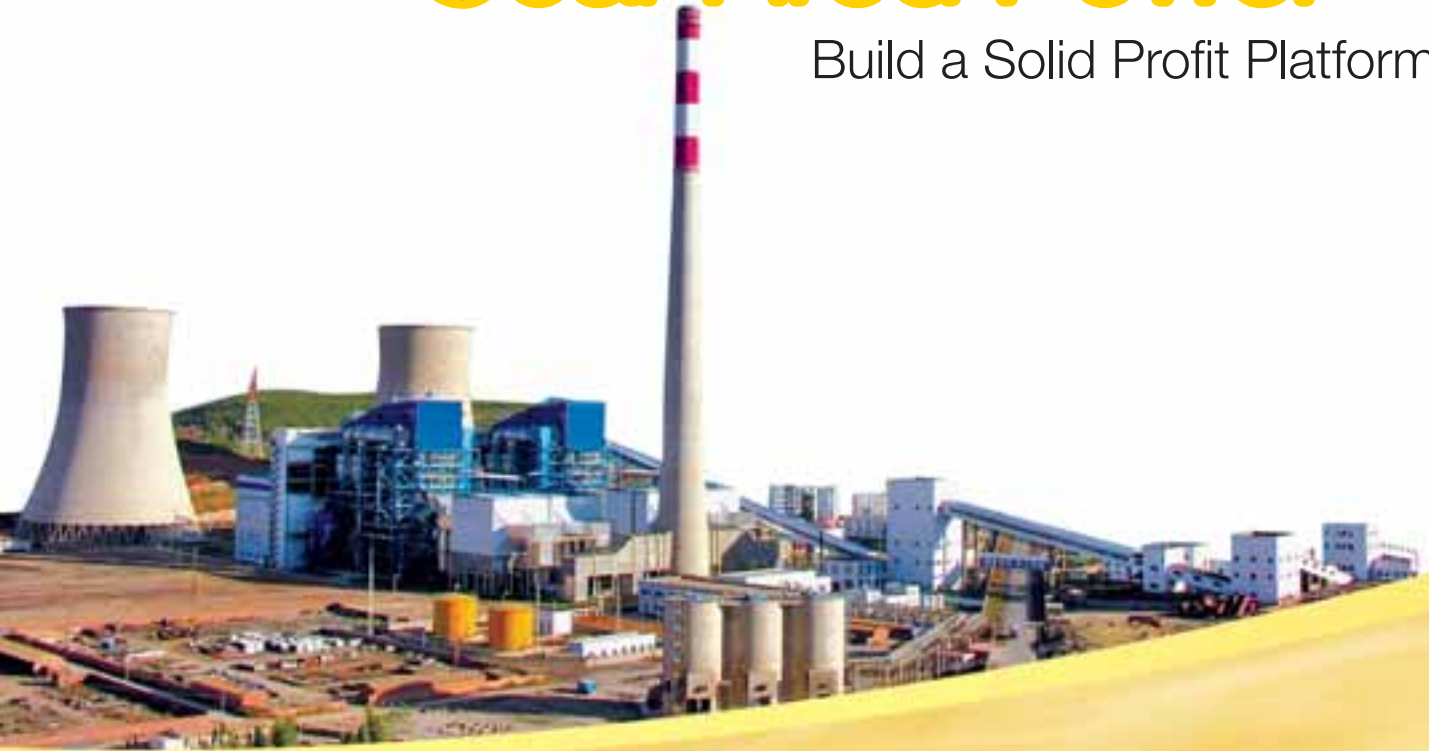


Further Develop

Coal-Fired Power

Build a Solid Profit Platform



In 2006, Datang Power had a total of 5,400 MW of coal-fired generation units commencing operation, including the generation units in Wushashan Power Project, Chaozhou Power Company, Ningde Power Company and Honghe Power Company. Datang Power will further develop coal-fired projects and build a solid platform for continued profit growth.



Chairman's Statement



Zhai Ruoyu
Chairman

To all shareholders:

In 2006, Datang Power made proud achievements in the areas of production, operation and project construction, accelerating its development backed by stronger integral capabilities. The Company's installed capacity continued to grow rapidly, with power generation and profits achieving significant growth.

For the year ended 31 December 2006 (the “Year”), the total consolidated assets of the Company and its subsidiaries and a jointly controlled entity (the “Company and its Subsidiaries”) amounted to approximately RMB90.711 billion, an increase of approximately RMB26.175 billion over the year of 2005 (the “Previous Year”). The consolidated operating revenue amounted to approximately RMB24.835 billion, an increase of approximately 38.02% over the Previous Year. Profit attributable to the Company’s shareholders amounted to approximately RMB2.778 billion, an increase of approximately 18.16% over the Previous Year. Earnings per share was approximately RMB0.54, an increase of approximately RMB0.08 per share over the Previous Year. As at 31 December 2006, total installed capacity of the Company and its Subsidiaries amounted to 19,430 MW.

During 2006, the Company continued to maintain a high level of safe production with an overall equivalent availability factor of 94.71%. Power generated by the Company and its Subsidiaries increased by 31.65% over the Previous Year. Coal consumption was approximately 343.30g/kWh, a decrease of approximately 7.30g/kWh over the Previous Year. Weighted self-consumption rate was approximately 6.00%, a decrease of approximately 0.14 percentage point as compared to the Previous Year.

At present, the domestic demand and supply of electricity in the PRC is gradually reaching a balance, with the average utilisation rate of power generation units expected to further decline. According to estimates, the utilisation rate of thermal power for 2007 will be around 5,300-5,400 hours, representing a year-on-year decrease of about 300 hours and a further decrease is expected for 2008. The State will also escalate its efforts on economic structure adjustments, as the development of an energy-saving and environment-friendly society has risen to a position of higher strategic importance. The situation has a deep impact on the operational development of Datang Power: the continued steady and rapid growth of the national economy offers an opportunity of continued development to power companies; and the growth of social power consumption will be maintained and will continue to provide the power sector with a lot of room for development. On the other hand, the development of an

energy-saving and environment-friendly society provides a precious opportunity to accelerate the development of clean energies and renewable energies. The State will step up its efforts to encourage the development of clean energies and renewable energies, in order to promote energy savings, consumption reduction and technological innovations on environmental protection. Under the aforesaid circumstances, the next few years will continue to present both challenges and opportunities to power companies.

In 2007, the Company will seize the unique development opportunities available to the industry, and will continue to pursue rapid, sustainable growth and unceasing enhancement of its integral capabilities. On the other hand, the Company will emphasize the balance between the pace of growth and the quality and effectiveness of growth, aiming to achieve synchronous growth in operating scale and effectiveness. The Company will be careful in selecting and improving on its projects, controlling construction costs and preventing investment and operational risks. In short, the Company will further enhance shareholder value, work hard to maximise profitability and strengthen its competitiveness and productivity, with a view to providing high-quality and safe power supply to the public and pushing forward a rapid, sustainable development of the Company.

Meanwhile, the Company will continue to count on its investors for their views and opinions and to seek effective communication with its shareholders, so as to achieve high management effectiveness and transparency. We will enhance our efforts in communicating with the market in various forms and in cultivating the Company’s influence in the market, in an endeavour to uphold its positive image and to procure a continued growth in shareholder value.

Last but not least, may I express my sincere gratitude to all shareholders, various organisations and friends for their trust and support over the year.

Zhai Ruoyu
Chairman

30 March 2007