinates the construction of the social responsibility management system; organizes major social responsibility activities; approves the annual social responsibility reports; approves social responsibility planning and systems

- Social Responsibility Office

  Provides day-to-day social responsibility management; organizes the preparation of the corporate social responsibility reports; contacts, communicates and coordinates with all relevant organization; collects and studies social responsibility information and trends both domestically and overseas

Stakeholder Engagement

Fulfilling our social responsibility requires us to pay more attention to how we communicate and respond to stakeholders. In 2012, we modified our communication with targeted stakeholders to better respond to their demands. Effective communication helps us enhance the transparency of the information we disclose and helps us to gain support from stakeholders and a better understanding of stakeholders' needs. It also helps us to optimize our business strategy and gives an indication of how we can make improvements to the social value that we bring to society.

Stakeholders	Communication Methods	Expectations	Performance Indicators
Government	Formulating laws, regulations and policies Participation in relevant meetings Works report Statistical statements Information submission High-level meetings	National policies and energy security Power and heat supply Legal compliance Tax Structural optimization Energy conservation and emission reduction Increasing employment Management and technical innovation	Scale of installed capacity Power generation capacity Total profit and tax Jobs provided Energy conservation indicators Emissions reduction indicators Proportion of clean and renewable energies Innovation results
Shareholders	Shareholders' meeting Company announcements Periodic reports Contracts and agreements	Honesty and keeping promises Profit level Standardized operations	Shareholder dividends Shareholder rights and interests Sales income Company profit
Staff	Staff representative meeting Reasonable suggestions Interview Collective contracts Labor contracts Openness of company affairs	Democratic rights Health and safety Salary and well-being Personal development Education and training	Work environment Accident rate Labor union membership rate Collective contract coverage ratio Salary levels Investment in staff training Staff turnover rate
Community	Collaborative construction Public interest activities Safety and environmental protection publicity	Harmonious community Public interest enterprise Safety and environmental protection	Investments in community building Public interest investment Number of pollution complaints
Client	Contracts and agreements Power and heat products Relevant technical services	Safe and stable supply Electricity price and heat price	Client satisfaction level
Supplier	Contracts and agreements Products and services	Honesty and legal compliance Long-term cooperation	Honesty level Contract completion rate Period of cooperation Profit
Social Organization	Meetings Activities	Contributions to organizations Influence on sustainable development	Frequency and depth of participation in activities Membership fee amount

FULFILLMENT OF SOCIAL RESPONSIBILITIES

DEVELOPING A CIRCULAR ECONOMY PROJECT

At Datang Power we promote the integrated development of "coal – electricity – ash – aluminum" through our use of high alumina coal resources in western Inner Mongolia, and we conduct technical R&D and industrial exploration. We extract alumina containing up to 50% aluminum from fly ash from our thermal power plant and are developing aluminum-based energy saving and environmentally friendly silicon products without red mud emissions. Our efficient use of coal and clean electricity, our reuse of waste and our purchasing of inexpensive aluminum is a boon to the local circular economy.

ADHERING TO TECHNICAL INNOVATION

We continue to work hard to improve our capacity for innovation and to enhance our development strategy. We have deepened our scientific and technological management, gradually established a long-term mechanism for investment in science and technology, and set up a scientific and technological innovation system that supports our diversified layout.

In 2012, we obtained 64 patents, including nine invention patents. We won four National Energy Technology Progress Awards, four China Power Science and Technology Awards, eight China Power Science and Technology Achievement Awards, 21 National Power Industry Enterprise Management Innovation Results, and four Beijing Municipal Business Management Modernization Innovation prizes.

A SELECTION OF KEY SCIENTIFIC RESEARCH PROJECTS THAT THE COMPANY ATTENDED IN 2012

National scientific and technological support projects

- Air-cooled unit integration technology and 1,000 MW ultra-supercritical direct air-cooling steam turbine technology demonstration study
- High alumina fly ash extraction poly-generation process optimization and industrial demonstration
- High alumina fly ash desilication product for preparation of new chemical fillers, key technology and industrial demonstration
- Key technologies and demonstration for using CaSi slag and flue gas desulfurization (FGD) gypsum to produce cement
- Enrichment and extraction of gallium from high alumina fly ash key technologies and demonstration

National 863 projects

- Syngas complete methanation catalyst development and industrial production demonstration
- Syngas complete methanation complete technology development
- Crushed coal pressurized gasification wastewater treatment and reuse
- Methanol to olefin new technology
- Extraction of silicon oxide from fly ash for production of high filler cultural paper technology development
- Ferrosilicon dust and high alumina fly ash CaSi resource collaborative use key technologies and demonstration

Asian Development Bank's technical assistance funding project

- Gaojing Cogeneration Power Plant CCS demonstration project research

DEEPENING ENVIRONMENTAL PROTECTION MANAGEMENT

At Datang Power we, abided by the state's environmental protection laws and regulations, have built an energy-saving and emissions reduction and supervision system as well as a performance appraisal system that covers a number of industries. We evaluate our environmental production activities to facilitate the construction of an environmentally friendly enterprise. Moreover, we continue to strengthen the supervision of our online environmental data, and conduct field verifications as well as the monitoring of technical equipment. We also implement comprehensive digital and offline environmental management approaches to improve our overall environmental protection standard.

In 2012, we strengthened our environmental protection system, improved our environmental protection construction procedures, and standardized our basic environmental supervision management. We passed the 2011 total major pollutants emission reduction verification and accounting conducted annually by the Ministry of Environmental Protection. In response to new national environmental standards and requirements, we also raised awareness among grassroots enterprises on how to implement and sufficiently execute the requirements. No negative environmental event occurred at Datang Power in 2012.

PROMOTING ENERGY CONSERVATION AND EMISSIONS REDUCTION

The development of the power industry relies on the environment and its resources. At Datang Power we have embedded a green growth philosophy into our entire production management process and are always open to new ways to conserve energy. We have introduced new heat recovery technology and are implementing low-nitrogen burners, desulfurization and denitrification systems. We are promoting wastewater treatment and other environmental technology research and projects in our non-power generation division. Focusing on the comprehensive utilization of slag, fly ash, desulfurized gypsum and wastewater. In 2012, we led the industry in the reduction of sulfur dioxide, nitrogen oxide, dust and wastewater emissions.

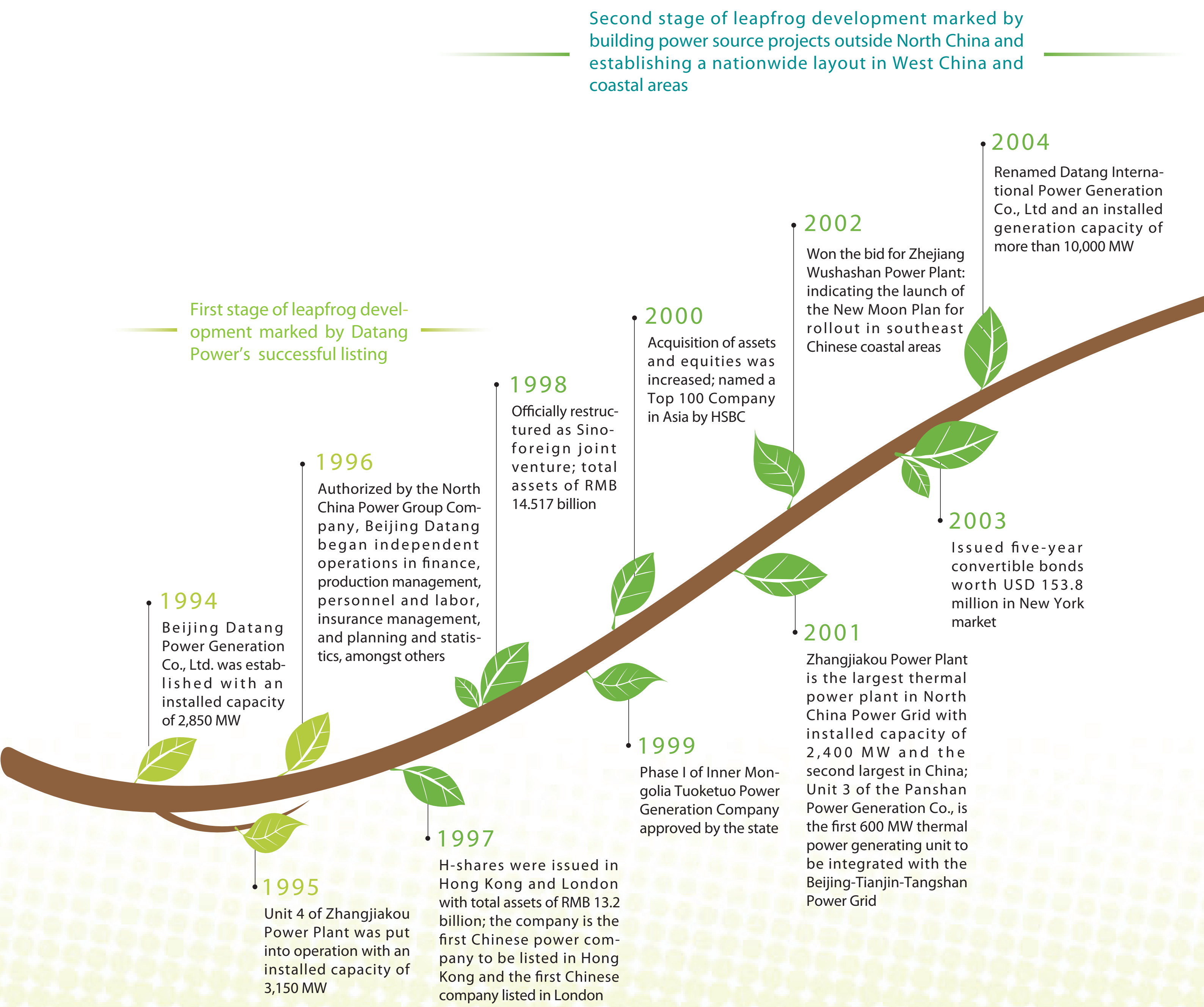
FULFILLMENT OF SOCIAL RESPONSIBILITIES

PROTECTING THE ECOLOGICAL ENVIRONMENT

The Company has always been committed to the construction of ecological civilization, focuses on implementation of environmental protection measures at early stage and during the construction and operation stages. Throughout construction, we focus on water and soil and biodiversity conservation and strive to achieve situation where resources are reasonably used and ecological and environmental protection is well executed.

BUILDING GREEN MEADOWS

Duolun Coal Chemical Project is located in Duolun, Xilin Gol, Inner Mongolia. To deal with the relationship of industrial development and ecological protection, we comply with the relevant state laws and regulations and take a series of technical and management tools and efforts to reduce the environmental impact of production and operation.



2005

Expanded beyond thermal power to make significant progress in hydropower, wind power and coal chemical power

2006

Listed on the Shanghai Stock Exchange and the first power company to be listed in London, Hong Kong and Shanghai simultaneously; the Inner Mongolia Tuoketuo Power Generation Company becomes the country's largest thermal power plant

2007

Installed generation capacity exceeds 20,000 MW; named Top 100 Chinese Listed Company

2008

Developed the Medium Term Development Plan for Power Generation Based Synergistic Strategy; by optimizing the generation mix, installed capacity exceeds 25,000 MW

2009

Installed capacity exceeds 30,000 MW; industrial structure, power source mix and staff structure optimized

2010

Installed capacity exceeds 35,000 MW; synergistic strategy improved; five sectors are transformed via coordinated development; and first stage tasks for industrial layout completed

2011

Developed Datang Power's 12th Five-Year Development Plan, and comprehensively implemented in the construction of six profit bases

2012

Installed capacity reaches 39,147 MW; profit reach a record high of RMB 7.586 billion

Third stage of leapfrog development marked by power generation based synergistic strategy is steadily advanced

HUMAN RESOURCES OVERVIEW

1. Composition of Employees (Specialty, Educational Background)

Total number of employees: 22,012.

By category: Corporate management: 5,272; professional technicians: 3,617; production personnel: 12,987; logistic staff: 136.

By educational background: Doctoral graduate and above: 35; Postgraduate: 634; Undergraduate: 9,951; College graduate: 6,662; Secondary technical school & vocational school: 2,561; high school and below: 2,169.

2. Management

In 2012, with the guidance of Datang Power's visions to "build a platform, fight two battles and substantively push forward the construction of six profit bases", together with the specific requirements in the "Year of Management Enhancement", "assurance and reduction policy" and "internal control establishment" in relation to human resources, the Company's human resources work continued to be people-oriented, carry out service development and vigorously implement the strategy for building a strong enterprise through a talented team; concentrated efforts to further carry out human resources work and improve the level of human resources management on an ongoing basis. The human resources work concentrated on leadership enhancement to further strengthen the build-up of leadership and staff teams; on the "assurance and reduction policy" to constantly improve the performance-based salary distribution policy; on the three-tier management system of the Company for carrying out the management of labour organization steadily; on the Company's "Twelfth Five-year" plan for human resources to constantly optimize the allocation of

human resources; and on the build-up of three talented staff teams to strengthen the training and development of all employees of the Company so that the human resources tasks were accomplished satisfactorily during the whole year. This has assured a solid organization and talented staff are in place for the smooth achievement of the goals and tasks in the second phase of the Company's medium-term development plan.

3. Training

The Company vigorously implemented a strategy which focuses on talent development to ensure that the business continues to thrive with the establishment of three teams of talented staff. It employed training programmes as an important tool to improve the overall quality of employees, enhance corporate cohesion and shape an excellent corporate culture. By taking a number of initiatives such as the compilation and the implementation of third-grade training programmes, the development of well-targeted professional training and the establishment of a platform to attract a pool of talented staff, and by adopting a number of supporting measures such as the establishment of an ongoing training mechanism, the constant reinforcement of the training infrastructure and the increased commitment to training, the Company pushed forward the development of its vocational training programmes in a comprehensive and vigorous manner. These initiatives have helped ensure that there is enough talented staff to drive the implementation of the Company's strategy to a deeper level to achieve synergistic diversifications. In 2012, the Company's training courses were cumulatively attended by 339,461 man-times, of which 47,738 were on corporate management and professional skills and 291,723 on production skills. A total of 1,611 employees of the Company achieved professional and technical qualification assessments during the year, of whom 69 received senior titles; 179, intermediate titles; and 1,363, junior titles. 3,835 obtained occupational skill appraisals through the Company's system, of whom 44 acquired senior technician qualifications; 254, technician qualifications; and 1,780, senior engineer qualifications. During the year, 560 employees attended CDC's training programmes for on-the-job qualifications.

HUMAN RESOURCES OVERVIEW

4. Implementing measures

(1) Continued to strengthen the build-up of a leadership team, optimized the appraisal management and emphasized on specificity, normativity and routine appraisals to improve the overall level of staff evaluation for enhancing the staff team's capability for the discharge of duties, four "training classes on enhancing the capability of leaders for the discharge of duties" were organized successively and a total of 233 leaders attended training.

(2) Pushed forward the build-up of a reserve staff team vigorously. Absorbed outstanding young people, such as technical experts of state-backed enterprises, young experts of CDC and the Company model workers, to study in the classes for the enhancement of youth staff's leadership. Made full use of various means such as exchange, temporary positions and on-the-job training to continue improving the size and overall quality of the Company's reserve staff team.

(3) Continued to improve the salary distribution policy and smoothen the salary and insurance systems. Introduced the "Measures for the Dynamic Management of Salary Point System and Wages for Different Positions" and the "Measures Governing the Allowances of Supervisors"; strengthened the security and incentive of salaries through innovative mechanisms; and stepped up salary distribution based on the Company's performance to emphasize performance orientation in total wage/salary distribution.

(4) Carried out the management of labour organization steadily. Coordinated with the development of initial projects, project acquisition, project construction as well as actual production and operation, established new corporate entities and pre-project preparatory offices in a timely manner, and optimized and modified the internal offices and personal attraction for certain specialized and regional companies as well as grass-roots enterprises.

(5) Concentrated efforts on optimizing the allocation of human resources with guidance of the "Twelfth Five-Year" plan for human resources, concentrated efforts on carrying out the optimization of the allocation of human resources; carried out the recruitment of professional technical staff and senior skilled staff outside the system by conscientiously launching the recruitment of fresh graduates and strengthening the activation of the stock of human resources within the system. Various initiatives were taken to assure the availability of human resources for the rapid development of the Company.

(6) Strengthened the build-up of three teams of talented staff vigorously. Successfully completed the appraisal, evaluation, selection and recommendation of CDC's fourth batch of "112 talented staff" and second batch of "double top ten outstanding talented staff"; carried out the SASAC's "1000 plan" and CDC's "100 plan" earnestly; to introduce high-level experts from overseas; strengthened the build-up of a team of skilled staff and launching contest activities of vocational skill.

(7) Completed the development of information system for human resources management. Completed the development and establishment of the information system for human resources management which enable information system works online successfully, the information system has been built to meet the Company's three-tier management system and needs for diversified development and integrated and the human resources operations of the company and work collaborated with office platform

5. Achievements and Awards

Title of Outstanding Individual		Granted by
Technical Expert of Central Enterprise	14	State-owned Assets Supervision and Administration Commission
Technical Expert in China Power Industry	4	China Electricity Council
Outstanding Technical Expert in China Power Industry	7	China Electricity Council
New Star of Power Education and Training Special Award	2	China Electricity Council
Top Twenty Outstanding Talents of the Corporation	3	China Datang Corporation
"112 Talent" of the Corporation	726	China Datang Corporation
Technical Expert of the Corporation	17	China Datang Corporation
Outstanding Technical Contestants of the Corporation	18	China Datang Corporation

6. Board, Supervisory Committee and Senior Management Overview

Liu Shunda
Chairman and Non-executive Director

Aged 57, a Communist Party member, is a professor grade senior engineer with a post-graduate degree. He is currently the Chairman of the Supervisory Board for Key Large State-Owned Enterprises. Mr. Liu served as Deputy Head of the General Services Department of the Electric Power Division of the Ministry of Energy; Deputy Director of the Office of the Minister of Electricity; Party Committee Member, Assistant to the Chief and Deputy Chief (Deputy General Manager) of the Electric Power Bureau (Power Company) of Hunan Province; Party Committee Member and Deputy Chief (Deputy General Manager) of the East China Power Administration Bureau (Power Corporation); Party Secretary and Chief (Chairman cum General Manager) of the Electric Power Bureau (Power Company Limited) of Fujian Province; and Party Committee Member and Vice President of China Datang Corporation. From February 2010 to October 2012, he served as Chairman and Party Secretary of China Datang Corporation.

Hu Shengmu
Non-executive Director

Aged 52, university graduate, is a senior accountant. He is currently the Party Committee Member and Chief Accountant of China Datang Corporation. Mr. Hu joined North China Power Corporation as he worked in Beijing Power Supply Bureau in 1981. He had been the Deputy Head and the Deputy Manager of the Finance Department of the North China Power Administration Bureau (NCPGC), the Chief Accountant (Financial Manager) of the Company and the Chief Accountant of NCPGC. Mr. Hu was appointed Chief Accountant of China Datang Corporation in January 2003. Mr. Hu has long been involved in financial management of power system. He is knowledgeable in financial management and has extensive experience in financial practices.

Cao Jingshan
Vice Chairman, Executive Director and President of the Company

Aged 50, graduated from Dalian University of Technology majoring in technical economics and management. He holds a doctorate degree, is a senior economist and a senior engineer. Mr. Cao commenced his career in 1981 in Yuanbaoshan Power Plant and successively held the office of Assistant to Plant Manager, Chairman of the Labour Union, Deputy Plant Manager and Plant Manager of Yuanbaoshan Power Plant. From January 2003, he became Deputy Head of the President's Office (Person-in-Charge), and has been the Head of the President's Office cum Head of the International Cooperation Department of China Datang Corporation since December 2003. Since April 2008, Mr. Cao has been the President of the Company, and he has been the Executive Director and Vice Chairman of the Company since 30 May 2008. Mr. Cao has long been engaged in electricity production, technical and operation management, with extensive knowledge and practical experience in electricity production and operation and management.

HUMAN RESOURCES OVERVIEW

Fang Qinghai
Non-executive Director

Aged 58, post-graduate, is a senior engineer. He is currently the Head of the planning, Investment and Financing Department of China Datang Corporation. Mr. Fang joined Anshan Power Plant in 1974 and since then took up various positions including Head of the Boiler Office of Anshan Power Plant, Director of the Fund Raising Office of Northeast Power Administration Bureau, Deputy Head of the Integrated Planning Department, Deputy Head and Head of the Development and Planning Department of the State Power Corporation (Northeast Company), Head of the Power Exchange Centre of Northeast China Power Grid, Deputy Chief Engineer and Head of the Development and Planning Department of Northeast China Power Grid Company Ltd. He became Deputy Chief of the Development and Planning Department of China Datang Corporation in April 2005, and has become Head of the Planning, Investment and Financing Department of China Datang Corporation since November 2006, and has become chief of the Development and Marketing Department of China Datang Corporation since August 2011. Mr. Fang has been involved in the power system for many years and is well experienced in power generation and operation.

Zhou Gang
Executive Director, Vice President of the Company and Secretary to the Board

Aged 49, graduated from East China Institute of Water Conservancy (currently known as Hehai University) with a master degree of technology and a master degree of business administration, is a senior engineer. He is currently Vice President of the Company and Secretary to the Board. Mr. Zhou started his career in 1985 in Fu Chun Jiang Hydropower Plant of East China Electricity Administrative Bureau. Mr. Zhou later worked for China National Water Resources & Electric Power Materials & Equipment Co., Ltd. as Deputy Manager of the Information Department, Deputy Director and then Director of the General Manager's Office, Deputy General Engineer and Deputy General Manager; Deputy General Manager of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. and General Manager of its Shanghai company as well as Deputy Director of the International Cooperation Division of the General Manager's Office of China Datang Corporation. Mr. Zhou has become Vice President of the Company since June 2007. Mr. Zhou has extensive experience in international cooperation, power resources management and power generation enterprise operation and management.

Liu Haixia
Non-executive Director

Aged 52, graduated from North China Power College majoring in power plant thermal energy. He subsequently pursued a postgraduate degree in Business Administration in Renmin University of China. He is a senior engineer and Vice President of Beijing Energy Investment Holding Company Limited. Mr. Liu joined Beijing Electric Power Company in 1983 and since then took up positions of Technician, Engineer and Assistant to Manager and Deputy Manager. He has been Assistant to President of Beijing International Power Development and Investment Company since 1998. He has been Assistant to President of Beijing Energy Investment (Group) Company Limited since December 2004. He has been Vice President of Beijing Energy Investment (Group) Company Limited since May 2009. With his long-standing involvement in corporate management and planning management of power companies, Mr. Liu has acquired extensive experience in corporate management and industrial planning and investment.

Guan Tiangang
Non-executive Director

Aged 46, graduated from North China Power College majoring in thermal dynamics and received a master degree in Finance from the Renmin University of China. She is a senior engineer and currently the Chief Engineer of Beijing Energy Investment (Group) Company Limited. She started her career in 1990, and had worked as a teacher in Shijingshan Thermal Power Plant Education Centre and as Project Manager of the Investment Department of Beijing International Power Development and Investment Company. She then became the Deputy Manager of the Power Investment and Management Department of Beijing International Power Development and Investment Company and Manager of the Power Generation and Operation Department of Beijing International Power Development and Investment Company. She has become the Manager of the Power Generation and Operation Department of Beijing Energy Investment (Group) Company since December 2004. Since January 2007, she has become the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy Company Limited. She has been the Chief Engineer of Beijing Energy Investment (Group) Company Limited since May 2009. Ms. Guan has long been engaged in the work of power investment operation, and has extensive experience in power investment and finance planning and management.

Su Tiegang
Non-executive Director

Aged 65, university graduate, is a senior engineer. He is currently the Consultant of Hebei Construction & Investment Group Co., Ltd. He started his career in 1968 and had successively worked in the County Commission of Zeku of Qinghai Province, the Provincial Construction Commission of Qinghai Province and Qinghai No. 3 Construction Engineering Company. Mr. Su became Head of the Raw Materials and Projects Division of Hebei Construction Investment Company since October 1989. Since December 1990, he served in Hebei Provincial Planning Committee as Head of the Investment Department. He has become Vice President of Hebei Construction Investment Company since October 1993. With his longstanding involvement in corporate management and planning management, Mr. Su is well experienced in corporate management and industrial planning and investment. Mr. Su has retired as directors of the Company since 20 August 2012.

Mi Dabin
Non-executive Director

Aged 44, with a master's degree majoring in power engineering from the North China Electric Power University, is a senior engineer. Mr. Mi joined Qinhuangdao Thermal Power Plant in 1990 and successively served as Deputy Director of power generation department at Qinhuangdao Thermal Power Plant; Chief Engineer, Deputy General Manager and General Manager of Qinhuangdao Power Generation Co., Ltd.; and concurrently General Manager of the Qinhuangdao Qinre Power Generation Co., Ltd., Assistant to the General Manager and production operations chief of Hebei Construction & Investment Group Co., Ltd. He has been serving as member of the Party's Standing Committee of the Hebei Construction & Investment Group Co., Ltd. since 2010 and is concurrently serving as General Manager of Qinhuangdao Qinre Power Generation Co., Ltd. Mr. Mi has long been engaged in electricity production, technology and operations management, with a wealth of knowledge and practical experience in electricity production and operations management.

HUMAN RESOURCES OVERVIEW

Ye Yonghui
Non-executive Director

Aged 61, started his career in 1969 and currently retired. Mr. Ye joined the Energy Branch of Hebei Construction Investment Company in 1990, holding positions such as Administrative Officer, Deputy Manager and Manager of the Jibei Branch. From September 1999 to January 2004, he was the Manager of the Energy Branch of Hebei Construction Investment Company. From January 2004 to March 2006, he was the Manager of the Energy Business Department I of Hebei Construction Investment Company. From March 2006 to March 2007, he served as Deputy Chief Economist and Manager of the Energy Business Department I of Hebei Construction Investment Company. From March 2007 to July 2012, he was the Deputy Chief Economist of Hebei Construction & Investment Group Co., Ltd. With his long-standing involvement in corporate management and planning management, Mr. Ye has acquired extensive experience in corporate management and industrial planning and investment.

Li Gengsheng
Non-executive Director

Aged 53, a holder Ph. D. and enjoy special government allowances a professor grade senior engineer, graduated from Northeast Power College with a bachelor's degree in thermal dynamic, China Europe International Business School with a MBA degree and Northeast Power College with a bachelor's degree in thermal engineering doctoral student. Mr. Li is currently the General Manager of Tianjin Jinneng Investment Company. Mr. Li joined Hebei Electric Construction Company in 1983, and subsequently worked as Deputy Head of the Thermal Control Office of Tianjin Power Scientific Institute, Deputy Manager of Tianjin Power Infrastructure Subcontracting Company, Deputy General Manager of Huaneng Yangliuqing Thermal Power Co., Ltd., Deputy General Manager of Tianjin Jinneng Investment Company, and has been General Manager of Tianjin Jinneng Investment Company since 2007. Mr. Li has been engaged in power corporate management and corporate investment for a long time, and has rich experience in corporate management and investment.

Li Yanmeng
Independent
Non-executive Director

Aged 68, graduated from the Wuhan University of Hydraulic and Electric Engineering majoring in power plants and power systems, is a senior engineer. Mr. Li is currently the External Director of China National Coal Group Corporation and the Independent Non-executive Director of China Coal Energy Company Limited, and Independent Executive Director of Dongfang Electric Corporation limited. Mr. Li previously held various positions at Shandong Power Construction Group, including Deputy Secretary to the Youth League Committee of the First Project Office, Head of the Publicity Section, Deputy Party Secretary, and Deputy Manager, Manager and Party Secretary of the Second Engineering Company. He was Plant Manager and Party Secretary of Shandong Huangtai Power Plant, and then Chief of Shandong Electric Power Industry Bureau. Since 1994, he has held various positions, including Deputy Head of the Division of Construction Coordination of the Ministry of Electric Power Industry, Deputy Director of the Division of Key Constructions, Deputy Director of the Division of Investments and Director of the Division of Development of Primary Industries (Director of the Office of the Working Group on National Power System Reform) of the State Planning Commission. From December 2002 to December 2004, he served as Deputy General Manager and Party Member of State Grid Corporation. Mr. Li has long been engaged in production, management and construction in the power industry, with extensive experience in electricity production, management and construction.

Zhao Zunlian
Independent
Non-executive Director

Aged 66, a professor grade senior engineer and a master degree holder in engineering, is a doctoral supervisor. Mr. Zhao is currently the Independent Director of Hezong Science & Technology Co., Ltd. Mr. Zhao graduated from Wuhan Institute of Hydraulic and Electric Engineering in 1969, and served as Dispatching Deputy Head, Deputy Chief and Chief of Central China Power Grid since 1981, Chief Engineer of Central China Power Corporation in 1995, Director of State Power Dispatching Center in 1999. Director of State Power Dispatching Center and Chief Engineer of State Grid Corporation of China in 2003, Chief Engineer of State Grid Corporation of China in 2005 and Consultant of State Grid Corporation of China from 2006 to 2009. He has long been engaged in production and management of the power industry, with extensive experience in power generation and management.

Li Hengyuan
Independent
Non-executive Director

Aged 70, graduated from the School of Mathematics, Physics and Chemistry of Chengdu University of Technology, majoring in Analytical Chemistry. He is a senior engineer and currently Vice President of Technology Standards Committee of All-China Environment Federation. Mr. Li started working in Mining and Metallurgical Research Institute of Chinese Academy of Sciences in 1965. He took the office of Head of Environmental Protection Bureau of Zigong City, Sichuan Province and then the Chief Director of the Laws and Regulations Department in the State Environmental Protection Administration. Mr. Li has become a part-time professor and guest professor of Jilin University and a part-time professor of Beijing Normal University since 1994. He has been Deputy Secretary-general of All-China Environment Federation since 2004. Mr. Li has long been engaged in environmental protection studies including environment capacity and pollution prevention. He has extensive academic knowledge and years of practical experience in environmental protection. He, through his research results, has won the National Scientific and Technological Progress Award (Second Prize), the Ministerial and Provincial Scientific and Technological Progress Award (Second Prize) and the Ministerial and Provincial Scientific and Technological Progress Award (Third Prize), and has presented a considerable number of academic papers at international academic conferences and in national academic journals. Mr. Li has also participated in drafting various laws, regulations and codes in relation to environmental protection.

Zhao Jie
Independent
Non-executive Director

Aged 57, holder of a bachelor's degree from Tsinghua University, is currently Deputy General Manager of China Energy Construction Group Corporation. Ms. Zhao joined the North China Electric Power Design Institute after graduating with a bachelor's degree from the Department of Electrical Engineering of Tsinghua University Branch Campus in 1983, and has previously served as Deputy Head, Deputy Chief Design Engineer, Deputy Director, Project Manager, Deputy Chief Engineer and Deputy Dean. Ms. Zhao served as Deputy Dean of the Electric Power Planning and Design Institute in 1998, General Manager of China Power Engineering Consulting Corporation in 1999, and Deputy General Manager of China Power Engineering Consulting Group Corporation in 2003 and Deputy General Manager of China Energy Construction Group Corporation and Dean of its Electric Power Planning and Design Institute. She has long been engaged in electric power design and planning, with extensive experience in electric power design and planning.

HUMAN RESOURCES OVERVIEW

Jiang Guohua
Independent Non-executive Director

Aged 42, graduated from University of California, Berkeley, with a doctorate degree in accountancy, is currently Professor of Accountancy of the Guanghua School of Management at Peking University, as well as a doctoral supervisor, Vice President of Graduate School of Peking University, Deputy Head of Account Department of Guanghua School of Management at Peking University, Executive Director of MPACC Project, Executive Director of the Sixth and Seventh Session of Branch of Financial cost of Accounting Society of China, and Committee Member of Education Committee of Accounting Society of China. Dr. Jiang has long been engaged in theoretical and practice researches in the field of accountancy, and analysis of issues regarding investor protection, corporate governance and the regulation of the stock market.

Qiao Xinyi
Chairman of the Supervisory Committee

Aged 60, graduated from North China Power Institute majoring in thermal power equipment. He is university educated and a senior economist. He is currently the Head of the Disciplinary Division and Chairman of the Labour Union of the Company. Mr. Qiao joined North China Power Corporation in 1969. He worked successively as Head of the Cadre Office, Assistant to Manager and Deputy Manager of the Personnel Department of North China Power Corporation, and Party Secretary and Deputy Chief of Qinhuangdao Electric Power Bureau. He has been Deputy Chief Political Engineer cum Head of the Corporate Culture Department, Director of the Work Assignment Committee, Chairman of the Labour Union, and Head of the Disciplinary Division of the Company since 2000. He has become Chairman of the Supervisory Committee of the Company since May 2009. Mr. Qiao has long been engaged in the management of power generation companies and has extensive experience in human resources management and corporate management in power generation companies.

Zhang Xiaoxu
Vice Chairman of the Supervisory Committee

Aged 50, university graduate, is a senior accountant. He used to serve as Chief Accountant of Finance Department of Liaoning Power Plant; and Deputy Head and Head of Finance Department, Deputy Chief Accountant, Chief Accountant of Liaoning Nenggang Power Generation Co., Ltd., Chief Financial Officer of Tianjin SDIC Jinneng Electric Power Co., LTD., and Deputy Manager of Financial Department of Tianjin Jinneng Investment Company. He is currently Manager of Financial Department of Tianjin Jinneng Investment Company. He has long been engaged in financial management and has extensive practical working experience.

Zhou Xinnong
Member of the Supervisory Committee

Aged 44, university graduate, is a senior accountant. Mr. Zhou used to serve as Chief Accountant and Deputy Manager of the Finance Department of the Company, Head of the Price General Services Office of the Finance and Assets Management Department and Deputy Director of the Finance and Assets Management Department of China Datang Corporation. He is currently Deputy Director of the Finance Management Department of China Datang Corporation (Person-in-Charge).

Guan Zhenquan
Member of the Supervisory Committee

Aged 48, graduated from University of Fuzhou majoring in power system. He is university educated and a senior economist. He is currently Deputy Director of the Human Resources Department of the Company. Mr. Guan joined North China Power Corporation in 1988. He served successively as Deputy Director of the Personnel and Education Department of Beijing General Power Equipment Plant, Deputy Head of the Administrative Office of Leaders and Cadres, and Head of the Labour Administrative Office of the Personnel Department of North China Power Corporation; and Deputy Party Secretary cum Secretary of the Disciplinary Committee as well as Chairman of the Labour Union of Tianjin Datang International Panshan Power Generation Company Limited. He has served as Deputy Director of the Human Resources Department of the Company since March 2002 He has become member of the Supervisory Committee of the Company since May 2009 and has served as officer of the Human Resources Department of the Company since July 2009. Mr. Guan is familiar with the development and management of human resources in power generation companies and has extensive experience in human resources management in power generation companies.

Fu Guoqiang
Vice President of the Company

Aged 50, university graduate, is a senior accountant and a Certified Public Accountant. He is currently Deputy General Manager of the Company. He was previously Head of the Finance and Assets Management Department of Hebei Power Company and Manager of the Finance Department of North China Power Generation Corporation. Mr. Fu has been Head of the Finance and Assets Management Department of China Datang Corporation since December 2003. He has been Deputy General Manager since October 2011. Mr. Fu has long been engaged in finance management in power system and has extensive practical experience in operation and management.

HUMAN RESOURCES OVERVIEW

An Hongguang
Vice President of the Company

Aged 54, graduated from Wuhan University majoring in Administration Science and Engineering with a master degree. He is a senior engineer and currently the Deputy Manager of the Company. Mr. An joined North China Power Corporation in 1982 and since then held various positions including Deputy Head of the Chemical Workshop of Xia Hua Yuan Power Plant, Deputy Head and Head of the Chemical Workshop of Dou He Power Plant, Division Chief of the Biotechnology Unit of Dou He Power Plant, Assistant to Plant Manager of Tangshan General Power Plant, Assistant to Plant Manager of Dou He Power Plant, Deputy Manager of the Production Department of the Company and Plant Manager of Zhangjiakou Power Plant, assistant to General Manager of the Company. He has become Deputy Manager of the Company since December 2005. Mr. An has been long engaged in power plant production and administration management. He is well experienced in power generation and operation, with specific expertise in production safety management of power plants.

Liu Lizhi
Vice President of the Company

Aged 47, graduated from Northeast Power Institute majoring in power system and engineering automation. He is a senior economist and senior engineer with a post-graduate degree. He is currently the Deputy General Manager of the Company. In July 1994, he became Deputy Chief of the Dynamics and Economics Research Office at the Beijing Power Scientific Research Institute. He has been working at the Company since September 1999 and has successively held the positions of Manager of the Planning and Development Department and Manager of the Development and Planning Department of the Company. He has been Chief Economist of the Company since December 2005, and Deputy General Manager of the Company since March 2009. Mr. Liu is familiar with power system project management, investment and financing management. He has extensive experience in capital operation and corporate management.

Wang Zhenbiao
Vice President of the Company

Aged 49, graduated from North China Power Institute majoring in thermal dynamics. He is a senior engineer with a post-graduate degree. He is currently the Deputy General Manager of the Company. Mr. Wang joined Beijing Power Construction Company in 1984. He successively held the positions of Deputy Chief and Engineer Director of the Production and Technology Department of North China Power Corporation, and then Chief Engineer of Tuoketuo Power Generation Company. He was Deputy Manager and Manager of the Engineering and Construction Department of the Company since February 2001, and then served as Deputy Chief Engineer of the Company. He has been Chief Engineer of the Company since September 2007, and Deputy General Manager of the Company since March 2009. Mr. Wang Zhenbiao has extensive working experience and is familiar with the management of power system infrastructure construction as well as the management of production and technology.

Wang Xianzhou
Chief Financial Officer of the Company

Aged 59, graduated from Beijing Broadcast and Television University majoring in industrial statistics. He is a senior accountant and currently the Chief Financial Officer of the Company. Mr. Wang joined North China Power Corporation in 1970 and had held various positions including Head of the Financial Department of Xia Hua Yuan Power Plant and Deputy Chief Accountant and Head of the Financial Division of Zhangjiakou Power Plant. Since 1995, Mr. Wang had held various positions including Deputy Financial Manager and Manager of the Finance Department of North China Power Generation Corporation, Financial Manager and Chief Accountant of the Company. He has been Chief Financial Officer of the Company since August 2000. Mr. Wang has acquired extensive experience in the financial management of power companies from his longstanding focus in this area.

MANAGEMENT OF INVESTOR RELATIONS

The philosophy of Datang Power's investor relations practice hinges on integrity as the basis and communication as the means. In order to maintain smooth communication with investors, a special office has been set up and staff has been assigned to be responsible for the management of investor relations work, and various channels have been set up to enable investors to establish contact with the Company. During 2012, the Company conducted active and sincere communication with investors at large and analysts by various channels including results presentation, domestic and overseas roadshows, reverse roadshows, investor forums, company visits and telephone conferences as well as through answering enquiry phone calls and replying to emails. In particular:

The Company met analysts and fund managers 614 man-times through results presentations and domestic and overseas roadshows; met analysts and fund managers 237 man-times at investor forums; and met analysts and fund managers 375 man-times through company visits and telephone conferences.

MAJOR INVESTOR RELATIONS ACTIVITIES CONDUCTED IN 2012

Month	Information on Investor Relations Activities	Being a Speaker at the Conference	No. of One-on-one Meeting	No. of People Met
January	Deutsche Bank Access China Conference	No	12	26
	UBS 12th Greater China Conference	No	7	19
March	Annual Results Presentation	Yes	–	114
	Annual Results Domestic Roadshow	No	–	34
	Annual Results Hong Kong Roadshow	No	9	29
April	Annual Results Europe Roadshow	No	16	27
	Company's First Quarterly Results Telephone Conference	No	–	88
May	Bank of China International Investors Conference	No	11	13
	CLSA Investors Conference	No	16	25
	Deutsche Bank 3rd Access Asia Conference	No	15	27
June	JP Morgan China Conference	No	14	29
	Morgan Stanley 2012 Industrial Summit	No	13	23
August	Company's Interim Results Domestic Presentation	Yes	–	83
	Company's Interim Results Overseas Presentation	Yes	–	98
	Company's Interim Results Domestic Roadshow	Yes	9	27
	Company's Interim Results Hong Kong Roadshow	No	15	26
September	Company's Annual Reverse Roadshow	No	–	8
	UBS Autumn Strategic Day	No	9	17
October	Third Quarterly Results Telephone Conference	Yes	–	88
November	Bank of America Merrill Lynch China Investment Summit	No	16	31
	SWS Annual Strategic Conference	No	7	11
December	Haitong Securities Annual Strategic Conference	Yes	5	7
	CITIC Securities Annual Strategic Conference	Yes	6	9

INVESTOR Q&A

1. **What is the Company's view towards nationwide power supply and demand in 2013?**

   In 2013, China's economy will continue to stabilize and rebound, which will drive a pickup in the rate of growth in electricity demand. According to forecasts by the China Electricity Council, GDP is expected to grow by about 8.0%, power consumption across the society grew at a rate of approximately 7.5%. Annual power consumption is estimated at 1,230 million kWh, annual utilization hours of power generation facilities will be 4,700-4,800 hours, while utilization hours of coal-fired power generation facilities will increase to 5,050-5,150 hours when compared to last year, thermal coal supply will remain generally stable across the country, with shortage of thermal coal transportation in certain regions. There will be a general balance in the overall electricity supply and demand across the country throughout the year, with increased electricity surplus in the northeastern region, continued electricity surplus in the northwestern region and probably a small amount of electricity shortfall during certain peak periods in some provinces of the eastern and northern regions.

2. **After coal prices are merged in China in 2013, what is the Company's estimate for coal contracts to be signed up?**

   According to the Company's power generation plan for 2013, it is estimated that the Company will consume approximately 95 million tonnes of natural coal in 2013. Up to now, the Company has signed up all long-term agreements for a total amount of 59.1 million tonnes of coal. It is estimated that the prices of coal under long-term agreements already signed up will drop 3%-5% throughout the year against the 2012 level.

3. **What progress did the Company make in obtaining approval for its projects in 2012?**

   During 2012, 14 power generation projects of the Company were officially approved with total capacity of 2,707 MW.

   (1) Coal-fired Power (Gas Turbine) Projects: Beijing Gaojing 3 units of 460 MW Gas Thermal Power Expansion Project; Guangdong Gaoyao 2 units of 423 MW Turbine Project, 2,226 MW in total.

   (2) Hydropower Project: Furongjiang Haokou 2 units of 62.5 MW Hydropower Project of Wujiang basin, Chongqing, 125 MW in total.

   (3) Wind Power Projects: Liaoning Changtu Sanjiangkou 48 MW Wind Power Project; Liaoning Faku Shuangtaizi 48 MW Wind Power Project; Datang Yangxi Baishawan 36 MW Wind Power Project; Hebei Fengning Luotuogou Phase 2 48 MW Wind Power Project; Jiangxi Anyuan Jiulongshan 48 MW Wind Power Project; Jiangxi Fengcheng Yuhuashan 48 MW Wind Power Project, 276 MW in total.

   (4) Photovoltaic Projects: Qinghai Geermu Phase 2 20 MW Photovoltaic Project; Inner Mongolia Hangjinqi Balagong 10 MW Photovoltaic Project; Inner Mongolia Zhuozi Bayin Phase 1 10 MW Photovoltaic Project; Inner Mongolia Hongmu 20 MW Photovoltaic Project; Ningxia Hongsibao 20 MW Photovoltaic Project, 80 MW in total.

4. **What progress did the Company make in its coal-to-chemical projects in 2012?**

   The Company has made significant progress in the three super-large coal-to-chemical projects under construction in 2012. The progress made in 2012 and the work targets for 2013 are outlined below:

   Duolun Coal Polypropylene Project:

   16th March 2012, the project officially started to undergo trial production;

   18th August 2012, the entire project has been put into continuous operation with over 70% of loading rate;

   6th December 2012, the construction-in-progress was successively transferred to fixed assets.

   Keqi Coal-based Natural Gas Project:

   The construction of Series 1 of Phase 1 of the Keqi Coal-based Natural Gas Project has gone through all the technological processes and produced qualified natural gas in 2012. For the construction of Phase 2, the startup of 8 facilities has been completed. Apart from methanation facilities, major facilities in the chemical zone have also fully commenced construction. The main structure of the air separation installation has been constructed, while installations for gasifiers at the gasification plant, waste heat boiler and non-standard ancillary facilities have all been completed. Lifting and installation for the low-temperature methanol tower washers of the purification plant have all been completed. The construction of the main structure of phenol ammonia recovery facility and the underground pipeline network has been completed. The circulation water system has also been basically constructed.

Fuxin Coal-based Natural Gas Project:

For the various plants under the Fuxin project in 2012, the air separation plant met the requirements for a test run; substation No. 1 with a capacity of 66KV already received power; furnace No. 1 met the requirements for ignition; the utility system already met the requirements for a test run; all the steel-structure pipe racks outside the plant site were connected; equipment installation in the chemical plant site was basically completed and process pipe installation was carried out in full swing; the entire whitewater diversion pipeline, a project outside the plant site, was connected; 80% of the long-distance gas pipeline were completed; and 9.6 km of the railway track laying were completed.

5. What are the Company capital expenditure plans and structures for 2012 and 2013?

The capital expenditure on a consolidated basis to be incurred in 2012 is approximately RMB27,861 million, and the capital expenditure on a consolidated basis to be incurred in 2013 is expected to be approximately RMB25,722 million. Details of the structure are set out in the table below.

Table showing the percentages of capital expenditure of the Company by business sector for 2012-2013

Investment Sector	Proportion in 2012	Proportion in 2013	Change
Company's total (on a consolidated basis)	100%	100%	
Coal-fired projects	15.99%	29.11%	+13.12 p.p.
Hydropower projects	23.35%	28.60%	+5.25 p.p.
Wind power and solar power projects	7.44%	2.89%	–4.55 p.p.
Coal projects	10.90%	5.78%	–5.12 p.p.
Coal-to-chemical projects	40.61%	26.56%	–14.05 p.p.
Other Projects	1.71%	7.06%	+5.35 p.p.

6. What are the main missions and objectives under the Company's "Twelfth Five-year Development Plan"?

The general mission under the Company's "Twelfth Five-year Development Plan" is based on the strategy which is "focusing on the power generation business while complementing with synergistic diversifications". The Company will uphold an integrated-business positioning: with the power generation business as its core development; with coal operations as its foundation; with coal-to-chemical and alumina projects as a new source of profits; and with railway, port, and shipping as a transportation backbone. The Company will enhance its coal-fired power; aggressively expand its hydropower; continuously develop wind power; strategically develop nuclear power; appropriately develop solar energy; focus on suitable coal operations; actively and steadily develop coal-to-chemical projects; accelerate the development of alumina projects; and secure a complementary development of railway, port and shipping operations.

In the regions where the Company has resources and market advantages, the Company will optimize the deployment, carry out innovative development and dwell on its advantages to build a batch of industrial bases with core competitiveness, strengthening the capabilities of the regional operations and enhancing the Company's brand and profitability. During the period of the "Twelfth Five-year Development Plan", the Company will focus on designing the following six profit bases with distinct assets characteristics and synergistic efficiencies as well as strong development capacity and profitability:

(1) The Western Inner Mongolia Coal-Electricity-Aluminium Profit Base with the Tuoketuo Power Plant as the centre;

(2) The Eastern Inner Mongolia Energy Chemical Profit Base with "Xiduoke" as the centre;

(3) The Pan-Bohai Co-generation Profit Base with Beijing-Tianjing-Liaoning-Hebei as the centre;

(4) The Southwestern Hydropower Profit Base with Yunnan-Chongqing-Sichuan-Tibet as the centre;

(5) The Southeastern Coastal Coal-Fired Power Profit Base with Jiangsu-Zhejiang-Fujian-Guangdong as the centre;

(6) The New Energy Profit Base with the "Three North Areas" as the centre.

CORPORATE GOVERNANCE REPORT

The Company was incorporated in December 1994. Its H shares were listed in both Hong Kong and London in March 1997, while its A shares were listed on the Shanghai Stock Exchange in December 2006. Since its incorporation, the Company has established a standardised and sound corporate governance structure under the "Company Law", "Securities Law" and the Articles of Association of the Company ("Articles of Association"). Shareholders' general meeting is the highest authority of the Company; the Board is the business decision-making body of the Company; and the Supervisory Committee is the supervisory body of the Company. The Board and the Supervisory Committee are accountable to shareholders' general meetings and execute the resolutions made at shareholders' general meetings. The management is specifically responsible for conducting day-to-day production and business activities of the Company, and implementing the decision schemes of the Board. Over the years, the shareholders' general meetings, the Board, the Supervisory Committee and the management have been operating according to the laws and protecting the interests of shareholders, having received high recognition from the capital market.

THE CORPORATE GOVERNANCE CODE

In 2012, the actual situation of corporate governance of the Company did not deviate substantially from the rules and requirements under the China Securities Regulatory Commission (the "CSRC") and relevant regulatory authorities. None of the Company, the Board or the directors of the Company was subject to the inspection, administrative punishment or criticism by means of circular by the CSRC, nor were they penalised by any other regulators or reprimanded by any other stock exchanges.

The Company has been in full compliance with all the code provisions under the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the period from 1 January 2012 to 31 March 2012 and all the code provisions in the new edition of the Code for the period from 1 April 2012 to 31 December 2012, with the exception of the following:

During the year, the legal action which the directors may face is covered in the internal risk management and control of the Company. As the Company considers that no additional risk exists, insurance arrangements for directors have not been made as required under code provision A.1.8 of the Code.

During the year, the Nomination Committee, the Remuneration and Appraisal Committee as well as the Audit Committee set up by the Company carried out their work in accordance with their respective terms of reference. Their terms of reference have covered the responsibilities to be performed as required by the code provisions A.5.2, B.1.2 and C.3.3 of the Code. The only discrepancies existed were the expressions or sequence between such terms of reference and the afore-said code provisions.

The Company places great importance in fulfilling its corporate responsibilities. The Directors and the staff of the Company are fully dedicated to discharging their duties in ways to ensure that the Company is operating in compliance with the principle of maintaining fairness and impartiality as well as safeguarding the interests of all shareholders.

CORPORATE GOVERNANCE ORGANIZATION AND ITS OPERATION

1. Shareholders and Shareholders' General Meeting

For years, apart from committing itself to the operation and expansion of its businesses in order to attain appropriate returns for shareholders, the Company also provides details on the Company's operations management and relevant information to shareholders in a timely and accurate manner through a variety of channels and methods, including: convening and holding shareholders' general meetings in strict compliance with the Articles of Association, the Listing Rules and relevant regulations stipulated by the Securities and Futures Commission (the "SFC"), and timely announcing relevant information to shareholders on an irregular basis according to the requirements of the Listing Rules. During the year, the Company held a total of four shareholders' general meetings and a professional lawyer was invited to each shareholders' general meeting as a witness to ensure all shareholders were treated equally and exercised their rights adequately.

The following matters were considered at the shareholders' general meetings of the Company in 2012:

(1) work reports of the Board and the Supervisory Committee of the Company;

(2) final accounts;

(3) profit distribution plan for 2011 which approved cash dividends of RMB0.11/share to the shareholders recorded on the register of members as of 19 June 2012;

(4) changes in directors of the Company as approved by representatives of the Company's shareholders – Mr. Mi Dabin shall serve as a director from 20 August 2012 until 30 June 2013, and Mr. Su Tiegang would no longer serve as director of the Company from 20 August 2012 due to work adjustment;

(5) the provision of guarantees to several subsidiaries of the Company based on its actual needs for the construction of certain major projects;

(6) certain connected transactions approved by independent shareholders in relation to the Company's provision of entrusted loans to connected parties and the deployment of the sale of coal business;

(7) the proposal of granting a mandate to the Board to determine the issuance of new shares of not more than 20% of each class of shares.

For details about the resolutions passed at shareholders' general meetings in 2012, please refer to the announcements on such resolutions made at previous shareholders' general meetings published by the Company on the Hong Kong Stock Exchange's website.

In 2012, the Company placed particular emphasis on shareholders' relations, specifically to maintain communication with shareholders through various channels to facilitate mutual understanding between the Company and its shareholders. In particular, the Company established a division to assign designated staff to receive visitors, making its contact numbers available to the public, to answer telephone enquiries at any time. In addition, the Company's website was set up to provide updates and past results of the Company, as well as an organisational map of the Company's management, so as to facilitate a comprehensive understanding of the Company by its shareholders and investors.

For details about the Company's communication with shareholders and investors in 2012, please refer to the "Management of Investor Relations" section of this Annual Report.

2. Directors and the Board

The Company has established a Board whose members come from diverse backgrounds. The Board members possess remarkable professional characteristics. In the overall composition of the Board, the knowledge mix and the area of expertise of each of the directors are both specialised and complementary, thus ensuring the Board makes decisions in a scientific manner. Pursuant to the Articles of Association, the Board currently comprises 15 members, including five independent non-executive directors (i.e. Independent Directors). The respective non-executive directors have extensive experiences in various areas such as macroeconomic management, power industry management and financial accounting management, thus ensuring the Company makes major decisions in an effective and scientific way.

The directors fully understood their responsibilities, powers and obligations, and managed to discharge their duties with truthfulness, integrity and diligence. In order to enhance the decision-making mechanism, increase the scientific nature of decision-making and improve the quality of substantial decisions, the Board has established four specialised committees, namely the Nomination Committee, Audit Committee, the Strategic Development and Risk Control Committee and the Remuneration and Appraisal Committee, with detailed work rules devised for the respective committees. The conveners of the four specialised committees are Independent Directors. In particular, Independent Directors make up a majority in the Nomination Committee, Audit Committee and the Remuneration and Appraisal Committee.

The Board formulated the "Rules of Proceedings for Board Meetings", which clarify the matters to be decided by the Board as well as the terms of reference and the rules of proceedings for the Board. During the year, the Board held 10 meetings. The convening and voting procedures of the meetings were in compliance with the requirements under the Articles of Association and the "Rules of Proceedings for Board Meetings". Major particulars of the resolutions made at the previous Board meetings include:

(1) consideration of matters related to the operating results of the Company, which primarily include:

- the annual budget and final accounting plans, and the annual profit distribution plan of the Company
- 2011 annual results announcement, half-year and quarterly results announcement for 2012 of the Company
- 2011 Social Responsibility Report of the Company
- 2011 Internal Control Report of the Company, etc

(2) consideration of investment plans, which primarily include:

- capital contribution to the construction of the Bodui Hydropower Project
- investment in the construction of the Beijing Gaojing Gas Thermal Power Project
- investment in the construction of Guangdong Gaoyao Jintao Gas-steam Combined Cycle Thermoelectric Cooling and Power project, etc

(3) consideration of equity adjustment or assets acquisition or disposal plans, which primarily include:

- the transfer of 100% equity interest of Chongqing Yuneng Industrial Group Company Limited
- the implementation of desulfurization franchising by a thermal power plant of the Company
- the equity restructuring of Shanxi Datang International Yuncheng Power Generation Company Limited, etc

(4) consideration of the guarantee and entrusted loan plans, which primarily include:

- the provision of a guarantee for the financing of certain companies controlled or invested by the Company
- the provision of entrusted loans to certain subsidiaries of the Company, etc

(5) consideration of connected transactions, which primarily include:

- the supply of coal by Beijing Datang Fuel Co., Ltd. and Inner Mongolia Datang Fuel Co., Ltd. to the enterprises managed by the Company
- the purchase of coal between the subsidiaries of the Company and the subsidiaries of CDC
- the sale and subsidiaries of the Company authorised China National Water Resources & Electric Power Materials & Equipment Co., Ltd, a subsidiary of CDC to carry out centralised purchase of project construction and engineering materials
- entered into the "Alternative Power Generation Framework Agreement" between the Company and CDC. As set out in the agreement, certain power plants of the Company may substitute certain power plants of CDC to conduct power generation in the appropriate area under certain conditions, etc

(6) consideration of the relevant documents in relation to the improvement in corporate governance, which primarily include:

- the set up and duties of the special committees under the Board
- revising the "Registration System for Informed Parties with Access to Insider Information of the Company"
- consideration of the "Terms of Reference of General Manager" of the Company, etc

(7) changes in composition of the Board and its special committees, which primarily include:

- approval of the appointment of Mr. Mi Dabin as a director of the Company
- changes in composition of the special committees under the Board of the Company, etc

(8) consideration of Specific Report on the Deposit and the Actual Application of the Funds Raised by the Company in 2011

(9) the engagement of the Company's accountant for 2012

In 2012, all directors attended all the meetings either in person or by authorizing proxies to attend the meetings on their behalf. 10 Board meetings were held in 2012, of which 5 were on-site meetings and 5 were meetings held through various means of communication.

In 2012, the members of the Board attended shareholders' general meeting in accordance with regulations. 4 general meetings were held in 2012.

	Board meeting's attendance		Shareholders' general meeting attendance
Executive Directors	Attendance (%)	Attendance in person (%)	Attendance (%)
Cao Jingshan (Vice-chairman)	100	100	100
Zhou Gang	100	100	100

	Board meeting's attendance		Shareholders' general meeting attendance
Non-executive Directors	Attendance (%)	Attendance in person (%)	Attendance (%)
Liu Shunda (Chairman)	100	80	50
Hu Shengmu	100	60	25
Fang Qinghai	100	100	100
Liu Haixia	100	80	75
Guan Tiangang	100	90	75
*Mi Dabin	100	60	25
*Su Tiegang	100	80	N/A
Ye Yonghui	100	100	100
Li Gengsheng	100	80	75

	Board meeting's attendance		Shareholders' general meeting attendance
Independent Non-executive Directors	Attendance (%)	Attendance in person (%)	Attendance (%)
Li Yanmeng	100	100	100
Zhao Zunlian	100	80	50
Li Hengyuan	100	100	100
Zhao Jie	100	80	50
Jiang Guohua	100	100	100

* Mr. Mi Dabin was elected as a Non-executive Director as resolved at the general meeting since 20 August 2012; due to work adjustment, Mr. Su Tiegang would no longer assume the Non-executive Director position of the Company after the approval from the general meeting on 20 August 2012.

3. Supervisors and the Supervisory Committee

Pursuant to the Articles of Association, the Company's Supervisory Committee comprises four members, of whom two are supervisors representing the staff. The membership and composition of the Supervisory Committee comply with the requirements of the laws and regulations. Supervisory Committee members shall exercise their supervisory duty as mandated by the laws, regulations, the Articles of Association and the rights granted by the shareholders' general meeting, and shall be accountable to the shareholders' general meeting in order to ensure that shareholders' interests, the Company's interests and the staff's lawful interests are not violated. During the year, the Supervisory Committee held four meetings and attended all Board meetings and Audit Committee meetings. Through various channels and methods, the Supervisory Committee carried out regular inspections on the Company's finances and substantial matters, as well as supervising the lawfulness and compliance of the Directors, the President and other management members in discharging their duties.

The attendance record of the committee members at the committee meeting is as follows:

Shareholder Representative Supervisor	Attendance (%)	Attendance in person (%)
Zhang Xiaoxu (Vice-chairman of the Supervisory Committee)	100	75
Zhou Xinnong	100	75

Employee Representative Supervisor	Attendance (%)	Attendance in person (%)
Qiao Xinyi (Chairman of the Supervisory Committee)	100	100
Guan Zhenquan	100	100

4. Non-executive Directors and Independent Non-executive Directors

The Company has a total of 13 non-executive directors, of whom five are independent non-executive directors. According to the Articles of Association, the term of service of each of the directors (including non-executive directors) shall not exceed three years, and the directors are eligible for re-election and reappointment upon the expiry of their terms of service. Any new director shall take office only after being elected and approved at a shareholders' general meeting. The consecutive term of service of each of the independent non-executive directors (i.e. Independent Directors) shall not exceed six years.

Pursuant to the rules of the CSRC, the Company has formulated a "Work System for Independent Directors" and an "Annual Report Work System for Independent Directors" to govern a number of areas such as the requirements and procedures for Independent Directors, the principles of the exercise of their functions and powers, the rights to which they are entitled and their corresponding responsibilities and obligations. The systems contain explicit rules specifying the duties, responsibilities and other aspects of Independent Directors during the preparation and review of the Company's annual reports.

The Independent Directors of the Company discharged the relevant duties faithfully with integrity and diligence towards the Company and all shareholders (especially small and medium shareholders). During the year, the Independent Directors proactively attended the shareholders' general meetings, Board meetings and relevant meetings of the specialized committees; discharged their duties conscientiously; offered positive recommendations on the business development and operational management of the Company making full use of their expertise and experience in financial, corporate management and other aspects; and conducted cautious review and presented independent opinions on the material connected transactions, external guarantees and other matters of the Company. During the preparation of the 2012 Annual Report, the Independent Directors played an active role in the Company as they listened to and inspected carefully details of the Company's annual production and operations in strict compliance with the requirements of the securities regulatory authorities and the "Annual Report Work System for Independent Directors"; maintained communication with the accountants for the annual audit to acquire a comprehensive understanding of the Company's annual audit arrangements and process; and carried out supervision and inspection duties.

5. Chairman and Chief Executive Officer (President)

The positions of Chairman (chairman of the Board) and President of the Company are held by two different persons. Mr. Liu Shunda and Mr. Cao Jingshan are the Chairman and the President of the Company, respectively. The power of the Chairman and the President is expressly provided in the Articles of Association. The main duties of the Chairman include presiding over the shareholders' general meetings, convening and presiding over Board meetings and reviewing the status of the implementation of the Board's resolutions. The main duties of the President include: (1) to take charge of the production and operation management of the Company, and coordinate the implementation of the Board resolutions; (2) to coordinate the implementation of the Company's annual operation plans and investment proposals; (3) to formulate the plan for establishing the Company's internal management institutions; (4) to lay down the Company's fundamental management system; (5) to formulate the fundamental constitution of the Company; (6) to propose the appointments or dismissals of the Vice President and the person in charge of finance; and (7) to appoint or dismiss other officers who are not appointed or dismissed by the Board.

Pursuant to the Articles of Association, the general manager of the Company shall draft a special "Work Report of General Manager" on details of the implementation of the Board resolutions and the operation of the Company, and shall present the same to the Board for consideration; the Chairman (Chairman of the Board) shall draft a special "Work Report of the Board" on behalf of the Board regarding the details of the Board's work and present it to the Company's annual general meeting for consideration.

Training of Directors

As stipulated by the Listing Rules, directors are required to acquaint their respective responsibilities. In order to provide better assistance to directors for discharging their duties, the Company will, pursuant to the requirements of the regulators, actively arrange directors to participate in various training programmes such as the business of a listed company and corporate governance. Moreover, the Company will provide the directors with written information on specific policies and regulations issued by the regulators so as to enable them to comprehend relevant laws, regulations and policies instantly during the process of discharging their respective duties, thereby assisting the directors to better set the Company's production and business objectives. After the newly appointed directors assume the position, the Company will provide them written information which covers laws, regulations and other details related to the director's duties to enable them to clearly acquaint their duties as required by laws and regulations, and to discharge related duties accordingly. Directors will be invited to conduct on-site inspections on the Company's projects in response to the Company's development, and to make reasonable suggestions and comments to the Company based on their respective areas of expertise.

Details of the training attended by the directors in 2012 are set out below:

Director	Position	Participation of Training Types
Liu Shunda	Chairman	A,B,C,D
Hu Shengmu	Director	A,B,C,D
Cao Jingshan	Director	A,B,C,D
Fang Qinghai	Director	A,B,C,D
Zhou Gang	Director	A,B,C,D
Liu Haixia	Director	A,B,C
Guan Tiangang	Director	A,B,C
Mi Dabin	Director	A,B,C,D
Ye Yonghui	Director	A,B,C
Li Gengsheng	Director	A,B,C,D
Li Yanmeng	Independent Director	B,C,D
Zhao Zunlian	Independent Director	B,C,D
Li Hengyuan	Independent Director	B,C,D
Zhao Jie	Independent Director	B,C,D
Jiang Guohua	Independent Director	B,C

Training Types

A. Training provided by regulators

B. Attending seminars/forums

C. Reading economic, financial and business articles, as well as articles and information related to the duties of a director and the Company

D. Conducting on-site inspections on the Company's businesses

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of 31 December 2012, the annual remuneration of the Company's senior management (excluding directors and supervisors) by band are as follows:

RMB450,000 to RMB550,000	1 person
RMB550,001 to RMB650,000	1 person
RMB650,001 to RMB700,000	3 persons

Details of remuneration of directors, supervisors and senior management are set out in note 12 to the Financial Statements on pages 110 to 112.

DUTIES AND OPERATION OF SPECIALISED COMMITTEES UNDER THE BOARD

1. Strategic Development and Risk Control Committee

(1) **Composition:** The Board establishes the Strategic Development and Risk Control Committee, which consists of eight directors, three of whom are Independent Directors. The Committee has a convener to be selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

(2) **Rules of Proceedings:** The Committee convenes a meeting at least once every year and holds irregular meetings based on the needs of work. Committee meetings can be held as on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

(3) **Major Duties:**

(i) to conduct research and make recommendations on the Company's long-term strategic development plan;

(ii) to conduct research and make recommendations on major investment and financing plans which are subject to the Board's approval as according to the Articles of Association;

(iii) to conduct research and make recommendations on major capital operations and asset management projects which are subject to the Board's approval as according to the Articles of Association;

(iv) to conduct research and make recommendations on other significant matters that may have an impact on the development of the Company;

(v) to conduct prior risk assessments and discussions on matters set out in (i) to (iv) above, and recommend corresponding control and preventive measures;

(vi) to conduct risk assessment and make recommendations on the sectors or industries in which Company intends to operate;

(vii) to inspect the execution of the above matters, and to conduct follow-up research on the risk factors that may exist or occur during the execution process, and to make recommendations accordingly;

(viii) the Committee is accountable to the Board. Any proposals made by the Committee shall be submitted to the Board for consideration and decision.

(4) **Meetings:**

In 2012, A meeting was held to consider "The Execution Status Report for the Company's Twelfth Five-year Development Plan in 2011" and the "Resolution on the Investment for the Construction of Bodui Hydropower Project".

Committee Members	Attendance (%)
Li Yanmeng (Convener and Independent Director)	100
Zhao Zunlian (Independent Director)	100
Cao Jingshan (Executive Director)	100
Fang Qinghai (Non-executive Director)	100
Liu Haixia (Non-executive Director)	100
*Su Tiegang (Non-executive Director)	0
Li Gengsheng (Non-executive Director)	100
*Zhao Jie (Independent Director)	N/A

* Su Tiegang, Non-executive Director, did not attend the meeting due to business engagement.

* Zhao Jie, Independent Director, assumed the position of the Committee after the meeting was held.

2. Nomination Committee

(1) **Composition:** The Board establishes a Nomination Committee comprises five directors, which Independent Directors make up more than half of the membership. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

(2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings based on work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) to make recommendations to the Board with respect to the scale, constitution and composition (including skills, knowledge and experience) of the Board based on the of operating activities, asset scale and shareholding structure of the Company;

(ii) to examine the selection criteria and procedures of directors and managers and to make recommendations to the Board;

(iii) to identify broadly candidates suitably qualified to become directors and managers;

(iv) to investigate the candidates of directors and managers and other senior management staff, and to make recommendations;

(v) to assess the independence of Independent Directors;

(vi) to execute other matters as authorised by the Board.

(4) **Meetings:** The Nomination Committee held one meeting in 2012. On 22 June 2012, the relevant information of the candidates of directors of the Company has been reviewed by way of voting by correspondence, and finally passed as resolutions. The Committee agreed to propose such resolutions to the Board of the Company for its approval.

The attendance record of the committee members at the committee meeting is as follows:

Committee Members	Attendance (%)
Zhao Jie (Convener and Independent Director)	100
Li Hengyuan (Independent Director)	100
Jiang Guohua (Independent Director)	100
Hu Shengmu (Non-executive Director)	100
Zhou Gang (Executive Director)	100

3. Audit Committee

(1) **Composition:** The Board establishes an Audit Committee that currently comprises five directors, among which, Independent Directors made up more than half of the membership. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the Committee's work.

(2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) to be accountable to the Board; the proposals of the Committee shall be submitted to the Board for consideration and approval;

(ii) to make recommendations on the appointment and replacement of external audit firms;

(iii) to supervise the Company's internal audit system and its implementation;

(iv) to be responsible for the communication between internal and external auditors;

(v) to review the Company's financial information and its disclosures;

(vi) to review the Company's internal control system and major connected transactions;

(vii) to complement with the Supervisory Committee and the supervisors in reviewing the Company's financial matters;

(viii) to review the establishment of the comprehensive internal control system;

(ix) to review the "Internal Control Evaluation Report" and the "Internal Control Assessment Report";

(x) to inspect the completeness of the establishment of the comprehensive internal control system;

(xi) to coordinate the audit of the internal controls and other related matters.

(4) **Meetings:** The Audit Committee held two meetings in 2012 to review the Company's 2011 annual results and 2012 interim results announcement. Reviews of the Company's internal control system and external auditors' work were conducted.

The attendance record of the committee members at the committee meeting is as follows:

Committee Members	Attendance (%)
Jiang Guohua (Convener and Independent Director)	100
Li Hengyuan (Independent Director)	100
Zhao Jie (Independent Director)	100
*Guan Tiangang (Non-executive Director)	50
Ye Yonghui (Non-executive Director)	100

* Guan Tiangang, Non-executive Director, did not attend one of the meetings due to business engagement.

4. Remuneration and Appraisal Committee

(1) **Composition:** The Board has established a Remuneration and Appraisal Committee that comprises five directors, three of whom are Independent Directors, making up more than half of the Committee. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

(2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communications (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) to be accountable to the Board; proposals of the Committee shall be submitted to the Board for consideration and approval; to make remuneration plan or proposal according to the major scopes of work, duties and significance of the directors, supervisors and senior management positions as well as the remuneration levels of comparable positions in other comparable companies; remuneration plan or proposal include but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;

(ii) to review the fulfillment of the responsibilities of the Company's directors, supervisors and senior management and to conduct annual performance appraisal thereon;

(iii) to supervise the implementation of the remuneration system of the Company's directors, supervisors and senior management;

(iv) to execute other matters as authorised by the Board.

(4) **Meetings:** A meeting was held in 2012 to review the level of remuneration for the Company's executive directors and members of the senior management for 2011 and the plan of the level of remuneration for 2012.

The attendance record of the committee members at the committee meeting is as follows:

Committee Members	Attendance (%)
Zhao Jie (Convener and Independent Director)	100
Li Hengyuan (Independent Director)	100
Jiang Guohua (Independent Director)	100
*Hu Shengmu (Non-executive Director)	0
Zhou Gang (Executive Director)	100

* Hu Shengmu, Non-executive Director, did not attend the meeting due to business engagement.

CORPORATE GOVERNANCE RESPONSIBILITIES

The Board is responsible for establishing and facilitating the implementation of corporate governance functions and for ensuring that the established effective management structure continues to improve the relevant corporate governance requirements under the changing operating environment as well as relevant rules and regulations.

The duties of the Board in corporate governance primarily include:

- to formulate and inspect the Company's corporate governance policies and practices, and make recommendations;
- to organize and inspect the training of directors and senior management;
- to supervise and monitor the Company's compliance with policies and practices under laws, regulations and regulatory requirements;
- to formulate, inspect and monitor the compliance of conduct code by the employees and directors of the Company;
- to inspect the Company's compliance with the Corporate Governance Code in Appendix 14 of the Listing Rules and the Company's disclosures in the "Corporate Governance Report".

In the report and in the previous years, the Company has compiled and published certain regulations or documents related to the corporate governance policies and practices. These regulations or documents primarily include:

- the Terms of Reference of the Board
- Rules of Proceeding for the Board, Supervisory Committee and Shareholders' General Meetings
- the Duties and Operation of Specialised Committee under the Board
- Work System for Independent Directors
- the Terms of Reference of General Manager
- Information Disclosure System
- Registration System for Informed Parties with Access to Insider Information
- Management System for Connected Transactions
- Management System for Investor Relations
- Management system governing the changes in the Company's shares held by directors, supervisors and senior management
- the Policy of Shareholder communications
- Procedures for the nomination of candidates for directors, etc.

The Audit Committee of the Board has been delegated the corporate governance functions by the Board to supervise and facilitate the Company's compliance with the internal corporate governance code. A specialized office has been set up within the Company to assist the Audit Committee to review the Company's corporate governance structure on an ongoing basis and advise on the latest requirements of corporate governance and day-to-day operation of the Company's corporate governance office. The 2012 Internal Control Evaluation Report compiled by the Company pursuant to the requirements of the Chinese domestic regulators has been examined by the Audit Committee, considered by the Board and audited by the accountants. For more detail, please refer to the "Establishment of the Company's Internal Control System" section.

ESTABLISHMENT OF THE COMPANY'S INTERNAL CONTROL SYSTEM

Improving and effectively implementing the internal control is an ongoing responsibility of the Board and the management of the Company. The objectives of the Company's internal control are to provide reasonable assurances that the Company's operations management is lawful and compliant, the assets are safe, the financial statements and related information are truthful and complete, and operational efficiency and effectiveness are enhanced, thereby promoting the achievement of the development strategy of the Company. Since its incorporation, the Company has been continuously building and improving the risk management-oriented internal control system to safeguard its sustainable, rapid, healthy, stable and orderly development, and to protect the interests of its shareholders pursuant to the requirements of the "Company Law of the People's Republic of China", the "Law of the People's Republic of China on Securities", the "Governance Standards for Listed Companies", the "Basic Standards for Enterprise Internal Control", the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", and "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" as well as other relevant laws, regulations, rules and normative documents, and in line with any changes in the internal and external environments.

The Board has conducted an assessment of the internal control pursuant to the requirements of the "Basic Standards for Enterprise Internal Control" and considered that it was effective as of 31 December 2012 (the benchmark date).

1. Establishment of Internal Control System

In 2012, the Company has continuously deepened the establishment of internal control system on the basis of the "six-in-one" philosophy for establishment and in accordance with the regulatory requirements and the management needs of the Company, measures of which mainly include:

(1) Improving the handbooks on internal control. The Company has further improved the three major handbooks for internal control: the "Datang International Internal Control Management Handbook", the "Datang International Internal Control Evaluation Handbook" and the "Datang International Risk Control Handbook".

(2) Improving the decision-making management system. The Company has improved five decision-making systems, namely the "Implementation Measures for Consistent Implementation of the 'Three Important and One Significant Issues' Decision-Making System of Datang International Power Generation Co., Ltd. (for Trial Implementation)", the "Terms of Reference for Datang International Power Generation Co., Ltd.", the "Rules of Proceedings for the Party Group of CPC Datang International Power Generation Co., Ltd.", the "Terms of Reference for General Manager of Datang International Power Generation Co., Ltd.", and the "Administrative Measures for the Legal Review of Important Decisions of Datang International Power Generation Co., Ltd. (for Trial Implementation)".

(3) Carrying out the delegation system of decision-making. The Company has further clarified the management platform, improved the delegation system, simplified the decision-making procedures and initially completed the "Diagnostic Reports and Optimization Recommendations" and the "Graded Delegation Scale" for the delegation system in accordance with the principles of corresponding responsibility and authority, graded delegation and hierarchical decision making, and on the basis of the ideas of "refining the headquarters of the Company, optimizing the performance of specialized companies, consolidating the foundation of regional companies and enhancing the strength of the enterprises as a benchmark".

(4) Collaborative office platform launched successfully. The Company has completed the integration of public system and specialized system, and realized seven major functions, namely system integration, unified handling, single sign-on, ancillary office, online monitoring, statistical analysis and information exchange. This further enhanced the work efficiency of the headquarters of Datang International, clarified the allocation of authority and responsibility, strengthened the operational online surveillance, and unified the internal control standards and business operations.

2. Internal Control Assessment

In 2012, the Company has engaged Deloitte Touche Tohmatsu to assist in the formulation of an internal control self-assessment plan, to supervise the internal control self-assessment of the Company's system, and to assist in undertaking a comprehensive assessment of the effectiveness of the internal control of the Company's headquarters. The enterprises under the Company has completed the deployment of key personnel of each business department to form an internal control self-assessment team (team members are not involved in the internal control assessment of their respective business department).

In 2012, total assets, total operating revenue and total net profit of the enterprises were included in the scope of internal control assessment reached over 90% of the corresponding indicators of the consolidated financial statements for 2011. The enterprises which fell into the scope of assessment were those engaged in the power generation (coal-fired power, hydropower and wind power), coal chemical, coal, transportation (shipping), cyclic-economy projects and other sectors.

Various methods were employed during the internal control assessment process, major methods included individual interviews, surveys, seminars, walkthrough tests, site inspections, sampling and comparative analysis to collect evidence so as to determine whether or not the design and operation of internal control were effective. This was completed in the working papers on assessment tests for analyzing and identifying any internal control defects. During the internal control assessment process, the quality of the assessment test was assured by cross-checking the working papers on the assessment test and supplementary verification of the assessment test results.

After a detailed and thorough internal control assessment, the Board of the Company considers that the Company has established an internal control system for the businesses and matters included in the scope of assessment during the reporting period. The Company has also achieved the internal control targets by effective implementation of the system and no major defects were identified.

3. Internal Control Audit

The Company has engaged RSM China Certified Public Accountants (Special General Partnership) ("RSM China") to carry out an internal control audit for the year of 2012. The internal control audit was carried out in accordance with the "Audit Guidelines on Enterprise Internal Control" and "China Auditing Standards". RSM China carried out an audit in respect of the design and operational effectiveness of the internal control system as of the specific benchmark date by the use of a top-to-bottom approach.

Each of the total assets, operating revenue and total net profit of the enterprises (including the headquarters of the Company) included in the scope of audit accounted for over 90% of the corresponding indicators of the consolidated financial statements (figures in 2012 on a consolidated basis).

RSM China has carried out an audit on the effectiveness of the internal control system of the Company and did not identify any major defects related to the financial statements of the Company. Accordingly, RSM China issued an unqualified audit report on internal control.

For the "Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company (2012)" and the "Audit Report on the Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company (2012)", please refer to the relevant announcements of the Company dated 25 March 2013 on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

4. Internal Control Work Plan

In 2013, the Company will be committed to the continuous improvement of the internal control system. We will make full use of the methods and means of internal control assessment to carry out supervision and inspection on the implementation of the internal control system on a regular and continuous basis according to the relevant requirements. We will also verify whether there are any defects or weaknesses in the implementation of the internal control system, in order to facilitate the continuous improvement and optimization of the internal control system. Our measures are mainly in the following areas:

(1) Further improving the establishment of the internal control environment and internal control measures

In 2013, the Company will continue to push forward the establishment of the internal control environment and internal control measures, so as to achieve the real-time, integration and online of information. We will further improve the development of the user centre, improve the functions of the collaborative office platform, and resolve the problems of the information security and the single sign-on of the system. We will also further improve the establishment of the process management system, by making all processes visible, putting key processes in place, connecting the breakpoints of processes, breaking the system barriers, eliminating the "isolated information sets" at data level and business level to achieve real-time surveillance on the indicators.

(2) Establishing special internal control system

The Company will select certain business sectors of the Company for the establishment of special internal control system to identify the current business situation and key nodes and issue the "Application Guidelines on Special Internal Control System of Businesses". We will continue to deepen the establishment of the internal control system on the basis of the "Six-in-One" internal control idea, so as to reasonably control the risks, streamline the business chain and enhance operational efficiency.

COMPANY'S AUDITORS

In 2012, the Company engaged RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler to be its domestic and international auditors respectively, which are responsible for providing impartial and objective opinion on the Company's financial statements. The Company's Audit Committee has confirmed the independence and objectivity of the auditors. In 2012, the fee payable to RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler for the provision of audit service amounted to RMB14.22 million. The sum of HK$1.4 million and HK$10,000 were paid by the Company as non-statutory audit and non-audit services fees, respectively. The non-audit service fee was professional service fee in relation to taxation filing for a subsidiary of the Company.

COMMUNICATION WITH SHAREHOLDERS AND THE RIGHTS OF SHAREHOLDERS

Shareholders can convene an extraordinary general meeting

Pursuant to the Articles of Association, two or more shareholders collectively holding more than 10% of the voting shares of the Company can sign one or more copies of a written request with the same format and content to be submitted to the Board requesting for convening an extraordinary general meeting, and to set out the meeting agenda. The Board shall convene an extraordinary general meeting as soon as possible upon receipt of the aforesaid written request. If the Board fails to issue notice convening such meeting within 30 days upon receipt of such written request, the shareholders who made the request can convene a meeting by themselves within four months upon the Board's receipt of the request. The procedures for convening the meeting shall be as far as possible the same as those procedures of the Board for convening a shareholders' general meeting.

A written proposal made by shareholders holding more than 5% of the voting shares of the Company should be considered at a shareholders' general meeting of the Company.

Procedures for shareholders to inquire information

Pursuant to the Articles of Association, shareholders can inquire about the following information:

(1) the Articles of Association will be available upon payment of costs by shareholders;

(2) shareholders have the right to inspect and make copies of the register of all classes of shareholders upon payment of a reasonable fee;

(3) the personal data of the Company's directors, supervisors, managers and other senior management;

(4) the status of the Company's share capital;

(5) the total nominal value, the number as well as the highest and lowest prices of the shares of each class repurchased by the Company since the previous fiscal year, and a report on the Company's payment of all the fees therefor;

(6) the minutes of shareholders' general meetings;

(7) the shareholders have the right to inspect the copies of corporate bonds;

(8) the resolutions made at Board meetings;

(9) the resolutions made at the meetings of Supervisory Committee;

(10) financial and accounting reports, etc.

Shareholders can access information through the following means

Notices, communications or other written materials sent by the Company to shareholders are given in following forms:

(1) served by hand;

(2) served by mail;

(3) served by fax or e-mail;

(4) published on the Company's website and/or the website designated by the stock exchange of the place where the Company's shares are listed, provided that such publishing is in compliance with the laws and administrative regulations as well as the relevant rules of the securities regulators of the place where the Company's shares are listed;

(5) announcements on newspapers and/or other designated media;

(6) other forms approved by the securities regulators of the place where the Company's shares are listed.

(7) shareholders and investors of the Company can visit the Company's website (www.dtpower.com) to access the Company's relevant information timely and efficiently.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries (by post, fax or email) to the following addresses, fax numbers or email addresses of the Company:

No. 9 Guangningbo Street, Xicheng District, Beijing, People's Republic of China
Fax: 86 (10) 8800 8672
E-mail: chenlin@dtpower.com

Amendments to Articles of Association

The Company did not make any amendments to its Articles of Association during the year.

REPORT OF THE DIRECTORS

The Directors are pleased to present the audited results of the Company for the year ended 31 December 2012.

COMPANY RESULTS

During the Year, consolidated operating revenue of the Group was approximately RMB77,598 million, representing an increase of approximately 7.21% as compared to the Previous Year. Net profit attributable to shareholders of the Company was approximately RMB4,062 million, representing an increase of approximately 106.08% as compared to the Previous Year. Basic earnings per share attributable to shareholders of the Company amounted to approximately RMB0.31, representing an increase of approximately RMB0.16 per share as compared to the Previous Year. Please refer to the "Management Discussion and Analysis" section for details of the Company's results.

In view of the operating results of the Group during the Year, the Board has recommended the distribution of a final dividend of RMB0.1 per share (tax inclusive) for the Year, and such profit distribution plan is subject to the approval by the shareholders at the annual general meeting.

ISSUE AND LISTINGS OF SHARES

The Company's H shares have been listed on the Hong Kong Stock Exchange and the London Stock Exchange Limited since 21 March 1997. On 9 September 2003, the Company issued 5-year US Dollar convertible bonds of US$153.8 million, which have been listed on the Luxembourg Stock Exchange, at 0.75% interest rate and a conversion premium of 30%. The Company's A shares have been listed on the Shanghai Stock Exchange since 20 December 2006. Pursuant to the resolution passed at the 2006 annual general meeting, the Company implemented the share capital expansion proposal by utilising its capital reserve fund to issue 10 bonus shares for every 10 shares held by the shareholders of the Company in 2007. The Company completed the non-public offering of A shares in March 2010, with newly-issued A shares of 530,000,000 shares. Further, the Company had non-public offering of A shares in May 2011, with newly-issued A shares of 1,000,000,000 shares. Due to above-mentioned changes, as at 31 December 2012, the total number of shares of the Company was 13,310,037,578 shares. Apart from that, the Company did not issue any new shares.

Performance of the Company's H shares during 2012:

Closing price of H shares as at 31 December 2012	HK$2.96 per share
Highest trading price of H shares between 1 January and 31 December 2012	HK$3.13 per share
Lowest trading price of H shares between 1 January and 31 December 2012	HK$2.44 per share
Total number of H shares traded between 1 January and 31 December 2012	3.406 billion shares (3,405,778,200 shares)

Performance of the Company's A shares during 2012:

Closing price of A shares as at 31 December 2012	RMB4.03 per share
Highest trading price of A shares between 1 January and 31 December 2012	RMB5.99 per share
Lowest trading price of A shares between 1 January and 31 December 2012	RMB3.68 per share
Total number of A shares traded between 1 January and 31 December 2012	1.72 billion shares (1,719,797,100 shares)

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of the annual report, i.e. 25 April 2013, the Company confirms that the public float of the Company's H shares and A shares has complied with the requirements under the Listing Rules.

ACCOUNTS

The Company and its subsidiaries' audited results for the year ended 31 December 2012 are set out in the Consolidated Statement of Comprehensive Income on page 75. The financial position of the Company and its subsidiaries as at 31 December 2012 is set out in the Consolidated Statement of Financial Position from page 76 to page 77.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2012 are set out in the Consolidated Statement of Cash Flows from page 79 to page 80.

PRINCIPAL BUSINESSES

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, the repair and testing of power equipment, and power related technical services, the sale and development of coal, the production and sale of chemical products.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales attributable to the Company's suppliers and customers for the Year are as follows:

	2012	2011
Purchases		
The largest supplier	**14.40%**	16.68%
Top five suppliers	**21.71%**	27.23%
Sales		
The largest customer	**28.56%**	27.16%
Top five customers	**60.85%**	60.90%

To the knowledge of the Directors, none of the Directors, supervisors, their respective associates or shareholders (owning 5% or more of the Company's issued share capital of the same class) owned any direct or indirect interest in the Company's suppliers and customers mentioned above during the Year.

SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Details of subsidiaries, jointly controlled entities and associates of the Company are set out in Note 46 to the Financial Statements from page 153 to page 164, Note 20 to the Financial Statements on page 121 and Note 19 to the Financial Statements from page 118 to page 120 respectively.

DIVIDEND, EARNINGS PER SHARE

The Board recommended the distribution of a proposed final dividend of RMB0.1 per share (tax inclusive) for the Year. Dividends to be distributed to domestic shareholders will be declared in and paid by RMB, while those to be distributed to foreign shareholders will be declared in RMB but paid in Hong Kong dollar. The Hong Kong dollar exchange rate for the purpose of dividend payment shall be based on the average of the closing rates of the Hong Kong dollar/RMB exchange rates announced by the People's Bank of China on each business day within the week immediately prior to payment.

Details of dividends and earnings per share are set out in Notes 14 and 15 to the Financial Statements on page 113.

RESERVES

Movements in reserves during the Year are set out in Note 31 to the Financial Statements from page 130 to page 131, among which distributable reserves attributable to the shareholders amounted to approximately RMB12.174 billion.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the Year are set out in Note 16 to the Financial Statements from page 113 to page 115.

DONATION

During the Year, the Company and its subsidiaries have made charitable and relief donations of approximately RMB51,000.

SHARE CAPITAL

As at 31 December 2012, total share capital of the Company amounted to 13,310,037,578 shares, divided into 13,310,037,578 shares of a nominal value of RMB1.00 each. Movements in share capital during the Year are set out in Note 29 to the Financial Statements from page 128 to page 129.

SHARE CAPITAL STRUCTURE

As at 31 December 2012, total number of shares issued by the Company was 13,310,037,578. The Company's shareholders were China Datang Corporation ("CDC"), Tianjin Jinneng Investment Company, Hebei Construction & Investment Group Co., Ltd., Beijing Energy Investment (Group) Company Limited, and other holders of A shares and H shares, holding 4,138,977,414 A shares, 1,296,012,600 A shares, 1,281,872,927 A shares, 1,260,988,672 A shares, 2,016,508,387 A shares and 3,315,677,578 H shares, respectively, representing 31.10%, 9.74%, 9.63%, 9.47%, 15.15% and 24.91%, respectively, of the issued share capital of the Company.

Among the H shares, CDC's controlling subsidiary, China Datang Overseas (Hong Kong) Co., Limited, held 480,680,000 H shares, and therefore CDC and its subsidiaries held a total of 4,619,657,414 shares in the Company, representing 34.71% of the total share capital of the Company.

NUMBER OF SHAREHOLDERS

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2012 were as follows:

Total number of shareholders	207,820
Holders of domestic shares	207,119
Holders of H shares	701

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

So far as the Directors of the Company are aware, as at 31 December 2012, the interests or short positions of the persons in the shares or underlying shares of the Company as required to be disclosed under section 336 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Law of Hong Kong), were as follows:

Name of Shareholder	Class of Shares	No. of Shares Held	Approximate Percentage of Total Issued Share Capital of the Company (%)	Approximate Percentage of Total Issued A Shares of the Company (%)	Approximate Percentage of Total Issued H Shares of the Company (%)
CDC	A shares	4,138,977,414	31.10	41.41	/
	H shares	480,680,000 (L)	3.61 (L)	/	14.50 (L)
Tianjin Jinneng Investment Company	A shares	1,296,012,600	9.74	12.97	/
Hebei Construction & Investment Group Co., Ltd.	A shares	1,281,872,927	9.63	12.83	/
Beijing Energy Investment (Group) Company Limited	A shares	1,260,988,672	9.47	12.62	/

(L) = Long Position (S) = Short Position (P) = Lending Pool

Notes:

(1) Mr. Liu Shunda, Mr. Hu Shengmu and Mr. Fang Qinghai, all Non-executive Directors, are or have been employees of CDC.

(2) Mr. Li Gengsheng, a Non-executive Director, is an employee of Tianjin Jinneng Investment Company.

(3) Mr. Ye Yonghui and Mr. Mi Dabin, both Non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

(4) Mr. Liu Haixia and Ms. Guan Tiangang, both Non-executive Directors, are employees of Beijing Energy Investment (Group) Company Limited.

INTERESTS OF DIRECTORS AND SUPERVISORS IN SHARE CAPITAL

As at 31 December 2012, Mr. Fang Qinghai, a director of the Company, was interested in 24,000 A shares of the Company. Save as disclosed above, none of the Directors, supervisors and chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (as defined in SFO) that were required to notify the Company and the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned in the SFO pursuant to section 352 of the SFO or otherwise required to notify the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at 31 December 2012, the Company has not entered into any service contracts with its Executive Directors. Therefore, none of the Directors and supervisors has or proposed to have any service contracts with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party, and in which any Director or supervisor had a material interest, either directly or indirectly, subsisted at the end of the Year or during the Year.

DIRECTORS AND SUPERVISORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements were made by the Company or its subsidiaries at any time during the Year for any Director or supervisor to acquire any shares in or debentures of the Company or any of its subsidiaries.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN CONTRACTS

Save as disclosed in this annual report, none of the Company or its subsidiaries have entered into any material contracts or material service contracts with the Company's substantial shareholders or its subsidiaries.

HIGHEST PAID INDIVIDUALS

During the Year, the Group implemented a basic salary policy based on the pay points of the Company's Directors and members of senior management, and appraisals were carried out in accordance with the "comprehensive accountability management system and the performance appraisal system for all staff". The Remuneration and Appraisal Committee reviewed the work performance and remuneration level of each individual.

All of the highest paid individuals of the Company during the Year were Directors or senior management. Details of their remunerations are set out in Note 12 to the Financial Statements from page 110 to page 112.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the Year.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

Apart from the loans from China Datang Group Finance Company Limited, short-term bank loans, other short-term loans, long-term bank loans, other long-term loans and short-term bonds as set out from Note 39, Note 32 and Note 40 to the Financial Statements from page 142 to page 143, from page 132 to page 135 and on page 143 respectively, there were no other loans of the Company and its subsidiaries as at 31 December 2012.

MEDIUM-TERM NOTES AND CORPORATE BONDS

During the Year, Datang International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, completed a public offering of RMB500 million offshore Renminbi bonds in Hong Kong on 30 November 2012. The bonds carried a maturity of three years at a coupon rate of 5.2% per annum.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and applicable PRC Laws that require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

CONNECTED TRANSACTIONS

During the Year, the Company or its subsidiaries carried out the following major continuing connected transactions (as defined in Chapter 14A of the Listing Rules) with its connected parties as defined by the Listing Rules, and such transactions were in compliance with the requirements on connected transactions under Chapter 14A of the Listing Rules.

	Connected Party	Marjor Terms of Transaction	Transaction Amount (RMB'000)
1	China Datang Corporation	Ash Disposal	57,890
2	China National Water Resources & Electric Power Materials & Equipment Co., Ltd.	Purchase of Equipment and Materials	168,279
3	China Datang Corporation Finance Co., Ltd.	Interest Expense	236,511
4	China Datang Corporation Finance Co., Ltd.	Interest Income	49,948
5	Datang Electric Power Fuel Co., Ltd.	Fuel Purchase	39,869
6	Datang Shaanxi Power Generation Fuel Co., Ltd.	Fuel Purchase	16,240
7	Datang (Beijing) Coal Sales Co., Ltd.	Fuel Sale	45,608
8	Datang Guiguan Heshan Power Generation Co., Ltd.	Fuel Sale	96,987
9	Jiangsu Xutang Power Generation Co., Ltd.	Alternative Power Generation Income	43,124
10	Gansu Datang Fuel Company Limited	Fuel Purchase	63,474
11	China Datang Environmental Technology Co. Ltd.	Service Fee of desulfurization	57,378
12	Beijing Datang Fuel Co., Ltd.	Fuel Purchase	11,252,000
13	Inner Mongolia Datang Fuel Co., Ltd.	Fuel Purchase	4,730,000

Note:

Pursuant to the "Financial Services Agreement" entered into by the Company and China Datang Corporation Finance Company Limited, a controlled company of CDC, the balance of deposit of the Company and its subsidiaries in China Datang Corporation Finance Company Limited was RMB2,314 million as at 31 December 2012, which did not exceed the maximum amount of the daily deposit balance of RMB8,000 million as set out in the agreement.

A. Continuing Connected Transactions in 2012

1. On 26 October 2010, the Company and China Datang Corporation Finance Company Ltd. ("Datang Finance Company") entered into the Financial Services Agreement with a term commencing from 1 January 2011 and ending on 31 December 2013. Within the effective term of agreement, Datang Finance Company provides the Company and its subsidiaries with deposit services, loan services and other financial services, and the daily balance of the deposits of Company and its subsidiaries with Datang Finance Company shall not exceed RMB8,000 million. During the effective term of agreement, the transaction amount did not exceed the maximum amount as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 26 October 2010.

2. On 22 March 2011, the Company entered into the "Supplemental Agreement to the Ash Disposal Agreement" with CDC, the controlling shareholder of the Company, which was effective from 22 March 2011 to 31 December 2013. Within the effective term of the agreement, CDC agreed to provide disposal services for ash generated by the power plants which are wholly-owned, operated and managed by the Company. The annual cap on the fees for ash disposal services payable to CDC by the Company for each year shall be RMB57,890,000. Within the effective term of the agreement, the transaction amount did not exceed the maximum amount as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 22 March 2011.

3. On 22 March 2011, the Company and China National Water Resources & Electric Power Materials & Equipment Co., Ltd. ("China Water Resources"), a subsidiary of the Company's controlling shareholder, CDC, entered into the "Framework Agreement for Centralised Purchase of Materials" which was effective from 1 January 2011 to 31 December 2013. Throughout the effective term of the agreement, China Water Resources was commissioned to plan and organise group purchases based on the demands for production materials of the Company and its subsidiaries. The annual cap on the purchase amount shall be approximately RMB200 million. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 22 March 2011.

4. On 18 April 2012, the Company entered into the "Framework Agreement for the Purchase and Sale of Coal" with Beijing Datang Fuel Co., Ltd., ("Beijing Datang Fuel Co."), pursuant to which Beijing Datang Fuel Co. agreed to supply different varieties of coal to the Company and its subsidiaries for a term of one year commencing from 1 January 2012 to 31 December 2012. The maximum transaction amount will not exceed RMB21,700 million. Within the effective term of the agreement, the transaction amount has not exceeded the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 18 April 2012.

5. On 18 April 2012, Inner Mongolia Datang International Tuoketuo Power Generation Company Limited, Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited, Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited and Inner Mongolia Datang International Renewable Energy Resource Development Company Limited (together known as "certain subsidiaries of the Company located at Inner Mongolia") entered into the "Inner Mongolia Purchase of Coal Contracts" with Inner Mongolia Datang Fuel Co., ("Inner Mongolia Fuel Co."), pursuant to which Inner Mongolia Fuel Co. agreed to supply coal for production purposes to certain subsidiaries of the Company located at Inner Mongolia for a term of one year commencing from 1 January 2012 to 31 December 2012. The maximum transaction amount will not exceed RMB5,200 million. Within the effective term of the agreement, the transaction amount has not exceeded the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 18 April 2012.

6. On 18 April 2012, Beijing Datang Fuel Co. entered into the "Heshan Purchase and Sale of Coal Contract" with Datang Guiguan Heshan Power Generation Co., Ltd. ("Guiguan Heshan Power Generation Co."), pursuant to which Beijing Datang Fuel Co. agreed to supply coal for power generation to Guiguan Heshan Power Generation Co. for a term of one year commencing from 1 January 2012 to 31 December 2012. The maximum transaction amount will not exceed RMB405 million. Within the effective term of the agreement, the transaction amount has not exceeded the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 18 April 2012.

7. On 18 April 2012, Inner Mongolia Datang International Xilinhaote Mining Co., Ltd., ("Xilinhaote Mining Co.") entered into the "Xilinhaote Purchase and Sale of Coal Contract" with Datang (Beijing) Coal Sales Co., Ltd., ("Coal Sales Co."), pursuant to which Xilinhaote Mining Co. agreed to sell a certain amount of self-produced coal to Coal Sales Co. for further sale for a term of one year commencing from 1 January 2012 to 31 December 2012. The maximum transaction amount will not exceed RMB250 million. Within the effective term of the agreement, the transaction amount has not exceeded the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 18 April 2012.

8. On 13 June 2012, Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Generation Company") entered into the Coal Purchase Framework Agreement with each of Datang Fuel Company and Datang Shaanxi Power Generation Fuel Company Limited ("Datang Shaanxi Fuel Company"), respectively, pursuant to which Yuncheng Power Generation Company agreed to purchase coal for production purposes from Datang Electric Power Fuel Company Limited ("Datang Fuel Company") and Datang Shaanxi Fuel Company, respectively. It is expected that the maximum aggregate transaction amount in respect of the Coal Purchase Framework Agreement for the year from 1 January 2012 to 31 December 2012 will not exceed RMB484 million. Within the effective term of the agreement, the transaction amount did not exceed the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 13 June 2012.

9. On 15 June 2012, the Company entered into the Framework Agreement for Centralised Purchase with China Water Resources, a wholly-owned subsidiary of CDC, in connection with the centralised purchase of machinery, equipment and materials required for project construction through China Water Resources. Taking into account the expected project construction machinery, equipment and materials applicable for centralised purchase which are required for the construction of infrastructure projects of the Company and/or its subordinated enterprises for the year from 1 June 2012 to 31 December 2012, the continuing connected transactions contemplated under the Framework Agreement for Centralised Purchase are subject to an annual cap of RMB1.2 billion (including the purchase costs for the project construction machinery, equipment and materials and the management service fees payable to China Water Resources) for the year ending 31 December 2012. Within the effective term of the agreement, the transaction amount did not exceed the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 15 June 2012.

10. On 27 August 2012, CDC entered into the Alternative Power Generation Framework Agreement with the Company. In accordance with the relevant requirements relating to the standards of substitution of power generation, CDC and its relevant power plants or subsidiaries agreed to appoint the power generation enterprises of the Company to substitute the power generation units of CDC and its relevant power plants or subsidiaries to carry out power generation work in Jiangsu, Jingjintang and Shanxi regions of the PRC. The term of the agreement is from 1 May 2012 to 31 December 2014. It is expected that the annual maximum fee receivable by the Company under the Alternative Power Generation Framework Agreement for each of the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 will not exceed RMB800 million. Within the effective term of the agreement, the transaction amount did not exceed the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 27 August 2012.

REPORT OF THE DIRECTORS

11. On 31 October 2012, Datang International Power Generation Co., Ltd. Zhangjiakou Power Plant ("Zhangjiakou Power Plant"), Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Generation Company") and Jiangsu Datang International Lvsigang Power Generation Company Limited ("Lvsigang Power Generation Company") (together known as "certain power plants of the Company") entered into the Franchising Contract with China Datang Environmental Technology Co. Ltd. ("Datang Environment Company"). Pursuant to such contract, each of such certain power plants of the Company authorized Datang Environment Company to carry out franchising in respect of the desulfurization assets of the corresponding coal-fired power generating units and operate, maintain and manage the desulfurization assets during the franchise period. Datang Environment Company shall enjoy desulfurization tariffs and relevant preferential policies of the PRC and shall reimburse and compensate certain power plants of the company for the costs incurred for desulfurization, including water, electricity and gas, in accordance with the relevant requirements on desulfurization franchising in the State.

    It is estimated that the total desulfurization electricity fees charged by Datang Environment Company for the provision of desulfurization services to certain power plants of the Company for each of the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed approximately RMB90 million, RMB540 million and RMB540 million, respectively.

    It is estimated that the total costs incurred for desulfurization, such as water, electricity and gas, to be reimbursed and compensated by Datang Environment Company to certain power plants of the Company for each of the of the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed approximately RMB28 million, RMB166 million and RMB166 million, respectively.

    For more details of the transaction, please refer to the announcement of the Company dated 2 November 2012.

    During 2012, Datang Environmental Company totally charged approximately RMB57.38 million of service fees for desulfurization, which did not exceed the cap as set out under the agreement.

12. On 6 November 2012, certain subsidiaries of the Company entered into Purchase and Sale of Coal Agreements with certain subsidiaries of CDC.

    (1) On 6 November 2012, each of such certain power plants of the Company in Shanxi entered into the Shanxi Purchase and Sale of Coal Agreements with Datang Fuel Co., a wholly-owned subsidiary of CDC, pursuant to which, each of such certain power plants of the Company in Shanxi agreed to purchase coal for production from Datang Fuel Co., with a maximum aggregate annual transaction amount of approximately RMB126 million during the term commencing from 1 January 2012 to 31 December 2012.

    (2) On 6 November 2012, Yuncheng Power Generation Company, a subsidiary of the Company, entered into the Yuncheng Purchase and Sale of Coal Agreement with Datang Shaanxi Fuel Company, an indirect controlled subsidiary of CDC, pursuant to which Yuncheng Power Generation Company agreed to purchase coal for production from Shaanxi Fuel Company, with a maximum aggregate annual transaction amount of approximately RMB11 million during the term commencing from 1 January 2012 to 31 December 2012.

(3) On 6 November 2012, Gansu Datang International Liancheng Power Generation Company Ltd. ("Liancheng Power Generation Company"), a subsidiary of the Company, entered into the Liancheng Purchase and Sale of Coal Agreement with Gansu Datang Fuel Company Limited ("Gansu Fuel Co."), an indirect controlled subsidiary of CDC, pursuant to which, Liancheng Power Generation Company agreed to purchase coal for production from Gansu Fuel Co., with a maximum aggregate annual transaction amount of approximately RMB166 million during the term commencing from 1 April 2012 to 31 December 2012.

It is estimated that the aggregate annual transaction cap of the above three continuing connected transactions for the year ended 31 December 2012 was approximately RMB303 million.

Within the effective term of the agreements, the transaction amount did not exceed the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 7 November 2012.

13. On 6 November 2012, Inner Mongolia Fuel Co., a wholly-owned subsidiary of Beijing Datang Fuel Co., a subsidiary of the Company, entered into the Inner Mongolia Purchase and Sale of Coal Agreement with Datang Fuel Co., a wholly-owned subsidiary of CDC, pursuant to which, Inner Mongolia Fuel Co. agreed to supply coal to Datang Fuel Co., with a maximum aggregate annual transaction amount of approximately RMB300 million during the term commencing from 1 October 2012 to 31 December 2012.

Within the effective term of the agreement, the transaction amount did not exceed the maximum amount of the transaction. For more details of the transaction, please refer to the announcement of the Company dated 7 November 2012.

B. Other Connected Transactions in 2012

14. (1) On 17 April 2012, the Company entered into the Entrusted Loan Agreement with CCB Beijing Chaoyang Branch and Sichuan Datang International Ganzi Hydropower Development Co., Ltd. ("Ganzi Hydropower Company") in relation to the provision of an entrusted loan by the Company to Ganzi Hydropower Company through the entrusted loan arrangement, in which CCB Beijing Chaoyang Branch acts as a lending agent. The principal amount of the entrusted loan shall not exceed RMB3,000 million for a term of 7 years commencing from 17 April 2012 to 16 April 2019. Interest rate is at a fixed interest rate, which being the benchmark interest rate to be charged for the same level of loans of financial institutions in RMB for the same period as announced by the People's Bank of China on the date when each batch of borrowing is withdrawn. The fixed interest rate will remain unchanged during the borrowing period. For more details of the transaction, please refer to the announcement of the Company dated 17 April 2012.

(2) On 26 August 2011, the 14th meeting of the seventh session of the Board considered and approved the provision of an entrusted loan of not more than RMB1 billion to Ganzi Hydropower Company. On 15 September 2011, the Company entered into the Entrusted Loan Agreement with CCB Diao Yu Tai Branch and Ganzi Hydropower Company in relation to the provision of the corresponding entrusted loan, with an interest rate being the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China. For the year ended 31 December 2011, the entrusted loan realised amounted to RMB200 million; for the year ended 31 December 2012, the entrusted loan realised amounted to RMB800 million. For more details of the transaction, please refer to the announcements of the Company dated 26 August 2011 and 15 September 2011 respectively.

15. On 17 April 2012, the Company entered into the Counter Guarantee Agreement with China Datang Overseas (Hong Kong) Company Limited ("Datang Overseas (Hong Kong) Company"). As Datang Overseas (Hong Kong) Company entered into the Guarantee with the Bank of China (Hong Kong) Limited (the "Bank") to pledge 358,680,000 H shares of the Company to the Bank to secure the Loan Facility of HK$660 million provided by the Bank to Datang International (Hong Kong) Limited ("Hong Kong Company"), it agreed to pledge its 358,680,000 H shares of the Company to the Bank to secure the loan facility provided by the Bank to Hong Kong Company. The term of the Counter Guarantee Agreement commences from the effective date of the Guarantee to the expiry date of the Guarantee and the two-year period thereafter. For more details of the transaction, please refer to the announcement of the Company dated 17 April 2012. The Guarantee was terminated before 31 December 2012.

16. On 23 April 2012, the Company entered into the Capital Contribution Agreement with CDC to set up Datang Tibet Bodui Hydropower Development Company Limited ("Bodui Hydropower Company") for the purposes of construction and operation of Bodui Hydropower Project. Pursuant to the Capital Contribution Agreement, the Company and CDC agreed to make capital contributions in the sums of approximately RMB95.7 million and approximately RMB382.8 million, respectively, to set up Bodui Hydropower Company in the proportions of 20% and 80%, respectively. As at the latest practicable date available prior to the issue of this annual report, i.e. 25 April 2013, the Company and CDC had made capital contributions according to their respective proportions. For more details of the transaction, please refer to the announcement of the Company dated 23 April 2012.

17. On 5 July 2012, the Company entered into the Entrusted Loan Framework Agreement with Datang Energy and Chemical Company Limited ("Energy and Chemical Company"), Datang Finance Company and Datang Inner Mongolia Duolun Coal Chemical Company Limited ("Duolun Coal Chemical Company") in relation to the provision of the entrusted loan of not exceeding RMB2 billion by the Company or Energy and Chemical Company to Duolun Coal Chemical Company pursuant to the entrusted loan Framework Arrangement, in which Datang Finance Company acts as the lending agent. The term for the entrusted loan framework agreement is 36 months and commencing from 5 July 2012 and ending on 4 July 2015. The interest rate is a floating rate, which being the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China on the date when each tranche of borrowing is withdrawn and such interest rate is to be adjusted annually. The adjustment date is 21st December of each year. The adjusted interest rate will be the benchmark interest rate for the same level of loans in RMB for the same period announced by the People's Bank of China on the adjustment date. For more details of the transaction, please refer to the announcement of the Company dated 5 July 2012.

18. On 31 October 2012, the Company entered into the Entrusted Loan Agreement with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of the entrusted loan of not exceeding RMB3 billion by the Company to Duolun Coal Chemical Company pursuant to the Entrusted Loan Arrangement, in which Datang Finance Company acts as a lending agent. The term for the Entrusted Loan Agreement is 36 months and commencing from 31 October 2012 and ending on 30 October 2015. Interest rate is a floating interest rate, which being the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China on the date when the Entrusted Loan is withdrawn and such interest rate is to be adjusted annually. The adjustment date is 21st December of each year. The adjusted interest rate will be the benchmark interest rate for the same level of loans in RMB for the same period announced by the People's Bank of China on the adjustment date. For more details of the transaction, please refer to the announcement of the Company dated 1 November 2012.

19. The Board announced that on 31 October 2012, certain power plants of the Company, namely Zhangjiakou Power Plant, Chaozhou Power Generation Company and Lvsigang Power Generation Company, entered into the Agreement on Acquisition of Desulfurization Assets with Datang Environment Company, a wholly-owned subsidiary of CDC. Pursuant to such agreement, each of such certain power plants of the Company agreed to transfer the desulfurization assets to Datang Environment Company at an aggregate consideration of RMB1,378.4168 million in accordance with the relevant requirements of the State. As at the latest practicable date available prior to the issue of this annual report, i.e. 25 April 2013, the transaction has already been completed. For more details of the transaction, please refer to the announcement of the Company dated 2 November 2012.

20. On 29 November 2012, the Company entered into the Capital Contribution Agreement with China Datang Corporation Capital Holding Company Limited ("CDC Capital Holding Company"), Datang Overseas (Hong Kong) Company and Datang Renewable Power (Hong Kong) Company Limited "Datang Renewable Power (Hong Kong) Company"). The Company, CDC Capital Holding Company, Datang Overseas (Hong Kong) Company and Datang Renewable Power (Hong Kong) Company agreed to make capital contributions in the sum of RMB200 million, RMB400 million, RMB200 million (to be settled in U.S. dollar or Hong Kong dollar) and RMB200 million (to be settled in U.S. dollar or Hong Kong dollar), respectively, to set up Datang Finance Leasing Co., Limited in the proportions of 20%, 40%, 20% and 20%, respectively, for the purpose of conducting financial leasing business. As at the latest practicable date available prior to the issue of this annual report, i.e. 25 April 2013, the transaction has already been completed. For more details of the transaction, please refer to the announcement of the Company dated 29 November 2012.

21. On 11 December 2012, the Company entered into the Sale and Purchase Agreement on Shut-down Capacity Indicators with Datang Huayin Electric Power Company Limited ("Huayin Electric Power"), pursuant to which the Company agreed to acquire the indicators of shut-down small-capacity generating units owned by Huayin Electric Power for a transaction price of approximately RMB374.40 million. For more details of the transaction, please refer to the announcement of the Company dated 11 December 2012.

As at the latest practicable date available prior to the issue of this annual report, i.e.25 April 2013, CDC and its subsidiaries hold approximately 34.71% of the issued share capital of the Company. The connected persons in the transactions abovementioned are the subsidiaries of CDC and are therefore connected persons of the Company.

The relevant procedures for reporting, disclosure or approval by independent shareholders have been carried out for the aforesaid connected transactions in compliance with the requirements under Chapter 14A of the Listing Rules in relation to connected transactions and continuing connected transactions.

The independent non-executive Directors have discussed the aforesaid transactions and confirmed that such transactions were:

(1) concluded in the ordinary and usual course of business of the Company;

(2) concluded on the following terms: (a) normal commercial terms (i.e. terms and conditions applicable to the transactions of a similar nature concluded by similar domestic business entities); or (b) if there are no comparable terms, then the terms that are fair and reasonable in respect of the shareholders of the Company;

(3) based on the following terms: (a) under the terms of the agreements governing such transactions; or (b) if there are no such agreements, then the terms no less favourable than those terms available to or from the third parties.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain fact finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board their factual findings on the selected samples based on the agreed procedures. The report stated that:

(1) the said transactions have been approved by the Board;

(2) the said transactions were priced in accordance with the pricing policy of the Company, if applicable;

(3) the said transactions were conducted pursuant to the relevant agreements governing those transactions;

(4) the said transactions did not exceed their respective caps applicable to such transactions.

MATERIAL LITIGATION

The Company was not involved in any material litigation during the Year.

RETIREMENT SCHEME

In accordance with the State's employee retirement scheme, the Company has to pay a basic pension insurance premium on behalf of the employees at a rate of 20% of the staff's salaries whereby the employees would receive a monthly pension payment each month after retirement. In addition, the Company has also implemented an enterprise annuity plan, whereby employees will make monthly contributions at fixed amounts as individual savings pension insurance funds, while the Company will contribute proportionate amounts of the employees' contributions as supplementary pension insurance funds. The Company may at its discretion provide additional nonrecurring individual savings pension insurance funds depending on the operating results of the year. When retired, an employee will receive individual savings pension insurance fund and corporate supplemental savings pension insurance fund by the Company. Apart from such contributions, the Company has no other liabilities towards the staff retirement scheme.

INTEREST CAPITALISATION

During the Year, the interest capitalised in respect of construction-in-progress amounted to approximately RMB3,333.968 million.

OTHER SIGNIFICANT MATTERS

1. The Company completed the "Non-public Issuance of the First Tranche of Debt Financing Instruments of Datang International Power Generation Co., Ltd. to Target Subscribers in 2012" (the "Current Debt Financing Instruments") on 18 April 2012. The issuance amount for the Current Debt Financing Instruments was RMB5,000 million with a maturity period of three years. The unit nominal value was RMB100 and the issuing interest rate was 5.08%.

2. Pursuant to the Company's 2011 profit distribution proposal considered and approved at the 2011 Annual General Meeting of the Company held on 6 June 2012, the Company completed the bonus and dividend payout for 2011 on 3 August 2012. A cash dividend of RMB0.11 (tax inclusive) was distributed for each share, and RMB1.1 (tax inclusive) for every ten shares.

3. The Company completed the issuance of the "First Tranche of Super Short-term Debentures of Datang International Power Generation Co., Ltd. in 2012" (the "Current Super Short-Term Debentures") on 18 July 2012. The issuance amount for the Current Super Short-Term Debentures was RMB3,000 million with a maturity of 90 days. The unit nominal value was RMB100 and the issuance interest rate was 3.26%.

4. The Company completed the issuance of the "Second Tranche of Super Short-term Debentures of Datang International Power Generation Co., Ltd. in 2012" (the "Current Super Short-Term Debentures") on 12 October 2012. The issuance amount for the Current Super Short-Term Debentures was RMB3,000 million with a maturity of 270 days. The unit nominal value was RMB100 and the issuance interest rate was 4.15%.

5. Pursuant to the resolution on the change of directors of the Company considered and approved at the 2012 first extraordinary general meeting of the Company held on 20 August 2012, Mr. Mi Dabin was appointed as a director of the seventh session of the Board of the Company, and Mr. Su Tiegang discontinued as a director of the seventh session of the Board of the Company.

6. The Company received a "Reply on the Approval of the Public Issuance of Corporate Bonds by Datang International Power Generation Co., Ltd." (CSRC Approval No.【2012】1611) in December 2012 issued by the China Securities Regulatory Commission, which approved the Company of issuing to the public corporate bonds with a nominal value of not more than RMB6,000 million. The corporate bonds would be issued in tranches. The nominal value of the bonds to be issued in the first tranche must not be less than 50% of the total nominal value, and the issuance must be completed within 6 months from the date of approval of the issuance, while issuance of the bonds in the remaining tranches must be completed within 24 months from the date of approval of the issuance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

After making queries and reviewing the annual confirmation letters from all Independent Non-executive Directors in respect of their independence according to Rule 3.13 of the Listing Rules, the Company confirms that all Independent Non-executive Directors are independent individuals.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Upon specific enquiries made to all Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules during the Year.

AUDITOR

The Company's financial statements for the year ended 31 December 2012 prepared under International Financial Reporting Standards have been audited by RSM Nelson Wheeler.

By Order of the Board
Liu Shunda
Chairman

25 March 2013

REPORT OF THE SUPERVISORY COMMITTEE

Mr Qiao Xinyi
Chairman of the Supervisory Committee

During 2012, in compliance with the principle of being accountable to all shareholders of the Company and in accordance with the Company Law of the PRC (the "Company Law"), the Articles of Association of Datang International Power Generation Co., Ltd. (the "Articles of Association"), the Order of Meeting of the Supervisory Committee of Datang International Power Generation Co., Ltd. (the "Order of Meeting of the Supervisory Committee") and the relevant requirements of the listing rules of the Company's listing jurisdictions, members of the Supervisory Committee of the Company dutifully and conscientiously discharged their monitoring duty. In 2012, the Supervisory Committee attended all general meetings, Board meetings and meetings of the specialised committees of the Board held during the Year. Meanwhile, it actively participated in the review of the Company's major decisions and examined the Company's operation and financial position periodically. It also strove to protect the rights of the shareholders, the benefits of the Company as well as the legal interests of staff. The detailed report on the work of the Supervisory Committee for 2012 is as follows:

A. SUPERVISORY COMMITTEE MEETING

Convening of the Supervisory Committee Meetings	Details of the Subjects Discussed at the Supervisory Committee Meetings
On 23 March 2012, the 8th meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved "Work Report of the Supervisory Committee for Year 2011", "Proposal of Final Accounts for Year 2011", "2012 Financial Budget Report", "2011 Profit Distribution Proposal", and "Full Text of the 2011 Annual Report and Summary of the Annual Report" and "Results Announcement".
On 26 April 2012, the 9th meeting of the seventh session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the "Resolution on the Explanation on the 2012 First Quarterly Report".
On 20 August 2012, the 10th meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved the "Resolutions on the Explanation on the Disclosure of 2012 Interim Results".
On 25 October 2012, the 11th meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved the "Resolution on the Explanation on the 2012 Third Quarterly Report".

B. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S RELEVANT MATTERS

1. The Company's Operation in Compliance with Laws

During the reporting period, members of the Supervisory Committee participated in the discussions on major operating decisions through attending Board meetings and general meetings of the Company, and monitored the financial position and the operation of the Company. The Supervisory Committee is of the view that the Company's business was regulated and operating in strict compliance with the Company Law and the Articles of Association and other relevant regulations and systems in 2012 and its operation and decisions were scientific and rational. Meanwhile, the Company enhanced its internal management and internal control systems and established sound internal control mechanisms. In fulfilling their duties, Directors and senior management of the Company acted diligently and dutifully, abiding by the State laws and regulations and the Articles of Association and systems as well as safeguarding the interests of the Company. No act which violated laws and regulations or contravened the Company's interests and minority shareholders' lawful interests were discovered.

2. Financial Activities of the Company

During the reporting period, the Supervisory Committee conscientiously and carefully examined and reviewed the Company's accounting statements and financial information. The Supervisory Committee also took part in reviewing the auditor's report and offered opinions and recommendations on the auditor's work. The Supervisory Committee is of the view that the preparation of the Company's financial statements complies with the relevant requirements of the Accounting Systems for Business Enterprises and Accounting Standards for Business Enterprises, and that the Company's 2012 financial report and the standard unqualified audit report issued by the accountants truthfully reflect the financial position and operating results of the Company.

3. Actual Application of the Latest Fundraising Proceeds by the Company

In May 2011, the Company raised proceeds amounting to RMB6,740,000,000 (a net amount of RMB6,670,950,000) from the non-public offering of 1 billion A shares in total. These proceeds had been fully utilised as at the end of 2011.

4. Acquisition and Disposal of Assets by the Company

In 2012, the Company mainly carried out the transfer of 100% equity interest in Chongqing Yuneng Industrial Group Company Limited ("Yuneng Industrial Company") and the equity restructuring of Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Generation Company"). The details are as follows:

(1) Pursuant to the resolutions passed in the twenty-eighth meeting of the seventh session of the Board held in 20 August 2012, in order to facilitate the Company to exit the real estate business in a rapid and orderly manner and enable the compliance of the Company for financing in the capital market as soon as possible, the Company transferred the entire equity interest in Yuneng Industrial Company held by Yuneng (Group) Company Limited, Chongqing Dingtai Power (Group) Company Limited and Chongqing Tuoyuan Industry Company Limited, wholly-owned subsidiaries of the Company, at the consideration of RMB538.5893 million by way of tender on the equity exchange; and China National Water Resources & Electric Power Materials & Equipment Co., Ltd., a subsidiary of China Datang Corporation, finally became the transferee of the entire equity interest. As at 5 February 2013, the above transaction was completed.

(2) Pursuant to the agreement entered into, the Company and Shaanxi Coal and Chemical Industry Group Co., Ltd. ("SHCCIG") carried out the equity restructuring of Yuncheng Power Generation Company. SHCCIG acquired 51% of equity interest in Yuncheng Power Generation Company through its equity acquisition and participation in the capital contribution of Yuncheng Power Generation Company, while the shareholding ratio of the Company has been adjusted to 49%; upon the equity restructuring, the results of Yuncheng Power Generation Company are no longer consolidated in the consolidated financial statements of the Company; and the amount of capital contribution made by SHCCIG to Yuncheng Power Generation Company was calculated on the basis of its corresponding actual proportionate interest and the appraised value of Yuncheng Power Generation Company after the acquisition of the equity interest in Yuncheng Power Generation Company by SHCCIG (the amount of capital contribution was RMB286.7572 million). As at the end of 2012, the above transaction was completed.

The Board has considered and approved the above disposals of equity interest and assets and fulfilled the relevant disclosure obligations. Among those disposals which constitute connected transactions, the Independent Directors have expressed independent opinions. The Supervisory Committee is of the view that the considerations of the relevant disposals were reasonable, and did not harm the interests of the Company's shareholders.

5. Connected transactions of the Company

During the reporting period, the Company conducted significant connected transactions for various matters between the Company and connected parties primarily in relation to financing arrangements, purchase of fuels, procurement of production or project construction materials, formation of joint venture companies for business expansion, and capital operation. After verification, the Supervisory Committee was of the opinion that the transactions of the Company were in compliance with the principle of maintaining openness, fairness and impartiality; that the procedures for the connected transactions were lawful and compliant; and that the transaction prices were fair and reasonable. The Independent Directors presented their independent opinions on the significant connected transactions which took place during the year. During the voting on such transactions at Board meetings and shareholders general meetings, connected directors and shareholders abstained from voting in accordance with the requirements of the regulators in the place where the Company is listed. No acts were carried out by the connected parties in the connected transactions, which had jeopardized the interests of the Company or other shareholders

6. Review of and opinion on the Internal Control Evaluation Report

The Supervisory Committee of the Company had reviewed the Company's 2012 Internal Control Evaluation Report and communicated with the management of the Company and the accounting firm that was responsible for auditing the Company's 2012 Internal Control Evaluation Report. The committee was of the opinion that the particulars of the 2012 Internal Control Evaluation Report were true and effective, and agreed with the audit report containing an unqualified opinion on internal control issued by RSM China Certified Public Accountants (Special General Partnership).

C. WORK PLAN FOR 2013

In 2013, members of the Supervisory Committee of the Company will conscientiously learn the relevant State laws and regulations in order to enhance its business ability, and to raise the awareness of strengthening supervision and diligently and dutifully fulfilling obligations. With a spirit of being accountable to shareholders and the staff of the enterprise, as well as aligning with the Company's operating activities, members of the Supervisory Committee exercise effective supervision over the Company's major decisions through attending Board meetings and relevant important business meetings of the Company, with a view to raising the Company's awareness of risk-prevention. They will also improve the internal control system of the Company and continuously enhance the corporate governance structure, with a view to further upgrading the regulated operation standards of the Company.

Supervisory Committee
Datang International Power Generation Co., Ltd.

25 March 2013

TAXATION IN THE UNITED KINGDOM

The comments below are a general guide only, based on the tax law and practice in force as at the date of this document which may be subject to changes or revisions. They relate only to certain limited aspects of the tax position of shareholders of the Company who are United Kingdom ("UK") resident, and (if an individual) who are also UK ordinarily resident (if relevant) and domiciled and who hold shares in the Company as an investment, not as a share dealer or financial trader ("Relevant Shareholders"). This section is not intended to be and should not be construed as legal or tax advice to any particular shareholder. If you are in any doubt as to your tax position you should consult an appropriate professional advisor.

Subject to the statements made below regarding corporate Relevant Shareholders, Relevant Shareholders will generally be subject to UK income tax or corporation tax on the gross amount of dividends paid by the Company (as ascertained for the purposes of the relevant tax), but will normally be entitled to a credit against such UK income tax or corporation tax for any PRC withholding tax charged on the dividend.

Under the current double taxation treaty between the PRC and the UK, Relevant Shareholders will generally be entitled to a reduced rate of PRC withholding tax on dividends paid to them by the Company. Individual Relevant Shareholders will also be entitled to a non-payable tax credit of one ninth of the distribution.

A corporate Relevant Shareholder should generally be exempt from UK Corporation tax in respect of dividends paid to them by the Company. Where this is not the case, corporate Relevant Shareholders who control (directly or indirectly) at least 10% of the voting rights of the Company may be entitled to credit against UK corporation tax chargeable in respect of dividends paid to them by the Company for any underlying PRC tax payable by the Company in respect of the profits out of which dividends were paid.

Relevant Shareholders will generally be subject to UK tax on chargeable gains on any gain on a disposal of shares, as computed for the purposes of such tax.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DATANG INTERNATIONAL POWER GENERATION CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Datang International Power Generation Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 164, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

25 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
Operating revenue	6	**77,598,143**	72,381,865
Operating costs			
Fuel for power and heat generation		**(39,116,040)**	(42,152,791)
Fuel for coal sales		**(5,352,767)**	(2,331,552)
Depreciation		**(8,820,051)**	(8,604,808)
Repairs and maintenance		**(2,361,659)**	(1,898,832)
Salaries and staff welfare		**(2,748,148)**	(2,367,473)
Local government surcharges		**(669,965)**	(568,654)
Others		**(5,019,331)**	(4,904,592)
Total operating costs		**(64,087,961)**	(62,828,702)
Operating profit		**13,510,182**	9,553,163
Shares of profits of associates	19	**748,539**	945,970
Shares of profits of jointly controlled entities		**43,824**	94,229
Investment income		**474,365**	50,191
Other gains	7	**1,305,804**	58,564
Interest income		**71,868**	109,820
Finance costs	9	**(8,568,230)**	(7,102,002)
Profit before tax		**7,586,352**	3,709,935
Income tax expense	10	**(1,361,102)**	(667,786)
Profit for the year	11	**6,225,250**	3,042,149
Other comprehensive income after tax:			
Reclassification adjustments for amounts transferred to profit or loss upon disposals of available-for-sale investments		**–**	(4)
Fair value gain/(loss) on available-for-sale investments		**38,333**	(28,519)
Share of other comprehensive income of associates		**(1,462)**	(63,516)
Foreign currency translation differences		**(2,968)**	21,825
Income tax relating to components of other comprehensive income		**(7,637)**	7,131
Other comprehensive income for the year, net of tax		**26,266**	(63,083)
Total comprehensive income for the year		**6,251,516**	2,979,066
Profit for the year attributable to:			
Owners of the Company		**4,062,268**	1,971,200
Non-controlling interests		**2,162,982**	1,070,949
		6,225,250	3,042,149
Total comprehensive income for the year attributable to:			
Owners of the Company		**4,088,534**	1,908,050
Non-controlling interests		**2,162,982**	1,071,016
		6,251,516	2,979,066
		RMB	RMB
Earnings per share			
Basic and diluted	15	**0.31**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**221,477,314**	200,923,064
Investment properties	17	**536,857**	502,302
Intangible assets	18	**2,867,431**	2,644,303
Investments in associates	19	**7,112,954**	5,289,166
Investments in jointly controlled entities	20	**4,200,109**	3,585,867
Available-for-sale investments	21	**6,242,654**	2,710,073
Deferred housing benefits	22	**73,822**	102,839
Long-term entrusted loans to an associate	23	**736,381**	–
Deferred tax assets	35	**1,674,551**	1,453,359
Other non-current assets		**428,720**	412,628
		245,350,793	217,623,601
Current assets			
Inventories	24	**5,215,109**	6,093,786
Accounts and notes receivables	25	**10,356,787**	10,208,546
Prepayments and other receivables	26	**9,067,279**	8,877,100
Short-term entrusted loans to related parties	27	**576,311**	365,198
Tax recoverable		**98,723**	61,586
Cash and cash equivalents	28	**4,612,687**	4,467,372
		29,926,896	30,073,588
TOTAL ASSETS		**275,277,689**	247,697,189

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	29	13,310,038	13,310,038
Reserves	31	24,494,694	23,037,968
Retained earnings			
Proposed dividends	14	1,331,004	1,464,104
Others		2,522,646	1,128,582
Equity attributable to owners of the Company		41,658,382	38,940,692
Non-controlling interests		15,001,249	11,791,362
Total equity		56,659,631	50,732,054
Non-current liabilities			
Long-term loans	32	129,445,617	117,654,356
Long-term bonds	33	14,405,026	8,937,277
Deferred income	34	1,382,733	504,071
Deferred tax liabilities	35	702,242	585,488
Provisions	36	41,639	41,680
Other non-current liabilities	37	7,202,776	5,827,268
		153,180,033	133,550,140
Current liabilities			
Accounts payables and accrued liabilities	38	23,877,250	23,940,013
Taxes payables		1,200,395	771,475
Dividends payables		111,313	154,881
Short-term loans	39	22,239,798	21,523,709
Short-term bonds	40	4,400,000	1,400,000
Current portion of non-current liabilities	32, 37	13,609,269	15,624,917
		65,438,025	63,414,995
Total liabilities		218,618,058	196,965,135
TOTAL EQUITY AND LIABILITIES		275,277,689	247,697,189
Net current liabilities		(35,511,129)	(33,341,407)
Total assets less current liabilities		209,839,664	184,282,194

Approved by the Board of Directors on 25 March 2013

Cao Jingshan
Director

Zhou Gang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company											
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Restricted reserve RMB'000	Foreign currency translation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	12,310,038	4,239,888	3,279,458	7,866,188	107,887	35,301	31,778	(216,696)	3,196,229	30,850,071	7,582,760	38,432,831
Total comprehensive income for the year	–	–	–	–	–	21,814	(84,964)	–	1,971,200	1,908,050	1,071,016	2,979,066
Issue of shares	1,000,000	5,670,950	–	–	–	–	–	–	–	6,670,950	–	6,670,950
Capital injections from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2,405,626	2,405,626
Non-common control business combinations	–	–	–	–	–	–	–	–	–	–	712,451	712,451
Acquisition of non-controlling interests	–	–	–	–	–	–	–	8,845	–	8,845	(42,124)	(33,279)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(7,203)	(7,203)
Disposal of interests in subsidiaries without loss of control	–	–	–	–	–	–	–	433,733	–	433,733	1,329,843	1,763,576
Others	–	–	–	–	–	–	–	746	–	746	–	746
Transfer from restricted reserve	–	–	–	–	(17,485)	–	–	–	17,485	–	–	–
Transfer to surplus reserves	–	–	322,721	1,337,804	–	–	–	–	(1,660,525)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(931,703)	(931,703)	(1,261,007)	(2,192,710)
Changes in equity for the year	1,000,000	5,670,950	322,721	1,337,804	(17,485)	21,814	(84,964)	443,324	(603,543)	8,090,621	4,208,602	12,299,223
At 31 December 2011	13,310,038	9,910,838	3,602,179	9,203,992	90,402	57,115	(53,186)	226,628	2,592,686	38,940,692	11,791,362	50,732,054
At 1 January 2012	13,310,038	9,910,838	3,602,179	9,203,992	90,402	57,115	(53,186)	226,628	2,592,686	38,940,692	11,791,362	50,732,054
Total comprehensive income for the year	–	–	–	–	–	(2,968)	29,234	–	4,062,268	4,088,534	2,162,982	6,251,516
Capital injections from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2,012,348	2,012,348
Non-common control business combinations	–	–	–	–	–	–	–	–	–	–	153,730	153,730
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(17,667)	–	(17,667)	2,667	(15,000)
Disposals of subsidiaries	–	–	–	–	–	–	–	–	–	–	436,028	436,028
Disposal of interest in a subsidiary without loss of control	–	–	–	–	–	–	–	16,069	–	16,069	11,021	27,090
Others	–	–	–	–	–	–	–	95,547	(689)	94,858	(43,480)	51,378
Transfer from restricted reserve	–	–	–	–	(455)	–	–	–	455	–	–	–
Transfer to surplus reserves	–	–	270,829	1,066,137	–	–	–	–	(1,336,966)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(1,464,104)	(1,464,104)	(1,525,409)	(2,989,513)
Changes in equity for the year	–	–	270,829	1,066,137	(455)	(2,968)	29,234	93,949	1,260,964	2,717,690	3,209,887	5,927,577
At 31 December 2012	**13,310,038**	**9,910,838**	**3,873,008**	**10,270,129**	**89,947**	**54,147**	**(23,952)**	**320,577**	**3,853,650**	**41,658,382**	**15,001,249**	**56,659,631**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41(a)	**23,021,801**	14,104,378
Interest received		**71,868**	109,820
Income tax paid		**(1,405,897)**	(1,279,484)
Net cash generated from operating activities		**21,687,772**	12,934,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(26,616,303)**	(26,010,097)
Additions to intangible assets		**(60,550)**	(43,062)
Acquisition of subsidiaries		**(598,491)**	(929,602)
Investments in jointly controlled entities		**(570,418)**	(841,359)
Investments in associates		**(989,274)**	(360,300)
Investments in available-for-sale investments		**(3,427,351)**	(430,327)
Acquisition of non-controlling interests		**(15,000)**	(33,279)
Prepayments for investments		**–**	(378,592)
Additional entrusted loans made		**(726,700)**	(364,500)
Deposits for land development		**–**	(242,540)
Proceeds from disposals of property, plant and equipment		**1,822,780**	8,025
Disposal of a subsidiary		**12,514**	122,137
Proceeds from disposals of associates		**23,698**	–
Proceeds from disposals of available-for-sale investments		**–**	1,336
Repayments of entrusted loans		**616,000**	100,000
Dividends received		**538,277**	581,213
Interest received from entrusted loans to related parties		**35,092**	–
Others		**150,301**	66,603
Net cash used in investing activities		**(29,805,425)**	(28,754,344)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling interests		2,012,348	2,405,626
Disposal of interests in subsidiaries without loss of control		27,090	1,763,576
Drawdown of short-term loans		48,673,671	40,231,192
Drawdown of long-term loans		27,889,413	27,006,551
Issuance of short-term bonds		6,000,000	1,400,000
Proceeds from issue of shares, net of expenses		–	6,670,950
Issuance of long-term bonds, net of issuance costs		5,479,200	2,976,000
Proceeds from finance lease payables		1,817,272	2,187,173
Repayment of short-term loans		(47,957,582)	(38,082,311)
Repayment of long-term loans		(18,529,004)	(18,232,728)
Repayment of short-term bonds		(3,000,000)	–
Repayment of finance lease payables		(678,907)	(505,998)
Interest paid		(11,069,711)	(9,001,178)
Dividends paid to owners of the Company		(1,464,104)	(931,703)
Dividends paid to non-controlling interests		(1,232,158)	(1,067,213)
Others		288,019	(1,949)
Net cash generated from financing activities		8,255,547	16,817,988
NET INCREASE IN CASH AND CASH EQUIVALENTS		137,894	998,358
Effect of foreign exchange rate changes		7,421	26,038
CASH AND CASH EQUIVALENTS AT 1 JANUARY		4,467,372	3,442,976
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	28	4,612,687	4,467,372

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL INFORMATION

Datang International Power Generation Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock limited liability company. The Company's H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and the London Stock Exchange Limited while the Company's A shares are listed on the Shanghai Stock Exchange. The address of its registered office is No. 482, Guanganmennei Avenue, Xuanwu District, Beijing 100053, the PRC. The addresses of its principal place of business in the PRC and the Hong Kong Special Administrative Region of the PRC ("Hong Kong") are No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC and 21/F., Gloucester Tower, 15 Queen's Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are power generation and power plant development in the PRC. The Group also engaged in coal trading, chemical products manufacturing and selling, etc..

In the opinion of the directors of the Company, China Datang Corporation ("China Datang"), a company incorporated in the PRC, is the ultimate parent of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale investments.

At 31 December 2012, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2012, the Group had net current liabilities of approximately RMB35.51 billion. The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB261.43 billion and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. The directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared these financial statements on a going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2012 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combination other than under common control

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investments), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (ab) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investments in associates are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (continued)

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of a jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of the jointly controlled entities' post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in the jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entities. If the jointly controlled entities subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a jointly controlled entity that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that jointly controlled entity and (ii) the Group's share of the net assets of that jointly controlled entity plus any remaining goodwill relating to that jointly controlled entity and any related accumulated foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Joint venture (continued)

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land use rights	10 – 70 years
Buildings and structures	8 – 45 years
Electricity utility plants	4 – 35 years
Coal chemical specialised assets	23 years
Transportation facilities	6 – 12 years
Others	5 – 22 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings and structures under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(h) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 30 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease term.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets other than goodwill

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is calculated either at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis or on a systematic and proper method to reflect the pattern in which the asset's future economic benefits are expected to be realised by the Group. Mining rights are amortised on the systematic and proper method while the principal useful lives of other intangible assets are as follows:

Resource use rights	10 years
Technology know-how	10 years or over the beneficial period upon commencement of commercial production
Computer software	2 – 9 years
Others	14 months – 10 years

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs in power generation and selling expenses.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale investments.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets not classified as loans and receivables or financial assets at fair value through profit or loss. Available-for-sale investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale investments are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale investments are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(n) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Loans and receivables primarily include long-term entrusted loans, short-term entrusted loans, other receivables, accounts and notes receivables and cash and cash equivalents in the statement of financial position. An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the allowance is the difference between the loans and receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the loans and receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loans and receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Financial guarantee contract liabilities

The Group issues financial guarantee contracts that transfer significant insurance risk. Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments.

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and related administrative expenses are used. Any deficiency is immediately charged to the profit or loss by establishing a provision for losses arising from these tests.

(s) Accounts payables and accrued liabilities

Accounts payables and accrued liabilities are stated initially at their fair values and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from sales of electricity and heat represents the amount of tariffs billed for electricity and heat generated and transmitted to the respective power companies and heat supply companies.

Revenue associated with sales of coal and other goods is recognised when the title to the goods has been passed to customers, which is the date when the goods are either picked up at site or free on board, or delivered to the designated locations and accepted by the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(v) Employee benefits

(i) Pension and other social obligations

The Group contributes to defined contribution schemes including pension and/or other social benefits in accordance with the local conditions and practices in the municipalities and provinces in which it operates. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(ii) Staff housing benefits

The Company provides housing to its employees at preferential prices. The difference between the selling price and the cost of housing is considered a housing benefit to the employees and is recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

During 2005 to 2007, the Company and some of its subsidiaries also started to provide monetary housing subsidies to their employees. These subsidies are considered housing benefits and are recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

In addition, the Group also contributes to the state-prescribed housing fund. Such costs are charged to the profit or loss as incurred.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs (continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(y) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Value-added tax ("VAT")

Revenue from sales of electricity and heat and revenue associated with sales of coal and other goods are subjected to VAT in the PRC. VAT payables are determined by applying 17% or 13% or 11% or 6% on the taxable revenue after offsetting deductible input VAT of the period.

(aa) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Government-related entities, other than entities under China Datang which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(ac) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ad) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 3 to financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3 (ab) to the financial statements. An impairment loss is recognised when the carrying amount of property, plant and equipment exceeds their recoverable amount which has been determined based on value in use calculations. These calculations require the use of estimates such as electricity and heat tariffs and fuel prices. Changes of assumptions in electricity and heat tariffs and fuel prices could affect the result of property, plant and equipment impairment assessment.

(c) Approval of construction in new power plants

The Group has not received relevant government approvals from the National Development and Reform Commission (the "NDRC") for its certain power plant construction projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value, of which details are provided in note 18 to financial statements.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (continued)

(e) Deferred tax assets

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or credit, as well as deferred tax balance. The realisation of deferred tax assets also depends on the realisation of sufficient future taxable profits of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred tax assets.

(f) Available-for-sale investments

As stated in note 21 to the financial statements, during the year the Group indirectly invests and owns 50% equity interests in a company incorporated in the PRC at a total consideration of RMB2,000,000 thousand. The directors determine to classify the investment as available-for-sale investments on the grounds that the Group does not have the ability to participate in the financial and operating policy decisions of that company and is therefore unable to exercise significant influence over that company.

(g) Income taxes

The Group is subject to income taxes in various regions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, overall assets transfers and corporate restructuring. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

Foreign currency risk of the Group primarily arises from certain loans and deposits denominated in Hong Kong dollar ("HKD"), United States dollar ("USD") and Euro dollar ("EUR"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency debts. The Group maintains a close look at the international foreign currency market on the changing exchange rates and takes these into consideration when raising foreign currency loans and investing in foreign currency deposits.

At 31 December 2012, if RMB had weakened by 5 per cent (2011: 5 per cent) against HKD, USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB38,705 thousand (2011: RMB69,982 thousand) lower, arising as a result of the foreign exchange loss on HKD, USD and EUR loans and deposits. If RMB had strengthened by 5 per cent (2011: 5 per cent) against HKD, USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB38,705 thousand (2011: RMB69,982 thousand) higher, arising as a result of the foreign exchange gain on HKD, USD and EUR loans and deposits.

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

The Group's certain available-for-sale investments amounted to RMB741,845 thousand (2011: RMB67,531 thousand) as disclosed in note 21 to the financial statements are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. Since the amounts of such investments are insignificant to the Group, the directors of the Company are of opinion that the Group is not exposed to any significant equity security price risk as at 31 December 2012 and 2011. The Group closely monitors the pricing trends in the open market in determining their long-term strategic stakeholding decisions.

(c) Credit risk

The carrying amount of the bank deposits, accounts receivables, other receivables, short-term entrusted loans and long-term entrusted loans included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group maintains most of its bank deposits in several major government-related financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets being exposed.

With regard to accounts receivables arising from power sales, most of the power plants of the Group sell electricity to their sole customers, the power grid companies of their respective provinces or regions where the power plants operate. These power plants of the Group communicate with their individual grid companies periodically and believe that adequate allowance for doubtful accounts has been made in the financial statements. For accounts receivables arising from coal and chemical product sales, the Group assesses the credit quality of the customers, taking into account their financial positions, past experience and other factors. It will also collect advanced payments from their customers. The Group performs periodic credit evaluations of its customers and believes that adequate allowance for doubtful debts has been made in the financial statements. The Group does not hold any collateral as security for all the receivables.

At 31 December 2012, accounts and notes receivables due from the top five debtors amounted to RMB4,928,158 thousand (2011: RMB5,010,677 thousand), representing 47.58% (2011: 49.08%) of the total accounts and notes receivables. Except for accounts and notes receivables, the Group has no significant concentrations of credit risk.

Other receivables, short-term entrusted loans and long-term entrusted loans primarily include amounts due from related parties. The Group assesses the credibility of the related parties by reviewing their operating results and gearing ratios periodically.

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

The Group monitors the cash flow rolling forecasts of the Group's undrawn borrowing facility and cash and cash equivalents available as at each month end in meeting its liabilities.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2012				
Long-term loans	**12,771,304**	**13,061,405**	**37,477,479**	**78,906,733**
Long-term bonds	**–**	**3,000,000**	**5,500,000**	**6,000,000**
Finance lease payables	**1,212,628**	**1,304,951**	**3,922,535**	**3,652,627**
Other non-current liabilities, excluding finance lease payables	**88,006**	**15,000**	**–**	**–**
Accounts payables and accrued liabilities	**23,877,250**	**–**	**–**	**–**
Short-term loans	**22,239,798**	**–**	**–**	**–**
Short-term bonds	**4,400,000**	**–**	**–**	**–**
Interest payables for loans	**9,919,040**	**8,053,248**	**19,406,639**	**61,202,062**
Interest payables for bonds	**719,500**	**710,500**	**1,202,500**	**930,000**
At 31 December 2011				
Long-term loans	15,202,156	12,873,116	35,211,628	69,569,612
Long-term bonds	–	–	3,000,000	6,000,000
Finance lease payables	695,443	914,261	2,844,305	3,513,856
Other non-current liabilities, excluding finance lease payables	82,774	9,000	–	–
Accounts payables and accrued liabilities	23,940,013	–	–	–
Short-term loans	21,523,709	–	–	–
Short-term bonds	1,400,000	–	–	–
Interest payables for loans	9,212,198	7,160,909	16,887,477	45,611,358
Interest payables for bonds	439,500	439,500	1,045,500	1,237,500

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

As the Group has no significant interest-bearing assets except for bank deposits, the Group's operating cash flows are substantially independent of changes in market interest rates.

Most of the bank deposits are maintained in the savings and fixed deposits accounts in the PRC. The interest rates are regulated by the People's Bank of China while the Group closely monitors the fluctuation on such rates periodically. As the average interest rates applied to the deposits are relatively low, the directors are of the opinion that the Group is not exposed to any significant interest rate risk for these assets held as at 31 December 2012 and 2011.

The Group's exposure to interest rate risk arises from its loans. Certain loans bear interests at variable rates varied with the then prevailing market condition, thus exposing the Group to cash flow interest rate risk. The Group analyses interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2012, if interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2011: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB558,382 thousand (2011: RMB526,324 thousand), RMB1,368 thousand (2011: RMB2,110 thousand) and RMB5,669 thousand (2011: RMB5,887 thousand) higher, respectively, arising as a result of a decrease in interest expense on the loans. If interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2011: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB558,382 thousand (2011: RMB526,324 thousand), RMB1,368 thousand (2011: RMB2,110 thousand) and RMB5,669 thousand (2011: RMB5,887 thousand) lower, respectively, arising as a result of an increase in interest expense on the loans.

(f) Categories of financial instruments at 31 December 2012

	2012 RMB'000	2011 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	17,393,566	15,827,117
Available-for-sale investments	6,242,654	2,710,073
Financial liabilities:		
Financial liabilities at amortised cost	215,291,049	195,062,421

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values

Except as disclosed in notes 21, 32 and 33 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy at 31 December 2012:

Description	Fair value measurement using Level 1:	
	2012	2011
	RMB'000	RMB'000
Available-for-sale investments		
Equity securities	**741,845**	67,531

6. OPERATING REVENUE

The Group's operating revenue which primarily represents sales of electricity, heat, coal and chemical products is as follows:

	2012	2011
	RMB'000	RMB'000
Sales of electricity	**67,361,582**	64,367,360
Heat supply	**943,092**	719,013
Sales of coal	**5,892,366**	2,937,638
Sales of chemical products	**2,572,701**	3,070,651
Others	**828,402**	1,287,203
	77,598,143	72,381,865

7. OTHER GAINS

	2012 RMB'000	2011 RMB'000
Gain on disposals of subsidiaries	1,304,454	58,239
Gain on disposal of an associate	1,350	–
Gain on disposals of available-for-sale investments	–	325
	1,305,804	58,564

8. SEGMENT INFORMATION

Executive directors and certain senior management (including chief accountant) of the Company (collectively referred to as the "Senior Management") perform the function as chief operating decision makers. The Senior Management reviews the internal reporting of the Group in order to assess performance and allocate resources. Senior Management has determined the operating segments based on these reports.

Senior Management considers the business from a product perspective. Senior Management primarily assesses the performance of power generation, coal and chemical separately. Other operating activities primarily include sales of properties and cement products and sales of coal ash, etc., and are included in "other segments".

Senior Management assesses the performance of the operating segments based on a measure of profit before tax prepared under China Accounting Standards for Business Enterprises ("PRC GAAP").

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include dividend income from available-for-sale investments and gain on disposals of available-for-sale investments. Segment assets exclude deferred tax assets and available-for-sale investments. Segment liabilities exclude the current tax liabilities and deferred tax liabilities. Sales between operating segments are marked to market or contracted close to market price and have been eliminated at consolidation level. Unless otherwise noted below, all such financial information in the segment tables below is prepared under PRC GAAP.

8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total RMB'000
Year ended 31 December 2012					
Revenue from external customers	**68,491,810**	**5,982,684**	**2,580,135**	**543,514**	**77,598,143**
Intersegment revenue	**763,746**	**14,423,711**	**453**	**150,311**	**15,338,221**
Segment profit	**5,659,525**	**1,699,798**	**108,011**	**195,547**	**7,662,881**
Depreciation and amortisation	**8,486,399**	**208,113**	**78,925**	**100,616**	**8,874,053**
Net gain/(loss) on disposals of property, plant and equipment	**24,900**	**–**	**(2,007)**	**1,239**	**24,132**
Gain on disposals of long-term investments	**1,301,721**	**–**	**–**	**6,696**	**1,308,417**
Interest income	**52,900**	**9,362**	**6,634**	**2,972**	**71,868**
Interest expense	**7,863,853**	**456,304**	**46,451**	**113,399**	**8,480,007**
Share of profits of associates	**16,486**	**516,708**	**–**	**167,473**	**700,667**
Shares of profits of jointly controlled entities	**–**	**27,563**	**–**	**–**	**27,563**
Income tax expense	**1,073,659**	**218,358**	**33,111**	**81,667**	**1,406,795**
Year ended 31 December 2011					
Revenue from external customers	65,275,284	2,986,809	3,100,132	1,019,640	72,381,865
Intersegment revenue	425,307	23,512,906	4,500	156,728	24,099,441
Segment profit	1,329,805	1,658,588	471,600	197,314	3,657,307
Depreciation and amortisation	8,425,131	56,425	71,490	98,129	8,651,175
Net gain/(loss) on disposals of property, plant and equipment	13,004	–	14	(3)	13,015
Loss on disposals of investment properties	–	–	–	(419)	(419)
Gain on disposals of long-term investments	58,239	–	–	–	58,239
Interest income	97,324	4,558	4,695	3,243	109,820
Interest expense	6,594,829	315,227	48,755	119,409	7,078,220
Share of profits of associates	2,396	663,761	–	202,760	868,917
Shares of (losses)/profits of jointly controlled entities	(9,076)	57,190	–	–	48,114
Income tax expense	346,797	248,745	49,909	20,356	665,807

8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities: (continued)

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total RMB'000
At 31 December 2012					
Segment assets	**181,945,652**	**25,647,634**	**63,388,719**	**12,674,490**	**283,656,495**
Including:					
Investments in associates	**687,715**	**2,466,357**	**1,405**	**3,894,225**	**7,049,702**
Investments in jointly controlled entities	**3,076,706**	**980,205**	**–**	**–**	**4,056,911**
Additions to non-current assets (other than financial assets and deferred tax assets)	**11,155,943**	**3,971,216**	**13,303,555**	**2,872,499**	**31,303,213**
Segment liabilities	**160,177,762**	**16,701,807**	**48,908,403**	**941,114**	**226,729,086**
At 31 December 2011					
Segment assets	173,575,788	22,574,026	49,088,856	11,223,724	256,462,394
Including:					
Investments in associates	505,662	1,927,786	–	2,817,723	5,251,171
Investments in jointly controlled entities	2,506,286	942,342	–	–	3,448,628
Additions to non-current assets (other than financial assets and deferred tax assets)	14,882,988	2,485,568	17,125,982	140,152	34,634,690
Segment liabilities	148,527,057	15,622,773	37,287,079	3,440,531	204,877,440

8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items:

	2012 RMB'000	2011 RMB'000
Revenue		
Total revenue of reportable segments	92,936,364	96,481,306
Elimination of intersegment revenue	(15,338,221)	(24,099,441)
Consolidated revenue	77,598,143	72,381,865
Profit or loss		
Total profit or loss of reportable segments	7,662,881	3,657,307
Gain on disposals of available-for-sale investments	–	5
Dividend income from available-for-sale investments	63	4,940
Elimination of intersegment profits	(122,832)	(9,463)
IFRS adjustment on reversal of general provision on mining funds	75,257	86,837
Other IFRS adjustments	(29,017)	(29,691)
Consolidated profit before tax	7,586,352	3,709,935
Assets		
Total assets of reportable segments	283,656,495	256,462,394
Deferred tax assets	1,645,641	1,425,210
Available-for-sale investments	741,845	67,531
Elimination of intersegment assets	(14,829,738)	(13,885,059)
Reclassification of non-income taxes recoverable	3,860,255	3,426,857
IFRS adjustment on reversal of general provision on mining funds	206,925	175,734
Other IFRS adjustments	(3,734)	24,522
Consolidated total assets	275,277,689	247,697,189
Liabilities		
Total liabilities of reportable segments	(226,729,086)	(204,877,440)
Current tax liabilities	(573,507)	(318,588)
Deferred tax liabilities	(673,717)	(556,624)
Elimination of intersegment liabilities	13,247,032	12,243,238
Reclassification of non-income taxes recoverable	(3,860,255)	(3,426,857)
Other IFRS adjustments	(28,525)	(28,864)
Consolidated total liabilities	(218,618,058)	(196,965,135)

8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items: (continued)

Other material items

	Total of reportable segments RMB'000	Elimination of intersegment RMB'000	IFRS adjustment on reversal of general provision on mining funds RMB'000	Other IFRS adjustments RMB'000	Total per consolidated statement of financial position/ statement of comprehensive income RMB'000
Year ended 31 December 2012					
Share of profits of associates	**700,667**	**–**	**47,872**	**–**	**748,539**
Shares of profits of jointly controlled entities	**27,563**	**–**	**16,261**	**–**	**43,824**
Income tax expense	**1,406,795**	**(44,593)**	**2,781**	**(3,881)**	**1,361,102**
Year ended 31 December 2011					
Share of profits of associates	868,917	–	77,053	–	945,970
Shares of profits of jointly controlled entities	48,114	–	46,115	–	94,229
Income tax expense	665,807	(2,377)	7,601	(3,245)	667,786
At 31 December 2012					
Investments in associates	**7,049,702**	**–**	**63,252**	**–**	**7,112,954**
Investments in jointly controlled entities	**4,056,911**	**–**	**143,198**	**–**	**4,200,109**
At 31 December 2011					
Investments in associates	5,251,171	–	37,995	–	5,289,166
Investments in jointly controlled entities	3,448,628	–	137,239	–	3,585,867

Geographical information (under IFRS):

During the years ended 31 December 2012 and 2011, all revenues from external customers are generated domestically. At 31 December 2012, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB236,544,988 thousand (2011: RMB213,318,898 thousand) and RMB51,126 thousand (2011: RMB44,904 thousand) are located in the PRC and foreign countries, respectively.

In presenting the geographical information, revenue is based on the locations of the customers.

8. SEGMENT INFORMATION (Continued)

Revenue from major customers:

	2012 RMB'000	2011 RMB'000
Power generation segment		
North China Grid Company Limited	**22,164,852**	19,658,707
Guangdong Power Grid Corporation	**7,812,281**	8,298,202
State Grid Corporation of China	**6,241,549**	6,029,222

9. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest expense on:		
Short-term bank loans	**1,272,642**	885,719
Other short-term loans	**117,382**	210,303
Long-term bank loans		
– Wholly repayable within five years	**1,073,523**	1,523,851
– Not wholly repayable within five years	**7,777,104**	5,822,812
Other long-term loans		
– Wholly repayable within five years	**145,028**	174,387
– Not wholly repayable within five years	**147,487**	89,290
Short-term bonds	**144,547**	13,975
Long-term bonds	**635,505**	394,993
Finance leases	**438,166**	354,683
Acquisitions of property, plant and equipment by instalments	**622**	1,650
Discounted notes receivables	**34,813**	52,173
Others	**27,156**	23,504
Total borrowing costs	**11,813,975**	9,547,340
Amount capitalised	**(3,333,968)**	(2,469,120)
	8,480,007	7,078,220
Exchange gain, net	**(4,379)**	(38,107)
Others	**92,602**	61,889
	8,568,230	7,102,002

Borrowing costs on funds borrowed generally are capitalised at a rate of 6.45% (2011: 6.06%) per annum.

10. INCOME TAX EXPENSE

	2012 RMB'000	2011 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**1,669,292**	1,193,292
(Over)/under-provision in prior years	**(45,852)**	9,826
	1,623,440	1,203,118
Deferred tax (note 35)	**(262,338)**	(535,332)
	1,361,102	667,786

The Company and its subsidiaries, other than as stated below, are generally subject to PRC Enterprise Income Tax statutory rate of 25% (2011: 25%).

(i) As newly set up domestic invested enterprises engaged in power generation in the western area of the PRC, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first and second years of operation and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation. This preferential income tax treatment will expire from 31 December 2010 to 31 December 2012.

(ii) Pursuant to document Cai Shui Zi【2006】88 issued by the Ministry of Finance of the PRC (the "MOF"), a subsidiary of the Company, being a high and new technology industrial development enterprise set up in the high and new technology industrial development zone approved by the State Council, and as approved by Tax Bureau of Beijing Fengtai District, is exempted from PRC Enterprise Income Tax in the first two operating years and then applies 15% being the preferential rate from the third year, counting from the first year when this subsidiary starts to make profit.

(iii) As a newly set up foreign invested enterprise engaged in power generation in the western area of the PRC approved by the local tax authority, a subsidiary of the Company is exempted from PRC Enterprise Income Tax during the first and second years of operation and has been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation since the year 2008.

(iv) Pursuant to documents Cai Shui【2008】46 and【2008】116 issued by the MOF, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first three years of operation commencing from the year of assessment in which the first sale transaction is reported and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the statutory rate of 25% from the fourth to sixth year of operation in respect of their operating profit derived from investments in new wind power generation projects approved by government investment task forces after 1 January 2008. This preferential tax treatment will expire from 31 December 2013 to 31 December 2016.

(v) Pursuant to document Cai Shui【2011】58 "Further Implementing the Western China Development Strategy" issued by the MOF, the General Administration of Customs and the State Administration of Taxation of the PRC, certain subsidiaries set up in the western area of the PRC and engaged in a business encouraged by the State are eligible to pay PRC Enterprise Income Tax at a preferential rate of 15% from 1 January 2011 to 31 December 2020.

10. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2012 RMB'000	2011 RMB'000
Profit before tax	7,586,352	3,709,935
Tax at the domestic income tax rate of 25% (2011: 25%)	1,896,588	927,484
Tax effect of income that is not taxable	(529,339)	(331,779)
Tax effect of expenses that are not deductible	13,708	34,554
Tax effect of utilisation of tax losses not previously recognised	(1,458)	(4,189)
Tax effect of temporary differences not recognised	226,986	269,839
Reversal of tax losses previously recognised	–	33,359
(Over)/under-provision in prior years	(45,852)	9,826
Tax effect of tax concession	(253,454)	(264,995)
Others	53,923	(6,313)
Income tax expense	1,361,102	667,786

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2012 RMB'000	2011 RMB'000
Auditors' remuneration	14,220	13,780
Acquisition-related costs (included in operating costs)	403	100
Amortisation of deferred income	(45,087)	(33,760)
Amortisation of intangible assets (included in operating costs)	23,197	18,335
Cost of major inventories sold and consumed		
– Fuel	44,468,807	44,484,343
– Spare parts and consumable supplies	567,031	494,000
Rental income generated from investment properties	(18,875)	(15,714)
Dividend income from available-for-sale investments		
– Listed investments	(63)	(4,985)
– Unlisted investments	(38,997)	(37,369)
Net gains on disposals of property, plant and equipment	(24,132)	(13,015)
Reversal of allowance for accounts receivables	–	(70)
Reversal of allowance for other receivables	(449)	(88)
Reversal of allowance for inventories	–	(97)
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	1,898,592	1,646,675
– Retirement benefits	324,610	265,339
– Housing benefits	211,536	185,137
– Other costs	313,410	270,322

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director and supervisor were as follows:

		Fees	Basic salaries and allowances	Bonus	Retirement benefits	Other benefits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of director							
Liu Shunda		–	–	–	–	–	–
Cao Jingshan		–	176	548	37	40	801
Hu Shengmu		–	–	–	–	–	–
Fang Qinghai		–	–	–	–	–	–
Zhou Gang		–	160	430	29	41	660
Liu Haixia		–	–	–	–	–	–
Guan Tiangang		–	–	–	–	–	–
Su Tiegang	(i)	–	–	–	–	–	–
Ye Yonghui		–	–	–	–	–	–
Li Gengsheng		–	–	–	–	–	–
Mi Dabin	(ii)	–	–	–	–	–	–
Li Hengyuan		75	–	–	–	–	75
Li Yanmeng		75	–	–	–	–	75
Zhao Zunlian		75	–	–	–	–	75
Zhao Jie		75	–	–	–	–	75
Jiang Guohua		75	–	–	–	–	75
		375	336	978	66	81	1,836
Name of supervisor							
Qiao Xinyi		–	168	406	35	41	650
Zhang Xiaoxu		–	–	–	–	–	–
Guan Zhenquan		–	149	322	19	36	526
Zhou Xinnong		–	–	–	–	–	–
		–	317	728	54	77	1,176
Total for 2012		375	653	1,706	120	158	3,012

Notes:

(i) Discontinued on 20 August 2012.

(ii) Appointed on 20 August 2012.

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

		Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Retirement benefits RMB'000	Other benefits RMB'000	Total RMB'000
Name of director							
Liu Shunda		–	–	–	–	–	–
Cao Jingshan		–	200	358	39	34	631
Hu Shengmu		–	–	–	–	–	–
Fang Qinghai		–	–	–	–	–	–
Zhou Gang		–	179	350	31	34	594
Liu Haixia		–	–	–	–	–	–
Guan Tiangang		–	–	–	–	–	–
Su Tiegang		–	–	–	–	–	–
Ye Yonghui		–	–	–	–	–	–
Li Gengsheng		–	–	–	–	–	–
Li Hengyuan		75	–	–	–	–	75
Li Yanmeng		75	–	–	–	–	75
Zhao Zunlian		75	–	–	–	–	75
Zhao Jie		75	–	–	–	–	75
Jiang Guohua		75	–	–	–	–	75
		375	379	708	70	68	1,600
Name of supervisor							
Fu Guoqiang	(i)	–	–	–	–	–	–
Qiao Xinyi		–	187	327	36	34	584
Zhang Xiaoxu		–	–	–	–	–	–
Guan Zhenquan		–	167	255	21	29	472
Zhou Xinnong	(ii)	–	–	–	–	–	–
		–	354	582	57	63	1,056
Total for 2011		375	733	1,290	127	131	2,656

Notes:

(i) Retired on 6 December 2011.

(ii) Appointed on 6 December 2011.

There was no arrangement under which a director or a supervisor waived or agreed to waive any emoluments during the years ended 31 December 2012 and 2011.

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals in the Group during the year included 2 (2011: 2) directors and no (2011: no) supervisor whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2011: 3) individuals are set out below:

	2012 RMB'000	2011 RMB'000
Basic salaries and allowances	**498**	541
Bonus	**1,286**	1,053
Retirement benefits	**86**	98
Other benefits	**121**	102
	1,991	1,794

The emoluments of the five highest paid individuals in the Group fell within the following band:

	Number of individuals 2012	 2011
Nil to RMB810,850 (2011: RMB810,700) (equivalent to HKD1,000,000)	**5**	5

During the years ended 31 December 2012 and 2011, no emoluments were paid by the Group to any of the directors or the supervisors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EMPLOYEE BENEFITS

Retirement benefits

The Group is required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2011: 20%) of the specified salaries of the PRC employees. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's contributions. The Group may, at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

The total retirement costs incurred by the Group during the year ended 31 December 2012 pursuant to these arrangements amounted to RMB422,615 thousand (2011: RMB334,820 thousand).

Housing benefits

Apart from the housing benefits and monetary subsidies as stated in note 22 to the financial statements, in accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at rates 10% to 20% (2011: 10% to 20%) of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above. During the year ended 31 December 2012, the Group provided RMB232,773 thousand (2011: RMB189,805 thousand) to the fund.

14. DIVIDENDS

	2012 RMB'000	2011 RMB'000
Proposed final of RMB0.10 (2011: RMB0.11) per share	**1,331,004**	1,464,104

Pursuant to the PRC Enterprise Income Tax Law, the Company is required to withhold 10% PRC enterprise income tax when it distributes dividends to its non-PRC resident enterprise shareholders.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB4,062,268 thousand (2011: RMB1,971,200 thousand) and the weighted average number of ordinary shares of 13,310,038 thousand (2011: 12,893,371 thousand) in issue during the year.

Diluted earnings per share

During the years ended 31 December 2012 and 2011, the Company did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share is equal to basic earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Coal chemical specialised assets RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2011	2,146,761	50,889,163	106,606,796	–	2,243,565	2,363,588	57,089,442	221,339,315
Transfer in/(out)	–	5,681,552	7,358,919	–	700,575	481,847	(14,496,226)	(273,333)
Additions	133,210	115,441	178,379	–	116,042	67,843	27,505,023	28,115,938
Acquisition of subsidiaries	–	813,100	428,393	–	6,618	64,999	1,536,161	2,849,271
Disposals	(3,179)	(207,240)	(40,622)	–	(25,810)	(28)	–	(276,879)
Disposal of a subsidiary	(960)	(167,046)	(39,178)	–	(456)	–	–	(207,640)
At 31 December 2011 and 1 January 2012	2,275,832	57,124,970	114,492,687	–	3,040,534	2,978,249	71,634,400	251,546,672
Transfer in/(out)	–	7,134,251	6,740,498	12,194,298	158,395	–	(26,271,858)	(44,416)
Additions	156,354	470,279	–	–	102,795	9,444	32,977,956	33,716,828
Acquisition of subsidiaries	136,718	141,741	1,199,250	–	6,083	1,764	300,175	1,785,731
Disposals	(211,991)	–	(2,629,115)	–	(36,367)	(151,052)	–	(3,028,525)
Disposal of subsidiaries	(19,177)	(989,726)	(3,673,070)	–	(12,245)	(52,553)	(179,529)	(4,926,300)
At 31 December 2012	**2,337,736**	**63,881,515**	**116,130,250**	**12,194,298**	**3,259,195**	**2,785,852**	**78,461,144**	**279,049,990**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Coal chemical specialised assets RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment losses								
At 1 January 2011	155,772	7,653,946	33,070,677	–	671,969	553,181	–	42,105,545
Charge for the year	38,652	1,890,291	6,281,599	–	232,142	203,098	–	8,645,782
Disposals	(110)	(44,881)	(12,648)	–	(6,350)	(26)	–	(64,015)
Disposal of a subsidiary	(22)	(38,515)	(25,087)	–	(80)	–	–	(63,704)
At 31 December 2011 and 1 January 2012	194,292	9,460,841	39,314,541	–	897,681	756,253	–	50,623,608
Charge for the year	43,229	2,081,943	6,570,474	20,344	268,722	184,731	–	9,169,443
Disposals	(265)	–	(707,911)	–	(18,398)	–	–	(726,574)
Disposal of subsidiaries	(1,750)	(194,112)	(1,267,844)	–	(7,024)	(23,071)	–	(1,493,801)
At 31 December 2012	**235,506**	**11,348,672**	**43,909,260**	**20,344**	**1,140,981**	**917,913**	**–**	**57,572,676**
Carrying amount								
At 31 December 2012	**2,102,230**	**52,532,843**	**72,220,990**	**12,173,954**	**2,118,214**	**1,867,939**	**78,461,144**	**221,477,314**
At 31 December 2011	2,081,540	47,664,129	75,178,146	–	2,142,853	2,221,996	71,634,400	200,923,064

During the year, depreciation expenses charged into operating costs and construction in progress amounted to RMB8,802,902 thousand (2011: RMB8,588,644 thousand) and RMB366,541 thousand (2011: RMB57,138 thousand), respectively.

At 31 December 2012 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB3,681,361 thousand (2011: RMB4,152,799 thousand).

At 31 December 2012 the carrying amount of buildings and structures, electricity utility plants, transportation facilities and construction in progress held by the Group under finance leases amounted to RMB2,030,756 thousand (2011: RMB669,634 thousand), RMB2,889,894 thousand (2011: RMB3,288,120 thousand), RMB743,730 thousand (2011: RMB777,328 thousand) and nil (2011: RMB200,000 thousand) respectively.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's land use rights are analysed as follows:

	2012 RMB'000	2011 RMB'000
Outside Hong Kong:		
Long leases	**171,840**	138,415
Medium-term leases	**1,930,390**	1,943,125
	2,102,230	2,081,540

17. INVESTMENT PROPERTIES

	RMB'000
Cost	
At 1 January 2011	216,279
Transfer in	273,333
Additions	33,267
At 31 December 2011 and 1 January 2012	522,879
Transfer in	44,416
Additions	7,288
At 31 December 2012	**574,583**
Accumulated depreciation	
At 1 January 2011	4,413
Charge for the year	16,164
At 31 December 2011 and 1 January 2012	20,577
Charge for the year	17,149
At 31 December 2012	**37,726**
Carrying amount	
At 31 December 2012	**536,857**
At 31 December 2011	502,302

The Group's investment properties are situated in the PRC and are held under medium-term leases.

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2012, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2012 RMB'000	2011 RMB'000
Within one year	6,965	6,904
In the second to fifth years inclusive	3,845	9,794
After five years	14,401	15,418
	25,211	32,116

18. INTANGIBLE ASSETS

	Goodwill RMB'000	Mining rights RMB'000	Resource use rights RMB'000	Technology know-how RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
Cost							
At 1 January 2011	570,515	1,249,130	37,763	596,920	86,240	14,590	2,555,158
Additions	–	–	–	29,996	14,612	–	44,608
Acquisition of subsidiaries	130,830	–	–	–	–	–	130,830
At 31 December 2011 and 1 January 2012	701,345	1,249,130	37,763	626,916	100,852	14,590	2,730,596
Additions	–	–	–	37,999	22,541	10	60,550
Acquisition of subsidiaries	198,541	–	–	–	13	–	198,554
Disposal of subsidiaries	–	–	–	–	(11,937)	–	(11,937)
Disposals	–	–	–	(2,611)	–	–	(2,611)
At 31 December 2012	**899,886**	**1,249,130**	**37,763**	**662,304**	**111,469**	**14,600**	**2,975,152**
Accumulated amortisation							
At 1 January 2011	–	2,050	19,136	273	25,991	9,379	56,829
Amortisation for the year	–	8,416	3,695	2,340	9,802	5,211	29,464
At 31 December 2011 and 1 January 2012	–	10,466	22,831	2,613	35,793	14,590	86,293
Amortisation for the year	–	7,978	3,694	2,398	14,415	2	28,487
Disposal of subsidiaries	–	–	–	–	(4,448)	–	(4,448)
Disposals	–	–	–	(2,611)	–	–	(2,611)
At 31 December 2012	**–**	**18,444**	**26,525**	**2,400**	**45,760**	**14,592**	**107,721**
Carrying amount							
At 31 December 2012	**899,886**	**1,230,686**	**11,238**	**659,904**	**65,709**	**8**	**2,867,431**
At 31 December 2011	701,345	1,238,664	14,932	624,303	65,059	–	2,644,303

18. INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2012 RMB'000	2011 RMB'000
Power generation segment		
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	273,795	273,795
Jiangxi Datang International Xinyu Power Generation Company Limited	104,361	104,361
Zhangjiakou Power Plant No. 2 generator	33,561	33,561
Datang Tongzhou Technology Company Limited	949	949
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	902	902
Yunnan Datang International Deqin Hydropower Development Company Limited	18	18
Chengdu Liguo Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	130,830	130,830
Shenzhen Datang Baochang Gas Power Generation Company Limited	165,995	–
	710,411	544,416
Coal segment		
Inner Mongolia Datang International Zhunge'er Mining Company Limited	120,177	120,177
Inner Mongolia Baoli Coal Company Limited	18,712	18,712
Erdos Ruidefeng Mining Company Limited	32,546	–
	171,435	138,889
Other segments		
Yuneng (Group) Company Limited	18,040	18,040
	899,886	701,345

The recoverable amounts of the CGUs are determined based on value in use calculations. The key assumptions used for the value in use calculations of power generation units include the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost. The key assumptions used for the value in use calculations of coal mining entity include the expected coal price and annual production capacity. These key assumptions are based on past performance and expectations on market development. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for a period covering no more than five years (the "Periods Covered"). The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

18. INTANGIBLE ASSETS (Continued)

Goodwill (continued)

The Periods Covered and discount rates used in respective value in use calculations are as follows:

	Periods Covered	Discount rates used
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	5 years	7.54%
Jiangxi Datang International Xinyu Power Generation Company Limited	3 years	6.38%
Inner Mongolia Datang International Zhunge'er Mining Company Limited	3 years	19.09%
Chengdu Liguo Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	5 years	7.32%
Shenzhen Datang Baochang Gas Power Generation Company Limited	5 years	6.62%
Others	3 – 5 years	5.86% – 12.44%

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2012 and 2011.

19. INVESTMENTS IN ASSOCIATES

	2012 RMB'000	2011 RMB'000
Unlisted investments:		
Share of net assets	**7,112,954**	5,289,166

Details of the Group's associates at 31 December 2012 are as follows:

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
North China Electric Power Research Institute Company Limited	PRC	100,000	30%	–	Power related technology services
Tongfang Investment Company Limited	PRC	550,000	36%	–	Project investments and management
Tongmei Datang Tashan Power Generation Company Limited	PRC	410,000	40%	–	Power generation
Tongmei Datang Tashan Coal Mine Company Limited	PRC	2,072,540	28%	–	Coal construction and mining
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	–	Power fuel trading
China Datang Group Finance Company Limited ("Datang Finance") *	PRC	1,600,000	20%	–	Financial services

19. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Inner Mongolia Bazhu Railway Company Limited	PRC	100,000	20%	–	Railway and highway construction and operational management
CNNC Liaoning Nuclear Power Co., Ltd.	PRC	100,000	20%	–	Nuclear power plant construction and operations
Liaoning Diaobingshan Coal Gangue Power Generation Co., Ltd.	PRC	603,400	40%	–	Power generation
Inner Mongolia Xiduo Railway Company Limited	PRC	Registered capital: 3,535,789; paid-up capital: 3,067,123	34%	–	Railway transportation services
COSCO Datang Shipping Company Limited	PRC	100,000	45%	–	Cargo shipping
Inner Mongolia Datang Da Ta Energy Company Limited	PRC	20,000	35%	–	Construction and operation of coal logistics park zone
Datang Wealth Management Co., Ltd.	PRC	50,000	30%	–	Investment management and advisory
Fuxin Huanfa Wastage Disposal Company Limited	PRC	20,000	–	20%	Environmental greening
Chongqing Fuling Water Resources Development Company Limited	PRC	120,000	–	42%	Hydropower technology development, construction, management, power generation and power supply
Fujian Baima Harbour Railway Spur Line Company Limited	PRC	150,000	–	33%	Railway transportation
Jinzhou Thermal Power Company Limited	PRC	145,000	–	26%	Heat supply
Macro Technologies Inc. (Vietnam) Limited	Vietnam	USD150,000	–	35%	Electricity related technical services
Chongqing Guanming Investment Company Limited	PRC	100,000	49%	–	Investment management
Shenzhen Weicheng Tongzhou Technology Company Limited	PRC	50,000	–	30%	Development of nanomaterials

19. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Shanxi Datang International Yuncheng Power Generation Company Limited	PRC	162,125	49%	–	Power generation
Inner Mongolia Hutietaihe Logistics Company Limited	PRC	56,700	–	49%	Provision of railway logistics services
Inner Mongolia Datang Tongfang Silicon and Aluminum Technology Company Limited	PRC	10,000	26%	–	Development and production of silicon and aluminum alloy
Datang Tibet Bodui Hydropower Development Company Limited	PRC	Registered capital: 478,500; Paid-up capital: 143,550	20%	–	Hydropower construction
Datang Finance Leasing Company Limited	PRC	1,000,000	20%	–	Finance leasing business
Baxin Railway Company Limited	PRC	2,474,200	20%	–	Railway construction

* Datang Finance is a non-bank financial institution.

Summarised financial information in respect of the Group's associates is set out below:

	2012 RMB'000	2011 RMB'000
At 31 December		
Total assets	**60,049,651**	50,537,287
Total liabilities	**(37,938,749)**	(32,968,578)
Net assets	**22,110,902**	17,568,709
The Group's share of associates' net assets	**7,112,954**	5,289,166
Year ended 31 December		
Total revenue	**13,932,456**	12,718,759
Total profit for the year	**2,261,979**	3,595,562
The Group's share of associates' profit for the year	**748,539**	945,970

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	2012 RMB'000	2011 RMB'000
Unlisted investments:		
Share of net assets	**4,200,109**	3,585,867

Details of the jointly controlled entities at 31 December 2012 are as follows:

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Hebei Yuzhou Energy Multiple Development Company Limited	PRC	825,023	50%	–	Investment holding
Kailuan (Group) Yuzhou Mining Company Limited	PRC	812,254	34%	15%	Coal mining and sales
Inner Mongolia Huineng Datang Changtan Coal Mining Company Limited	PRC	50,000	40%	–	Coal mining and sales
Fujian Ningde Nuclear Power Company Limited	PRC	1,900,000	44%	–	Nuclear power plant construction and operations

Summarised financial information in respect of the Group's jointly controlled entities is set out below:

	2012 RMB'000	2011 RMB'000
At 31 December		
Current assets	**4,538,004**	4,615,813
Non-current assets	**41,945,494**	32,604,632
Current liabilities	**(6,887,353)**	(7,109,347)
Non-current liabilities	**(29,629,790)**	(21,552,514)
Net assets	**9,966,355**	8,558,584
Proportionate shares of capital commitments	**4,723,218**	8,553,986
Year ended 31 December		
Revenue	**12,129,178**	7,893,688
Expenses	**(12,075,938)**	(7,835,417)

21. AVAILABLE-FOR-SALE INVESTMENTS

	2012 RMB'000	2011 RMB'000
Equity securities, at fair value		
Listed in Hong Kong	**657,923**	–
Listed outside Hong Kong	**83,922**	67,531
Market value of listed securities	**741,845**	67,531
Unlisted equity securities, at cost	**5,500,809**	2,642,542
	6,242,654	2,710,073

The fair values of listed securities are based on current bid prices. All the unlisted equity were carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

During the year, the Group indirectly invests RMB2,000,000 thousand in a company incorporated in the PRC and owns 50% equity interests in that company. Since the Group does not have the ability to participate in the financial and operating policy decisions of that company, the Group is unable to exercise significant influence over that company and the investment is classified as available-for-sale investments.

22. DEFERRED HOUSING BENEFITS

Pursuant to the "Proposal on Further Reform of Housing Policy in Urban Areas" of the State and the implementation schemes for staff quarters issued by the relevant provincial and municipal governments, the Company implemented a scheme for selling staff quarters in 1999. Under the scheme, the Company provides housing benefits to its staff to buy staff quarters from the Company at preferential prices. The offer price is determined based on their length of services and positions pursuant to the prevailing local regulations. The deferred housing benefits represent the difference between the net book amount of the staff quarters sold and the proceeds collected from the employees, and are amortised over the remaining average service life of the relevant employees.

During 2005 to 2007, the Company and some of its subsidiaries carried out another housing benefit scheme – "Monetary Housing Benefit Scheme" upon the approval from Housing Reform Office of the local government. Under the Monetary Housing Benefit Scheme, the Company and some of its subsidiaries provided monetary housing subsidies to those employees whose houses did not meet the standard they should have enjoyed based on their length of services and their positions and rankings. There is no such subsidy payment in year 2012 (2011: nil). The benefits were amortised over the remaining average service life of the relevant employees.

22. DEFERRED HOUSING BENEFITS (Continued)

	RMB'000
Cost	
At 1 January 2011, 31 December 2011 and 1 January 2012	662,532
Disposal of a subsidiary	(9,263)
At 31 December 2012	**653,269**
Accumulated amortisation	
At 1 January 2011	530,002
Charge for the year	29,691
At 31 December 2011 and 1 January 2012	559,693
Charge for the year	26,404
Disposal of a subsidiary	(6,650)
At 31 December 2012	**579,447**
Carrying amount	
At 31 December 2012	**73,822**
At 31 December 2011	102,839

23. LONG-TERM ENTRUSTED LOANS TO AN ASSOCIATE

At 31 December 2012, the long-term entrusted loans to an associate carried interest rate of 6.15% (2011: nil) per annum and there were neither pledges nor guarantees received on these loans.

The long-term entrusted loans are due within 3 years from the end of the reporting period.

24. INVENTORIES

	2012 RMB'000	2011 RMB'000
Raw materials	**3,193,141**	4,579,700
Finished goods	**1,027,822**	522,591
Others	**994,146**	991,495
	5,215,109	6,093,786

The carrying amount of inventories pledged as security for banking facilities granted to the Group amounted to RMB162,509 thousand (2011: RMB86,454 thousand) (notes 32 and 39).

25. ACCOUNTS AND NOTES RECEIVABLES

Accounts and notes receivables of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales customers and comprise the following:

	2012 RMB'000	2011 RMB'000
Accounts receivables from third parties	**9,836,350**	9,872,875
Notes receivables from third parties	**463,743**	257,818
Accounts and notes receivables from related parties	**56,694**	77,853
	10,356,787	10,208,546

The Group usually grants credit period of approximately 1 month to local power grid customers and coal purchase customers from the month end after sales and sale transactions made, respectively.

The ageing analysis of accounts and notes receivables is as follows:

	2012 RMB'000	2011 RMB'000
Within one year	**9,785,366**	10,044,753
Between one to two years	**424,823**	74,133
Between two to three years	**68,116**	89,009
Over three years	**78,482**	651
	10,356,787	10,208,546

At 31 December 2012, the Group applied tariff collection rights in securing loans, for which details please refer to notes 32 and 39 to the financial statements.

25. ACCOUNTS AND NOTES RECEIVABLES (Continued)

Reconciliation of allowance for accounts and notes receivables:

	2012 RMB'000	2011 RMB'000
At 1 January	5,842	5,912
Disposal of subsidiaries	(1,801)	–
Reversal of allowance	–	(70)
At 31 December	4,041	5,842

At 31 December 2012, accounts and notes receivables of RMB571,421 thousand (2011: RMB163,793 thousand) were past due but not impaired. The major portion of the past due accounts and notes receivables were due from certain local thermal power companies and customers of coal purchases, and the directors believe that such receivables can be recovered because such local thermal companies and customers of coal purchases had no recent history of default. The ageing analysis of these accounts and notes receivables is as follows:

	2012 RMB'000	2011 RMB'000
Between one to two years	424,823	74,133
Between two to three years	68,116	89,009
Over three years	78,482	651
	571,421	163,793

26. PREPAYMENTS AND OTHER RECEIVABLES

	2012 RMB'000	2011 RMB'000
Prepayments		
Prepayments for fuel and materials	1,720,305	2,627,814
Prepayments for construction	68,031	46,444
Value added tax recoverable	3,860,127	3,425,846
Prepayment for an investment	1,500	578,592
Other taxes recoverable	28,594	20,604
Prepayments to related parties	62,845	168,566
Prepayments for transportation cost	131,481	239,159
Others	212,645	220,444
	6,085,528	7,327,469
Other receivables		
Advanced payments for construction	1,459,596	403,648
Receivables from disposals of property, plant and equipment	44,137	14,201
Staff advances	25,622	26,311
Staff housing maintenance fund deposits	25,336	25,217
Receivables from sales of materials	121,458	140,325
Receivables from related parties	17,472	11,685
Deposits for land development	385,418	334,763
Government grant receivables	358,154	–
Others	588,228	638,216
	3,025,421	1,594,366
Allowance for doubtful debts	(43,670)	(44,735)
	2,981,751	1,549,631
	9,067,279	8,877,100

Reconciliation of allowance for other receivables:

	2012 RMB'000	2011 RMB'000
At 1 January	44,735	44,823
Acquisition of a subsidiary	86	–
Disposal of subsidiaries	(702)	–
Reversal of allowance	(449)	(88)
At 31 December	43,670	44,735

26. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

At 31 December 2012, other receivables of RMB1,920 thousand (2011: RMB1,930 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	2012 RMB'000	2011 RMB'000
Over three years	**1,920**	1,930

27. SHORT-TERM ENTRUSTED LOANS TO RELATED PARTIES

	2012 RMB'000	2011 RMB'000
Entrusted loan to an associate (i)	**100,183**	–
Entrusted loans to a jointly controlled entity (ii)	**476,128**	365,198
	576,311	365,198

Notes:

(i) At 31 December 2012, the short-term entrusted loan to an associate carried interest rate of 6% (2011: nil) and there was neither pledge nor guarantee received on this loan.

The short-term entrusted loan to an associate is due within 12 months from the end of the reporting period.

(ii) At 31 December 2012, the short-term entrusted loans to a jointly controlled entity carried interest rate ranging from 6.336% to 6.56% (2011: 6.1% to 6.56%) per annum and there were neither pledges nor guarantees received on these loans.

The short-term entrusted loans to a jointly controlled entity are due within 12 months from the end of the reporting period.

28. CASH AND CASH EQUIVALENTS

	2012 RMB'000	2011 RMB'000
Bank deposits	**2,297,715**	2,747,016
Deposits with Datang Finance	**2,313,712**	1,719,012
Cash on hand	**1,260**	1,344
Cash and cash equivalents	**4,612,687**	4,467,372

28. CASH AND CASH EQUIVALENTS (Continued)

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2012 RMB'000	2011 RMB'000
RMB	4,095,348	4,159,265
USD	513,290	307,833
HKD	3,281	98
EUR	23	23
Singapore dollar	160	153
Indonesian Rupiah	585	–
	4,612,687	4,467,372

29. SHARE CAPITAL

	Number of shares			Amount		
	A shares (i) '000	H shares (i) '000	Total '000	A shares RMB'000	H shares RMB'000	Total RMB'000
Registered, issued and fully paid:						
Shares of RMB1 (2011: RMB1) each						
At 1 January 2011	8,994,360	3,315,678	12,310,038	8,994,360	3,315,678	12,310,038
Issue of shares (ii)	1,000,000	–	1,000,000	1,000,000	–	1,000,000
At 31 December 2011, 1 January 2012 (iii) and 31 December 2012 (iv)	9,994,360	3,315,678	13,310,038	9,994,360	3,315,678	13,310,038

Notes:

(i) Both A shares and H shares rank pari passu to each other.

(ii) In May 2011, the Company issued 1,000,000,000 A shares to specific investors by way of non-public offering at a subscription price of RMB6.74 per share for a total cash consideration of RMB6,740,000 thousand. The premium on the issue of shares, amounting to RMB5,670,950 thousand, net of share issue expenses, was credited to the Company's capital reserve account.

(iii) At 31 December 2011, 1,000,000,000 A shares were subject to lock-up periods and were not freely tradable.

(iv) At 31 December 2012, 100,000,000 A shares were subject to lock-up periods and were not freely tradable.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

29. SHARE CAPITAL (Continued)

The Group monitors capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2012 was 79.42% (2011: 79.52%).

Taking into consideration of the expected operating cash flows of the Group and the available banking facilities and their experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 RMB'000	2011 RMB'000
Property, plant and equipment	12,665,009	11,326,953
Investments in subsidiaries	35,617,367	28,124,781
Other non-current assets	23,620,130	19,384,595
Cash and cash equivalents	1,840,922	2,302,521
Other current assets	4,819,685	5,032,978
TOTAL ASSETS	78,563,113	66,171,828
Share capital	13,310,038	13,310,038
Reserves	26,084,834	25,381,187
Long-term loans	15,416,400	10,510,800
Long-term bonds	13,915,689	8,937,277
Other non-current liabilities	307,248	309,916
Short-term loans	2,108,000	2,450,000
Other current liabilities	7,420,904	5,272,610
TOTAL EQUITY AND LIABILITIES	78,563,113	66,171,828

31. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Company

	Note	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Restricted reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2011		4,311,360	3,316,892	7,866,188	29,542	4,020	2,269,507	17,797,509
Total comprehensive income for the year		–	–	–	–	–	2,844,431	2,844,431
Issue of shares	29	5,670,950	–	–	–	–	–	5,670,950
Transfer from restricted reserve		–	–	–	(8,531)	–	8,531	–
Transfer to surplus reserve		–	322,721	1,337,804	–	–	(1,660,525)	–
Dividends paid		–	–	–	–	–	(931,703)	(931,703)
At 31 December 2011		9,982,310	3,639,613	9,203,992	21,011	4,020	2,530,241	25,381,187
At 1 January 2012		9,982,310	3,639,613	9,203,992	21,011	4,020	2,530,241	25,381,187
Total comprehensive income for the year		–	–	–	–	–	2,167,751	2,167,751
Transfer from restricted reserve		–	–	–	(6,673)	–	6,673	–
Transfer to surplus reserve		–	270,829	1,066,137	–	–	(1,336,966)	–
Dividends paid		–	–	–	–	–	(1,464,104)	(1,464,104)
At 31 December 2012		**9,982,310**	**3,910,442**	**10,270,129**	**14,338**	**4,020**	**1,903,595**	**26,084,834**

31. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Capital reserve

Capital reserve mainly comprised: (i) the difference between the nominal amount of the domestic shares issued and the fair value of the net assets injected into the Company during its formation and also proceeds from the issue of H shares and A shares in excess of their par value, net of issuance expenses in 1997, 2006, 2010 and 2011; and (ii) the premium from convertible bonds converted to shares. The capital reserve is non-distributable.

(ii) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

(iii) Discretionary surplus reserve

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the Board of Directors and is subject to shareholders' approval at their general meeting.

The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them. The discretionary surplus reserve is distributable.

(iv) Restricted reserve

Pursuant to relevant regulations and guidance issued by the MOF, certain deferred housing benefits are charged to equity directly when incurred under PRC GAAP. In order to reflect such undistributable retained earnings in these financial statements prepared under IFRS, a restricted reserve is set up to reduce the balance of retained earnings with an amount equals to the residual balance of deferred housing benefits, net of tax.

Pursuant to relevant PRC regulations, coal mining companies are required to set aside an amount to a fund for future development and work safety which they transferred certain amounts from retained earnings to restricted reserve. The fund can then be used for future development and work safety of the coal mining operations, and is not available for distribution to shareholders. When qualifying development expenditure and improvements of safety incurred, an equivalent amount is transferred from restricted reserve to retained earnings.

(d) Basis for profit appropriation

In accordance with the articles of association of the Company, distributable profit of the Company is derived based on the lower of profit determined in accordance with PRC GAAP and IFRS.

32. LONG-TERM LOANS

	2012 RMB'000	2011 RMB'000
Long-term bank loans	133,793,300	129,143,046
Other long-term loans	8,423,621	3,713,466
	142,216,921	132,856,512

Long-term loans are repayable as follows:

	2012			2011		
	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
On demand or within one year	12,383,374	387,930	12,771,304	13,909,226	1,292,930	15,202,156
In the second year	12,776,975	284,430	13,061,405	12,437,186	435,930	12,873,116
In the third to fifth year, inclusive	35,634,689	1,842,790	37,477,479	34,452,838	758,790	35,211,628
After five years	72,998,262	5,908,471	78,906,733	68,343,796	1,225,816	69,569,612
	133,793,300	8,423,621	142,216,921	129,143,046	3,713,466	132,856,512
Less: Amount due for settlement within 12 months (shown under current liabilities)	(12,383,374)	(387,930)	(12,771,304)	(13,909,226)	(1,292,930)	(15,202,156)
Amount due for settlement after 12 months	121,409,926	8,035,691	129,445,617	115,233,820	2,420,536	117,654,356

32. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	2012 Long-term bank loans RMB'000	2012 Other long-term loans RMB'000	2012 Total RMB'000	2011 Long-term bank loans RMB'000	2011 Other long-term loans RMB'000	2011 Total RMB'000
Secured loans	**44,713,437**	**85,000**	**44,798,437**	48,178,194	–	48,178,194
Guaranteed loans	**11,143,720**	**6,661,612**	**17,805,332**	10,910,520	773,705	11,684,225
Unsecured loans	**77,936,143**	**1,677,009**	**79,613,152**	70,054,332	2,939,761	72,994,093
	133,793,300	**8,423,621**	**142,216,921**	129,143,046	3,713,466	132,856,512
Less: Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	**(3,375,552)**	**–**	**(3,375,552)**	(3,505,710)	–	(3,505,710)
Guaranteed loans	**(1,013,767)**	**(110,000)**	**(1,123,767)**	(785,737)	(110,000)	(895,737)
Unsecured loans	**(7,994,055)**	**(277,930)**	**(8,271,985)**	(9,617,779)	(1,182,930)	(10,800,709)
	(12,383,374)	**(387,930)**	**(12,771,304)**	(13,909,226)	(1,292,930)	(15,202,156)
Non-current portion						
Secured loans	**41,337,885**	**85,000**	**41,422,885**	44,672,484	–	44,672,484
Guaranteed loans	**10,129,953**	**6,551,612**	**16,681,565**	10,124,783	663,705	10,788,488
Unsecured loans	**69,942,088**	**1,399,079**	**71,341,167**	60,436,553	1,756,831	62,193,384
	121,409,926	**8,035,691**	**129,445,617**	115,233,820	2,420,536	117,654,356

32. LONG-TERM LOANS (Continued)

The carrying amounts of the Group's long-term loans are denominated in the following currencies:

	2012			2011		
	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
RMB	133,289,042	7,724,415	141,013,457	129,003,671	2,898,139	131,901,810
USD	139,375	661,612	800,987	139,375	773,705	913,080
HKD	364,883	–	364,883	–	–	–
EUR	–	37,594	37,594	–	41,622	41,622
	133,793,300	8,423,621	142,216,921	129,143,046	3,713,466	132,856,512

The interest rates for long-term loans per annum at 31 December were as follows:

	2012	2011
Long-term bank loans	5.27% – 7.76%	4.99% – 7.76%
Other long-term loans	1% – 6.55%	1% – 6.65%

Long-term loans of RMB6,380,194 thousand (2011: RMB5,788,505 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining long-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors estimate the fair value of the Group's long-term loans (including amount due for settlement within 12 months) as at 31 December 2012, by discounting their future cash flows at prevailing market rates offered to the Group for loans with substantially the same characteristics and maturity dates, to be RMB142,216,921 thousand (2011: RMB132,856,512 thousand). The discount rates applied as at 31 December 2012 were ranging from 1% to 7.76% (2011: 1% to 7.76%) per annum.

At 31 December 2012, long-term bank loans amounted to RMB2,048,400 thousand (2011: RMB2,151,000 thousand) were secured by the following assets:

	2012 RMB'000	2011 RMB'000
Inventories	66,408	–
Property, plant and equipment	3,681,361	4,152,799
	3,747,769	4,152,799

At 31 December 2012, long-term bank loans amounted to RMB42,665,037 thousand (2011: RMB46,027,194 thousand) were secured by certain tariff collection rights of the Group.

32. LONG-TERM LOANS (Continued)

At 31 December 2012, long-term bank loans amounted to RMB11,143,720 thousand (2011: RMB10,910,520 thousand) were guaranteed by the following parties:

	2012 RMB'000	2011 RMB'000
The Company	**3,509,687**	6,930,902
Certain subsidiaries of the Company	**268,000**	141,500
China Datang	**6,666,000**	99,500
Certain non-controlling shareholders of subsidiaries	**700,033**	3,438,618
Ex-shareholder of a subsidiary of the Company	**–**	300,000
	11,143,720	10,910,520

At 31 December 2012, other long-term loans amounted to RMB1,514,960 thousand (2011: RMB1,887,230 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing at 5.54% to 6.55% (2011: 5.04 % to 6.35%) per annum.

At 31 December 2012, other long-term loans amounted to RMB85,000 thousand (2011: nil) were secured by certain tariff collection rights of the Group.

At 31 December 2012, other long-term loans included a loan amounted to RMB661,612 thousand (2011: RMB773,705 thousand) borrowed by the MOF from International Bank for Reconstruction and Development ("World Bank") and on-lent to a subsidiary of the Company for the construction of electricity utility plant, with the maturities from 1998 to 2017. The effective annual interest rate was LIBOR Base Rate plus LIBOR Total Spread as defined in the loan agreement between MOF and World Bank. China Datang provided guarantees on 60% of the loan balance. In addition, at 31 December 2012, another other long-term loans amounted to RMB3,000,000 thousand (2011: nil) were also guaranteed by China Datang.

At 31 December 2012, other long-term loans amounted to RMB3,000,000 thousand (2011: nil) were guaranteed by the Company.

33. LONG-TERM BONDS

	2012 RMB'000	2011 RMB'000
Medium-term notes (i)	**2,988,608**	2,979,293
Corporate bonds (ii)	**5,962,072**	5,957,984
Non-public debt financing instruments (iii)	**4,965,010**	–
Offshore RMB bonds (iv)	**489,336**	–
	14,405,026	8,937,277

Notes:

(i) Medium-term notes represented unsecured notes issued by the Company in inter-bank market on 3 March 2009 with par value of RMB100 each totalling RMB3 billion. Such medium-term notes are of 5-year term with fixed annual coupon and effective interest rates of 4.10% and 4.44%, respectively. At 31 December 2012, accrued interest for these notes amounted to RMB102,107 thousand (2011: RMB126,400 thousand).

(ii) Corporate bonds represented unsecured bonds issued by the Company on 19 August 2009 and 22 April 2011 with par value of RMB100 each totalling RMB6 billion. Such bonds, which are secured by China Datang, are of 10-year term with fixed annual coupon and effective interest rates of 5.00%/5.25% and 5.10%/5.36%, respectively. At 31 December 2012, accrued interest for these bonds amounted to RMB165,624 thousand (2011: RMB171,608 thousand).

(iii) Non-public debt financing instruments represented debt financing instruments issued by the Company on 18 April 2012 with par value of RMB100 each totalling RMB5 billion. Such debt financing instruments are of 3 years with fixed annual coupon and effective interest rates of 5.08% and 5.41%, respectively. At 31 December 2012, accrued interest for these instruments amounted to RMB178,844 thousand (2011: nil).

(iv) Offshore RMB bonds represented unsecured offshore RMB-denominated bonds issued by a subsidiary of the Company on 30 November 2012 in denominations of RMB1,000,000 each and integral multiples of RMB10,000 in excess thereof totalling RMB0.5 billion. Such bonds are of 3-year term with fixed annual coupon and effective interest rates of 5.20% and 5.27%, respectively. At 31 December 2012, accrued interest for these bonds amounted to RMB2,448 thousand (2011: nil).

At 31 December 2012, the fair value of long-term bonds is estimated to be RMB14,849,313 thousand (2011: RMB9,179,816 thousand). The fair values of medium-term notes, non-public debt financing instruments and offshore RMB bonds are derived from discounted future cash flows using bond interest rates with similar terms of 4.38% (2011: 4.98%), 4.78% (2011: nil) and 4.93% (2011: nil) respectively per annum while the fair value of corporate bonds is derived from quoted price available in the market.

34. DEFERRED INCOME

Deferred income primarily represented government grants received by the Group from local environmental protection authorities for undertaking approved environmental protection projects.

35. DEFERRED TAX

The following are the major deferred tax assets (before offset) recognised by the Group:

	Assets revaluation RMB'000	Deductible tax losses RMB'000	Intragroup unrealised profits RMB'000	Preliminary expenses RMB'000	Depreciation RMB'000	Government grants RMB'000	Impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	17,133	645,500	238,275	3,629	32,437	39,445	29,602	4,816	1,010,837
(Charge)/credit to profit or loss for the year	(5,274)	286,316	127,557	1,271	–	(2,414)	–	94,957	502,413
At 31 December 2011 and 1 January 2012	11,859	931,816	365,832	4,900	32,437	37,031	29,602	99,773	1,513,250
Acquisition of a subsidiary	–	–	–	–	–	–	–	2,265	2,265
Disposal of subsidiaries	(77)	–	–	–	–	–	–	–	(77)
(Charge)/credit to profit or loss for the year	(659)	28,167	198,083	(4,424)	(841)	(991)	(81)	986	220,240
At 31 December 2012	**11,123**	**959,983**	**563,915**	**476**	**31,596**	**36,040**	**29,521**	**103,024**	**1,735,678**

The following are the major deferred tax liabilities (before offset) recognised by the Group:

	Assets revaluation RMB'000	Depreciation RMB'000	Mining safety and development funds RMB'000	Deferred housing benefits RMB'000	Fair value gain on available-for-sale investments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	419,712	14,039	10,348	14,501	15,353	3,350	477,303
Acquisition of subsidiaries	208,126	–	–	–	–	–	208,126
(Credit)/charge to profit or loss for the year	(34,245)	(2,371)	7,603	(3,587)	–	(319)	(32,919)
Credit to other comprehensive income for the year	–	–	–	–	(7,131)	–	(7,131)
At 31 December 2011 and 1 January 2012	593,593	11,668	17,951	10,914	8,222	3,031	645,379
Acquisition of subsidiaries	152,644	–	–	–	–	–	152,644
Disposal of subsidiaries	(193)	–	–	–	–	–	(193)
(Credit)/charge to profit or loss for the year	(42,714)	(2,372)	2,781	(3,121)	–	3,328	(42,098)
Charge to other comprehensive income for the year	–	–	–	–	7,637	–	7,637
At 31 December 2012	**703,330**	**9,296**	**20,732**	**7,793**	**15,859**	**6,359**	**763,369**

35. DEFERRED TAX (Continued)

The deferred tax liabilities in relation to fair value gain on available-for-sale investments have been charged to other comprehensive income directly.

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2012 RMB'000	2011 RMB'000
Deferred tax assets	1,674,551	1,453,359
Deferred tax liabilities	(702,242)	(585,488)
	972,309	867,871

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB2,093,173 thousand (2011: RMB1,503,840 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2012 RMB'000	2011 RMB'000
2012	–	2,838
2013	208,089	319,830
2014	377,490	333,468
2015	307,254	445,420
2016	673,582	402,284
2017	530,758	–
	2,097,173	1,503,840

36. PROVISIONS

	Mine disposal and environmental restoration RMB'000	Loss-making contracts RMB'000	Total RMB'000
At 1 January 2012	38,364	3,316	41,680
Provisions used	–	(1,276)	(1,276)
Changes in present value	1,235	–	1,235
At 31 December 2012	**39,599**	**2,040**	**41,639**

The mine disposal and environmental restoration provision represents the Group's best estimate of the Group's liability for remediation costs based on industry standards and historical experience.

The loss-making contracts provision represents the Group's best estimated loss on a number of fixed income and entrusted lease agreements signed between the buyers of certain properties of the Group (the "Property Buyers") and the Group for the purpose of property sales boosting, according to which the Group is required to locate tenants for the properties acquired by the Property Buyers and to guarantee the Property Buyers a fixed rental return during the whole entrusted leasing period ranging from two to ten years.

37. OTHER NON-CURRENT LIABILITIES

	2012 RMB'000	2011 RMB'000
Finance lease payables	**7,941,191**	6,162,250
Others	**99,550**	87,779
	8,040,741	6,250,029
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(837,965)**	(422,761)
	7,202,776	5,827,268

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For the year ended 31 December 2012

37. OTHER NON-CURRENT LIABILITIES (Continued)

Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**1,212,628**	695,443	**753,965**	344,383
In the second to fifth years, inclusive	**5,227,486**	3,758,566	**3,902,482**	2,675,059
After five years	**3,652,627**	3,513,856	**3,284,744**	3,142,808
	10,092,741	7,967,865	**7,941,191**	6,162,250
Less: Future finance charges	**(2,151,550)**	(1,805,615)	**N/A**	N/A
Present value of lease obligations	**7,941,191**	6,162,250	**7,941,191**	6,162,250
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(753,965)**	(344,383)
Amount due for settlement after 12 months			**7,187,226**	5,817,867

It is the Group's policy to lease certain of its plant, property and equipment under finance leases. The average lease term is 10 years (2011: 11 years). At 31 December 2012, the average effective borrowing rate was 6.28% (2011: 6.33%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the plant and machinery at nominal prices.

The Group's finance lease payables amounted to RMB402,715 thousand (2011: RMB411,152 thousand) were guaranteed by the Company for the same amount while certain the Group's finance lease payables amounted to RMB466,231 thousand (2011: RMB486,681 thousand) and RMB885,633 thousand (2011: nil) were secured by restricted deposits of RMB43,850 thousand (2011: RMB116,836 thousand), all of which will be refunded after settlements of last installments of respective finance lease arrangements, and certain tariff collection rights of the Group, respectively.

At 31 December 2012, finance lease payables amounted to RMB280,709 thousand (2011: RMB112,000 thousand) which were due to an associate were unsecured and interest-bearing at 5.90% (2011: 6.35%) per annum.

At 31 December 2012, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to RMB75,851 thousand (2011: RMB93,693 thousand).

38. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2012 RMB'000	2011 RMB'000
Accounts and notes payables		
Fuel and materials payables to third parties	7,977,282	8,323,277
Fuel and materials payables to related parties	172,752	153,138
Notes payables to third parties	1,001,368	1,685,269
Notes payable to a related party	20,000	–
	9,171,402	10,161,684
Construction payables to third parties	9,778,605	9,462,257
Construction payables to related parties	315,032	341,430
Acquisition considerations payables	132,485	164,989
Receipts in advance from third parties	568,443	556,701
Receipts in advance from related parties	69,803	11,312
Salaries and welfares payables	75,283	64,346
Interests payables	851,022	580,359
Other payables to related parties	83,672	204,789
Others	2,831,503	2,392,146
	23,877,250	23,940,013

The ageing analysis of the accounts and notes payables is as follows:

	2012 RMB'000	2011 RMB'000
Within one year	8,024,728	9,537,844
Between one to two years	578,455	623,840
Between two to three years	568,219	–
	9,171,402	10,161,684

39. SHORT-TERM LOANS

	2012 RMB'000	2011 RMB'000
Short-term bank loans	**20,188,137**	18,404,009
Other short-term loans	**2,051,661**	3,119,700
	22,239,798	21,523,709

Short-term loans are classified as follows:

	2012			2011		
	Short-term bank loans RMB'000	**Other short-term loans RMB'000**	**Total RMB'000**	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
Secured loans	**962,750**	**–**	**962,750**	1,082,940	–	1,082,940
Guaranteed loans	**754,000**	**–**	**754,000**	962,619	–	962,619
Unsecured loans	**18,471,387**	**2,051,661**	**20,523,048**	16,358,450	3,119,700	19,478,150
	20,188,137	**2,051,661**	**22,239,798**	18,404,009	3,119,700	21,523,709

The carrying amounts of the Group's short-term loans are denominated in the following currencies:

	2012			2011		
	Short-term bank loans RMB'000	**Other short-term loans RMB'000**	**Total RMB'000**	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
RMB	**19,477,423**	**2,051,661**	**21,529,084**	17,184,608	3,119,700	20,304,308
USD	**710,714**	**–**	**710,714**	656,782	–	656,782
HKD	**–**	**–**	**–**	562,619	–	562,619
	20,188,137	**2,051,661**	**22,239,798**	18,404,009	3,119,700	21,523,709

39. SHORT-TERM LOANS (Continued)

The interest rates for short-term loans per annum at 31 December were as follows:

	2012	2011
Short-term bank loans	1.64% – 6.89%	1.31% – 8.50%
Other short-term loans	5.04% – 6.94%	5.04% – 6.56%

Short-term loans of RMB11,641,490 thousand (2011: RMB11,100,699 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining short-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2012, short-term bank loans amounted to RMB912,750 thousand (2011: RMB1,032,940 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2012, short-term bank loans amounted to RMB50,000 thousand (2011: RMB50,000 thousand) were secured by the inventories amounted to RMB96,101 thousand (2011: RMB86,454 thousand).

At 31 December 2012, short-term bank loans amounted to RMB684,000 thousand (2011: RMB320,000 thousand) and nil (2011: RMB80,000 thousand) were guaranteed by the Company and a subsidiary of the Company respectively.

At 31 December 2012, short-term bank loans amounted to nil (2011: RMB562,619 thousand) were guaranteed by a related party and secured by a charge over 358,680,000 H shares of the Company executed by the related party in favour of the bank and counter-guaranteed by the Company.

At 31 December 2012, short-term bank loans amounted to RMB70,000 thousand (2011: nil) were guaranteed by an ex-shareholder of a subsidiary of the Company.

At 31 December 2012, other short-term loans amounted to RMB1,149,000 thousand (2011: RMB1,844,700 thousand) which was borrowed from Datang Finance was unsecured and interest-bearing at 5.04% to 6.31% (2011: 5.04% to 6.35%) per annum.

At 31 December 2012, other short-term loans amounted to RMB601,561 thousand (2011: nil) which were borrowed from an associate were unsecured and interest-bearing at 6.16% (2011: nil) per annum.

40. SHORT-TERM BONDS

At 31 December 2012, short-term bonds represented unsecured bonds issued by the Group in October 2012 and December 2012 (2011: October 2011 and November 2011) at par value of RMB100 each with annual coupon and effective interest rate of ranging from 4.15% to 4.99% (2011: 5.99% to 6.86%) and matured within 12 months.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from profit before tax to cash generated from operations

	2012 RMB'000	2011 RMB'000
Profit before tax	**7,586,352**	3,709,935
Adjustments for:		
Depreciation of property, plant and equipment	**8,802,902**	8,588,644
Depreciation of investment properties	**17,149**	16,164
Amortisation of intangible assets	**23,197**	17,698
Amortisation of long-term deferred expenses	**30,831**	28,669
Amortisation of deferred income	**(45,087)**	(33,760)
Amortisation of deferred housing benefits	**26,404**	29,691
Net gains on disposals of property, plant and equipment	**(24,132)**	(13,045)
Loss on disposal of intangible assets	**–**	419
Write-off of property, plant and equipment	**9,315**	4
Interest income	**(71,868)**	(109,820)
Finance costs	**8,568,230**	7,102,002
Investment income	**(474,365)**	(50,191)
Reversal of allowance for accounts receivables	**–**	(70)
Reversal of allowance for other receivables	**(449)**	(88)
Reversal of allowance for inventories	**–**	(97)
Shares of profits of associates	**(748,539)**	(945,970)
Shares of profits of jointly controlled entities	**(43,824)**	(94,229)
Other gains	**(1,305,804)**	(58,564)
Operating profit before working capital changes	**22,350,312**	18,187,392
Decrease/(increase) in inventories	**878,677**	(2,081,976)
Increase in accounts and notes receivables	**(305,545)**	(2,037,829)
Increase in prepayments and other receivables	**(32,355)**	(4,073,875)
(Decrease)/increase in accounts payables and accrued liabilities	**(137,407)**	4,432,227
Increase/(decrease) in taxes payables	**268,119**	(321,561)
Cash generated from operations	**23,021,801**	14,104,378

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Major business combinations other than under common control

(i) On 1 January 2012, the Group acquired 51% of the issued capital of Shenzhen Datang Baochang Gas Power Generation Company Limited ("Baochang Gas Power") for a cash consideration of RMB326,000 thousand. Baochang Gas Power was engaged in natural gas power generation during the year.

The fair value of the identifiable assets and liabilities of Baochang Gas Power acquired as at its date of acquisition is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	1,038,967
Other non-current assets	9,546
Cash and cash equivalents	72,556
Other current assets	795,263
Loans	(1,381,000)
Other non-current liabilities	(102,007)
Other current liabilities	(119,590)
	313,735
Non-controlling interests	(153,730)
Goodwill	165,995
Total consideration – satisfied by cash	326,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(326,000)
Cash and cash equivalents acquired	72,556
	(253,444)

The goodwill arising on the acquisition of Baochang Gas Power is attributable to the anticipated profitability of its natural gas power generation operations and the anticipated future operating synergies from the combination.

Baochang Gas Power reduced the Group's profit for the year between its date of acquisition and the end of the reporting period by RMB144,778 thousand.

If the above acquisition had been completed on 1 January 2012, total Group revenue for the year would have been RMB77,598,143 thousand, and profit for the year would have been RMB6,225,250 thousand. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is intended to be a projection of future results.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Major business combinations other than under common control (continued)

(ii) On 1 July 2012, the Group acquired 100% of the issued capital of Erdos Ruidefeng Mining Company Limited ("Ruidefeng Mining") for a cash consideration of RMB197,500 thousand. Ruidefeng Mining was engaged in wholesale of coal during the year.

The fair value of the identifiable assets and liabilities of Ruidefeng Mining acquired as at its date of acquisition is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	23,583
Other non-current assets	287,081
Cash and cash equivalents	34
Other current assets	19,618
Non-current liabilities	(34,660)
Current liabilities	(130,702)
	164,954
Goodwill	32,546
Total consideration – satisfied by cash	197,500
Net cash outflow arising on acquisition:	
Cash consideration paid	(197,500)
Cash and cash equivalents acquired	34
	(197,466)

The goodwill arising on the acquisition of Ruidefeng Mining is attributable to the anticipated profitability of its wholesale of coal operations and the anticipated future operating synergies from the combination.

Ruidefeng Mining increased the Group's profit for the year between its date of acquisition and the end of the reporting period by RMB5 thousand.

If the above acquisition had been completed on 1 January 2012, total Group revenue for the year would have been RMB77,598,143 thousand, and profit for the year would have been RMB6,225,250 thousand. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is intended to be a projection of future results.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Disposal of a subsidiary

On 31 December 2012, the Group disposed of its 31% equity interest in a 80% owned subsidiary, Shanxi Datang International Yuncheng Power Generation Company Limited.

Net liabilities at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	3,247,657
Other non-current assets	9,943
Cash and cash equivalents	323,191
Other current assets	296,465
Loans	(4,529,375)
Other non-current liabilities	(1,425)
Other current liabilities	(823,642)
Net liabilities disposed of	(1,477,186)
Non-controlling interests	437,156
Fair value of investment in the subsidiary retained	(259,078)
Gain on disposal of a subsidiary (included in other gains)	1,299,108
Total consideration	–
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(323,191)

(d) Material non-cash transactions

Additions to property, plant and equipment during the year of RMB1,640,000 thousand (2011: RMB342,406 thousand) were financed by finance leases.

42. FINANCIAL GUARANTEES

The Group issues financial guarantee contracts to its associates, jointly controlled entities and other equity investee for their borrowings from financial institutions for business developments that transfer significant insurance risk. The risk under any one financial guarantee contract is the possibility that the insured event (default of a specified debtor) occurs and the uncertainty of the amount of the resulting claims. By the nature of such financial guarantee contracts, this risk is predictable.

Experience shows credit risks from specified debtors are relatively remote. The Group maintains a close watch on the financial position and liquidity of the associates, jointly controlled entities and other equity investee for which financial guarantees have been granted in order to mitigate such risks. The Group takes all reasonable steps to ensure that it has appropriate information regarding any claim exposure. Details of financial guarantee contracts issued by the Group to the above-mentioned parties at the end of the reporting period are as follows:

42. FINANCIAL GUARANTEES (Continued)

	2012 RMB'000	2011 RMB'000
Associates	991,600	470,800
Jointly controlled entities	572,055	572,300
Other equity investee	60,000	84,000
	1,623,655	1,127,100

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.

43. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2012 RMB'000	2011 RMB'000
Property, plant and equipment		
Contracted but not provided for	21,263,833	26,468,785
Authorised but not contracted for	4,610,954	16,553,592
Equity investments		
Contracted but not provided for	–	390,000
	25,874,787	43,412,377

44. LEASE COMMITMENTS

At 31 December 2012 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012 RMB'000	2011 RMB'000
Within one year	46,853	29,029
In the second to fifth years inclusive	39,399	41,446
After five years	19,964	21,230
	106,216	91,705

45. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with its related parties in the normal course of business during the year:

(a) Significant transactions with related parties

(i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and jointly controlled entities of the Group and their respective subsidiaries

	2012 RMB'000	2011 RMB'000
China Datang Group		
Sales of electricity	–	91,493
Clean development mechanism income	–	9,160
Sales of coal (i)	144,315	214,980
Sales of desulfurization assets (ii)	1,378,417	–
Alternative power generation income (iii)	43,124	–
Receipt of coal ash disposal service (iii)	57,890	57,890
Purchases of indicators of small-capacity generating units (ii)	190,944	–
Purchases of materials and equipment (iv)	169,152	410,765
Purchases of fuel (v)	123,386	142,199
Receipt of construction tendering agency services	10,848	–
Receipt of construction consulting services	1,735	–
Operating lease expenses for buildings and facilities	22,228	22,228
Receipt of repairs and maintenance services	34,738	16,270
Receipt of desulfurization services (iii)	57,378	–
Provision of technical support services	70	421
Receipt of transportation services	–	32,000
Receipt of construction supervision services	120	–
Receipt of technical support services	1,150	–
Associates of the Group		
Sales of coal	2,205	–
Purchases of fuel	7,116	66,471
Advancement of pre-operating expenditure	6,132	–
Receipt of technical support services	41,794	65,609
Receipt of finance lease services	280,709	–
Drawdown of loans	13,296,000	9,051,500
Interest expense on loans (vi)	238,072	234,492
Interest income on deposits (iii)	49,948	44,296
Interest income on entrusted loans	6,540	–
Subsidiary of an associate of the Group		
Purchases of fuel	531,675	588,844
Jointly controlled entities of the Group		
Purchases of fuel	443,753	319,348
Provision of entrusted loans	726,700	364,500
Interest income on entrusted loans	28,765	7,970

45. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (continued)

(i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and jointly controlled entities of the Group and their respective subsidiaries (continued)

During the year, China Datang Group injected capital to three (2011: three) subsidiaries of the Company amounted to RMB210,000 thousand, RMB761,903 thousand (capital verification and alteration procedure with the Administration for Industry and Commerce for this capital injection have not been conducted) and RMB80,000 thousand (2011: RMB874,036 thousand (ii), RMB557,000 thousand (ii) and RMB332,540 thousand) respectively.

During the year, China Datang and certain its subsidiaries (2011: a subsidiary of China Datang) set up two associates (2011: one associate) with the Company for a capital injection of RMB114,840 thousand (ii) and RMB800,000 thousand (ii) respectively (2011: RMB7,000 thousand).

(ii) Financial guarantees and financing facilities with China Datang Group and associates and jointly controlled entities of the Group

	2012 RMB'000	2011 RMB'000
China Datang Group		
Long-term loans of the Group guaranteed by China Datang	10,062,967	563,723
Short-term loans of the Group guaranteed by a subsidiary of China Datang and secured by a charge over 358,680,000 H shares of the Company executed by that subsidiary in favour of the bank and counter-guaranteed by the Company	–	562,619
Long-term bonds of the Group guaranteed by China Datang	6,000,000	–
Associates of the Group		
Long-term loans of the associates guaranteed by the Company	991,600	470,800
Integrated credit facilities provided by an associate	18,000,000	18,000,000
Jointly controlled entities of the Group		
Long-term loans of jointly controlled entities guaranteed by the Company	205,555	320,800
Short-term loans of a jointly controlled entity guaranteed by the Company	366,500	251,500

(iii) Significant transactions with Government-Related Enterprises

During the years ended 31 December 2012 and 2011, the Group sold substantially all of its electricity to local government-related power grid companies. Please refer the details of information of power generation revenue to major power grid companies to note 8 to the financial statements. The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2012 and 2011, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

45. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (continued)

(iv) Compensation to key management personnel of the Group

	2012 RMB'000	2011 RMB'000
Basic salaries and allowances	**1,859**	1,958
Bonus	**3,606**	2,973
Retirement benefits	**269**	276
Other benefits	**361**	279
	6,095	5,486

Further details of directors' and supervisors' emoluments are included in note 12 to the financial statements.

(b) Significant balances with related parties

(i) Significant balances with China Datang Group and associates and jointly controlled entities of the Group and their respective subsidiaries

	2012 RMB'000	2011 RMB'000
China Datang Group		
Accounts and notes receivables	**52,316**	77,853
Prepayments and other receivables	**74,457**	170,774
Accounts payables and accrued liabilities	**523,441**	575,679
Associates of the Group		
Accounts and notes receivables	**4,378**	–
Prepayments and other receivables	**5,860**	6,168
Accounts payables and accrued liabilities	**27,466**	55,488
Short-term loans	**601,561**	–
Other non-current liabilities (including current portion)	**402,821**	112,000
Long-term entrusted loans	**736,381**	–
Short-term entrusted loans	**100,183**	–
Subsidiary of an associate of the Group		
Accounts payables and accrued liabilities	**27,458**	58,853
Jointly controlled entities of the Group		
Prepayments and other receivables	**–**	3,309
Accounts payables and accrued liabilities	**82,894**	20,648
Short-term entrusted loans	**476,128**	365,198

Except for short-term loans, other non-current liabilities, long-term entrusted loans and short-term entrusted loans stated above, all the above balances are unsecured, interest-free and due on demand.

Terms of short-term loans, other non-current liabilities, long-term entrusted loans and short-term entrusted loans are described in notes 39, 37, 23 and 27 respectively to the financial statements.

45. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (continued)

(ii) Significant balances with Government-Related Enterprises

At 31 December 2012, the long-term loans (including current portion) and short-term loans payable to Government-Related Enterprises included in long-term loans (including current portion) and short-term loans amounted to RMB139,482,954 thousand (2011: RMB129,549,155 thousand) and RMB19,867,177 thousand (2011: RMB19,644,010 thousand) respectively.

The balances with Government-Related Entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest-free and due within 12 months.

Notes:

(i) Certain transactions totalled RMB142,595 thousand (2011: RMB214,980 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

(ii) These transactions constitute connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

(iii) These transactions constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

(iv) Certain transactions totalled RMB168,279 thousand (2011: RMB83,576 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

(v) Certain transactions totalled RMB119,583 thousand (2011: RMB142,199 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

(vi) Certain transactions totalled RMB236,511 thousand (2011: RMB234,492 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.

46. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2012 are as follows:

(a) Subsidiaries acquired from business combination under common control

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Liaoning Datang International Wind Power Development Company Limited	PRC	854,872	100%	–	Wind power generation
Liaoning Datang International Changtu Wind Power Company Limited	PRC	171,040	–	100%	Wind power generation
Datang Hulunbei'er Fertilizer Company Limited	PRC	531,370	–	100%	Production and sales of chemical materials
Datang Zhangzhou Wind Power Company Limited	PRC	217,590	–	100%	Wind power generation
Tangshan Jibei Electricity Overhaul Company Limited	PRC	15,524	–	100%	Electrical equipment overhaul

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Tianjin Datang International Panshan Power Generation Company Limited	PRC	831,250	75%	–	Power generation
Inner Mongolia Datang International Tuoketuo Power Generation Company Limited	PRC	1,714,020	60%	–	Power generation
Shanxi Datang International Shentou Power Generation Company Limited	PRC	749,000	60%	–	Power generation
Shanxi Datang International Yungang Thermal Power Company Limited	PRC	647,020	100%	–	Power generation and heat supply
Gansu Datang International Liancheng Power Generation Company Limited	PRC	275,500	55%	–	Power generation
Hebei Datang International Tangshan Thermal Power Company Limited	PRC	380,264	80%	–	Power generation and heat supply
Jiangsu Datang International Lvsigang Power Generation Company Limited	PRC	1,050,186	55%	–	Power generation
Guangdong Datang International Chaozhou Power Generation Company Limited	PRC	559,981	52.5%	–	Power generation
Fujian Datang International Ningde Power Generation Company Limited	PRC	370,000	51%	–	Power generation

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Chongqing Datang International Pengshui Hydropower Development Company Limited	PRC	1,098,170	40%	24%	Hydropower generation
Chongqing Datang International Wulong Hydropower Development Company Limited	PRC	771,990	51%	24.5%	Hydropower generation
Datang International (Hong Kong) Limited	Hong Kong	USD102,900,000	100%	–	Import of power related fuel and equipment
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("Zhiganglaka Company")	PRC	380,000	–	90%	Hydropower generation
Hebei Datang International Wangtan Power Generation Company Limited	PRC	450,000	70%	–	Power generation
Chongqing Datang International Shizhu Power Generation Company Limited	PRC	195,590	70%	–	Power generation
Sichuan Datang International Ganzi Hydropower Development Company Limited	PRC	50,000	52.5%	–	Hydropower generation
Beijing Datang Fuel Company Limited	PRC	1,009,650	51%	–	Coal trading
Zhejiang Datang Wushashan Power Generation Company Limited	PRC	1,700,000	51%	–	Power generation
Inner Mongolia Datang International Xilinhaote Mining Company Limited	PRC	1,166,050	60%	–	Coal mining

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited ("Tuoketuo II Power Company") (i)	PRC	500,000	40%	–	Power generation
Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited	PRC	458,000	100%	–	Power generation and heat supply
Shanxi Datang International Zuoyun Wind Power Generation Company Limited	PRC	125,000	100%	–	Wind power generation
Jiangxi Datang International Fuzhou Power Generation Company Limited	PRC	484,000	100%	–	Power generation
Liaoning Datang International Jinzhou Thermal Power Generation Limited	PRC	368,000	100%	–	Power generation and heat supply
Chongqing Datang International Wulongxingshun Wind Power Company Limited	PRC	93,880	100%	–	Wind power generation
Hebei Datang International Fengrun Thermal Power Company Limited	PRC	393,070	84%	–	Power generation and heat supply
Datang Energy and Chemical Company Limited	PRC	8,543,160	100%	–	Energy and chemical development
Datang Fuxin Energy and Chemical Engineering Company Limited	PRC	30,000	–	100%	Maintenance of chemical power equipment, construction and mechanical subcontracting

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Datang Energy and Chemical Marketing Company Limited	PRC	50,000	–	100%	Wholesale and retail of chemical products
Datang International Chemical Technology Research Institute Company Limited	PRC	50,000	–	100%	Coal chemistry related consultation services
Datang Inner Mongolia Erdos Silicon and Aluminium Technology Company Limited	PRC	168,000	100%	–	Silicon and aluminium smelting
Datang Inner Mongolia Duolun Coal Chemical Company Limited	PRC	4,050,000	–	60%	Coal chemical production
Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Energy Resource Development Company") (ii)	PRC	258,321	40.35%	–	Production and sale of alumina
Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited	PRC	28,520	–	51%	Hydropower generation and water supply
Liaoning Datang International Fuxin Coal-based Gas Company Limited	PRC	656,060	–	90%	Coal-based natural gas generation
Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited	PRC	3,921,570	–	51%	Coal-based natural gas generation
Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited	PRC	114,700	100%	–	Brown coal processing

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Inner Mongolia Datang International Keshiketeng Dashimen Hydropower Development Company Limited	PRC	10,000	–	90%	Hydropower generation and water supply
Fuxin Qingyuan Sewage Disposal Company Limited	PRC	1,300	–	80%	Sewage disposal
Duolun County Huachuan Zhuoyue Plastic Products Company Limited	PRC	7,000	–	100%	Production of plastic products
Jiangsu Datang Shipping Company Limited	PRC	264,900	97.54%	–	Cargo shipping
Inner Mongolia Datang International Renewable Power Company Limited (formerly known as "Inner Mongolia Datang International Wind Power Development Company Limited")	PRC	606,910	100%	–	Wind power generation
Fujian Datang International Wind Power Development Company Limited	PRC	435,830	100%	–	Wind power generation
Shanxi Datang International Linfen Thermal Power Company Limited	PRC	282,550	80%	–	Power generation and heat supply
Liaoning Datang International Fuxin Wind Power Company Limited	PRC	287,770	–	100%	Wind power generation
Xizang Datang International Nujiang Upstream Hydropower Development Company Limited	PRC	253,267	100%	–	Hydropower generation

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Liaoning Datang International Zhuanghe Nuclear Power Company Limited	PRC	78,000	100%	–	Nuclear power generation
Datang Tongzhou Technology Company Limited	PRC	165,000	60.61%	–	Sales of coal ash and integrated application of solid wastes
Beijing Tongzhou High Voltage Environmental Protection Technology Company Limited	PRC	2,000	–	80%	Sales of ash
Zhejiang Datang Tongzhou Environmental Protection Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Tianjin Datang Tongzhou Tongxin Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Fujian Datang Tongzhou Yicai Environmental Protection Technology Company Limited	PRC	5,000	–	55%	Sales of ash and comprehensive utilisation of solid emissions
Beijing Tongzhou Xinyuan Building Materials Technological Development Company Limited	PRC	2,000	–	70%	Sales of ash and comprehensive utilisation of solid emissions
Nantong Tongzhou Datong Logistics Company Limited	PRC	1,000	–	60%	Cargo agent and sales of ash
Tangshan Haigang Datang Tongzhou Construction Materials Company Limited	PRC	15,000	–	52%	Trading of construction materials

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Yunnan Datang International Electric Power Company Limited	PRC	1,610,392	100%	–	Power plant construction and operations
Yunnan Datang International Honghe Power Generation Company Limited	PRC	414,550	–	70%	Power generation
Yunnan Datang International Nalan Hydropower Development Company Limited	PRC	173,370	–	51%	Hydropower generation
Yunnan Datang International Lixianjiang Hydropower Development Company Limited	PRC	598,000	–	70%	Hydropower generation
Yunnan Datang International Wenshan Hydropower Development Company Limited	PRC	368,140	–	60%	Hydropower generation
Yunnan Datang International Hengjiang Hydropower Development Company Limited	PRC	2,000	–	70%	Hydropower generation
Yunnan Datang International Biyuhe Hydropower Development Company Limited	PRC	89,044	–	70%	Hydropower development
Yunnan Datang International Mengyejiang Hydropower Development Company Limited	PRC	57,270	–	100%	Hydropower development

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Yunnan Datang International Deqin Hydropower Development Company Limited	PRC	54,591	–	70%	Hydropower construction and operations
Hebei Datang International Renewable Power Company Limited (formerly known as "Hebei Datang International Wind Power Development Company Limited")	PRC	724,130	100%	–	Wind power generation
Liaoning Datang International Wafangdian Thermal Power Company Limited	PRC	40,000	100%	–	Power generation and heat supply
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	103,910	100%	–	Water conservancy hub construction and management
Ningxia Datang International Qingtongxia Photovoltaic Power Generation Company Limited	PRC	98,558	100%	–	Solar power generation
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	PRC	60,000	51%	–	Power generation and heat supply
Jiangxi Datang International Xinyu Power Generation Company Limited	PRC	633,910	100%	–	Power generation
Inner Mongolia Datang International Zhunge'er Mining Company Limited	PRC	60,000	52%	–	Coal mining

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company") (iii)	PRC	285,401	50%	–	Power generation
Hebei Datang International Qian'an Thermal Power Company Limited	PRC	33,334	57%	–	Power generation
Yuneng (Group) Company Limited	PRC	1,694,826	100%	–	Investment holding, power generation and property development
Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited	PRC	79,970	100%	–	Solar power generation
Ningxia Datang International Qingtongxia Wind Power Company Limited	PRC	52,000	100%	–	Wind power generation
Chengdu Liguo Energy Company Limited	PRC	45,211	100%	–	Hydropower generation
Chengdu Qingjiangyuan Energy Company Limited	PRC	38,950	100%	–	Marketing planning
Chengdu Zhongfu Energy Company Limited	PRC	26,297	100%	–	Hydropower generation
Inner Mongolia Baoli Coal Company Limited	PRC	50,000	70%	–	Coal mining

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Sichuan Jinkang Electricity Development Company Limited	PRC	195,000	–	54.44%	Hydropower generation
Shanxi Datang International Wind Power Development Company Limited	PRC	50,000	100%	–	Wind power generation
Zhejiang Datang International Jiangshan Xincheng Thermal Power Company Limited	PRC	197,720	100%	–	Power generation and heat supply
Zhejiang Datang International Shaoxing Jiangbin Thermal Power Company Limited	PRC	Registered capital: 600,000; Paid-up capital: 350,000	90%	–	Power generation and heat supply
Erdos Ruidefeng Mining Company Limited	PRC	222,650	100%	–	Wholesale of coal
Jiangxi Datang International Yichun Coal And Electricity Company Limited	PRC	Registered capital: 10,000; Paid-up capital: 2,000	51%	–	Power plant construction and operations
Jiangxi Datang International Wind Power Development Company Limited	PRC	129,950	100%	–	Wind power generation
Shenzhen Datang Baochang Gas Power Generation Company Limited ("Baochang Gas Power")	PRC	USD25,000,000	51%	–	Natural gas power generation

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (continued)

All the above subsidiaries are limited liability companies except that Zhiganglaka Company and Baochang Gas Power which are also a foreign investment enterprise and a sino foreign equity joint venture respectively.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Notes:

(i) On 6 September 2006, the Company entered into an agreement with China Datang, one of the shareholders of Tuoketuo II Power Company, which holds 20% equity interest in Tuoketuo II Power Company. Pursuant to this agreement, the shareholder representative and directors appointed from China Datang will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Tuoketuo II Power Company. Therefore, the Company obtained de facto control over Tuoketuo II Power Company and accounted for it as a subsidiary onwards.

(ii) The Company entered into an agreement with one of the shareholders of Renewable Energy Resource Development Company, which holds 10.65% equity interest of this subsidiary in 2007. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Renewable Energy Resource Development Company. Therefore, the Company obtained de facto control over Renewable Energy Resource Development Company and accounted for it as a subsidiary onwards.

(iii) On 27 November 2011, the Company entered into an agreement with another shareholder of Daba Power Company, which holds 50% equity interest in Daba Power Company. Pursuant to this agreement, both the Company and the another shareholder consolidate the financial statements of Daba Power Company by rotation. Up to the year ended 31 December 2014, the Company and the another shareholder would nominate 4 directors and 3 directors respectively. Therefore, the Company obtains control over Daba Power Company and consolidates the financial statements of Daba Power Company up to the year ended 31 December 2014.

47. EVENTS AFTER THE REPORTING PERIOD

(a) The Company completed the issuance of "The First Tranche of Datang International Power Generation Co., Ltd.'s super short-term debentures in 2013" (the "Current Tranche Super Short-term Debentures") on 18 January 2013. The issuance amount for the Current Tranche Super Short-term Debentures was RMB3 billion with a maturity of 90 days. The unit nominal value is RMB100 and the issuance interest rate is at 3.98%. Industrial & Commercial Bank of China Limited and Agricultural Bank of China Limited act as the joint lead underwriters for the Current Tranche Super Short-term Debentures. The proceeds from the Current Tranche Super Short-Term Debentures will be used for replacement of part of the bank borrowings of the Company in order to adjust debt structure and lower financing costs, and will also be used to replenish the working capital of the Company.

(b) On 5 February 2013, Yuneng (Group) Company Limited, Chongqi Dingtai Power (Group) Company Limited and Chongqi Tuoyuan Industry Company Limited (collectively referred to as the "Transferors"), all being wholly-owned subsidiaries of the Company, entered into the equity transfer agreement with China National Water Resources & Electric Power Materials & Equipment Co., Ltd. ("China Water Resources"), a subsidiary of China Datang. Pursuant to the agreement, China Water Resources agreed to acquire 100% of the equity interests of Chongqing Yuneng Industrial Group Company Limited, a wholly-owned subsidiary of the Company, from the Transferors at an aggregate consideration of approximately RMB538,589 thousand. The Company expects that it will record a gain of approximately RMB33,764 thousand resulting from this transaction.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2013.

DIFFERENCES BETWEEN FINANCIAL STATEMENTS

For the year ended 31 December 2012

The consolidated financial statements which are prepared by the Group in conformity with International Financial Reporting Standards ("IFRS") differ in certain respects from China Accounting Standards for Business Enterprises ("PRC GAAP"). Major differences between IFRS and PRC GAAP ("GAAP Differences"), which affect the net assets and net profit of the Group, are summarised as follows:

	Note	Net assets 2012 RMB'000	Net assets 2011 RMB'000
Net assets attributable to owners of the Company under IFRS		**41,658,382**	38,940,692
Impact of IFRS adjustments:			
Difference in the commencement of depreciation of property, plant and equipment	(a)	**106,466**	106,466
Difference in accounting treatment on monetary housing benefits	(b)	**(73,822)**	(102,839)
Difference in accounting treatment on mining funds	(c)	**(206,925)**	(175,734)
Applicable deferred tax impact of the above GAAP Differences		**(385)**	715
Non-controlling interests' impact of the above GAAP Differences after tax		**6,520**	18,564
Net assets attributable to owners of the Company under PRC GAAP		**41,490,236**	38,787,864

	Note	Net profit 2012 RMB'000	Net profit 2011 RMB'000
Profit for the year attributable to owners of the Company under IFRS		**4,062,268**	1,971,200
Impact of IFRS adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	**29,017**	29,691
Difference in accounting treatment on mining funds	(c)	**(75,257)**	(86,838)
Applicable deferred tax impact of the above GAAP Differences		**(1,100)**	4,357
Non-controlling interests' impact of the above GAAP Differences after tax		**(7,112)**	(8,299)
Net profit for the year attributable to owners of the Company under PRC GAAP		**4,007,816**	1,910,111

Notes:

(a) Difference in the commencement of depreciation of property, plant and equipment

This represents the depreciation difference arose from the different timing of the start of depreciation charge in previous years.

(b) Difference in accounting treatment on monetary housing benefits

Under PRC GAAP, the monetary housing benefits provided to employees who started work before 31 December 1998 were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company and its subsidiaries.

Under IFRS, these benefits are recorded as deferred assets and amortised on a straight-line basis over the estimated remaining average service lives of relevant employees.

(c) Difference in accounting treatment on mining funds

Under PRC GAAP, accrual of future development and work safety expenses are included in respective product cost or current period profit or loss and recorded in a specific reserve accordingly. When such future development and work safety expenses are applied and related to revenue expenditures, specific reserve is directly offset when expenses incurred. When capital expenditures are incurred, they are included in construction in progress and transferred to fixed assets when the related assets reach the expected use condition. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are not depreciated in subsequent periods.

Under IFRS, coal mining companies are required to set aside an amount to a fund for future development and work safety through transferring from retained earnings to restricted reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of future development and work safety expenses whereas restricted reserve is offset against retained earnings to the extent of zero.

CORPORATE INFORMATION

REGISTERED NAME OF THE COMPANY

大唐國際發電股份有限公司

ENGLISH NAME OF THE COMPANY

Datang International Power Generation Co., Ltd.

OFFICE ADDRESS OF THE COMPANY

No. 9 Guangningbo Street,
Xicheng District,
Beijing,
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Eversheds
21/F Gloucester Tower,
15 Queen's Road Central,
Hong Kong

LEGAL REPRESENTATIVE

Liu Shunda

AUTHORISED REPRESENTATIVES

Cao Jingshan
Zhou Gang

SECRETARY TO THE BOARD

Zhou Gang

PRINCIPAL BANKERS

In the PRC:

Industrial and Commercial Bank of China,
Xuanwu Branch
No. 3 Nanbinhe Road,
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21/F, Gloucester Tower,
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LISTING INFORMATION

H Shares

The Stock Exchange of Hong Kong Limited
Code: 00991

A Shares

Shanghai Stock Exchange
Code: 601991

H Shares

The London Stock Exchange Limited
Code: DAT

SHARE REGISTER AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17/F, Hopewell Center,
183 Queen's Road East,
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INFORMATION OF THE COMPANY

Available at:

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and

Hill+Knowlton Strategies Asia
36/F, PCCW Tower, Takioo Place
979 King's Road,
Hong Kong

GLOSSARY OF TERMS

The following terms have the following meaning in this annual report, unless otherwise required by the context.

"Group"	the Company and its subsidiaries
"Equivalent availability factor"	For a specified period and a given power plant, the ratio (usually expressed as a percentage) of the number of available hours in that period (reduced, in the case of hours in which the attainable generating capacity of such plant is less than the installed capacity, by the proportion of installed capacity not so attainable) to the to the total number of hours in that period
"Power generation"	For a specified period, the total amount of electrical power produced by a power plant in that period including electrical power consumed in the operation of the power plant
"Installed capacity"	The highest level of electrical output which a power plant is designed to be able to maintain continuously without causing damage to the plant
"kWh"	A unit of power generation equivalent to the output generated by 1,000 watts of power in one hour
"MW"	1,000,000 watts (equivalent to 1,000 kW)
"MWh"	A unit of power generation equivalent to the output generated by 1,000,000 watts of power in one hour
"On-grid generation"	The amount of power transmitted to a power network from a power plant as measured by the grid meter
"Utilisation hours"	For a specified period, the number of hours it would take for a power plant operating at installed capacity to generate the amount of electricity actually produced in that period

大唐国际发电股份有限公司

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DATANG INTERNATIONAL POWER GENERATION CO., LTD.