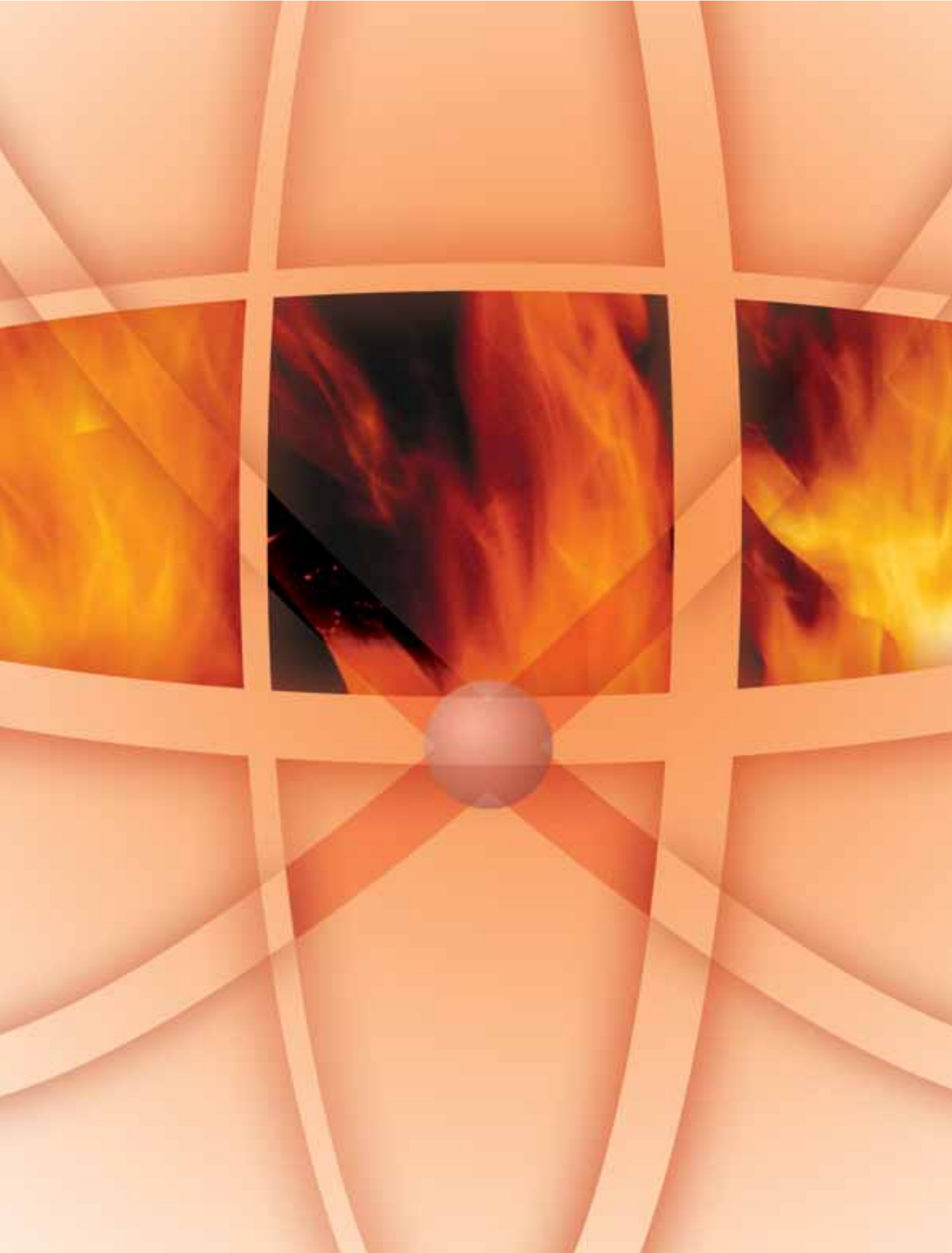


*Expand **Coal-Fired** Capacity*

Sustain Rapid Profit Growth

In 2007, besides acquiring Xinyu Power Generation Company's 400MW generation units to open up a development path in Jiangxi Province for the Company, Datang Power has also commenced construction work on the Phase I project with two 600MW generation units at Daba Power Generation in Ningxia approved by the State, thereby filling the Company's void in Ningxia region. In addition, two 600MW generation units of Yuncheng Power Company commenced commercial operation in January 2008. Datang Power will continue to expand its capacity in coal-fired power generation to maintain the Company's rapid profit growth momentum and to ensure a steady supply of power.





Chairman's Statement

Zhai Ruoyu
Chairman



To all shareholders:

In 2007, 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 profit achieving significant growth.



For the year ended 31 December 2007 (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 RMB121.773 billion, an increase of approximately RMB31.062 billion over the year of 2006 (the "Previous Year"). The consolidated operating revenue amounted to approximately RMB32.829 billion, an increase of approximately 31.85% over the Previous Year. Profit attributable to the Company's shareholders amounted to approximately RMB3.406 billion, an increase of approximately 22.62% over the Previous Year. Earnings per share was approximately RMB0.29, an increase of approximately RMB0.02 per share over the Previous Year. As at 31 December 2007, total installed capacity of the Company and its Subsidiaries amounted to 20,134.7 MW.

During 2007, the Company continued to maintain a high level of safe production with an overall equivalent availability factor of 94.62%. Power generated by the Company and its Subsidiaries increased by 26.56% over the Previous Year. Coal consumption was approximately 336.97g/kWh, a decrease of approximately 6.22g/kWh over the Previous Year. Weighted self-consumption rate was approximately 5.84%, a decrease of approximately 0.16 percentage point as compared to the Previous Year.

In 2008, the economic development of the PRC will be highlighted by the following characteristics: firstly, the national economy will continue to grow rapidly. To achieve the target of tripling the per capita GDP by 2020, the PRC economy has to maintain rapid growth over the next few years. Currently, the PRC is in a stage of industrialisation, accelerated urbanisation and private consumption structural upgrade, with ample momentum of internal development which will facilitate the continued, steady and rapid growth of the national economy. Secondly, the efforts on economic structural adjustments will be further reinforced. Through various approaches such as fiscal policies, tax policies and resource price adjustments, the State will rein in the excessive development and low-quality, redundant construction in high-energy consumption and high-pollution industries. The production scale of high-energy consumption and high-pollution enterprises will be subject to more stringent restrictions, and the progress on phasing out obsolete production capacity will be further accelerated. Thirdly, energy conservation and environmental protection requirements will be further raised. Year 2008 will be a crucial year to complete the energy conservation and emission reduction targets under the 11th Five-year Plan. To ensure the achievement of such targets, the State will continue to introduce policies and measures which facilitate resource conservation and environmental protection, as well as strengthening the effort on supervision and inspection. Fourthly, prices of resources including coal will remain on a continued upswing. The PRC has a shortage of resources and the current prices do not

adequately reflect the value and rarity of resources or fully embody the policy direction of resource conservation. Accordingly, raising the tax rates on resources and resource prices is inevitable. Under the multiple effects of imminent energy and resource pricing structure and supply-demand dynamics, prices of resources such as coal and petroleum will further increase. The fifth characteristic is a further tightening of the monetary policy. To prevent the structural increase in product prices from becoming a significant inflation, the State will adopt a contractionary monetary policy. Accordingly, it is necessary to exercise even stricter control over the credit scale and there is a possibility of a further rise in the benchmark interest rates. For power generation enterprises, the above-mentioned characteristics of the PRC economy bring immense development opportunities and tough challenges at the same time.

In 2008, the Company will seize the 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, 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

26 March 2008

