

Net Assets and Net Profit Reconciliation Between PRC GAAP and IFRS

The consolidated financial statements prepared by Datang International Power Generation Co., Ltd (the “Company”) and the Company and its subsidiaries and jointly controlled entity (the “Company and its subsidiaries”) in conformity with the Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises (“PRC GAAP”), is different from that prepared in accordance with International Financial Reporting Standards (“IFRS”) in certain respects. Influences of IFRS adjustments on net assets and net profit in financial statements of the Company and its subsidiaries are summarized as follow:

	Net assets	
	31 December 2007 RMB'000	31 December 2006 RMB'000 (Note1)
Net assets under PRC GAAP	34,007,341	26,992,067
Impact of IFRS adjustments:		
Difference in the recognition policy on housing benefits to the employees (a)	37,346	74,693
Difference in the commencement of depreciation of fixed assets (b)	(106,466)	(106,466)
Difference in accounting treatment on monetary housing benefits (c)	223,598	225,539
Difference in negative goodwill arising from acquisition of Yuzhou Mining Company (d)	57,957	–
Others	5,501	(16,753)
Applicable deferred tax impact of the above GAAP differences (f)	15,585	31,638
Net assets under IFRS	34,240,862	27,200,718



Net Assets and Net Profit Reconciliation Between PRC GAAP and IFRS (Cont'd)

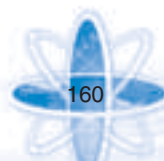
	Net profit	
	Year 2007 RMB'000	Year 2006 RMB'000 (Note 1)
Net profit under PRC GAAP	4,408,601	3,750,105
Impact of IFRS adjustments:		
Difference in the recognition policy on housing benefits to the employees (a)	(37,346)	(37,346)
Difference in accounting treatment on monetary housing benefits (c)	(45,815)	(31,009)
Difference in accounting treatment of performance payroll accrual (e)	–	(100,000)
Difference in negative goodwill arising from acquisition of Yuzhou Mining Company (d)	57,957	–
Others	22,753	–
Applicable deferred tax impact of the above GAAP differences (f)	(16,052)	603
Net profit under IFRS	4,390,098	3,582,353

Note 1: The Company and its Subsidiaries adopted Accounting Standards for Business Enterprises issued on 15 February 2006 since 1 January 2007, therefore the comparative figures in the financial statements for the year ended 31 December 2006 have been restated.

(a) Difference in the recognition policy on housing benefits to the employees

The Company provided housing to its employees at a discount price. The price difference between the selling price and the cost of housing is considered as housing benefits and is borne by the Company.

For PRC statutory reporting purposes, in accordance with the relevant regulations issued by the Ministry of Finance of the PRC, the total housing benefits provided by the Company before 6 September 2000 should be directly deducted from the statutory public welfare fund and those provided after 6 September 2000 are charged to non-operating expenses as incurred. Under IFRS, the housing benefits provided by the Company are recognised on a straight-line basis over the estimated remaining average service lives of the employees.



Net Assets and Net Profit Reconciliation Between PRC GAAP and IFRS (Cont'd)

(b) Difference in the commencement of depreciation of fixed assets

Under PRC GAAP, depreciation of fixed assets commences from one month after the relevant assets are completed and ready for its intended use. Under IFRS, depreciation commences immediately when the relevant assets are ready for its intended use.

(c) 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 retained earnings and statutory surplus reserve after approved by the general meeting of the Company.

Under IFRS, these benefits are recorded as deferred assets and amortised on a straight-line basis over the estimated service lives of relevant employees.

(d) Difference in minus goodwill arising from acquisition of Yuzhou Mining Company

Under PRC GAAP, the fair value of the net assets of Yuzhou Mining Company that was acquired by the Company below the consideration therefore resulted in a goodwill.

However, obtain GAAP differences increased the fair value of the acquired net identifiable assets under IFRS to an amount exceeded the consideration, including reversal of provisions for safety fund and development fund of coal mines etc. Hence, under IFRS, a negative goodwill was recognised and credited to the income statement or non-operating income.

(e) Difference in accounting treatment of performance payroll accrual

Performance payroll accrued under PRC GAAP, in accordance with relevant government policies, but not paid out at the end of the year does not meet all the criteria of recognising liabilities under IFRS. Therefore these unpaid balances were reversed under IFRS.

(f) Applicable deferred tax impact of the above GAAP differences

This represents deferred tax effect on the above GAAP difference where applicable.

