



大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(Stock Code : 991)



*Diversifying to
Enhance Power*

Interim Report 2008

Diversifying To Enhance POWER

Datang Power is committed to its diversification development strategy. Its generation structure has evolved from a single-mode thermal generation into a strategically balanced deployment of thermal power, hydropower, wind power and nuclear power. Its business structure has also extended from a pure power generation operation to a chain of upstream and downstream businesses related to power generation, forming a structure of integrated “coal-power-railway” operation.

Datang Power firmly believes that *diversification* on the one hand leverages the complementary advantages of various resources, thereby facilitating a sustainable development of the Company; and on the other hand allows the Company to take full advantage of the opportunities presented by the State’s promotion of renewable energy development. As such, Datang Power has gained all the competitive advantages and has much enhanced its *power* among its peers.

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RESULTS OF THE COMPANY

FINANCIAL HIGHLIGHTS

- Consolidated operating revenue amounted to approximately RMB17,652 million, representing an increase of 14.14% over the first half of 2007.
- Consolidated net profit attributable to equity holders of the Company amounted to approximately RMB406 million, representing a decrease of 77.52% over the first half of 2007.
- Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB0.03, representing a decrease of approximately RMB0.13 per share over the first half of 2007.

The board of directors (the "Board") of Datang International Power Generation Co., Ltd. (the "Company") hereby announces the unaudited consolidated operating results of the Company, its subsidiaries and jointly-controlled entities (the "Company and its Subsidiaries") prepared in accordance with the International Financial Reporting Standards ("IFRS") for the six months ended 30 June 2008 (the "Period"), together with the unaudited consolidated operating results of the first half of 2007 (the "Corresponding Period Last Year") for comparison. Such operating results have been reviewed and confirmed by the Company's audit committee (the "Audit Committee").

Consolidated operating revenue of the Company and its Subsidiaries for the Period was approximately RMB17,652 million, representing an increase of approximately 14.14% as compared to the Corresponding Period Last Year.

Consolidated net profit attributable to equity holders of the Company was approximately RMB406 million, representing a decrease of approximately 77.52% as compared to the Corresponding Period Last Year. Basic earnings per share attributable to equity holders of the Company for the Period amounted to approximately RMB0.03, representing a decrease of approximately RMB0.13 per share as compared to the Corresponding Period Last Year.

The Board does not recommend any payment of interim dividend for 2008.

Please refer to the unaudited condensed consolidated interim financial information set out in the Appendix for details of the consolidated operating results of the Company and its Subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is one of the largest independent power companies in the People's Republic of China (the "PRC"), which is primarily engaged in power generation businesses with its main focus on coal-fired power generation. As at 30 June 2008, the Company managed a total installed capacity of 22,896.7MW. The power generated by the Company and its Subsidiaries is primarily distributed in the Northern China Power Grid, the Gansu Power Grid, the Zhejiang Power Grid, the Yunnan Power Grid, the Fujian Power Grid, the Guangdong Power Grid, the Chongqing Power Grid and the Jiangxi Power Grid.

During the Period, the PRC's economy maintained steadily rapid growth, with a growth rate of the gross domestic product ("GDP") of 10.4%, down 1.8 percentage-points over the Corresponding Period Last Year. Power consumption continued to rise but at a slowing pace. Newly installed generation units increased but utilisation hours of power generation facilities were lower than that in the Corresponding Period Last Year. The imbalance in demand and supply of thermal coal was further aggravated by other negative factors including the domestic snowstorm, earthquake and suspension and safety rectifications of small coal mines. Thermal coal prices continued to surge to high levels with a marked deterioration in thermal coal quality, which severely undermined the profitability of power generation companies.

(A) BUSINESS REVIEW

During the Period, the Company and its Subsidiaries were confronted with unprecedented challenges in its operation and development under a grim operating environment. Facing such enormous operating pressure, the Company and its Subsidiaries took initiatives in planning budgets, rigorously enhancing production and operation, and stringently controlling costs and expenses, with a view to conscientiously mitigating the impact of various factors that depressed profits and ensuring steady, safe and orderly production and operation management of the Company, thereby maintaining profitability for the Company.

1. Maintained stable growth in power production

During the Period, total power generation of the Company and its Subsidiaries amounted to 62.2529 billion kWh, representing an increase of 11.08% when compared to the Corresponding Period Last Year. Total on-grid power generation amounted to 58.5987 billion kWh, representing an increase of 10.96% over the Corresponding Period Last Year.

The increases in total power generation and on-grid power generation were mainly attributable to an increase in capacity of operational generating units of the Company and its Subsidiaries as well as the safe and stable operation of the generating units. (1) Compared to the Corresponding Period Last Year, the Company and its Subsidiaries' newly installed capacity increased by 3,816.7MW. Given the shutdown of a 200MW generating unit at Xia Hua Yuan Power Plant and the shutdown of a 150MW generating unit at Hebei Datang International Tangshan Thermal Power Company Limited ("Tangshan Thermal Power Company"), the Company and its Subsidiaries had a net capacity increase of 3,466.7MW. (2) During the Period, no casualties or material damages to the above-mentioned production facilities occurred to the Company and its Subsidiaries during the course of power production. The equivalent availability factor of operational generating units stood at a relatively high level of 93.25%.

Details of power generation of the Company and its Subsidiaries during the Period were as follows:

Power Plant/Company Name	(Unit: billion kWh)	
	Power Generation for the first half of 2008	Growth (%)
1. Gao Jing Thermal Power Plant	1.7534	-4.45
2. Dou He Power Plant	5.4406	0.92
3. Xia Hua Yuan Power Plant	0.7091	-45.95
4. Zhang Jia Kou Power Plant	7.5100	-1.89
5. Tianjin Datang International Panshan Power Generation Company Limited ("Panshan Power Company")	3.4899	3.53
6. Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	9.8743	0.23
7. Shanxi Datang International Yungang Thermal Power Company Limited ("Yungang Thermal Power Company")	1.4713	2.24
8. Tangshan Thermal Power Company	2.3143	14.97
9. Shanxi Datang International Shentou Power Generation Company Limited ("Shentou Power Company")	3.1894	22.81
10. Gansu Datang International Liancheng Power Generation Company Limited ("Liancheng Power Company")	2.1554	5.50
11. Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Company")	3.7226	5.13
12. Zhejiang Datang Wushashan Power Generation Company Limited ("Wushashan Power Company")	6.3198	-1.24
13. Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company")	3.4878	22.08
14. Yunnan Datang International Honghe Power Generation Company Limited ("Honghe Power Company")	2.0877	-5.92
15. Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	3.5054	9.34
16. Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Company")	2.2051	-
17. Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	0.8735	-
18. Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited ("Hohhot Thermal Power Company")	0.2092	-
19. Hebei Datang International Huaze Hydropower Development Company Limited ("Huaze Hydropower Company")	0.0088	-16.19
20. Yunnan Datang International Nalan Hydropower Development Company Limited ("Nalan Hydropower Company")	0.1726	-9.16
21. Yunnan Datang International Lixianjiang Hydropower Development Company Limited ("Lixianjiang Hydropower Company")	0.4571	311.80
22. Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited ("Duolun Hydropower Company")	0.003216	-21.04
23. Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	1.0178	-
24. Qinghai Zhenxing-Aiyisi Power Company Limited ("Qinghai Zhenxing Power Company")	0.2258	-
25. Inner Mongolia Datang International Zhuozi Windpower Company Limited ("Zhuozi Windpower Company")	0.0488	-

2. Achieved remarkable results in energy savings and consumption reduction

During the Period, coal consumption of the Company was 332.47g/kWh, representing a decrease of approximately 4.5g/kWh over the Corresponding Period Last Year. The consolidated electricity consumption rate was 5.9%. The Company completed the desulphurisation upgrade projects for a capacity of 3,900MW in total for its 15 generating units, thus enabling the installed capacity with desulphurisation facilities to account for 97.10% of the coal-fired generating units of the Company and its Subsidiaries, or 100% of the coal-fired generation plants in the Beijing-Tianjin-Tangshan region.

3. Overcame various unfavourable factors, striving to realise profits for the Company

During the Period, the Company witnessed a sharp decline in profitability due to the combined effects of the skyrocketing fuel prices and other factors. To cope with the enormous operating pressure, the Company kept abreast of the trends of the market while taking initiatives in planning budgets, rigorously enhancing production and operation, and stringently controlling costs and expenses, with a view to conscientiously mitigating the impact of various factors such as surging fuel prices and rising financial costs that depressed profits, thereby maintaining profitability for the Company. During the Period, the Company and its Subsidiaries achieved a net profit attributable to equity holders of the Company of RMB406 million, representing a decrease of 77.52% from the Corresponding Period Last Year.

4. Kept overall construction of projects under control and achieved a breakthrough in preliminary works

During the Period, the Company continued to implement its development strategy with good progress in its preliminary projects, including coal-fired power, hydropower, nuclear power and wind power. Six projects were approved by the State's relevant authorities, including:

Coal-fired power projects: Two 600MW generating units at Phase 4 of the Tuoketuo Power Generation Project; two 300MW generating units at the Jinzhou Thermal Power Project. (In addition, two 300MW generating units at the Zhang Jia Kou Thermal Power Project and two 300MW generating units at Phase 2 of the Yungang Thermal Power Project were approved in July of 2008).

Nuclear power project: Four 1,000MW generating units at Phase 1 of the Ningde Nuclear Power Project.

Wind power projects: Phase 2 of the Shanxi Zuoyun Wind Power Project with a generating capacity of 49.5MW; Phase 1 of the Hebei Fengning Luotuogou Wind Power Project with a generating capacity of 48MW; Shandong Dongying Wind Power Project with a generating capacity of 49.5MW. (In addition, Phase 1 of the Inner Mongolia Hongmu Wing Power Project with a generating capacity of 48MW was approved in July of 2008).

Meanwhile, the power-related upstream and downstream projects of the Company such as coal mining, coal chemical and railway construction progressed at a steady pace as scheduled.

During the Period, the staff of the Company and its Subsidiaries overcame various challenges such as frequent natural disasters and difficulties in securing delivery of generation facilities and in carrying out construction works. They worked diligently, thereby keeping the Company's schedule of construction-in-progress largely under control. During the Period, a total of 2,962MW generating units commenced operation successfully.

(B) MAJOR FINANCIAL INDICATORS AND ANALYSIS

During the Period, the Company and its Subsidiaries achieved an operating revenue of RMB17,652 million, representing an increase of 14.14% over the Corresponding Period Last Year. Net profit attributable to the equity holders of the Company was RMB406 million, representing a decrease of 77.52% over the Corresponding Period Last Year. Basic earnings per share was approximately RMB0.03, representing a decrease of RMB0.13 per share over the Corresponding Period Last Year.

1. Operating revenue

The revenues from principal activities of the Company and its Subsidiaries mainly comprise revenues from electricity sales and heat sales.

During the Period, the Company and its Subsidiaries achieved a consolidated operating revenue of RMB17,652 million, representing an increase of 14.14% over the Corresponding Period Last Year. Of the operating revenue of RMB17,652 million, revenue from electricity sales increased by RMB1,611 million.

2. Operating costs

During the Period, total operating costs of the Company and its Subsidiaries amounted to RMB15,675 million, representing an increase of approximately RMB4,130 million or approximately 35.78% over the Corresponding Period Last Year.

During the Period, fuel costs accounted for 63.33% of operating costs of the Company and its subsidiaries. As a result of the increase in the commencement of operation of newly installed generating units and the increase in power generation of the Company and its Subsidiaries, as well as surging fuel prices, particularly, fuel costs rose by approximately RMB2,748 million or approximately 38.28% over the Corresponding Period Last Year, exceeding the growth rate of operating revenue.

3. Net financing costs

During the Period, the financing costs of the Company and its Subsidiaries amounted to RMB1,613 million, representing an increase of approximately RMB640 million or 65.78% over the Corresponding Period Last Year. The increase was mainly due to the termination of capitalisation of interests for newly installed generating units and the rise in interest expenses caused by an increase in lending rates during the Period.

4. Profit before tax and net profit

During the Period, the Company and its Subsidiaries reported a total consolidated profit before tax amounting to RMB525 million, representing a decrease of 82.42% over the Corresponding Period Last Year. Consolidated net profit attributable to shareholders of the Company and its Subsidiaries amounted to approximately RMB406 million, representing a decrease of 77.52% over the Corresponding Period Last Year. The decrease in profit of the Company and its Subsidiaries was mainly attributable to a sharp increase in fuel costs.

5. Financial position

As at 30 June 2008, total consolidated assets of the Company and its Subsidiaries amounted to approximately RMB144,182 million, representing an increase of approximately RMB22,408 million as compared to the end of 2007. Total liabilities of the Company and its Subsidiaries amounted to approximately RMB112,478 million, representing an increase of approximately RMB24,946 million over the end of 2007. Minority interests amounted to approximately RMB4,798 million, representing an increase of approximately RMB155 million over the end of 2007. Total equity amounted to approximately RMB31,703 million, representing a decrease of approximately RMB2,538 million over the end of 2007. The increase in total assets was primarily caused by the implementation of the expansion strategy by the Company and its Subsidiaries, which led to a corresponding increase in investments in construction-in-progress.

6. Liquidity

As at 30 June 2008, the asset-to-liability ratio for the Company and its Subsidiaries was approximately 78.01%. The net debt-to-equity ratio (i.e. (loans + convertible bonds + short-term commercial papers – cash and cash equivalents – short-term bank deposits with a maturity of over 3 months)/total equity) was approximately 268.30%.

As at 30 June 2008, total cash and cash equivalents and bank deposits with a maturity of over 3 months of the Company and its Subsidiaries amounted to approximately RMB9,257 million, of which the deposits equivalent to approximately RMB104 million were in foreign currencies. The Company and its Subsidiaries had no entrusted deposits or overdue fixed deposits during the Period.

As at 30 June 2008, short-term loans of the Company and its Subsidiaries amounted to approximately RMB34,946 million, bearing annual interest rates ranging from 3.08% to 9.71%. Long-term loans (excluding those due within 1 year) amounted to approximately RMB55,846 million and long-term loans due within 1 year amounted to approximately RMB3,441 million, at annual interest rates ranging from 3.60% to 7.83%, of which a loan equivalent to approximately RMB1,881 million was denominated in US dollar. The Company and its Subsidiaries paid close attention to foreign exchange market fluctuations and cautiously assessed foreign currency risks on a regular basis.

As at 30 June 2008, North China Grid Company Limited (“NCG”, originally North China Power (Group) Corp. and its subsidiaries) and some minority shareholders of the Company’s subsidiaries provided guarantees for the loans of the Company and its Subsidiaries amounting to approximately RMB5,059 million. According to the Transfer Agreement entered into between the NCG and China Datang Corporation, China Datang Corporation shall undertake the commitment for NCG to provide guarantee for the loans. The Company had not provided any guarantee in whatever forms for any other company apart from its subsidiaries, jointly controlled entities and associates.

(C) OUTLOOK FOR THE SECOND HALF OF 2008

In 2008, the Company has a daunting task on maintaining stable and healthy development under a mixed condition with opportunities and challenges. Recently, the State raised the tariffs twice and made a temporary intervention in thermal coal prices, thereby effectively easing the pressure on the operations of the Company and its Subsidiaries. However, the continuously tight supply and the significant increase in thermal coal prices still affected the production and profitability of the Company and its Subsidiaries considerably. In addition, the financing of the Company and its Subsidiaries will face a challenging situation due to the State's tightening monetary policies as part of the macro-economic control measures. Furthermore, the drop in utilisation hours of generating units has further imposed pressure on the operations of the Company and its Subsidiaries.

Facing a difficult operating environment, the Company and its Subsidiaries will actively expand its room for development and strengthen its marketing and sales efforts, by fully utilising its advantages in resources, scale, geographical distribution and costs. The Company plans to realise power generation of 140 billion kWh, while exercising stringent cost controls and striving to contain the increase in unit fuel cost increase, with a view to enhancing the profitability of the Company.

In the second half of 2008, the Company will focus on the following tasks:

1. Strengthening production safety and management and ensuring stable operation of its generating units;
2. Implementing the power generation increment plan supported by a guaranteed fuel supply: The Company will increase revenues and reduce expenses at the same time with a view to boosting economic efficiency;
3. Fulfilling its social obligation of environmental protection by achieving its objectives of energy-saving and consumption reduction, as well as ensuring that the Company and its Subsidiaries achieve a 100% rate of desulphurisation facility installation for all coal-fired units, with the desulphurisation facility operation rate and desulphurisation efficiency both reaching 95%;
4. Promoting preliminary works in an orderly manner: The Company will have a proper control in different phases of its construction-in-progress to commence operation safely and successfully, by adhering to the principle of ensuring synchronised advancement in safety, quality, progress and production preparation;
5. Continuing the implementation of the Company's diversified development strategy, by actively pursuing the expansion of the Company in projects such as coal-fired power, hydropower, wind power and nuclear power as well as pursuing the development of power-related upstream and downstream projects such as coal mining, coal chemical and railway, so as to ensure the Company's sustainable development;
6. Actively expanding financing channels to secure fundings for the Company's development in scale.

SHARE CAPITAL AND DIVIDENDS

1. SHARE CAPITAL

As at 30 June 2008, the total share capital of the Company amounted to 11,743,355,283 shares, divided into 11,743,355,283 shares with a nominal value of RMB1.00 each.

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, as at 30 June 2008, the following persons hold the interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company under section 336 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Law of Hong Kong):

Name of shareholder	Class of shares	Number of shares held	Approximate percentage to total issued share capital of the Company (%)	Approximate percentage to total issued A Shares of the Company (%)	Approximate percentage to total issued H Shares of the Company (%)
China Datang Corporation	A Shares	3,959,241,160	33.71	46.78	–
Beijing Energy Investment (Group) Company Limited	A Shares	1,343,584,800	11.44	15.87	–
Hebei Construction Investment Company	A Shares	1,303,878,100	11.10	15.40	–
Tianjin Jinneng Investment Company	A Shares	1,212,012,600	10.32	14.32	–
JPMorgan Chase & Co.	H Shares	385,052,344(L)	3.28(L)	–	11.74(L)
		43,756,362(S)	0.37(S)		1.33(S)
		255,897,360(P)	2.18(P)		7.80(P)
Morgan Stanley	H Shares	318,280,940(L)	2.71(L)	–	9.71(L)
		145,499,195(S)	1.24(S)		4.44(S)
T.Rowe Price Associates, Inc. and its affiliates	H Shares	191,046,000(L)	1.63(L)	–	5.83(L)
UBS AG	H Shares	170,678,364(L)	1.45(L)	–	5.21(L)
		98,696,789(S)	0.84(S)		3.01(S)

(L) means long position (S) means short position (P) means lending pool

3. DIVIDENDS

The distribution proposal on the payment of dividends for the year ended 2007 in cash was considered and approved at the 2007 annual general meeting of the Company held on 30 May 2008. The above distribution arrangement was completed before the date of this announcement.

The Board does not recommend the payment of any interim dividend for 2008.

4. SHAREHOLDING OF THE DIRECTORS AND SUPERVISORS

As at 30 June 2008, 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 interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of SFO) that were

required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") under the provisions of 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 or otherwise required to be notified to 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 Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

SIGNIFICANT EVENTS

1. Pursuant to the resolutions of the 2007 annual general meeting held on 30 May 2008, it was resolved that:
 - (1) Mr. Cao Jingshan was appointed as an executive director of the Company, with term of office from 30 May 2008 to 30 June 2010; and that Mr. Zhang Yi ceased to be an executive director of the Company.
 - (2) Mr. Li Hengyuan was appointed as an independent non-executive director of the Company, with term of office from 30 May 2008 to 30 June 2010.
 - (3) Mr. Zhang Xiaoxu was appointed as a supervisor of the Company, with term of office from 30 May 2008 to 30 June 2010; Mr. Zhang Wantuo ceased to be a supervisor of the Company.
2. Pursuant to the resolutions passed at the seventh meeting of the sixth session of the Board on 14 April 2008, Mr. Cao Jingshan was appointed as the President of the Company, with term of office from 14 April 2008, while Mr. Zhang Yi ceased to be the President of the Company.

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

During the Period, the Company and its Subsidiaries have not purchased, sold or redeemed any of its listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

To the knowledge of the Board, the Company has complied with the code provisions under the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the Period.

COMPLIANCE WITH THE MODEL CODE

Upon specific enquiries made to all the directors of the Company and to the information of the Board, the Board confirmed that all directors of the Company have complied with the provisions under the Model Code as set out in Appendix 10 of the Listing Rules during the Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and methods adopted by the Company and its Subsidiaries with the management of the Company. It has also discussed matters regarding internal controls and the financial statements, including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2008.

The Audit Committee considers that the financial information of the Company and its Subsidiaries for the first half year of 2008 has complied with the applicable accounting standards, and that the Company has made appropriate disclosures thereof.

By Order of the Board

Zhai Ruoyu

Chairman

Beijing, the PRC, 26 August 2008

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2008
(Amounts expressed in thousands of Renminbi ("Rmb"))

	Note	30 June 2008	31 December 2007
ASSETS			
Non-current assets			
Property, plant and equipment	3	117,862,977	102,585,084
Investments in associates		1,231,691	1,341,906
Available-for-sale investments	4	2,724,742	4,733,764
Land use right		812,446	813,935
Deferred housing benefits		227,259	260,945
Intangible assets	5	2,230,567	202,190
Other long-term assets		2,156	170,000
Deferred income tax assets		378,715	156,792
		125,470,553	110,264,616
Current assets			
Short-term entrusted loans to subsidiaries and associates		50,086	47,751
Inventories		1,430,257	1,051,181
Prepayments and other receivables		3,148,923	1,018,112
Accounts receivable	6	4,767,653	4,945,475
Notes receivable		56,621	747,917
Short-term bank deposits over three months	7	104,610	49,500
Cash and cash equivalents	7	9,152,828	3,648,823
		18,710,978	11,508,759
Total assets		144,181,531	121,773,375
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Share capital		11,743,355	11,734,083
Reserves		15,161,958	17,863,420
		26,905,313	29,597,503
Minority interests		4,797,928	4,643,359
Total equity		31,703,241	34,240,862
Non-current liabilities			
Long-term loans	8	55,846,384	44,272,875
Deferred income		384,940	387,056
Deferred income tax liabilities		970,007	1,141,953
Other long term liabilities	9	3,957,917	98,667
		61,159,248	45,900,551
Current liabilities			
Accounts payable and accrued liabilities	10	12,016,862	10,743,690
Taxes payable		247,092	942,917
Dividend payable		449,498	40,757
Short-term loans	8	34,946,449	22,608,530
Short-term bonds		-	3,000,000
Current portion of long-term liabilities	11	3,659,141	4,296,068
		51,319,042	41,631,962
Total liabilities		112,478,290	87,532,513
Total equity and liabilities		144,181,531	121,773,375

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

For The Six Months Ended 30 June 2008
(Amounts expressed in thousands of Rmb, except per share data)

	Note	Six months ended 30 June	
		2008	2007
Operating revenue	12	17,651,951	15,465,022
Operating costs	18(b)	(15,674,724)	(11,544,567)
Operating profit		1,977,227	3,920,455
Share of profit of associates		128,010	6,905
Interest income		32,645	31,121
Finance costs	18(b)	(1,613,055)	(973,005)
Profit before taxation		524,827	2,985,476
Taxation	13	28,075	(732,806)
Profit for the period		552,902	2,252,670
Attributable to:			
– Equity holders of the Company		406,225	1,807,257
– Minority interests		146,677	445,413
		552,902	2,252,670
Earnings per share for profit attributable to the equity holders of the Company during the period			
– basic (Rmb)	14	0.03	0.16
– diluted (Rmb)	14	0.03	0.16

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For The Six Months Ended 30 June 2008
(Amounts expressed in thousands of Rmb)

Note	Attributable to equity holders of the Company										
	Share capital	Reserves							Total reserves	Minority interests	Total equity
		Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Other reserve	Retained earnings			
Balance as at 1 January 2007	5,662,849	6,432,245	2,292,203	5,741,287	181,244	422	840,304	2,745,497	18,233,202	3,304,667	27,200,718
Fair value gains, net of tax: available-for-sale financial assets	-	-	-	-	-	-	912,354	-	912,354	-	912,354
Profit for the period	-	-	-	-	-	-	-	1,807,257	1,807,257	445,413	2,252,670
Currency translation differences	-	-	-	-	-	(2,426)	-	-	(2,426)	-	(2,426)
Total recognised income and expense for the period	-	-	-	-	-	(2,426)	912,354	1,807,257	2,717,185	445,413	3,162,598
Conversion of convertible bonds	170,230	796,394	-	-	-	-	(112,673)	-	683,721	-	853,951
Capital injection from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	1,006,010	1,006,010
Dividends declared	-	-	-	-	-	-	-	(1,348,714)	(1,348,714)	(176,771)	(1,525,485)
Release of restricted reserve	-	-	-	-	(34,162)	-	-	34,162	-	-	-
Transfer to discretionary surplus reserve	-	-	-	1,020,774	-	-	-	(1,020,774)	-	-	-
Balance as at 30 June 2007	5,833,079	7,228,639	2,292,203	6,762,061	147,082	(2,004)	1,639,985	2,217,428	20,285,394	4,579,319	30,697,792

Attributable to equity holders of the Company											
Note	Share capital	Reserves							Total reserves	Minority interests	Total equity
		Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Other reserve	Retained earnings			
Balance as at 1 January 2008	11,734,083	1,519,014	2,602,239	6,762,061	124,625	(2,844)	3,329,500	3,528,825	17,863,420	4,643,359	34,240,862
Fair value gains, net of tax available-for-sale financial assets	-	-	-	-	-	-	(1,742,229)	-	(1,742,229)	-	(1,742,229)
Profit for the period	-	-	-	-	-	-	-	406,225	406,225	146,677	552,902
Currency translation differences	-	-	-	-	-	25,828	-	-	25,828	-	25,828
Total recognised income and expense for the period	-	-	-	-	-	25,828	(1,742,229)	406,225	(1,310,176)	146,677	(1,163,499)
Government grant received in subsidiary	-	-	-	-	-	-	10,880	-	10,880	-	10,880
Impact of acquisition of minority interests	-	-	-	-	-	-	-	(5,552)	(5,552)	(57,038)	(62,590)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	781,143	781,143
Capital injection from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	96,520	96,520
Conversion of convertible bonds	11	9,272	14,979	-	-	-	(3,011)	-	11,968	-	21,240
Dividends declared	15	-	-	-	-	-	-	(1,408,582)	(1,408,582)	(812,733)	(2,221,315)
Release of restricted reserve	15	-	-	-	(20,553)	-	-	20,553	-	-	-
Profit appropriations	15	-	-	-	38,631	-	-	(38,631)	-	-	-
Balance as at 30 June 2008	11,743,355	1,533,993	2,602,239	6,800,692	104,072	22,984	1,595,140	2,502,838	15,161,958	4,797,928	31,703,241

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For The Six Months Ended 30 June 2008
(Amounts expressed in thousands of Rmb)

	Note	Six months ended 30 June	
		2008	2007
Net cash provided by operating activities		3,520,144	6,817,751
Net cash used in investing activities	18	(16,062,936)	(9,380,255)
Net cash provided by financing activities	18	18,052,841	3,727,161
Net increase in cash and cash equivalents		5,510,049	1,164,657
Cash and cash equivalents, beginning of period		3,648,823	4,451,284
Exchange losses on cash and cash equivalents		(6,044)	(2,504)
Cash and cash equivalents, end of period		9,152,828	5,613,437

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008
(Amounts expressed in thousands of Rmb unless otherwise stated)

1. COMPANY ORGANISATION AND PRINCIPAL ACTIVITIES

Datang International Power Generation Co., Ltd. (the "Company") was incorporated in Beijing, the People's Republic of China (the "PRC"), on 13 December 1994 as a joint stock limited company. The Company listed its H Shares on the Stock Exchange of Hong Kong Limited and the London Stock Exchange Limited on 21 March 1997 and was registered as a sino-foreign joint stock limited company on 13 May 1998. On 20 December 2006, the Company listed its A Shares on the Shanghai Stock Exchange.

The principal activity of the Company and its subsidiaries and jointly controlled entities (the "Company and its Subsidiaries") is power generation and power plant development in the PRC. Substantially all of the businesses of the Company and its Subsidiaries are conducted within one industry segment.

The directors consider that the significant shareholder of the Company is China Datang Corporation ("China Datang"), which is incorporated in the PRC and does not produce financial statements available for public use.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

A significant portion of the Company and its Subsidiaries' funding requirements for capital expenditure was satisfied by short-term borrowings. Consequently, as at 30 June 2008, the Company and its Subsidiaries had a negative working capital balance of approximately Rmb32,608 million (31 December 2007 – Rmb30,123 million). The Company and its Subsidiaries had undrawn borrowing facilities, subject to certain conditions, amounting to approximately Rmb51,402 million (31 December 2007 – Rmb55,069 million) and may refinance and/or restructure certain short-term loans into long-term loans and will also consider alternative sources of financing, where applicable. The directors of the Company are of the opinion that the Company and its Subsidiaries 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.

There are no standards, interpretations or amendments to published standard or interpretations that are mandatory for the first time for the financial year beginning 1 January 2008 and are relevant to the operations of the Company and its Subsidiaries.

The new standards, interpretations or amendments to published standards or interpretations that have been issued but are not effective for the financial year beginning 1 January 2008 have not been early adopted by the Company and its Subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT, NET

	30 June 2008	31 December 2007
Beginning of the period / year	102,585,084	77,505,966
Acquisition	2,208,071	2,081,320
Additions	16,575,300	28,094,871
Finance lease	4,138,949	–
Sold for lease-back	(4,040,474)	–
Disposals	(653,910)	(136,682)
Depreciation	(2,950,043)	(4,960,391)
End of the period / year	117,862,977	102,585,084

Equipment includes the following amounts where the Company and its Subsidiaries are the lessees under finance leases:

	30 June 2008
Cost – capitalised finance leases	4,138,949
Accumulated depreciation	(66,740)
Net book value	4,072,209

4. AVAILABLE-FOR-SALE INVESTMENTS

	Six months ended 30 June 2008
Beginning of the period	4,733,764
Additional investments	1,800
Change in fair value*	(2,010,822)
End of the period	2,724,742

* Change in fair value of available-for-sale investments mainly represents the decrease of the share price of Daqin Railway Company Limited's A shares, which are listed in the Shanghai Stock Exchange.

5. INTANGIBLE ASSETS

	Goodwill*	Coal mine exploration rights and mining rights**	Resource use rights	Computer software	Total
Six months ended					
30 June 2008					
Beginning of period	148,707	–	24,595	28,888	202,190
Additions	498,263	1,527,731	–	8,907	2,034,901
Transfer out	–	–	(210)	–	(210)
Amortisation for the period	–	–	(1,832)	(4,482)	(6,314)
End of period	646,970	1,527,731	22,553	33,313	2,230,567
At 30 June 2008					
Cost	646,970	1,527,731	30,549	48,208	2,253,458
Accumulated amortisation	–	–	(7,996)	(14,895)	(22,891)
Net book amount	646,970	1,527,731	22,553	33,313	2,230,567

* The additions of goodwill in current period were recognised based on provisional purchase price allocation, which may need to be revised when a full and reliable fair value exercise of each acquisition is completed.

** Coal mine exploration rights and mining rights will be amortised on the units of production method after the coal mines commence operation.

6. ACCOUNTS RECEIVABLE

Accounts receivable of the Company and its Subsidiaries mainly represents the receivables from North China Grid Company Limited ("NCG"), State Grid Corporation of China and other provincial grid companies for tariff revenue. The tariff revenue is settled on a monthly basis according to the payment provisions in the power purchase agreements. These receivables are unsecured and non-interest bearing. As at 30 June 2008 and 31 December 2007, all tariff revenue receivables from the respective grid companies were aged within three months, and no doubtful debts were considered necessary.

As at 30 June 2008, receivables amounting to Rmb 278,000,000 (the book value of which is Rmb 278,000,000, aged within one year, and no doubtful debt provision was considered necessary) are pledged for short-term bank loan amounting to Rmb278,000,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

6. ACCOUNTS RECEIVABLE (Continued)

Ageing analysis of accounts receivable is as follows:

	30 June 2008	31 December 2007
Within 1 year	4,767,653	4,928,268
Between 1 to 2 years	–	17,207
	4,767,653	4,945,475

7. CASH AND CASH EQUIVALENTS

	30 June 2008	31 December 2007
Bank deposits	7,319,861	2,989,547
Deposits with China Datang Group Finance Company Limited ("Datang Finance")	1,796,970	600,296
Cash on hand	804	838
Other monetary assets	35,193	58,142
Cash and cash equivalent	9,152,828	3,648,823
Short-term bank deposits with original maturity over 3 months	104,610	49,500
	9,257,438	3,698,323

8. LOANS

As at 30 June 2008, the Company and its Subsidiaries had short-term and long-term loans payable to Datang Finance totalling Rmb1,410,000,000 and Rmb203,500,000 (31 December 2007 – Rmb1,926,500,000 and Rmb203,500,000), respectively.

9. OTHER LONG TERM LIABILITIES

	30 June 2008	31 December 2007
Finance lease payables*	3,987,912	–
Others	104,809	98,667
	4,092,721	98,667
Less: Amounts due within one year included under current liabilities	(134,804)	–
	3,957,917	98,667

* Finance lease payables

Finance lease payables are the present value of the minimum lease payment for the financial lease of fixed assets.

Gross finance lease liabilities – minimum lease payments:

	30 June 2008
Within one year	416,241
Between one and two years	701,271
Between two and five years	2,103,814
Over five years	2,367,132
	5,588,458

The present value of finance lease liabilities is as follows:

	30 June 2008
Within one year	134,804
Between one and two years	430,019
Between two and five years	1,430,531
Over five years	1,992,558
	3,987,912

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30 June 2008	31 December 2007
Construction costs and deposits payable to contractors	5,110,894	6,350,445
Fuel and material costs payable	5,209,495	2,983,131
Salary and welfare payable	272,990	337,995
Interest rate swap liability	86,621	51,970
Interest payable	237,893	247,128
Assets acquisition payable	131,770	361,184
Others	967,199	411,837
	12,016,862	10,743,690

As at 30 June 2008 and 31 December 2007, other than certain deposits for construction which were aged between one to three years, substantially all accounts payable were aged within one year.

As at 30 June 2008, the notional principal amount of the outstanding interest rate swap contract of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited was USD179,825,486 (31 December 2007 – USD186,955,486), and the fixed rate and floating rate were 5.15% (31 December 2007 – 5.15%) and 4.08% (31 December 2007 – 5.39%) (LIBOR offered by British Bankers' Association on 14 January 2008), respectively.

11. CURRENT PORTION OF LONG-TERM LIABILITIES

	30 June 2008	31 December 2007
Long-term loans due within one year	3,441,091	4,187,569
Convertible bonds due within one year*	83,246	108,499
Long term liabilities due within one year (Note 9)	134,804	–
	3,659,141	4,296,068

11. CURRENT PORTION OF LONG-TERM LIABILITIES *(Continued)*

* Convertible bonds due within one year

The movement of the liability component of the convertible bonds during the six months ended 30 June 2008 is as follows:

Liability component at beginning of the period	108,499
Convert into ordinary share	(21,157)
Interest expense	2,728
Interest payments	(408)
Exchange rate adjustment	(6,416)
<u>Liability component at end of the period</u>	<u>83,246</u>
<u>Less: Amounts due within one year included under current liabilities</u>	<u>(83,246)</u>

—

The carrying amount of the liability component as at 30 June 2008 of the convertible bonds approximated its fair value.

Interest expense on the bonds is calculated on the effective yield basis of 5.51% (2007 – 5.51%) per annum by applying the effective interest rate for an equivalent non-convertible bonds to the liability component of the convertible bond after considering the effect of issuance cost.

12. OPERATING REVENUE

	Six months ended	
	2008	2007
Sales of electricity	16,959,162	15,347,761
Heat supply	113,794	78,182
Sales of coal	379,636	—
Transportation service fees	84,990	—
Sales of material	72,378	26,005
Others	41,991	13,074
<u></u>	<u>17,651,951</u>	<u>15,465,022</u>

Pursuant to the Power Purchase Agreements entered into between the Company and its Subsidiaries and the regional or provincial grid companies, the Company and its Subsidiaries sell their entire net generation of electricity to these grid companies at approved tariff rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

13. TAXATION

	Six months ended 30 June	
	2008	2007
Current tax	193,057	794,005
Deferred tax	(221,132)	(61,199)
	(28,075)	732,806

Income tax is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expense items, which are not assessable or deductible for income tax purposes.

In March 2007, the PRC government promulgated the Corporate Income Tax Law (the "CIT Law") which is effective from 1 January 2008. The CIT Law imposes a single income tax rate of 25% for both domestic and foreign invested enterprise. Except the subsidiaries subject to tax exemption, the Company and its Subsidiaries applied the tax rate of 25% under the CIT Law from 1 January 2008.

Income tax has been provided on the estimated assessable profit for the period at their prevailing rates of taxation. Certain subsidiaries, being located in specially designated regions, are subject to preferential income tax rates. In addition, certain subsidiaries are exempted from the PRC income tax for two years starting from the first year of operation followed by a 50% exemption of the applicable tax rate for the next three years.

14. EARNINGS PER SHARE

(i) Basic earnings per share

The calculation of basic earnings per share for profit attributable to the equity holders of the Company was based on profit attributable to equity holders of the Company and on the weighted average amount of shares outstanding during the period.

	Six months ended 30 June	
	2008	2007
Profit attributable to equity holders of Company (Rmb '000)	406,225	1,807,257
Weighted average number of ordinary shares in issue (shares in thousand)	11,735,810	5,763,261
Impact of bonus issue (shares in thousand)	–	5,763,261
Weighted average number of ordinary shares for basic earnings per share (shares in thousand)	11,735,810	11,526,522
Basic earnings per share for profit attributable to the equity holders of the Company (Rmb)	0.03	0.16

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

14. EARNINGS PER SHARE (Continued)

(ii) Diluted earnings per share

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expenses less the tax effect.

	Six months ended	
	30 June	
	2008	2007
Profit attributable to equity holders of Company (Rmb '000)	406,225	1,807,257
Interest expense on convertible debt (net of tax)(Rmb '000)	1,762	3,328
<hr/>		
Profit used to determine diluted earnings per share (Rmb '000)	407,987	1,810,585
<hr/>		
Weighted average number of ordinary shares for basic earnings per share (shares in thousand)	11,735,810	11,526,522
Adjustments for assumed conversion of convertible bonds (including the impact of share capital expansion*) (shares in thousand)	36,682	112,176
<hr/>		
Weighted average number of ordinary shares for diluted earnings per share (shares in thousand)	11,772,492	11,638,698
<hr/>		
Diluted earnings per share for profit attributable to the equity holders of the Company (Rmb)	0.03	0.16

* According to the terms and conditions of the convertible bonds, if the Company makes a bonus issue (in either case credited as fully paid by way of capitalisation of profits or reserves), the conversion price will be adjusted to mirror the change of outstanding ordinary shares due to the bonus issue, hence the assumed conversion of convertible bonds have been adjusted retrospectively according to the bonus issue approved in the general meeting held on 29 June 2007.

15. PROFIT APPROPRIATIONS

Dividends

In the general meeting held on 30 May 2008, the shareholders approved a cash dividend amounting to Rmb 1,408,582,000 in respect of the year ended 31 December 2007. The amounts have been reflected as an appropriation of retained earnings for the six months ended 30 June 2008.

On 16 June 2008, the Company announced the payment of cash dividends of Rmb 1,408,582,000, with reference to the total 11,738,183,947 outstanding ordinary shares as at 30 April 2008 representing the cash dividend per share of Rmb 0.12.

Reserves

During the period, approximately Rmb20,553,000 have been transferred from the restricted reserve to retained earnings. This amount represented amortisation of deferred housing benefits for the six months ended 30 June 2008, net of the additional deferred housing benefits incurred during the same period.

An appropriation of approximately Rmb38,631,000 to the discretionary surplus reserve for the year ended 31 December 2007 was approved by the shareholders on the general meeting held on 30 May 2008.

16. RELATED PARTIES AND TRANSACTIONS

(i) The related parties of the Company and its Subsidiaries are as follows:

Names of related parties	Nature of relationship
Related parties in which the Company has no equity interest:	
China Datang	Substantial Shareholder
Tianjin Jinneng Investment Company ("Tianjin Jinneng")	Shareholder
Datang Gansu Power Generation Co., Ltd. Liancheng Power Plant ("Datang Gansu Liancheng Power")	Subsidiary of the Substantial Shareholder
China National Water Resources and Electric Power Materials and Equipment Co., Ltd. ("China Water Resources and Power")	Subsidiary of the Substantial Shareholder
China Datang Technologies and Engineering Co., Ltd. ("Datang Technologies")	Subsidiary of the Substantial Shareholder
Other State-controlled Enterprises	Related parties of the Company
Related parties in which the Company has equity interest:	
North China Electric Power Research Institute Company Limited ("NCEPR")	Associate
Beijing Texin Datang Heat Company Limited ("Datang Texin")	Associate
Tongmei Datang Tashan Power Generation Company Limited ("Tashan Power Company")	Associate
Datang Finance	Associate
Inner Mongolia Datang Tongfang Silicon and Aluminium Technology Company Limited ("Tongfang Silicon and Aluminium")	Associate

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

16. RELATED PARTIES AND TRANSACTIONS (Continued)

(ii) The following is a summary of the major related party transactions undertaken by the Company and its Subsidiaries during the period:

	Six months ended 30 June	
	2008	2007
Ash disposal fee to China Datang	28,946	28,946
Rental fee to China Datang	3,614	3,614
Technical supervision, assistance and testing service fee to NCEPR	18,255	21,096
Heat revenue from Datang Texin	58,053	28,045
Fuel management fee to China Datang	4,852	–
Interest expense to Datang Finance	76,186	49,681
Interest expense to Tianjin Jinneng	–	1,425
Rental fee to Datang Gansu Liancheng Power	–	7,500
Purchase of materials from Datang Gansu Liancheng Power	2,569	–
Purchase of power generation quota from Datang Gansu Liancheng Power	2,392	–
Purchase of equipment from Datang Technologies	–	25,962
Sales of equipment to China Water Resources and Power	68,371	–
Commission for equipment purchase from China Water Resources and Power	7,850	90
Interest income from Tongfang Silicon and Aluminium	1,533	–
Interest income from Datang Finance	6,333	5

Transactions with other state-controlled entities

The PRC government controls a significant portion of the assets and a substantial number of entities in the PRC. The PRC government is considered to be the Company's ultimate controlling party. Apart from the transactions disclosed above, the Company and its Subsidiaries also conduct a majority of its business with state-controlled entities.

Many state-controlled entities have a multi-layered and complicated corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that the Company and its Subsidiaries have provided meaningful disclosures of related party transactions, with inclusion of the following disclosures of material transactions and balances with other state-controlled entities.

16. RELATED PARTIES AND TRANSACTIONS *(Continued)*

(ii) The following is a summary of the major related party transactions undertaken by the Company and its Subsidiaries during the period: *(Continued)*

	Six months ended 30 June	
	2008	2007
Sales of electricity	16,959,162	15,347,761
Sales of heat	113,794	78,182
Interest income from state-controlled banks / non-bank financial institution	32,645	31,121
Interest expense on loans borrowed from state-controlled banks / non-bank financial institution	2,815,859	1,551,987
Purchases of property, plant and equipment (including construction-in-progress)	11,803,520	4,920,848
Purchases of fuel	8,305,685	8,916,362
Purchases of spare parts and consumable supplies	366,193	538,763
Drawdown of short-term loans from state-controlled banks / non-bank financial institution	28,365,935	10,343,967
Repayments of short-term loans from state-controlled banks / non-bank financial institution	20,596,336	9,128,396
Drawdown of long-term loans borrowed from state-controlled banks / non-bank financial institution	12,650,330	8,543,231
Repayments of long-term loans borrowed from state-controlled banks / non-bank financial institution	2,844,803	6,363,745
Other charges		
– Repairs and maintenance services	44,275	51,656
– Transportation expenses	17,711	9,284
	30 June 2008	31 December 2007
<i>Guaranteed loans</i>		
Loans guaranteed by		
– NCG	727,357	804,634
– Other state-controlled entities	4,331,935	1,856,578

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

16. RELATED PARTIES AND TRANSACTIONS *(Continued)*

(iii) Key Management Compensation

	Six months ended	
	2008	2007
Basic salaries and allowances	556	634
Bonus	806	1,820
Retirement benefits	54	149
Other benefits	806	476

17. ACQUISITION

(i) Acquisition of Zhenxing Power Co., Ltd. ("Zhenxing Power")

In January 2008, Datang International (Hong Kong) Limited entered into an agreement with Zhenxing Group Co., Ltd. and Zeng Wei to acquire 70% and 20% interest in Zhenxing Power, respectively, with a total consideration of Rmb652 million. This acquisition became effective on 10 March 2008.

The details of net assets acquired and the related cash flow arising from this acquisition are as follows:

	Acquiree's carrying value	Fair value
Cash and cash equivalents	3,446	3,446
Accounts receivable and other receivables	22,110	22,110
Other current assets	8,378	8,378
Property, plant and equipment	1,297,195	1,328,605
Loans	(918,000)	(918,000)
Accounts payable and accrued liabilities	(40,708)	(40,708)
Other liabilities	(1,245)	(9,097)
Net assets	371,176	394,734
Net assets acquired (90%)		355,261
Add: goodwill (Note 5)		296,839
Total consideration		652,100
In which cash consideration paid		(622,100)
Cash inflow on acquisition		3,446
Net cash outflow on acquisition		(618,654)

17. ACQUISITION *(Continued)*

(i) Acquisition of Zhenxing Power Co., Ltd. ("Zhenxing Power") *(Continued)*

The acquired business contributed revenues of Rmb44 million and net profit of Rmb0.75 million to the consolidated operating results for the period from 10 March 2008 to 30 June 2008. If the acquisition had occurred on 1 January 2008, the consolidated revenue would have been Rmb17,671 million, and profit attributable to the equity holders of the Company would have been Rmb412million.

(ii) Acquisition of Erdos Linyang Resource Consulting Co., Ltd. ("Linyang Company")

In January 2008, the Company entered into an agreement with Inner Mongolia Changqing Coal Sales Co., Ltd. and some individual shareholders of Linyang Company to acquire 32% interest in Linyang Company, with a total consideration of Rmb256 million. This acquisition became effective on 1 February 2008. In addition, in February 2008, the Company entered into an agreement with Inner Mongolia Changqing Coal Sales Co., Ltd. to acquire 20% interest in Linyang Company, with a consideration of Rmb178 million. This acquisition became effective on 11 March 2008. Thereafter the Company controlled 52% interest in Linyang Company and became the controlling shareholder.

The details of net assets acquired and the related cash flow arising from this acquisition are as follows:

	On the first acquisition date	
	Acquiree's carrying value	Fair value
Cash and cash equivalents	4	4
Property, plant and equipment	300	360
Intangible assets	8,884	800,319
Tax payables	(162)	(162)
Other liabilities	–	(197,369)
Net assets	9,026	603,152
Net assets acquired (32%)		193,009
Add: goodwill (Note 5)		63,144
Total consideration		256,153

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

17. ACQUISITION (Continued)

(ii) Acquisition of Erdos Linyang Resource Consulting Co., Ltd. ("Linyang Company") (Continued)

	On the second acquisition date	
	Acquiree's carrying value	Fair value
Cash and cash equivalents	4	4
Property, plant and equipment	297	357
Intangible assets	8,884	800,319
Tax payables	(162)	(162)
Other liabilities	–	(197,369)
Net assets	9,023	603,149
Net assets acquired (20%)		120,629
Add: goodwill (Note 5)		57,033
Total consideration		177,662
Cash consideration paid for the first acquisition		(256,153)
Cash consideration paid for the second acquisition		(177,662)
Cash inflow on acquisition		4
Net cash outflow on acquisition		(433,811)

The acquired business contributed nil revenue and nil net profit to the consolidated operation results. If the acquisition had occurred on 1 January 2008, there would be nil impact to the consolidated revenue and net profit attributable to the equity holders of the Company.

17. ACQUISITION (Continued)

(iii) Acquisition of Shanxi Zhongqiang Trade Co., Ltd. ("Zhongqiang Company")

In February 2008, the Company entered into an agreement with Fushan Jietong Industrial Co., Ltd. and Ji Hongping to make an investment of Rmb500 million to hold 48% interest in Zhongqiang Company and then acquire another 3% interest in Zhongqiang Company from Ji Hongping with a consideration of Rmb45 million. This acquisition became effective on 23 May 2008. The Company controlled 51% interest in Zhongqiang Company and became the controlling shareholder.

The details of net assets acquired and the related cash flow arising from this acquisition are as follows:

	Acquiree's carrying value	Fair value
Cash and cash equivalents	539,438	539,438
Other receivables and current assets	101,335	101,335
Property, plant and equipment	74,775	60,361
Intangible assets	12,284	557,412
Accounts payable and accrued liabilities	(215,874)	(215,874)
Other liabilities	(674)	(133,353)
Net assets	511,284	909,319
Net assets acquired (51%)		463,753
Add: goodwill (Note 5)		81,247
Total consideration		545,000
In which cash consideration paid		(500,000)
Cash inflow on acquisition		539,438
Net cash inflow on acquisition		39,438

The acquired business contributed nil revenue and nil net profit to the consolidated operation results. If the acquisition had occurred on 1 January 2008, there would be nil impact to the consolidated revenue and net profit attributable to the equity holders of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

18. SUPPLEMENTAL FINANCIAL INFORMATION

(a) Condensed consolidated balance sheet

	30 June 2008	31 December 2007
Net current liabilities	32,608,064	30,123,203
Total assets less current liabilities	92,862,489	80,141,413

(b) Condensed consolidated income statement

	Six months ended 30 June	
	2008	2007
Interest expense	2,978,606	1,639,636
Less: amount capitalised in property, plant and equipment	(1,306,798)	(590,529)
	1,671,808	1,049,107
Exchange gain, net	(138,136)	(83,206)
Fair value (loss)/gain on an interest rate swap	36,683	(17,051)
Others	42,700	24,155
Finance costs	1,613,055	973,005
Cost of inventories		
– Fuel	9,926,269	7,178,182
– Spare parts and consumable supplies	361,743	114,427
Depreciation	2,914,545	2,389,709
Amortisation		
– Land use rights	8,969	8,262
– Intangible assets	6,314	4,145
Amortisation of deferred housing benefits	33,748	49,198
Dividend income	–	(51,699)
Donation	3,000	–

18. SUPPLEMENTAL FINANCIAL INFORMATION *(Continued)*

(c) Condensed consolidated cash flow statement

	Six months ended 30 June	
	2008	2007
Investing activities, included:		
Additions to property, plant and equipment	(15,072,231)	(9,262,247)
Financing activities, included:		
Drawdown of short-term loans	28,365,935	10,655,760
Repayments of short-term loans	(20,596,336)	(9,456,686)
Drawdown of long-term loans	13,945,290	6,793,549
Repayments of long-term loans	(3,118,259)	(6,450,995)

19. COMMITMENTS

(a) Capital commitments

As at 30 June 2008, the Company and its Subsidiaries had capital commitments of investments amounted to Rmb13,088 million (31 December – 2007 Rmb13,423million). In addition, capital commitments of the Company and its Subsidiaries in relation to the construction and renovation of the electric utility plants not provided for in the balance sheet were as follows:

	30 June 2008	31 December 2007
Authorised and contracted for	22,409,586	34,619,857
Authorised but not contracted for	32,057,893	19,999,208
	54,467,479	54,619,065

A substantial portion of the above capital commitment is in relation to a coal mining project for which the Company and its Subsidiaries has not yet obtained the relevant mining license. If the mining license is not obtained at the end of the exploration work, there will be no capital commitment for this coal mining project.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

19. COMMITMENTS (Continued)

(b) Operating lease commitments

Operating lease commitments extending to November 2016 in relation to buildings were as follows:

	30 June 2008	31 December 2007
Amounts repayable		
Within one year	11,862	11,391
Between one to five years	32,837	37,273
Over five years	25,298	28,913
	69,997	77,577

20. FINANCIAL GUARANTEES

	30 June 2008	31 December 2007
Guarantee for loan facilities granted to associates	849,090	862,250

Based on historical experience, no claims have been made against the Company and its Subsidiaries since the dates of granting the financial guarantees described above.

21. NET ASSETS AND NET PROFIT RECONCILIATION BETWEEN PRC GAAP AND IFRS

The consolidated financial statements, which are prepared by the Company and its Subsidiaries in conformity with PRC GAAP, differ in certain respects from IFRS. Major differences between PRC GAAP and IFRS, which affect the net assets and net profit of the Company and its Subsidiaries, are summarised as follows:

	Net assets	
	30 June 2008	31 December 2007
Net assets under PRC GAAP	31,496,894	34,007,341
Impact of IFRS adjustments:		
Difference in the recognition policy on housing benefits to the employees (a)	18,673	37,346
Difference in the commencement of depreciation of property, plant and equipment (b)	(106,466)	(106,466)
Difference in accounting treatment on monetary housing benefits (c)	208,586	223,598
Difference in negative goodwill arising from acquisition of Yuzhou Mining Company (d)	57,957	57,957
Others	14,424	5,501
Applicable deferred tax impact of the above GAAP differences (e)	13,173	15,585
Net assets under IFRS	31,703,241	34,240,862

	Net profit	
	For six months ended 30 June	
	2008	2007
Net profit under PRC GAAP	580,139	2,303,804
Impact of IFRS adjustments:		
Difference in the recognition policy on housing benefits to the employees (a)	(18,673)	(18,673)
Difference in accounting treatment on monetary housing benefits (c)	(15,075)	(30,525)
Others	8,923	–
Applicable deferred tax impact of the above GAAP differences (e)	(2,412)	(1,936)
Net profit under IFRS	552,902	2,252,670

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For The Six Months Ended 30 June 2008

(Amounts expressed in thousands of Rmb unless otherwise stated)

21. NET ASSETS AND NET PROFIT RECONCILIATION BETWEEN PRC GAAP AND IFRS *(Continued)*

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

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

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 and its Subsidiaries 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 and its Subsidiaries are recognised on a straight-line basis over the estimated remaining average service lives of the employees.

(b) Difference in the commencement of depreciation of property, plant and equipment

Under PRC GAAP, depreciation of property, plant and equipment commences from one month after the relevant assets are completed and ready for their 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 the retained earnings and statutory public welfare fund after approval 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 negative 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 goodwill.

However, certain 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 unused safety fund and development fund of coal mines etc. Hence, under IFRS, a negative goodwill was recognised and credited to the income statement as non-operating income.

(e) Applicable deferred tax impact on the above GAAP differences

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