大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.
(Stock Code : 991)

Focus in Power Generation,
Pursue **Synergistic Diversifications,**
Grow into an **Energy Conglomerate.**

2009 Annual Report

Contents

Focus in Power Generation,

Pursue Synergistic Diversifications, Grow into an Energy Conglomerate.

Datang Power has always been committed to its diversification development strategy throughout the years. The Company has witnessed its generation structure evolving from 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.

In the future, based on various successful initiatives in its diversification strategy, Datang Power will further the development of its generation structure and business structure. It will continue to enhance its coal-fired power; aggressively expand its hydropower; continuously develop wind power; actively pursue nuclear power; focus on suitable coal operations; steadily develop coal-to-chemical projects; and secure a complementary development of railway, port and shipping. Through furthering its diversifications, Datang Power marches towards all-encompassing synergistic developments, endeavouring to develop into an integrated energy company that enjoys a domestic leadership position and international reputation.

enhancing
Coal-fired Power

aggressively expanding
Hydropower

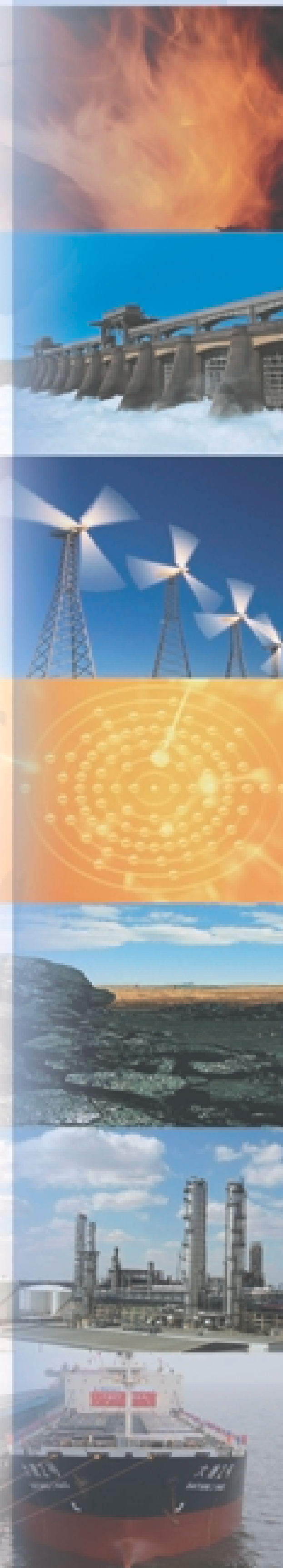
continuously developing
Wind Power

actively pursuing
Nuclear Power

focusing on suitable
Coal Operations

steadily developing
Coal Chemical

complementing with
Railway, Port and Shipping



Company Profile

Strategic Positioning

The Company focuses in the power generation business whilst deploying diversifications; and strives for profitability as a priority whilst seeking synergistic developments. Datang Power aims to develop itself into a company with an operation-cum-holding orientation, an integrated energy company that enjoys a domestic leadership position and international reputation having strong development capabilities, profitability and competitiveness.

Implementation Strategies

The Company will uphold an integrated-assets positioning: with the power generation business as its core development; with coal operations as its foundation; with coal-to-chemical 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; actively pursue nuclear power; steadily develop coal-to-chemical projects; focus on suitable coal operations; and secure a complementary development of railway, port, and shipping.

Datang International Power Generation Company Limited ("Datang Power" or the "Company", formerly Beijing Datang Power Generation Company Limited) 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 is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, and the repair and maintenance of power equipment and power related technical services. Currently, the Company manages over 100 power generation companies, which it wholly owns or has a controlling interest in, plus other project companies covering 18 provinces throughout the country (municipalities and autonomous regions). As at 31 December 2009, the registered capital of the Company amounted to approximately Rmb11.695 billion, with total consolidated assets of the Company and its subsidiaries amounting to approximately RMB184.2 billion respectively. Total installed capacity in operation of the Company and its subsidiaries amounted to 30,741.8MW.

10.98% Beijing Energy Investment (Group) Company	11.03% Hebei Construction Investment Company	33.61% China Datang Corporation*	10.29% Tianjin Jinneng Investment Company	28.15% Other Holders of H Shares	5.94% Other Holders of A Shares

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

Energy Chemical Company	Guangdong Branch	Fujian Branch	Yunnan Electric Power Generation Company Limited
Tongzhou Technology Company	Shanxi Representative Office	Liaoning Branch	Jiangxi Branch
Fuel Company	Inner Mongolia Branch	Chongqing Branch	Hong Kong Company

Dou He Power Plant (1,550MW)	Gao Jing Power Plant (600MW)	Xia Hua Yuan Power Plant (200MW)	Zhang Jia Kou Power Plant (2,400MW)

Attributable Interest	Company Name
60%	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (3,600MW)
55%	Jiangsu Datang International Lvsigang Power Generation Company Limited (2,640MW)
51%	Fujian Datang International Ningde Power Generation Company Limited (2,520MW)
51%	Zhejiang Datang Wushashan Power Generation Company Limited (2,400MW)
80%	Shanxi Datang International Yuncheng Power Generation Company Limited (1,200MW)
75%	Guangdong Datang Internatinal Chaozhou Power Generation Company Limited (1,200MW)
75%	Tianjin Datang International Panshan Power Generation Company Limited (1,200MW)
70%	Hebei Datang International Wangtan Power Generation Company Limited (1,200MW)
40%	Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited (1,200MW)
40%	Tongmei Datang Tashan Power Generation Company Limited (1,200MW)
100%	Shanxi Datang International Yungang Thermal Power Company Limited (1,040MW)
60%	Shanxi Datang International Shentou Power Generation Company Limited (1,000MW)
100%	Liaoning Datang International Jinzhou Thermal Power Generation Limited (600MW)
84%	Hebei Datang International Fengrun Thermal Power Company Limited (600MW)
80%	Hebei Datang International Tangshan Thermal Power Company Limited (600MW)
70%	Yunnan Datang International Honghe Power Generation Company Limited (600MW)
55%	Gansu Datang International Liancheng Power Generation Company Limited (600MW)
51%	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited (600MW)

Attributable Interest	Company Name
100%	Jiangxi Datang International Xinyu Power Generation Company (440MW)
100%	Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited (300MW)
40%	Liaoning Diaobingshan Coal Gangshi Power Generation Company Limited (300MW)
57%	Qian'an Datang Thermal Power Company Limited (220MW)
100%	Jiangxi Datang International Fuzhou Power Generation Company Limited
80%	Shanxi Datang International Linfen Thermal Power Company Limited
70%	Chongqing Datang International Shizhu Power Generation Company Limited
40%	Chongqing Datang Internatioanal Pengshui Hydropower Development Company Limited (1,750MW)
70%	Yunnan Datang International Lixianjiang Hydropower Development Company Limited (1,435MW)
51%	Chongqing Datang International Wulong Hydropower Development Company Limited (600MW)
90%	Qinghai Datang International Zhiganglaka Hydropower Development Company Limited (152MW)
51%	Yunnan Datang International Nalan Hydropower Development Company Limited (150MW)
90.43%	Hebei Datang International Huaze Hydropower Development Company Limited (20MW)
51%	Inner Mongolia Datang International Duolun Hydropower Multiple Development Company (4.7MW)
100%	Xizang Datang International Nujiang Upstream Hydropower Development Company Limited
80%	Sichuan Datang International Ganzi Hydropower Development Company Limited
70%	Yunan Datang International Biyuhe Hydropower Development Company Limited
70%	Yunnan Datang International Hengjiang Hydropower Development Company Limited
45%	Ningxia Datang International Daba Power Generation Company Limited (1,200MW)

Attributable Interest	Company Name
60%	Yunnan Datang International Wenshan Hydropower Development Company Limited
40%	Yunnan Datang International Deqin Hydropower Development Company Limited
100%	Fujian Datang Zhangzhou Wind Power Company Limited (101.6MW)
100%	Shanxi Datang International Zuoyun Wind Power Generation Company Limited (49.5MW)
100%	Inner Mongolia Datang International Zhuozi Wind Power Company Limited (40MW)
100%	Chongqing Datang International Wulongxingshun Wind Power Company Limited
100%	Fujian Datang International Wind Power Development Company Limited
100%	Hebei Datang International Hydropower Development Company Limited
100%	Inner Mongolia Datang International Wind Power Development Company Limited
100%	Liaoning Datang International Hydropower Development Company Limited
100%	Liaoning Datang International Faku Wind Power Development Company Limited (49.5MW)
100%	Datang International Chemical Technology Research Institute Company Limited#
60%	Datang Inner Mongolia Duolun Coal Chemical Company Limited#
26%	Inner Mongolia Datang International Renewable Energy Resource Development Company Limited#
100%	Inner Mongolia Datang Internationl Xilinhaote Mining Company Limited
52%	Inner Mongolia Datang International Zhunge'er Mining Company Limited
50%	Hebei Yuzhou Energy Multiple Development Company Limited
28%	Tongmei Datang Tashan Coal Mine Company Limited
97.54%	Jiangsu Datang Shipping Company Limited

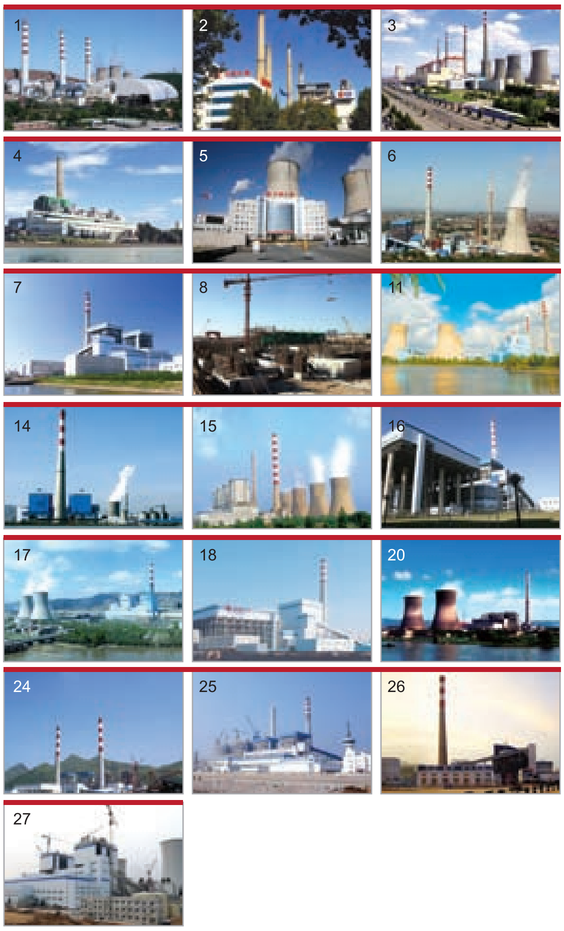
Note: The above are the conditions of the major companies under the Company's management (with equity interests or controlling interests) and the shareholding situation as at 31 December 2009.

Wholly owned by Energy Chemical Company

* Among the H shares, China Datang Corporation's wholly-owned subsidary CDC Overseas Investment Co., Ltd. holds 234,680,000 H shares, hence, China Datang Corporation and CDC Overseas Investment Co., Ltd. hold 4,193,921,160 shares in total as at 31 December 2009, representing 35.60% of the Company's total share capital.

Distribution of Projects

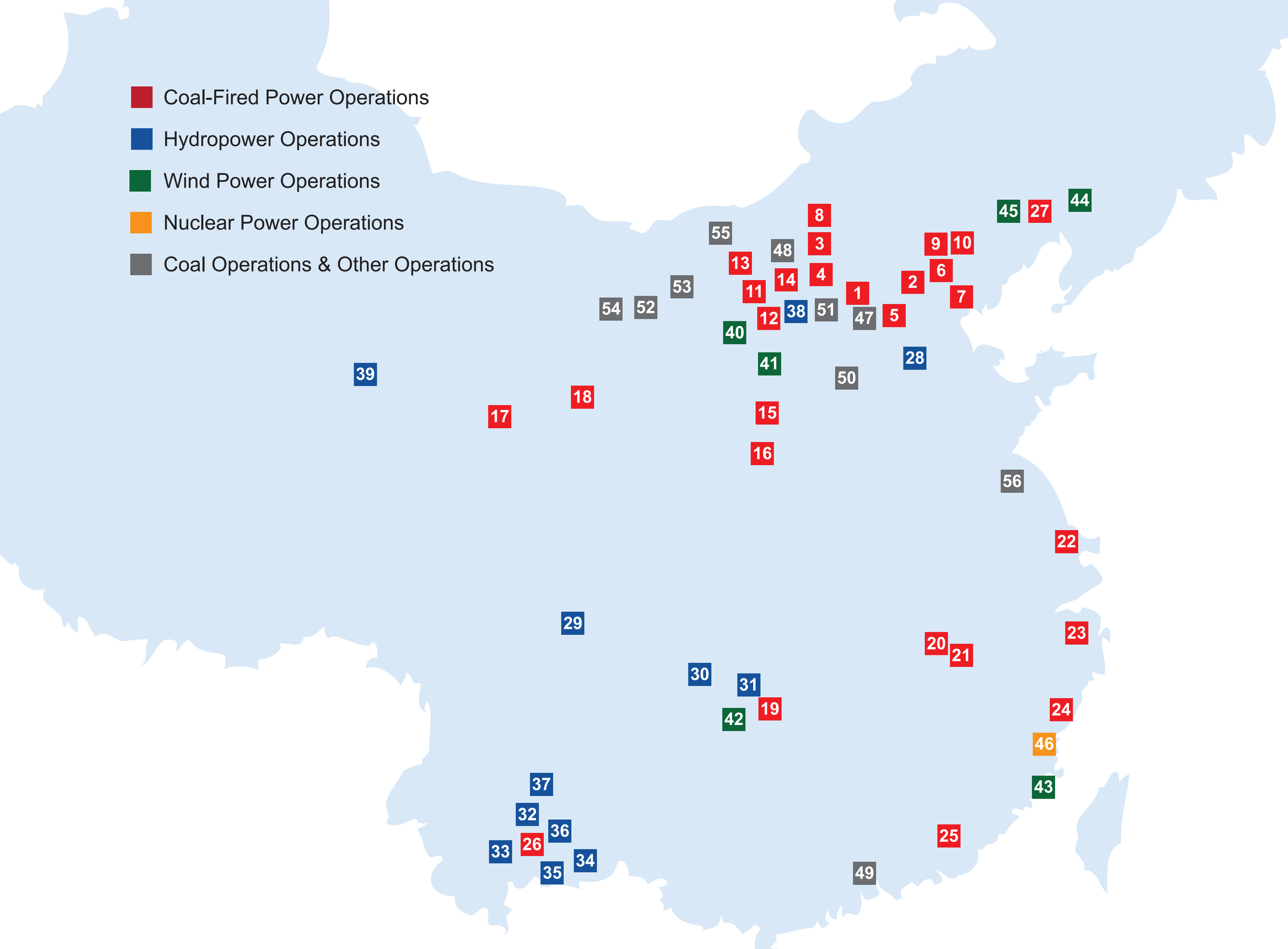
Coal-Fired Power Operations



1	Gao Jing Thermal Power Plant	Beijing City
2	Dou He Power Plant	Hebei Province
3	Zhang Jia Kou Power Plant	Hebei Province
4	Xia Hua Yuan Power Plant	Hebei Province
5	Tianjin Datang International Panshan Power Generation Company Limited ("Panshan Power Company")	Tianjin City
6	Hebei Datang International Tangshan Thermal Power Company Limited ("Tangshan Thermal Power Company")	Hebei Province
7	Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Company")	Hebei Province
8	Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited ("Zhangjiakou Thermal Power Company")	Hebei Province
9	Hebei Datang International Fengrun Thermal Power Company Limited ("Fengrun Thermal Power Company")	Hebei Province
10	Qian'an Datang Thermal Power Company Limited ("Qian'an Thermal Power Company")	Hebei Province
11	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	Inner Mongolia Autonomous Region
12	Inner Mongolia Datang International Tuoketuo IIPower Generation Company Limited ("Tuoketuo II Power Company")	Inner Mongolia Autonomous Region
13	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited ("Hohhot Thermal Power Company")	Inner Mongolia Autonomous Region
14	Shanxi Datang International Yungang Thermal Power Company Limited ("Yungang Thermal Power Company")	Shanxi Province
15	Shanxi Datang International Shentou Power Generation Company Limited ("Shentou Power Company")	Shanxi Province
16	Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Company")	Shanxi Province
17	Gansu Datang International Liancheng Power Generation Company Limited ("Liancheng Power Company")	Gansu Province
18	Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company")	Ningxia Hui Autonomous Region
19	Chongqing Datang International Shizhu Power Generation Company Limited ("Shizhu Power Company")	Chongqing City
20	Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	Jiangxi Province
21	Jiangxi Datang International Fuzhou Power Generation Company Limited ("Fuzhou Power Company")	Jiangxi Province
22	Jiangsu Datang International Lvsigang Power Generation Company Limited ("Lvsigang Power Company")	Jiangsu Province
23	Zhejiang Datang International Wushashan Power Generation Company Limited ("Wushashan Power Company")	Zhejiang Province
24	Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	Fujian Province
25	Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company")	Guangdong Province
26	Yunnan Datang International Honghe Power Generation Company Limited ("Honghe Power Company")	Yunnan Province
27	Liaoning Datang International Jinzhou Thermal Power Generation Company Limited ("Jinzhou Thermal Power Company")	Liaoning Province

Hydropower Operations

28	Hebei Datang International Huaze Hydropower Development Company Limited ("Huaze Hydropower Company")	Hebei Province
29	Sichuan Datang International Ganzi Hydropower Generation Development Company Limited ("Ganzi Hydropower Company")	Sichuan Province
30	Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	Chongqing City
31	Chongqing Datang International Wulong Hydropower Development Company Limited ("Wulong Hydropower Company")	Chongqing City
32	Yunnan Datang International Electric Power Generation Company Limited ("Yunnan Power Company")	Yunnan Province
33	Yunnan Datang International Lixianjiang Hydropower Development Company Limited ("Lixianjiang Hydropower Company")	Yunnan Province
34	Yunnan Datang International Nalan Hydropower Development Company Limited ("Nalan Hydropower Company")	Yunnan Province
35	Yunnan Datang International Wenshan Hydropower Development Company Limited ("Wenshan Hydropower Company")	Yunnan Province
36	Yunnan Datang International Deqin Hydropower Development Company Limited ("Deqin Hydropower Company")	Yunnan Province
37	Yunnan Datang International Hengjiang Hydropower Development Company Limited ("Hengjiang Hydropower Company")	Yunnan Province
38	Inner Mongolia Datang International Duolun Hyropower Multiple Development Company Limited ("Duolun Hydropower Company")	Inner Mongolia Autonomous Region
39	Qinghai Datang International Zhiganglaka Hydropower Company Limited ("Zhiganglaka Hydropower Company")	Qinghai Province



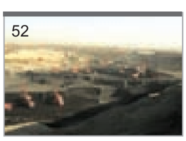
Wind Power Operations

40	Inner Mongolia Datang International Zhuozi Wind Power Company Limited ("Zhuozi Windpower Company")	Inner Mongolia Autonomous Region
41	Shanxi Datang International Zuoyun Wind Power Company Limited ("Zuoyun Windpower Company")	Shanxi Province
42	Chongqing Datang International Wulong Xingshun Wind Power Company Limited ("Xingshun Windpower Company")	Chongqing City
43	Fujian Datang Zhangzhou Wind Power Company ("Zhangzhou Windpower Company")	Fujian Province
44	Liaoning Datang International Wind Power Generation Company Limited ("Liaoning Windpower Company")	Liaoning Province
45	Liaoning Datang International Faku Wind Power Development Company Limited	Liaoning Province

Nuclear Power Operations

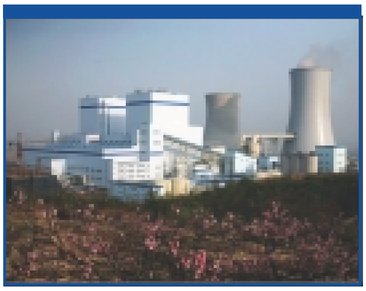
46	Fujian Ningde Nuclear Power Company Limited ("Ningde Nuclear Power Company")	Fujian Province

Coal Operations & Other Operations



47	Datang Energy Chemical Company Limited	Beijing City
48	Hebei Yuzhou Energy Multiple Development Company Limited ("Yuzhou Energy Company")	Hebei Province
49	Datang International (Hong Kong) Limited ("Hong Kong Company")	Hong Kong
50	Datang International Chemical Technology Research Institute Company Limited ("Chemical Technology Development Institute")	Beijing City
51	Beijing Datang Fuel Company Limited ("Fuel Company")	Beijing City
52	Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company")	Inner Mongolia Autonomous Region
53	Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Energy Company")	Inner Mongolia Autonomous Region
54	Inner Mongolia Datang Tongfang Silicon Aluminum Technology Company Limited ("Silicon Aluminum Technology Company")	Inner Mongolia Autonomous Region
55	Inner Mongolia Datang International Zhungeer Mining Company Limited ("Zhungeer Mining Company")	Inner Mongolia Autonomous Region
56	Jiangsu Datang Shipping Company Limited	Jiangsu Province

Major Events in 2009



New Units Commenced Operation

- Two 300MW units at Jinzhou Thermal Power Company were formally put into commercial operation.
- Units 3 & 4 of the Phase II (2x300MW) expansion project at Yungang Thermal Power Company were formally put into commercial operation.
- Two 600MW units at Daba Power Company were formally put into commercial operation.
- Two 300MW units at Fengrun Thermal Power Company were formally put into commercial operation.
- One 300MW unit at Zhangjiakou Thermal Power Company were formally put into commercial operation.

- Two 660MW units at Ningde Power Company were formally put into commercial operation.
- Three 150MW units at the Gelantan Hydropower Station of Lixianjiang Hydropower Company were formally put into commercial operation.
- Three 95MW units at the Jufudu Hydropower Station of Lixianjiang Hydropower Company were formally put into commercial operation.
- 49.5MW at Zuoyun Wind Power Company, 49.5MW at Faku Wind Power Company and 49.5MW at Liaoning Wind Power Company were formally put into commercial operation.

Business Developments and Financing Activities

- The Company restructured Yuneng (Group) Company Limited.
- The Company entered into a RMB50 billion strategic cooperation agreement with Bank of China.
- The Company completed the issuance of the first tranche of 2009 Medium-term Notes of the Company with an issuance amount of RMB3 billion.
- The Company successfully issued the RMB3 billion corporate bonds.
- Duolun Coal Chemical Company produced successfully qualified nitrite and oxide products and succeeded in the first trial run at No. 1 Vacuum Separator. Until then, all three vacuum separators of the company have successfully passed their trial runs.
- The NDRC formally approved the construction of the exemplary coal-based natural gas project (with a capacity of 4 billion cu.m. per annum) by Datang Energy Chemical Company Limited.

Corporate Achievements

- The Company won the “National 1st May Labour Award”.
- The Company formally released its “2008 Corporate Social Responsibility Report” via the web. This was the Company’s first CSR report released to the public.
- The Company was named among “FT Global 500” by *Financial Times*, on which the Company ranked 472th worldwide and 27th among listed companies in China mainland with its total market capitalisation of USD10.6496 billion. This was the first time that the Company was named among “FT Global 500”.

Financial and Operating Highlights

Consolidated Statements of Comprehensive Income Note

(Amounts expressed in millions of RMB)

For the year ended 31 December	2005	2006	2007	2008	2009
				(Restated)	
Operating revenue	17,994	24,899	32,763	36,900	47,943
Profit before income tax expense	3,863	4,664	6,063	600	3,231
Income tax expense	(813)	(1,081)	(1,498)	(72)	639
Profit attributable to:					
– Equity holders of the Company	2,351	2,778	3,564	749	1,612
– Minority interests	699	805	1,001	(221)	980

Consolidated Balance Sheets Note

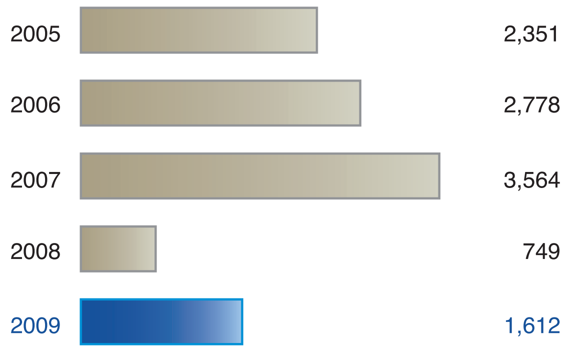
(Amounts expressed in millions of RMB)

As at 31 December	2005	2006	2007	2008	2009
				(Restated)	
Total assets	64,536	90,711	119,789	158,719	184,224
Total liabilities	(43,807)	(63,510)	(85,434)	(127,813)	(151,376)
Minority interests	(2,404)	(3,305)	(4,599)	(4,654)	(6,650)
Shareholders' equity of the Company	18,325	23,896	29,756	26,252	26,198

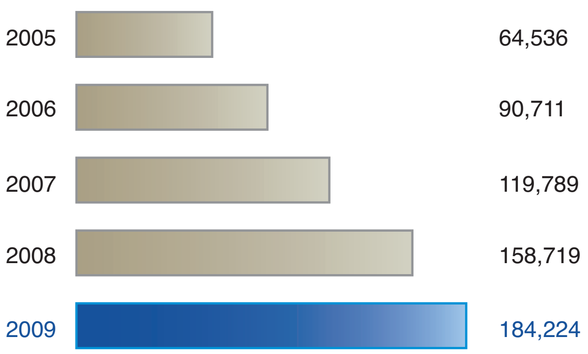
Note: Financial highlights as at and for the years ended 31 December 2005 to 2007 have not been restated as a result of common control business combinations taken place in 2009.

Consolidated Operating Revenue [Note]
(RMB million)

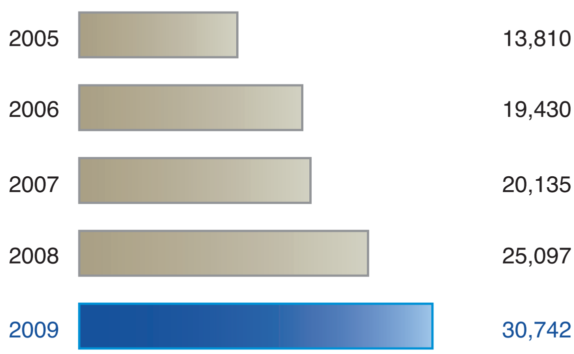
Consolidated Profit Attributable to Equity Holders of the Company [Note]
(RMB million)



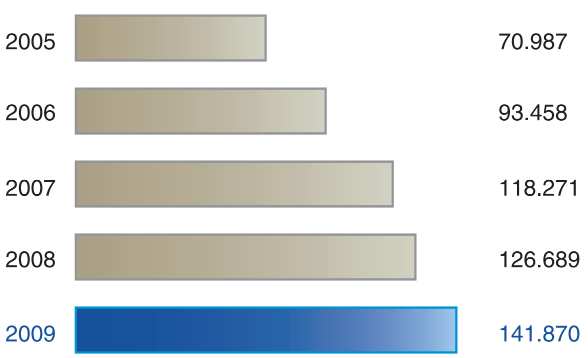
Total Consolidated Assets [Note]
(RMB million)



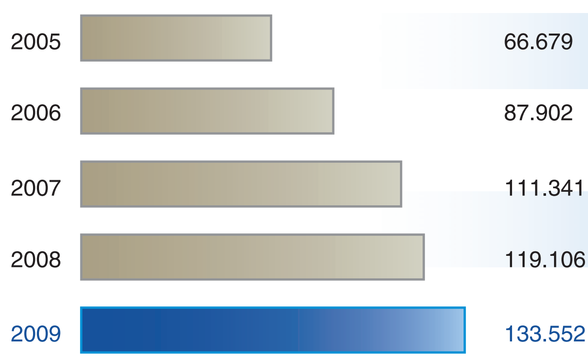
Total Installed Capacity
(MW)



Gross Generation
(billion kWh)



On-grid Generation
(billion kWh)



Note: Financial highlights as at and for the years ended 31 December 2005 to 2007 have not been restated as a result of common control business combinations taken place in 2009.

Chairman's Statement

Mr Zhai Ruoyu
Chairman

To All Shareholders:

Looking back on the extremely challenging year of 2009, we have witnessed the global financial crisis spreading its impact, leading the world economy into a deep recession and severely hitting the Chinese economy. Growth in social electricity consumption slowed; utilisation hours of power generation units decreased; and prices of thermal coal used in power generation continued to stay at a high level, while on-grid electricity tariffs failed to follow suit. Amidst the unprecedented hardships and challenges as well as the exceptional challenging business environment, Datang Power has managed to acquire an accurate grasp of the macroeconomic situation and the market rhythms. All its staff united in concerted efforts; overcame the difficulties; successfully completed the production and business tasks for the year; and marched a new step forward in various aspects including scientific development, safe production, green operations, staff development and harmony cultivation, thereby continuing to promote the steady and relatively rapid development of the Company.

In 2009, we continued to fully implement the strategy aimed at pursuing power generation business as our core development while complementing with synergistic diversifications, and strived to transform the mode of development by optimising and upgrading our assets structure. As at 31 December 2009, consolidated total installed capacity of the Company and its subsidiaries amounted to 30,742 MW. While enhancing the development of its coal-fired power, the Company has been expanding its presence in the sectors of hydropower, wind power, nuclear power and coal chemical industries. Indeed, the Company is poised to embark a qualitative leap in diversified development.

For the year ended 31 December 2009, total consolidated assets of the Company and its subsidiaries amounted to approximately RMB184.224 billion, representing an increase of approximately 16.07% over the year of 2008 (the "Previous Year"); consolidated operating revenue amounted to approximately RMB47.943 billion, an increase of approximately 29.93% year-on-year; profit attributable to the equity holders of the Company amounted to approximately RMB1.612 billion, an increase of approximately 115.16%; and earnings per share was approximately RMB0.14, representing an increase of approximately RMB0.08 per share over the Previous Year.

During 2009, the Company continued to maintain a high level of safe production, achieving an overall equivalent availability factor of operational generating units of 94.76% for the Company and its subsidiaries, Power generated by the Company and its subsidiaries amounted to 141.87 billion kWh, an increase of 11.98% year-on-year, while unit coal consumption was approximately 326.51 g/kWh, representing a decrease of approximately 4.95 g/kWh over the Previous Year.

Looking forward to 2010, although the world economy is expected to continue its recovery growth, the impact of the financial crisis has not fully dissipated, and the economic recovery is still faced with increasing volatilities and uncertainties. The positive conditions for China's economic recovery continue to consolidate, but certain adverse factors affecting power generation enterprises remain. Firstly, the power supply and demand situation does not look optimistic. Secondly, there are increasing uncertainties about the trend of on-grid tariffs. Thirdly, the pressure from the requirements of energy conservation and emissions reduction is mounting gradually.

Amid a changing and difficult business environment, Datang Power will continue to implement its strategy which is aimed at pursuing power generation business as its core development complemented with synergistic diversifications. It will continue to optimise its assets deployment in a scientific manner, build complementary competitive advantages and carry out stage-wise development in 2010. It will enhance the development of its coal-fired power, aggressively expand its hydropower, continuously develop wind power, actively pursue nuclear power, and steadily proceed with non-power industries. Datang Power aims to develop itself into a company with an operation-cum-holding orientation, an integrated energy company that enjoys a domestic leadership position and international reputation having strong development capabilities, profitability and competitiveness, so as to seek long-term competiveness for the Company and to achieve stable returns for shareholders.

In the new year, Datang Power will, as it always does, tenaciously strive for success, unswervingly implement its future development strategy and constantly create new values for shareholders.

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

Zhai Ruoyu
Chairman

19 April 2010

Management Discussion and Analysis

As one of the largest independent power producers in the People's Republic of China ("PRC"), the Company is principally engaged in the business of coal-fired power generation. As at 31 December 2009, total installed capacity in operation of the Company amounted to 30,742MW. The power generation business of the Company and its subsidiaries is mainly distributed across the power grids of North China, Shanxi, Inner Mongolia, Gansu, Zhejiang, Yunnan, Fujian, Guangdong, Chongqing, Jiangxi, Liaoning, Ningxia and Qinghai.

During the Year, the PRC's economy maintained steady rapid growth, with an 8.7% Gross Domestic Product (GDP) growth reported. Both power generation and power consumption nationwide showed accelerated growth. Power investment has increased; structure has improved; newly installed generating units have continued to remain at a relatively large scale; nationwide capability to supply power was sufficient; and the decrease of utilisation hours of power generation equipment has narrowed. Overall, supply and demand in PRC was balanced in general, while specific provinces and regions reported surplus. Efficiency in coal-fired power generation enterprises has also improved. According to relevant information, during the Year, nationwide installed capacity grew by approximately 10.23% year-on-year; social power consumption increased by 5.96% over the Previous Year, while nationwide power generation increased by approximately 6.2% over the Previous Year.

Mr Cao Jingshan
President

A. Review by the Management on the Performance of Various Business Operations

(Financial data are shown according to PRC Accounting Standards. For segment information, please refer to Note 30 to the Financial Statements.)

During the Year, given an unfavourable operating environment with coal prices staying continuously at high levels and utilisation hours reducing as compared to the Previous Year, the Company rigorously enhanced production and operation and stringently controlled costs and expenses with a view to conscientiously mitigating the impact of various factors that depressed profits, thereby ensuring steady, safe and orderly production and operation management of the Company and further increasing profitability for the Company.

1. The Power Generation Business

(1) Business Review

(i) Maintained Safe and Stable Growth in Power Production

During the Year, total power generation of the Company and its subsidiaries amounted to 141.87 billion kWh, representing an increase of 11.98% when compared to the Previous Year. Total on-grid power generation amounted to 133.552 billion kWh, representing an increase of 12.13% over the Previous Year.

The increases in total power generation and on-grid power generation were mainly attributable to an increase in the capacity of operational generating units of the Company and its subsidiaries as well as the safe and stable operation of the generating units:

(1) Comparing to the Previous Year, the Company and its subsidiaries added new installed capacity of 5,645MW.

(2) During the Year, no casualties or material damage to 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 94.76%.

Details of the power generation of the Group during the reporting period: (Unit: billion kWh)

No.	Power Plant/Company Name	Power Generation for 2009	Growth (%)
1	Gao Jing Thermal Power Plant	3.1945	-11.47
2	Dou He Power Plant	8.2054	-8.83
3	Xia Hua Yuan Power Plant	1.2438	-15.42
4	Zhang Jia Kou Power Plant	13.1263	-5.06
5	Tianjin Datang International Panshan Power Generation Company Limited (“Panshan Power Company”)	6.2899	-4.43
6	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (“Tuoketuo Power Company”)	19.6465	-1.22
7	Shanxi Datang International Yungang Thermal Power Company Limited (“Yungang Thermal Power Company”)	5.1893	88.00
8	Hebei Datang International Tangshan Thermal Power Company Limited (“Tangshan Thermal Power Company”)	3.5539	-15.92
9	Shanxi Datang International Shentou Power Generation Company Limited (“Shentou Power Company”)	5.0599	-9.76
10	Gansu Datang International Liancheng Power Generation Company Limited (“Liancheng Power Company”)	3.1432	-18.00
11	Hebei Datang International Wangtan Power Generation Company Limited (“Wangtan Power Company”)	6.9618	-8.20
12	Zhejiang Datang International Wushashan Power Generation Company Limited (“Wushashan Power Company”)	13.8074	-2.92
13	Guangdong Datang International Chaozhou Power Generation Company Limited (“Chaozhou Power Company”)	6.7065	-4.92

No.	Power Plant/Company Name	Power Generation for 2009	Growth (%)
14	Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	9.9782	43.61
15	Yunnan Datang International Honghe Power Generation Company Limited ("Honghe Power Company")	3.2143	4.62
16	Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Company")	6.1692	33.00
17	Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	1.9310	4.70
18	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited ("Hohhot Thermal Power Company")	0.9225	-19.03
19	Hebei Datang International Huaze Hydropower Development Company Limited ("Huaze Hydropower Company")	0.0163	-37.31
20	Yunnan Datang International Nalan Hydropower Development Company Limited ("Nalan Hydropower Company")	0.5741	-9.59
21	Yunnan Datang International Lixianjiang Hydropower Development Company Limited ("Lixianjiang Hydropower Company")	3.9423	93.55
22	Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited ("Duolun Hydropower Company")	0.0053	-32.91
23	Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	4.4706	29.28
24	Qinghai Datang International Zhiganglaka Hydropower Generation Development Company Limited ("Zhiganglaka Hydropower Company")	0.6646	25.68
25	Inner Mongolia Datang International Zhuozi Windpower Company Limited ("Zhuozi Windpower Company")	0.0916	-0.11
26	Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited ("Tuoketuo Power No. 2 Plant")	6.5856	155.34
27	Liaoning Datang International Jinzhou Thermal Power Generation Company Limited ("Jinzhou Thermal Power Company")	2.0676	Not applicable
28	Shanxi Datang International Zuoyun Wind Power Company Limited ("Zuoyun Wind Power Company")	0.1297	Not applicable
29	Hebei Datang International Fengrun Thermal Power Company Limited ("Fengrun Thermal Power Company")	0.7983	Not applicable
30	Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company")	2.7701	Not applicable
31	Liaoning Datang International Faku Wind Power Development Company Limited ("Faku Wind Power Company")	0.0567	Not applicable
32	Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited ("Zhangjiakou Thermal Power Company")	0.1319	Not applicable
33	Qian'an Datang Thermal Power Generation Company Limited ("Qian'an Thermal Power Company", formerly consolidated under Tangshan Thermal Power Company)	1.0038	Not applicable
34	Liaoning Datang International Wind Power Generation Company Limited (originally named as "Liaoning New Energy Company Limited") ("Liaoning Windpower Company")	0.0292	Not applicable
35	Datang Zhangzhou Wind Power Generation Company Limited ("Zhangzhou Wind Power Company")	0.1863	Not applicable
	Total	141.87	11.98

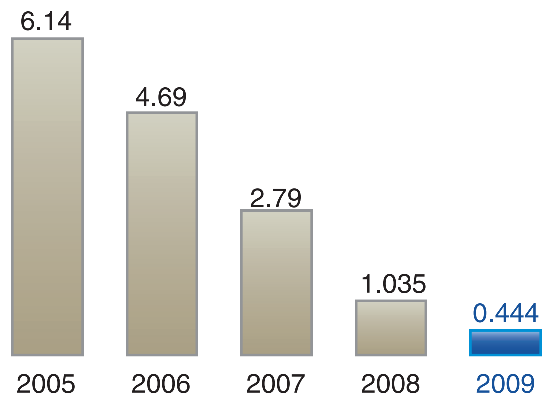
(ii) Steady Progress in Energy Savings and Emissions Reduction

During the Year, faced with enormous pressure from continuous under utilisation of generating units, less room for energy savings and higher demand on environmental protection, the Company has strived to maintain target management, system control, dynamic target-achievement, and monitoring on key issues. Meanwhile, the Company endeavoured to commence technology innovation to enhance the operational mode of the generating units so as to raise their energy efficiency. During the Year, the coal consumption of the Company was 326.51g/kWh, representing a decrease of approximately 4.95g/kWh over the Previous Year, while the consolidated electricity consumption rate of power plants was 5.85%, representing a reduction of 0.16 percentage-point over the Previous Year. The coal-fired generating units of the Company and its subsidiaries achieved a desulphurisation facilities operation rate of 99.43%, and an overall desulphurisation efficiency rate of 94.42%. The coal-fired generating units of the Company and its subsidiaries continued to achieve a desulphurisation facilities installation rate of 100%. The emission amounts of sulphur dioxide, nitrogen oxides, smoke ash, and waste water decreased by approximately 57%, 25%, 31% and 34%, respectively, over the Previous Year, which are substantially lower than the national average levels.

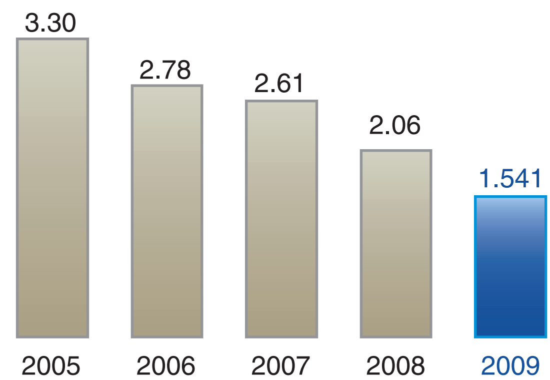
(iii) Improved Efficiency in Operational Management

During the Year, the Company was still impacted by unfavourable factors such as a surge in fuel coal prices, a decrease in power demand, limited increases in tariffs and difficulties in financing for companies. Faced with such a tough operating environment, the Company kept abreast of the trends of the market while taking initiatives in planning budgets, strengthening internal management and at the same time creating a favourable external environment, thereby rigorously enhancing production and operation: (1) Through prompt adjustments of the power generation evaluation system, management accountability has been implemented gradually, and the target of power generation was achieved. The utilisation hours of coal-fired generating units stood at 5,255 hours, which was higher than the average national standard by 416 hours. (2) Through measures such as increasing imported coal, on-site delivery by Tashan Coal Mine and setting up a platform on fuel management index for others to follow, fuel

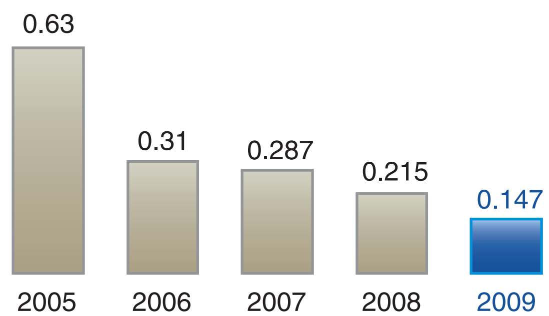
SO_2 Emission
(Unit: g/kWh)



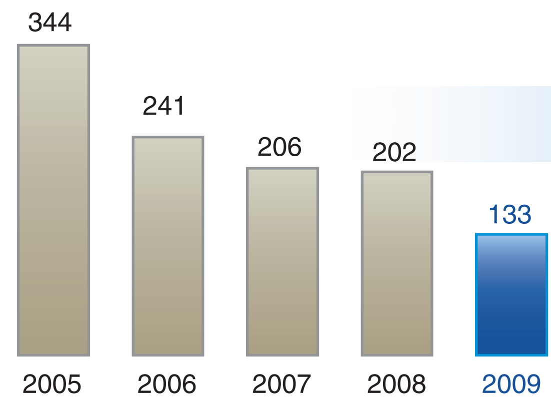
NO_x Emission
(Unit: g/kWh)



Ash Emission
(Unit: g/kWh)



Waste Water Emission
(Unit: g/kWh)



costs were effectively controlled. Annual unit fuel cost was RMB174.84/MWh, representing a decrease of RMB 20.83/MWh over the Previous Year. (3) The favourable opportunity of the State's relatively relaxed monetary policy was capitalised on promptly, while the loan structure was duly improved. (4) Through strengthening the capital operation, the scale of the Company was increased and the Company's strategic view was extended. While Yuneng Group was restructured successfully, the Company also issued RMB3 billion medium-term notes and RMB3 billion corporate bonds. Xiduo Railway restructuring has been completed; and China Datang Corporation and the Company have also implemented certain regional and assets re-organisation. Due to comprehensive organisation and serious work, profit for the Company could be secured.

(iv) Achieved Prominent Results in Projects Construction

During the Year, the Company's preliminary works and construction works proceeded smoothly with 13 power projects with a total capacity of 3,824.5MW being approved by the State, On non-power businesses, the Keqi coal-based natural gas project was approved, with an annual production capacity of 4 billion cu.m. per annum of coal-based natural gas.

During the Year, the staff of the Company and its subsidiaries overcame various challenges, such as difficulties in securing delivery of generation facilities and in carrying out construction works. Through carrying out conscientious organisation and coordination work, the Company managed to keep its schedule of construction-in-progress basically under control. During the Year, generating units with a total capacity of 5,645MW successfully commenced operation. The Duolun Coal Chemical Project entered into the trial run stage, while East Unit 2 Coal Mine of Shengli Coal Mine commenced production of coal. Among the new capacity added:

– 4,660MW of capacity was added to coal-fired power projects, mainly including: two 300MW generating units at Jinzhou Thermal Power Company; two 300MW generating units at Yungang Thermal Power Company; two 600MW generating units at Daba Power Company; two 660MW generating units at Ningde Power Company; two 300MW generating units at Fengrun Thermal Power Company; and one 300MW generating unit at Zhangjiakou Thermal Power Company.

– 735MW of capacity was added to hydropower projects, including: three 150MW generating units at the Gelantan Hydropower Station of Lixinjiang Hydropower Company; and three 95MW generating units at the Jufudu Hydropower Station.

– 250MW of capacity was added to wind power projects, including: 49.5MW generating units at Zuoyun Windpower Company; 49.5MW generating units at Faku Windpower Company; 49.5MW generating units at Liaoning Windpower Company; and 101.6MW generating units at Zhangzhou Windpower Company.

As at the end of 2009, the generation capacities of coal-fired power, hydropower and wind power accounted for 88.06%, 11%, and 0.94% of the Company's installed capacity, respectively. As compared to the Previous Year, the ratio of coal-fired power decreased by 1.23%, while the ratios of hydropower and wind power increased by 0.45% and 0.78%, respectively. The Company's power generation structure was further optimised.

(2) Major Financial Indicators and Analysis

(i) Operating Revenue

Revenues of the Group from electricity sales and heat sales accounted for approximately 88.49% of the total operating revenue, of which revenue from electricity sales accounted for approximately 87.69% of the total operating revenue.

During the Year, the Group achieved operating revenues of approximately RMB42,043 million and RMB383 million from electricity sales and heat sales, respectively, representing increases of approximately 16.82% and 73.79% over the Previous Year, respectively. The increase in revenue from electricity sales amounted to approximately RMB6,053 million, which is mainly due to the impact of two on-grid tariff adjustments in the second half of year 2008.

(ii) Operating Costs

During the Year, operating costs in electricity sales and heat sales of the Group amounted to approximately RMB33,609 million and RMB644 million, respectively, representing increases of approximately RMB1,949 million and RMB204 million respectively, or approximately 6.15% and 46.26% respectively, over the Previous Year. Of these figures, fuel costs accounted for approximately 64.66% of the operating costs in electricity sales and heat sales of the Group. Fuel costs decrease by approximately Rmb359 million or 1.60% over the Previous Year. Depreciation accounted for approximately 21.76% of the costs in electricity sales and heat sales, representing an increase of approximately RMB1,337 million over the Previous Year, or 21.86%. The main reason was the commencement of operations of certain generating units in the second half of 2008 and during the Year.

(iii) Operating Profit

During the Year, gross profit from electricity sales was approximately RMB8,173 million, while the gross profit margin was approximately 19.27%, representing an increase of approximately 7.91% over the Previous Year.

2. The Chemical Business

The Duolun Coal Chemical Project, developed and constructed by the Group as a controlling interest, is located at Duolun County, Xilinguole Pledge, Inner Mongolia. It uses lignite coal from the East Unit 2 of Inner Mongolia Shengli Coal Mine as raw materials; and it applies internationally advanced technologies including the technology of vapourising 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 coal chemical products. The project is the latest coal chemical project, and the coal it uses is clean, highly efficient and has high added-value. The final product of the project is 460,000 tonnes/year of polypropylene and other by-products.

The project is still under construction. It is expected that the successful development and construction of this project will be a new point of profit growth for the Group.

3. The Coal Business

(1) Business Review

The Shengli Coal Mine East Unit 2, developed and constructed by the Company, is located in the central part of Shengli Coal Mine in Inner Mongolia. Its coal products will mainly be supplied as raw materials to the coal chemical and coal-based natural gas projects including the Duolun Coal Chemical Project and the Keshiketeng Qi Coal-based Natural Gas Project. The Phase 1 project has a production capacity of 10 million tonnes. Such project has already obtained the State's approval, and has started coal production during the Year. The Company is currently engaged in preliminary development works for Phase 2 and Phase 3 projects of the Shengli Coal Mine East Unit 2, the Wujianfang Coal Mine and the Kongduigou Coal Mine.

The Company has considered and approved, at a recent Board meeting, the resolution on the acquisition of 70% interest in Inner Mongolia Baoli Coal Company Limited ("Baoli Company"). The open-cut coal mine owned by Baoli Company is located in E'erduosi City, Inner Mongolia. Its designed production scale is 1.2 million tonnes per annum. The successful developments and acquisitions of the above-said coal mine projects will enhance the coal consumption self-sufficiency of the Company's power plants.

To further secure coal supply and lower fuel cost, Beijing Datang Fuel Company Limited ("Fuel Company"), a wholly-owned subsidiary of the Company, proactively expanded its coal sales business and increased its coal sales during the Year.

(2) Major Financial Indicators and Analysis

(i) Operating Revenue

During the Year, operating revenue from the coal business of the Group amounted to approximately RMB5,144 million, accounting for 10.73% of the total revenue of the Group, representing an increase of approximately RMB4,759 million over the Previous Year. The increase in the operating revenue is mainly due to, apart from the sales of coal produced by the Group itself, an increase in the coal sales business by Fuel Company, a wholly-owned subsidiary of the Company.

The night scene of Duolun Coal Chemical Project

(ii) Operating Costs

During the Year, operating costs in the coal business amounted to approximately RMB4,860 million, representing an increase of approximately RMB4,667 million over the Previous Year. The increase in operating costs is mainly due to the increased coal business of Fuel Company.

(iii) Operating Profit

During the Year, gross profit from the coal business was approximately RMB283 million, while the gross profit margin was approximately 5.51%, representing a decrease of approximately 44.22% over the Previous Year. The decrease in margin was primarily attributable to change in sales mix.

B. Management's Review on Consolidated Operating Results

1. Operating Revenue

During the Year, operating revenues of the Group amounted to approximately RMB47,943 million, representing an increase of approximately 29.93% over the Previous Year, of which the increase in electricity sales amounted to approximately RMB6,053 million.

2. Operating Costs

During the Year, operating costs of the Group amounted to approximately RMB41,199 million, representing an increase of approximately RMB7,191 million, or approximately 21.15%, over the Previous Year. Among the operating costs, fuel cost accounted for approximately 65.56%, and depreciation cost accounted for approximately 18.22%.

3. Net Finance Costs

During the Year, finance costs of the Group amounted to RMB4,111 million, representing an increase of approximately RMB416 million or 11.25% over the Previous Year. The significant increase was mainly due to an increase in interest expense during the Year caused by an increase in the drawdown of borrowings and the ending of capitalisation of interest for newly operated generating units.

4. Profit Before Tax and Net Profit

During the Year, the Group reported a profit before tax amounting to approximately RMB3,231 million, representing an increase of 438.32% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB1,612 million, representing an increase of 115.16% over the Previous Year. The increase in profits of the Group was mainly attributable to the increase in operating revenue and decrease of unit fuel cost.

5. Financial Position

As at 31 December 2009, total assets of the Group amounted to approximately RMB184,224 million, representing an increase of approximately RMB25,505 million as compared to the end of 2008. The increase in total assets mainly resulted from the implementation of the expansion strategy by the Group which led to a corresponding increase in investments in property, plant and equipment.

Total liabilities of the Group amounted to approximately RMB151,376 million, representing an increase of approximately RMB23,563 million over the end of 2008. Of the total liabilities, long-term liabilities increased by approximately RMB35,890 million over the end of 2008. The increase in total liabilities was mainly due to an increase in the Group's borrowing level so as to meet the needs of daily operations and infrastructure construction. Equity attributable to equity holders of the Company amounted to approximately RMB26,198 million, representing a decrease of approximately RMB53 million over the end of 2008. Net asset value per share attributable to equity holders of the Company amounted to RMB2.22, representing a decrease of RMB0.01 per share over the end of 2008.

6. Liquidity

As at 31 December 2009, the asset-to-liability ratio for the Group was approximately 82.17%. The net debt-to-equity ratio (i.e. (loans +medium-term notes + corporate bonds — cash and cash equivalents)/ total equity) was approximately 396.83%.

As at 31 December 2009, the cash and cash equivalents held by the Group amounted to approximately RMB1,506 million, of which deposits equivalent to approximately RMB163 million were foreign currency deposits. During the Year, the Group had no entrusted deposits or overdue fixed deposits.

As at 31 December 2009, short-term loans of the Group amounted to approximately RMB19,569 million, bearing annual interest rates ranging from 2.10% to 7.47%. Long-term loans (excluding those repayable within 1 year) amounted to approximately RMB99,507 million and long-term loans repayable within 1 year amounted to approximately RMB6,842 million. All long-term loans (including those repayable within 1 year) were at annual interest rates ranging from 1.13% to 7.83%, of which loan balances equivalent to approximately RMB1,233 million were denominated in US dollar, and loan balances equivalent to approximately RMB670 million were denominated in HK dollar. Among short-term and long-term loans, loan balances of approximately RMB143 million are bearing fixed interest rate of 4.14%. The Group constantly pays close attention to foreign exchange market fluctuations and cautiously assesses foreign currency risks. Certain assets including accounts receivable and property, plant and equipment, etc. were pledged against certain borrowings of the Group. For details, please refer to Notes 22 and 27 to the Financial Statements attached. In addition, as at 31 December 2009, medium-term notes held by the Group amounted to approximately RMB2,962 million, which are of 5-year term with fixed annual coupon and effective interest rates of 4.10% and 4.44%, respectively. As at 31 December 2009, corporate bonds held by the Group amounted to approximately RMB2,977 million, which are of 10-year term with a fixed annual coupon and effective interest rates of 5.00% and 5.10%, respectively. All such medium-term notes and corporate bonds are denominated in RMB.

On 30 November 2009, the Company acquired 100% equity interests of Datang Liaoning New Energy Co., Ltd. and its subsidiary and Datang Zhangzhou Wind Power Co., Ltd. from China Datang Corporation ("China Datang") for a cash consideration of Rmb264.75 million, while Datang Energy and Chemical Company Limited, one of its wholly-owned subsidiaries, acquired 100% equity interest of Datang Hulunbei'er Fertiliser Company Limited from China Datang for a cash consideration of approximately Rmb51.22 million. In addition, in year 2009, the Company acquired Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company") by entering into an agreement with another shareholder of Daba

Power Company, and accounted Daba Power Company as a subsidiary. For details of the above-mentioned material acquisitions, please refer to Note 5 to the Financial Statements attached.

The Group expects to incur capital expenditures on construction and purchases of electricity facilities, plants, equipment and other projects in future. The Group finances the above-mentioned material acquisitions in 2009 and capital expenditures of future years primarily through internal funding, cash flow from operating activities and debts and equity financing.

7. Welfare Policy

As at 31 December 2009, the staff of the Group totalled 15,670. During the Year, the costs of salaries and staff welfare of the Group amounted to RMB1,822 million. The Group adopts the basic salary system on the basis of position-points salary distribution. The Group carries out evaluation of its subordinated enterprises based on a profit accountability system, and adopts an incentive system for the senior management of its subordinated enterprises based on assessments of capital operations, safe production and improved CPS's anti-corruption work. The Group is concerned about personal growth and occupational training. It implements a reward mechanism of "unification of training, usage and remuneration". Based on the basic principles of "identifying targets scientifically and providing training depending on actual needs", and led by the strategy of developing talents and strong corporations, the Group relies on a three-tier management organisational structure and implements an all-staff training scheme for various levels.

C. Outlook for 2010

Year 2010 is the last year for implementing the State's "Eleventh Five-year Plan" and is the last year for the Phase I of the Company's mid-term development plans. The power industry still faced the tough operating environment of high coal prices and low tariffs. However, given the recovery of the macro-economy, power demands increase gradually, and the supports from the government at various levels as a foundation industry for a sustainable development of the nation's economy. the Company is thus provided with sufficient room and opportunities for its further development.

Faced with a complex and ever-changing situation, the Company will continue to implement an overall strategy that focuses on pursuing the power generation business as its core development whilst complementing with synergistic diversifications. The Company will do its utmost in 2010 to achieve the production and operation targets for 2010 with a persistent focus on profitability and safe production. It will strive to achieve a power generation of 170 billion kWh. The Company will strive to dedicate efforts to the following areas of work in 2010:

(1) To ensure safe production on a continuous basis and endeavour to be a fundamentally safe company.

(2) To expand income while reducing expenditures so as to enhance the profitability of the Company.

(3) To actively pursue structural adjustments so as to raise development quality and efficiency throughout the Company.

(4) To step up efforts in improving management and focus on the construction of basic infrastructures.

(5) To raise the standards in capital operations and fully leverage the financing capacity of the Company.

(6) To implement a lean management, thus further improving the Company's management performance.

(7) To push forward the work on energy conservation and emissions reduction in order to maintain a leadership position of the Company in the industry.

(8) To speed up the development of human resources so as to achieve the goal of developing into a strong corporation with strong talents.

Safety and Environmental Protection

Production Safety – Creating a Fundamentally Safe Enterprise

Production safety is related to social harmony and stability, the survival and development of an enterprise, and employees' life safety. Power generation is unique in nature: complicated systems, stringent requirements, and being closely related to the society and people's livelihood. Given all these factors, production safety of a power enterprise is of utmost importance.

Innovation in safety management ideas

Datang International always puts production safety as the premises and foundation of enterprise development. It adheres to the safely management belief that "Safe production is of almost importance", striving to build a fundamentally safe enterprise. The Company endeavours to establish an accountability system and an improvement mechanism, and through safety reliability designs on various elements of the production flow including people, materials, systems and regimes, hazardous factors have been brought under control, thereby achieving zero defects and nil accidents.

Cultivating the awareness about "fundamental safety"

The Company actively cultivates a strong sense of "Everyone wants to be safe, everyone acts safely and everyone assures safety" through strengthening the sense of responsibility for safety, the awareness about safety implementation and the awareness about life among employees. Employees are guided to establish the concepts that "hidden problems can be eliminated, risks can be prevented, mistakes should be avoided and incidents can be controlled ".

Strengthening the basis of management

In 2009, by combining the requirements for the 3-tier responsibility management system of "Headquarters – Professional companies and Regional companies – Base level enterprises ", the Company improved and revised a series of safety management systems including the "Work Rules for Production Safety " and the "Management Rules for Production Safety Accountability" and launched various measures including "Ten Prohibitions for Production Safety" and "Strict Appraisal Rules for Personal Injury Incidents at Datang International".

The Company strengthened the management of all staff, all processes and from all perspectives according to the performance appraisals for all staff. It strengthened safety monitoring management of frontline staff, and promoted a standardisation of on-site operation. A unified management model was implemented for regulating safety management in external projects division and outsourcing teams.

Governance of hidden safety hazards

The Company regards supervision and management of major sources of hazards as important measures to prevent and control safety hazard incidents. On the basis of scientific assessment and tier-by-tier management, the Company strengthened dynamic management to ensure risks were under control.

The Company established a mechanism for eliminating and detecting hidden safety hazards. Suspension of work for reform and improvement was strictly implemented when hidden safety hazards were detected for elimination. The advantages of "Two Databanks and Two Mechanisms" (namely, the problems databank, the experts databank, the implementation supervision mechanism and the case resolution mechanism) were fully utilised to realise online management of problems, online reform and improvement and online supervision. As a result, the Company has established a closed-loop system which is equipped with a mechanism to detect problems, a platform to manage problems, a pool of experts to resolve problems, a pool of designated persons to implement reforms and improvements, a pool of management persons to oversee implementation and supervision, and a stipulated code for case handling and resolution.

Ensuring safe operation of equipment

Ensuring safe operation of equipment is fundamental to assurance of production safety. The Company attached great importance to equipment management by continuously improving the equipment management process and promoting professional equipment management. Through continuously strengthening the supervision on technology, repairs and maintenance and operations management as well as steadily rolling out the site inspection and regular repairs mechanism, equipment disruptions were prevented and reduced to the maximum extent. The Company also attached great importance to the full process management of inspection and repairs for generation units and has established the "quality accountability mechanism".

Strengthening the contingency mechanism

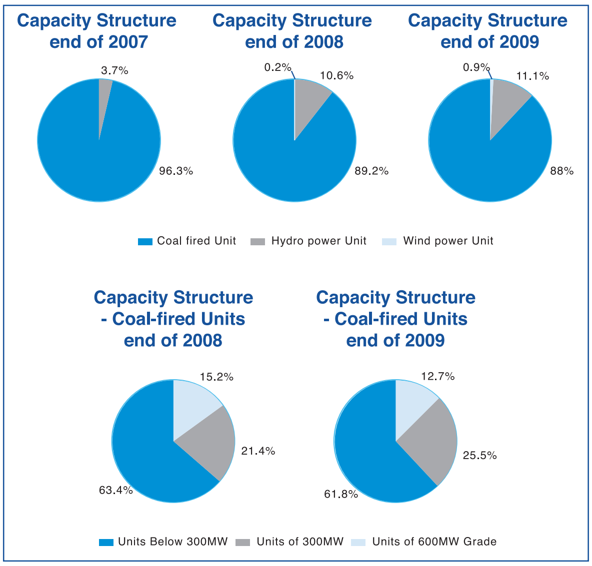
The Company attached great importance to the management of accidents. Through the preparation, assessment, training for and rehearsal of contingency plans, the capability of contingency management for various types of production safety-related incidents was enhanced continuously. In 2009, the "Rules for Accidents Management" and the contingency plans in respect of coal chemicals, shipping, coal mining, information networks and typhoons were formulated. Rehearsals for a number of contingency plans including those for fire fighting, hydrogen supply station explosion, power grid disruption and ammonia gas station leakage were conducted. Enterprises located at key flood warning areas, coastal power generation companies and infrastructural enterprises have rolled out full-scale contingency plans for avalanche, landslide and mudflow disasters.

Environmental Protection: Building a Two-pronged Enterprise

Datang International adheres to the objective of establishing itself as a resource-conserving and environmentally-friendly enterprise (a "two-pronged enterprise"). It ensures that first-class environmental protection designs, construction works and facilities are adopted, conducted and operating in its power plants, striving to achieve a coordinated development of economic efficiency and environmental protection for the enterprise. It has persisted in building a "resources-conserving and environmentally friendly" enterprise.

Optimising the generation structure

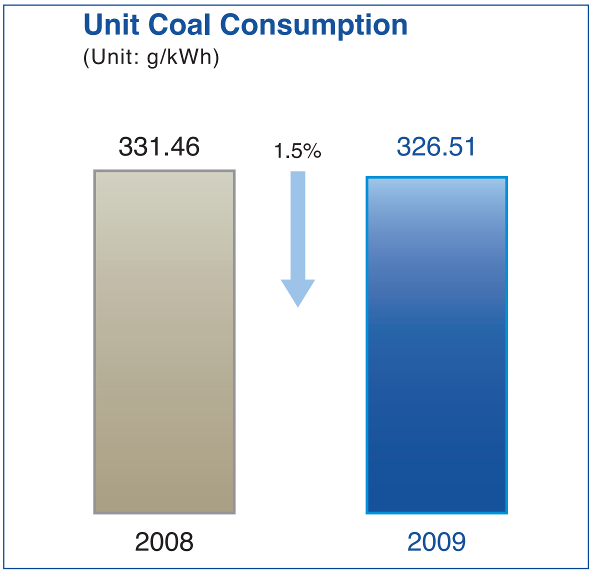
The Company continued to optimise the generation structure. It optimised the development coal-fired power; aggressively expanded its hydropower; continuously developed wind power; actively pursued nuclear power; and continuously increased the Company's core competitiveness, creating a better path for the sustainable development of the Company.



Enhancing energy saving

The Company proceeded with an in-depth implementation of the concept of energy conservation; strengthened the whole-process management of coal consumption; and implemented energy-saving technological renovation and equipment management to facilitate the smoothing proceeding of energy conservation and emissions reduction.

The Company implemented coal consumption indicators at each power plant and for each generating unit. The Company carried out activities of comparing the energy efficiency indicators of generating units with the advanced indicators of similar generating units, enhanced dynamic tracking, and conducted economic evaluations to include the energy efficiency indicators into the incentive and appraisal mechanism, optimising the power generation structure to tap the potential of energy saving.



Reducing resources consumption

The Company reinforced the integrated control over water conservation and applied water conservation technologies such as air-cooling, seawater desalting, reclaimed water recycling, waste water processing, advanced treatment of circulating cooling water and dry slagging in water-deficient areas, and increased the water recycling rate through the grading of water according to quality.

The Company proactively adopted new energy saving technologies; stepped up efforts in equipment energy saving reforms; increased the operating efficiency of generating units; lowered heat consumption in operation; and reduced coal consumption. In 2009, we completed projects such as the renovation of the flow part of the generating units and the enhancement of the efficiency of turbines（汽輪機揭缸提效）, the renovation of high-voltage frequency inverters, the renovation of boiler small oil guns and the treatment on the internal leakage of high-temperature and high-pressure valves, and generating unit vacuum treatment, resulting in a sharp improvement in energy-saving and emissions reduction indicators.

Reducing emissions of pollutants

The Company determined “targets, problems, measures, results, responsibilities” in respect of emissions reduction on a step-by-step basis and fulfilled the leadership, technical, supervisory and on-site management responsibilities. It also reinforced the maintenance and management of environmental protection facilities and reduced pollutant discharges.

The Company proactively proceeded with desulphurisation and denitrification in accordance with the environmental protection requirements of the State. Its desulphurisation achieved industry-leading standards in the PRC. In 2009, the Company conducted on-site desulphurisation inspections and organised desulphurisation-related training and provided specifications and guidance for the operation, maintenance and management and data specifications of desulphurisation systems. The desulphurisation equipment operation rate and the overall desulphurisation efficiency achieved 99.43% and 94.42% respectively, representing increases of 1.52% and 1.20% year-on-year. The Company also prepared and implemented the “Datang International “12th Five-year Plan” Denitrification Plan” to strengthen the planning of nitrogen oxide control so as to further reduce the discharges of pollutants.

Strengthening ecological preservation

The Company fully abided by international treaties, adhered to the implementation of the State's environmental protection policies and conscientiously conducted assessments on the environmental impact of its construction projects. During the process of construction, the Company paid close attention to water and soil conservation, ecological diversity protection, and vegetation protection, striving to achieve a win-win situation between the use of resources and ecological environment protection.

Pushing forward technology innovation, Developing a recycling economy

The Company puts emphasis on matching its corporate development strategies with an enhancement of self-reliant innovation capabilities. With the establishment of the Datang International Science & Technology Management Steering Committee, the Company has been gradually enhancing its technology management and its science and technology innovation regime, and has devised a series of mechanisms to manage science and technology projects and to reward science and technology achievements, thereby laying a foundation for advancement and innovation in science and technology. The Company has successively embarked researches in new advanced technologies regarding coal-to-chemical, coal-to-gas, desulphurisation of coal-fired plants, denitrification, vacuum cooling, dry slag handling and treatment of waste water.

The Company took an active role in the development of a recycling economy, emphasising the recycled and integrated use of ash, pulverised fuel ash, desulphurised gypsum and waste water. The Company took the lead in constructing the aluminium-silicon-titanium project to create the "coal-electricity-ash-aluminium" recycling-economy assets chain. The resources integrated utilisation and recycling-economy project undertaken by Renewable Energy Resource Development Company, a subsidiary of the Company, is a key project under the technology support plan of the Inner Mongolia Autonomous Region. The project will realise the recycling of waste cinder and pulverised fuel ash.

Human Resources Overview

The Company believes in a scientific view of talents which emphasises “people are the prime resources” and “everyone has talent and can be successful”. It fully adheres to its motto of “respect labour, knowledge and talents” in human resources. The Company has strove to align individual growth of staff with the growth of the Company by providing staff with sufficient career development opportunities and sharing developmental achievements of the Company with them.

A sound training system

The Company placed high emphasis on employee development. In the light of the growth aspirations of employees, the Company undertook various tasks such as conducting training at all levels, employee skill assessment, professional technical qualification evaluation and “112 Talent Appraisal”. The Company persisted in combining learning and practice and combining nurturing and deployment to promote the all-round development of talents.

The Company cooperated with renowned colleges to conduct academic education. Various subsidiaries established training bases and simulation centres. In 2009, the Company and its subsidiaries invested funds of approximately RMB30 million on a total of 989,089 training hours for the full year. The Company provided training for its staff with a total enrollment of 180,027. Business management personnel and professional technicians received training of 15,993 man-times and production skilled personnel received training of 149,301 man-times. The ratio of employees receiving training reached 100%.

Incentive mechanism

We adopted various incentive mechanisms to encourage and retain talents. The Company implemented reforms on the job-position determined remuneration mechanism with more attention on the incentives given to frontline production employees and skilled workers. The Company promoted comprehensive performance appraisal management, stimulating the enthusiasm of production technical and skilled workers and granting special awards to employees with outstanding contributions.

Safeguarding the fundamental interests of employees

The Company strictly complied with the “Labour Law”, the “Labour Contract Law” and the “Law on the Protection of Women’s Rights and Interests” and protected the legitimate interests of employees according to the law. The ratio of entering into labour contracts was 100% and the collective contract coverage was 100%. The Company also continued to implement the paid leave system, fulfilling the requirement of caring for the physical and mental health of employees.

The Company regularly organised health checkups for all employees and created health files, with a focus on checking employees engaging in special tasks and offered guiding advice to employees on their health conditions. In 2009, the Company implemented the “Ten Measures to Benefit the Employees” and continuously improved the livelihood of employees.

Staff training in 2009	
Training programmes	3,586
Percentage of staff training	100%
Training enrollments (man-times)	180,027
Among which: Corporate management and professional technicians	15,993
Production technicians	149,301

Certification and evaluation of professional and technical qualifications of the staff	
With professional qualifications	1,764
With operation qualifications	843
With technical qualifications	1,315

Major Awards and Titles of Outstanding Individuals in 2009

Award	Granting Authority	Number of People Awardees
"National 1st May Labour Award"	All China Federation of Trade Unions	4
New Century Talented People Selection Project	7 ministries including the Ministry of Human Resources and Social Security	1
Model Workers of State- owned Enterprises	State-owned Assets Supervision and Administration Commission	1
Nationwide Outstanding Union Workers	All China Federation of Trade Unions	1
New Stars of Power Education and Training	China Electricity Council	2

Board, Supervisory Committee and Senior Management

Members of the Board

Executive Directors

Cao Jingshan

Aged 47, graduated from Dalian University of Technology major in technical economics and management. He holds a doctorate degree and is a senior economist. Mr. Cao commenced his career in 1981 in Yuanbaoshan Power Plant and was successively 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 January 2003. Starting from 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 generation and operation management.

Zhou Gang

Aged 46, graduated from East China Institute of Water Conservancy (currently known as Hehai University) with master degree of technology and master of business administration, is a senior engineer. He is currently Deputy General Manager 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 Corporation 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.

Non-executive Directors

Zhai Ruoyu

Aged 64, graduated from the Economic Management Department of Liaoning University, is a professor-grade senior engineer. He is currently Chairman of the Company. Mr. Zhai worked at the Liaoning Power Plant since 1966 and held various positions including Deputy Director and Director. Since 1992, Mr. Zhai had held various positions including Deputy Chief of the Security and Environmental Protection Division of the Ministry of Energy of the PRC, Deputy Chief of Safe Production Division of Ministry of Power Industry, Deputy Director and later Director seconded by the Central Disciplinary Committee and the Ministry of Supervision to the Supervisory Bureau of the Ministry of Power Industry, as well as Head of General Office of the State Power Corporation of the PRC Ministry of Power Industry. In March 1999, Mr. Zhai took up the position of Party Secretary and President of the Northeast Branch of the State Power Corporation. He served as Party Secretary and President of North China Power Group Company since October 2000. He became President of China Datang Corporation in December 2002. In March 2003, Mr. Zhai was appointed a delegate to the 10th National People's Congress. In March 2008, Mr. Zhai was appointed a delegate to the 11th National Committee of the Chinese People's Political Consultative Conference. With 40 years' experience in the power industry, Mr. Zhai has long been engaged in the fields of power production, production technology management, administration and operations management. He has extensive experience with specific expertise in power generation and operations management.

Hu Shengmu

Aged 50, university graduate, is a senior accountant. He is currently the Party Commissioner and Chief Financial Controller 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 and 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 been involved in financial management of power system for 27 years. He is knowledgeable in financial management and has extensive experience in financial practices.

Fang Qinghai

Aged 56, 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 Deputy Head of the Communist Party Committee Office of Anshan Power Plant, Division Chief of the Production Planning Division, the Integrated Planning Department 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. Mr. Fang has been involved in the power system for many years and is well experienced in power generation and operation.

Liu Haixia

Aged 49, graduated from North China Power College majoring in power plant thermal energy. He subsequently pursued postgraduate studies in Business Administration in the Renmin University of China. He is a senior engineer and Assistant to 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. 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

Aged 43, graduated from North China Power College majoring in thermal dynamics and possesses a master degree in Finance from the Renmin University of China. She is a senior engineer and currently the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy 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 has become 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 February 2007, she has become the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy Company Limited. 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

Aged 62, university graduate, is a senior engineer. He is currently the Vice President of Hebei Construction Investment Company. He started his career in 1968 and had worked in the County Commission of Zefu, 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 long-standing involvement in corporate management and planning management, Mr. Su is well experienced in corporate management and industrial planning and investment.

Ye Yonghui

Aged 58, is presently the Deputy Chief Economist of Hebei Construction Investment Company. Mr. Ye started his career in 1969 and 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 Hebi 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 date, he was the Deputy Chief Economist of Hebei Construction Investment Company. 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

Aged 50, a holder of MBA, graduated from Northeast Power College with a bachelor's degree in thermal dynamic and from China Europe International Business School with a postgraduate MBA degree. Mr. Li is a professor grade senior engineer and he 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.

Independent Non-executive Directors

Xie Songlin

Aged 68, graduated from the Department of Dynamics at Shaanxi Industrial University (now known as Xi'an Jiaotong University) majoring in power generation. He is an Engineer, Senior Accountant, Senior Economist and currently Consultant of the State Grid Corporation of China. Mr. Xie started his career in 1965. He had worked as technician at the Xinjiang Prospecting and Design Institute for Hydropower; Engineer and then Director of the Hunan Yiyang Power Industry Bureau. In 1985, he was appointed Deputy Director of Hunan Power Industry Bureau and Deputy Director of the Central China Power Management Bureau. In 1992, he was appointed as Deputy Director of the Audit Bureau of the Ministry of Energy. In 1993, he was appointed Chief of the Economic Adjustment Division of the Ministry of Power. He was the Head of General Office of Ministry of Power Industry in 1996. In 1997, he was appointed Chief Economist of the State Power Corporation, Chief of the General Management Division of the Ministry of Power. He became Chief Accountant and Head of the Finance and Assets Operation Department of the State Power Corporation in 1999. He became the Vice President of the State Power Corporation in June 1999. He has been Consultant of the State Grid Corporation of China since 2003. Mr. Xie has long been engaged in the production and management of the power industry. He has extensive experience in power generation and management.

Yu Changchun

Aged 58, holds a PhD degree in economics. He is currently Head of the Education and Research Centre and Professor of Accounting at the Beijing State Accounting Institute. Mr. Yu taught at the Jilin Institute of Finance and Commerce upon graduation in 1978 and subsequently obtained a master degree in economics from Shanghai Social Science Institute and a PhD degree in economics from Tianjian University of Finance and Economics. He was Department Head, Professor and Advisor to postgraduates at the Department of Accounting at the Changchun Institute of Taxation in 1995. He carried out post-doctoral researches in the Financial and Economics Research Institute at the China Academy of Social Sciences in 1997 and worked with the Beijing State Accounting Institute in 1999. Mr. Yu has been engaged in theoretical and practical researches in the areas of Economics and Accounting for many years. A number of scientific research topics at the ministry (Provincial) Level were conducted and completed by Mr. Yu and have been awarded for a number of Outstanding Achievements at the Ministry (Provincial) Level. He was granted a specific subsidy from the State Council in 1997.

Liu Chaoan

Aged 54, graduated from the Geological Institute of Jilin University. Mr. Liu is a professor grade senior engineer, currently as Chairman of North China Electric Power Engineering Company Limited of the State Power Corporation. Mr. Liu worked as a technician at the Beijing Power Design Institute in 1980, and subsequently had been the Professional Section Chief, Deputy Chief and Assistant to Director at the North China Design Institute. He was Vice President of North China Electric Power Engineering Company Limited of the State Power Corporation since 2000, and he has been the Chairman of North China Electric Power Engineering Company Limited of the State Power Corporation since 2006. Mr. Liu has extensive experience in engineering design and geological prospecting of the power industry.

Xia Qing

Aged 53, is a graduate of Tsinghua University with a PhD degree in Mechanical and Electrical Engineering. He is a professor and an advisor to PhD students. He was awarded a PhD degree by Tsinghua University in 1989, with major research direction focusing on the power market, power system planning, information technology and power demand forecasts theories. From March 1996 to March 1997, he was a visiting scholar funded by The British Royal Society and was engaged in the research of power markets in the United Kingdom. Mr. Xia has conducted a number of researches on topics including the power market, power resources planning, power grid planning, power demand forecasts, power regulatory issues, dispatch of energy saving power generation. He has also been involved in power market design for the four major regions in the PRC. His current part-time jobs include serving as part-time professor at the Party School of the State Power Grid Company, Consultant to the State Power Grid Trading Centre, Consulting Expert of Yunnan Power Grid Corporation and Independent Director of Yunnan Wen Shan Power Company Limited.

Members of the Supervisory Committee

Li Hengyuan

Aged 67, graduated from Chengdu University of Technology, majoring in Analytical Chemistry under the School of Mathematics, Physics and Chemistry. He is a senior engineer and currently Deputy Secretary-general of All-China Environment Federation. Mr. Li participated in the work of Mining and Metallurgical Research Institute under Chinese Academy of Sciences in 1965. He took the office of Director 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 Class), the Ministerial and Provincial Scientific and Technological Progress Award (Second Class) and the Ministerial and Provincial Scientific and Technological Progress Award (Third Class), 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.

Qiao Xinyi

Aged 58, graduated from North China Power Institute majoring in thermal power equipment. He is university educated and a Senior Economist. He is currently a member of the Company's Communist Party Committee, Head of the Disciplinary Division and Chairman of the Staff 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 at the 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 Staff Union, and Head of the Disciplinary Division of the Company since February 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

Aged 47, university graduate. He graduated from the Central Communist Party College majoring in economics management and graduated from Liaoning Power University with specialisation in industrial accounting. He is a senior accountant and is presently Manager of Financial Department of Tianjin Jinneng Investment Company. Mr. Zhang began his career with First Construction Company of Fushun City, Liaoning Province in 1982. He served as Accounting Officer in First Construction Company of Fushun City in Liaoning Province and was Accounting Officer and Chief Accountant of Liaoning Power Plant; and Deputy Head and Head of Finance Division, Deputy Chief Accountant, Chief Accountant at Liaoning Nenggang Power Generation Co., Ltd. He was Deputy Manager and Manager of Financial Department of Tianjin Jinneng Investment. Mr. Zhang has long been engaged in financial management and has extensive practical work experience.

Fu Guoqiang

Aged 47, university graduate, is a senior accountant, CPA. Mr. Fu is the Head of the Finance and Assets Management Department of China Datang Corporation. He was the Head of the Finance and Assets Management Department of China Datang Corporation. He was the Head of the Finance and Assets Management Department of Hebei Power Company, Manager of the Finance Department of NCPGC. Mr. Fu has been the Head of the Finance and Assets Management Department of China Datang Corporation since December 2003. Mr. Fu has long been engaged in finance management in power system and has extensive practical experience in operation and management.

Guan Zhenquan

Aged 46, 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 Leading Cadres, and Head of the Labour Administrative Office of the Personnel Department at North China Power Corporation; and Deputy Party Secretary cum Secretary of the Disciplinary Committee as well as Chairman of the Staff Union at Tianjin Datang International Panshan Power Generation Company Limited. He has served as Deputy Head, Director and 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. 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.

Secretary to the Board

Zhou Gang

Aged 46, an Executive Director and Vice President of the Company.

Senior Management

An Hongguang

Aged 51, graduated from Wuhan University majoring in Administration Science and Engineering with a master degree. He is a senior engineer and currently the Vice President 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 Director of Tangshan General Power Plant, Assistant to Director of Dou He Power Plant, Deputy Manager of the Production Department of the Company and Director of Zhangjiakou Power Plant. From June 2005 to December 2005, he served as Assistant to President of the Company. He has become Vice President of the Company since December 2005. Mr. An has more than 20 years' experience in the area of power systems and 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.

Qin Jianming

Aged 47, graduated from North China Electric Power University majoring in technical economics. He has post graduate qualification and is a senior engineer. He is currently a Vice President of the Company. Mr. Qin commenced his career in 1984 with Ministry of Water Resources and Power and had been successively person-in-charge of the Office of the Planning Division of the Power Department, Head of the General Office of Project Construction Bureau of the State Power Corporation, Head of the Thermal Power Construction Management Office of the Thermal Power Construction Department, Head of the General Management Office of Power Construction Department and Deputy Director of the Construction Management Department of China Datang Corporation. Mr. Qin has been a Vice President of the Company from June 2007 and he has extensive experience in power project construction and management.

Liu Lizhi

Aged 44, graduated from Northeast Power Institute majoring in power system and engineering automation. He is a Senior Economist and Senior Engineer with graduate school education. He is currently a member of the Communist Party Committee and Deputy General Manager of the Company. Mr. Liu joined China Power Information Research Institute in 1991. In July 1994, he was 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 served as General Manager of Hebei Datang International Huaze Hydropower Development Company Limited; Director of the Preparation Division of Hebei Yuzhou Energy Multiple Development Company Limited; General Manager of Datang International Chemical Technology Research Institute Company Limited; and then Secretary to the Communist Party Committee cum General Manager of Inner Mongolia Branch 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

Aged 46, graduated from North China Power Institute majoring in thermal dynamics. He is a Senior Engineer with graduate school education. He is currently a member of the Communist Party Committee and 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 Inner Mongolia Datang International Tuoketuo Power Generation Company Limited. 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 is familiar with the management of power system infrastructure construction as well as the management of production and technology. He has extensive experience in power engineering and construction as well as corporate management.

Wang Xianzhou

Aged 56, graduated from Beijing Broadcast and Television University majoring in industrial statistics. He is a senior accountant and 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 Zhang Jia Kou Power Plant. Since 1995, Mr. Wang had held various positions including Deputy Financial Manager and Financial Manager of NCPGC, 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

During 2009, the Company conducted active and sincere communication with investors at large and analysts by various channels including results presentation, overseas roadshows, roadshow for bonds issue, reverse roadshows, investor forums, company visits, telephone conferences as well as answer enquiry phone calls and reply to emails. Among the meetings, the Company met analysts and fund managers 414 man-times through results presentations and overseas roadshows; met analysts and fund managers 40 man-times at roadshow for bonds issue; met analysts and fund managers 42 man-times at reverse roadshows; met analysts and fund managers 742 man-times at investor forums; and met analysts and fund managers 386 man-times through company visits and telephone conference.

Investor Relations Activities Conducted in 2009

Month	Information of 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	Yes	12	75
	UBS 9th Greater China Conference	Yes	14	83
February	Daiwa Investment Conference	Yes	15	70
March	Annual Results Presentation	Yes	—	106
April	Annual Results Domestic Roadshows	No	22	85
	Annual Results Overseas Roadshows	No	25	49
May	Macquarie Investment Forum	No	8	35
June	JP Morgan China Conference	Yes	16	95
	Company's Reverse Roadshows	Yes	—	42
	UBS Investment Forum	No	7	26
July	Nomura Investment Forum	Yes	13	78
	BNP China Power Corporate Day	No	8	25
August	Company's Roadshow for Bonds Issue	No	8	40
	Interim Results Presentation	Yes	—	101
	Interim Results Domestic Roadshows	No	17	47
	Interim Results Overseas Roadshows	No	9	26
September	CLSA 16th Asia Investment Conference	No	18	65
October	Citi Annual Investor Conference	No	9	36
	BNP Investor Annual Conference	No	7	23
November	Bank of America Merrill Lynch China Investment Summit	No	16	40
	Morgan Stanley Asia Pacific Summit	No	17	46
December	Citic Securities Annual Strategy Conference	Yes	5	45

1. What is the Company's view on the nation's power supply and demand in 2010?

A: 2010 is a year with the most complicated international and domestic economic conditions. According to the forecasts by the China Electricity Council, the nation's power supply and demand will be characterised by the following:

1. It is anticipated that newly-added installed capacity will remain relatively strong with a further growth in the supply capacity. In 2010, 85,000MW of installed capacity is expected to be added to the nation's infrastructure for the whole year: This includes over 15,000MW of hydropower; 55,000MW of coal-fired power; 1,080MW of nuclear power; 13,000MW of wind power; and 200,000kW of solar photovoltaic power. It is anticipated that by the end of 2010, the nationwide installed capacity of power generation will be around 950,000MW.

2. It is anticipated that demand will continue to rise. Power consumption for the whole year will grow by 9% year-on-year to approximately 3,970 billion kWh. Given the base effect for each month in 2009, total social power consumption will follow an overall trend of "from high to low" in 2010. The growth rate will exceed 10% in the first half but will gradually decline in the second half.

3. The overall power supply and demand is expected to be in equilibrium. Utilisation hours of power generation equipment for the full year is estimated to be approximately 4,500 hours, basically maintaining the same level as 2009 or experiencing a slight decline. Thermal coal, water resources and climate will be the most important factors affecting power supply and power generation balance in certain regions.

2. What is the Company's estimate of coal procurement in 2010 and what is its assessment towards the coal demand and supply situation during the year?

A.: According to the Company's power generation plan for 2010, it is estimated that the Company will consume approximately 78 million tonnes of coal for the full year. The Company has entered into key coal contracts at an average increase in coal price of approximately 9%. The remaining coal requirement apart from key contract coal will be satisfied through procurement in the international and domestic markets.

The Company anticipates that coal supply and demand will be basically balanced in 2010. Spot coal prices in the domestic market will decline as compared to the beginning of the year but will still be higher than key contract prices. The decline in coastal coal prices will be greater than those of direct coal and mine-mouth coal.

3. What are the Company's measures in response to the continuously rising debt-to-assets ratio?

A.: As at 31 December 2009, the Company's debt-to-assets ratio on a consolidated basis was 82.17%, representing an increase of 1.64 percentage points as compared to the end of 2008. In response to the continuously rising debt-to-assets ratio, the Company has been actively pursuing the issuance of additional capital. As at 31 December 2009, the Company's non-public offer plan for the issuance of not exceeding 700 million A shares had obtained unconditional approval from the CSRC. The Company successfully completed a non-public offer of A shares in March 2010 and RMB3.248 billion of proceeds was subsequently raised. The above plans have effectively reduced the Company's debt-to-assets ratio.

4. What are the targets at various stages in the Company's development of the coal chemical business?

A.: As at the end of 2009, the Company obtained approvals from (or submitted filing to) the government for the Duolun Coal Chemical Project and the Keqi Coal-based Natural Gas Project which have formally commenced construction. The Duolun Coal Chemical Project had entered into the full trial-run stage since the beginning of 2009. The Company planned to complete the full-system trial-run in 2010 by linking all technical processes so as to produce polypropylene smoothly as the end product. The Keqi Coal-based Natural Gas Project (with annual production of 4 billion cubic metres) commenced construction in August 2009. The first production line is expected to commence operation in 2012 and full production will be achieved by 2014.

In addition, the Fuxin Coal-based Natural Gas Project obtained formal approval from the NDRC in March 2010 and has commenced construction.

5. Has the Company made any new adjustments to its development approach?

A.: In order to adapt to the changing market and regulatory environments so as to assure the Company's sustainable development, the Company appropriately adjusted its development approach from mainly relying on "new construction" to both "acquisitions and new construction". The Company will capture the numerous acquisition opportunities available amidst the current adjustment process of the power industry. By pursuing the development strategy of "focusing on pursuing the power generation business as its core development whilst complementing with synergistic diversifications" and through the various approaches of capital raising, acquisitions of equity interests and restructuring of assets, the Company will continue to expand its scale of operation and enhance its profitability.

6. What are the major strategic targets of the Company in 2010?

A: 2010 is the final year for the first stage of the development strategy of "focusing on pursuing the power generation business as its core development whilst complementing with synergistic diversifications". The major strategic targets in 2010 include continuous development of power-related assets; the attainment of certain operating scale in coal and coal-to-chemical productions; the initial establishment of the logistics assets chain; a full roll-out of the assets deployment of diversified businesses, with a gradually rationalised assets structure; and the contribution of profits from non-power assets to the overall operating results of the Company for the first time.

Risk Management

The major risks posed to the Company in 2009 and the coping measures are summarised as follows:

(1) Risks related to operations

At present, the Company is principally engaged in the power generation business comprising mainly coal-fired power generation. Most of the Company's generating units are thermal power generating units. On the one hand, there is a risk related to its single power source because the major raw material is fuel coal. On the other hand, there is a risk related to its by-and-large single business because the revenue of the principal business is derived from power generation. If the fuel market or the supply and demand in the electricity market fluctuates substantially, or if market competition intensifies, having a single power source and a single business portfolio will pose a disadvantageous impact upon the Company's operating results.

In response to the risk associated with the single power source portfolio, the Company applied various initiatives to increase the proportion of hydropower in installed capacity to further diversify the power source mix, thus minimising the risk in fuel supply. In addition to the hydropower plants in Huaze, Lixianjiang Basin, Nalan, Wenshan and Pengshui which have been put into operation, the Company is planning for the construction of hydropower projects in Wulong, Ganzi and other places. Upon completion of these projects, the installed capacity under management of all hydropower projects will represent 20-25% of the installed capacity under management of the Company. Therefore, the risk associated with its single power source will be further minimised. Meanwhile, the Company's plan to develop nuclear power and wind power will further optimise its power source mix.

In response to the risk associated with its single business portfolio, the Company strived to implement the diversification strategy. On the one hand, the Company has been actively leveraging the relevant national policies and has been focusing on developing the power market in the western region which enjoys the policy advantages. On the other hand, it strived to push forward expansion programmes in coal, chemical and railway projects, as well as relevant projects of upstream and downstream industries in relation to electricity, to further assure a sustainable development of the Company.

(2) Risks related to safe production

There is a possibility of having production safety-related accidents in the power industry. Any major production-related accidents will cause substantial losses to a company and an adverse effect on the society. The Company adopted various initiatives to minimise risks associated with safe production. For example, the Company took the management of safe production very seriously by strengthening the awareness of safe production in personal safety, equipment safety, traffic safety, social safety and so forth, by implementing an accountability system for safe production, and by improving safe production skills and measures. The Company revised and published the "Rules of Datang International Power Generation Co., Ltd. Governing the Accountability System for Safe Production" and the "Rules of Datang International Power Generation Co., Ltd. Governing Safe Production-related Critical Incidents"; the Company's subordinate units signed a "Safe Production Accountability Letter" at the beginning of each year and review the extent they have accomplished in the Letter at the end of each year, and present a written report to the Company which will assess the extent to which the indicators are achieved and put forward its opinions on the assessment of the annual Safe Production Accountability Letter.

(3) Risks related to environmental protection

Waste gases, waste water, ashes and other pollutants are discharged during the process of thermal power generation. On the one hand, this will cause pollution to the surrounding environment. On the other hand, the Company needs to pay the sewage charges arising from this as its operating costs. These sewage expenses are likely to increase further in future with the State's increasing efforts to levy sewage charges and the public's growing emphasis on environmental protection. In response to the risk related to environmental protection, the Company has taken a number of positive coping measures as follows:

The Company arranged for funding in a positive manner and made full use of the national sewage charges return policy and tariff compensation policy. The installation rate of desulphurisation facilities reached 100% in early 2009, and denitrification renovation projects were gradually carried out to existing generating units. The Company strived to reduce emissions percentages by implementing a variety of technical means. For example, for all new projects, high capacity, high performance and low emission desulphurisation units were used and the percentage of low-sulphur coal was increased in the fuel mix; the Company increased the percentage of hydropower units in generation assets for new projects, and aggressively studied the possibility of the development of other clean energy. In 2009, the Company's monitoring and audit department continued to carry out special supervision and inspection of energy conservation and emissions reduction in accordance with the State's environmental policies and the Company's environmental requirements.

(4) Risks related to resources supply

The major raw material used by the Company is coal. Increased coal prices will push up the costs of the Company's principal business, which will directly affect the Company's operating results. With respect to the supply of coal for power generation in 2009, the supply and demand in the nationwide market for coal used for power generation remained basically stable, with prices staying high. The delay in signing key contracts resulted in a short supply of thermal coal to the Company during certain periods and in certain regions. The decline in the quality of coal and the varying degrees of rises in sea freight and railway freight had a substantial impact on the Company's production and operations. To this end, the Company adopted a number of coping measures to mitigate the impact of cost increases. For example, the fuel coal mix was adjusted; the Company established long-term partnerships and a communication mechanism of mutual trust and understanding with major coal suppliers, which had kept procurement prices and purchase volume of coal relatively stabilised; the Company strengthened the cooperation with coal enterprises through equity investments and other methods; the Company gained a direct access to the coal production industry by, among others, the acquisition of the exploration right in East Unit 2 of Shengli Coal Mine in Xilinhote; the Company carried out energy-saving and consumption reduction technological upgrades, while strengthening the monitoring and management of technical and economic indicators for continuously reducing the consumption of coal in power supply; the Company controlled cost increases by strengthening the management of safe production, rationalising the arrangements for overhauling generating units and other measures; and the Company closely monitored the State's introduction of policies and regulations on coal, and capitalised on these policies and regulations.

(5) Risks related to capital availability

The power generation industry is a capital-intensive industry. The construction of power plants involves substantial investments and long construction periods. The expansion of the Company's production and business scale, the upgrade of equipment and technologies and so forth require the commitment of a substantial amount of capital, and accordingly the business development of the Company will require funding on an ongoing basis. Any major turmoil in the domestic or overseas financial market or any change in banks' lending rates unfavourable to the Company will affect the Company's financing capacity, resulting in a risk related to capital availability. In response to this risk, the Company has taken the following coping measures:

The Company reduced its operating costs through a number of measures: maintained a good track record in project development, construction and operation; and raised the quality of assets on an ongoing basis against those of the competitors in the same industry through a number of internal management measures. These measures have made the Company's profit status perform better than the average level and generate steady cash flow, thus enabling the Company to maintain and enhance its good credit standing domestically and abroad, and ensuring that internationally well-known rating agencies as well as domestic and foreign banks will grant the Company a higher credit line to assure its debt financing capability.

With respect to the upgrade of production equipment and technologies, the Company reviewed technological upgrade proposals at each level, with emphasis largely placed on safety, energy conservation and environmental protection upgrade projects. For each batch of projects, an analysis of the input and output must be carried out to improve the overall reliability of equipment and to reduce the amount of investment per kilowatt committed to technological upgrade.

With respect to capital management, the Company has been managing the overall raising and utilisation of funds with cash flow control. Through the management of the capital budget on cash inflows and expenditures of its subsidiaries and plants, the Company strictly controlled the utilisation of funds, enabling it to truly "enhance capital budget management, implement measures for budget management, manage and make good use of every penny, and improve the operational efficiency of funds".

The Company has also taken a number of financing methods and channels, such as equity financing and external debt financing, to raise funds to assure its scale development.

Corporate Governance Report

During 2009, the Company fully complied with the principles as set out in the Code on Corporate Governance Practices 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") and reached or even exceeded the best recommended practices in the Code on Corporate Governance Practices in certain aspects. The corporate governance condition of the Company is hereby reported as follows:

Shareholders and 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 general meetings in strict compliance with the Company's articles of association (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 domestic or international listing rules. During the reporting period, the Company held a total of three general meetings and a professional lawyer was invited to each general meeting as a witness to ensure all shareholders were treated equally and exercised their rights adequately.

The Company has also established specific divisions to assign specific staff to handle relevant work and receive visitors, with contact numbers published to answer phone enquiries at any time. In addition, the Company's website has been set up to provide updates and past results on the Company, as well as the management organisation of the Company, so as to facilitate a comprehensive understanding of the Company by shareholders and investors.

Directors and the Board

Pursuant to the Articles of Association, the board of the Company (the "Board") comprises 15 directors (the "Directors"), including five independent Directors. Members of the Board are equipped with various experience, ability, expertise and judgment (see the profiles of the members of the Board as set out in this annual report for details) appropriate for the Board. Directors of the Company consist of experts in power-related technology and management, experts in finance and scholars. Each of them has extensive experience and acumen and is open-minded. 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 three specialised committees, namely the Audit Committee, the Strategy and Development Committee and the Remuneration and Appraisal Committee, with detailed working rules devised for the respective committees. The convenors of the three specialised committees are independent Directors. In particular, independent Directors make up a majority in the Audit Committee and the Remuneration and Appraisal Committee.

During the reporting period, the Board held 11 meetings. The convening and voting procedures of the Board meetings complied with the regulations stipulated by the Articles of Association and the "Rules of Proceedings for Board Meetings".

Executive Directors	Attendance (%)	Non-executive Directors	Attendance (%)	Independent Non-executive Directors	Attendance (%)
Cao Jingshan (Vice Chairman)	100	Zhai Ruoyu (Chairman)	100	Xie Songlin	100
Zhou Gang	100	Hu Shengmu	100	Yu Changchun	100
		Fang Qinghai	100	Liu Chaoan	100
		Liu Haixia	100	Xia Qing	100
		Guan Tiangang	100	Li Hengyuan	100
		Su Tiegang	100		
		Ye Yonghui	100		
		Li Gengsheng	100		

During the reporting period, the independent Directors and members of the Audit Committee of the Board were engaged in the preparation of the Company's 2009 annual report. The Company held an Audit Committee meeting and an independent Directors' meeting, in which the independent Directors and the Audit Committee members communicated with the Company's senior management and accountants regarding the Company's 2009 annual results and financial statements and the work of the accountants, forming relevant opinions and resolutions as a result.

The Remuneration and Appraisal Committee of the Board conducted assessment on the discharge of duties and the completion of annual results by the Company's Directors, supervisors and senior management in accordance with the relevant requirements of the "Work Regulations for the Remuneration Committee of the Board" of the Company, and made suggestions on the remuneration management of Directors, supervisors and senior management for 2009.

The Strategy and Development Committee of the Board reviewed the progress of the Company's investment projects and the Company's development strategy framework in accordance with the relevant requirements of the "Work Regulations for the Strategy and Development Committee" of the Company and made suggestions on the Company's future development.

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Model Code in 2009.

Supervisors and the Supervisory Committee

The Company's Supervisory Committee (the "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 general meeting, and shall be accountable to the general meeting in order to ensure that shareholders' interests, the Company's interests and the staff's lawful interests are not violated. During the reporting period, the Supervisory Committee held five 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 senior management members in discharging their duties.

Chairman and Chief Executive Officer

The positions of Chairman (chairman of the Board) and President of the Company are held by two different persons, respectively. Mr. Zhai Ruoyu 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 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.

Non-executive Directors

The Company has a total of 13 non-executive Directors. It is provided in the Articles of Association that the term of appointment of Directors (including non-executive Directors) shall not exceed three years and Directors are eligible for re-election and re-appointment. Any new Director will take office only after being elected and approved at the general meeting.

As stipulated by the regulations of the State's supervisory authorities, the consecutive terms of services of independent non-executive Directors (i.e. independent Directors) shall not exceed six years. The Articles of Association has not expressly provided that the Directors would retire in rotation once every three years.

Remuneration of Directors

During the Year, the Company and the remunerations of the executive Directors and senior management of the Company followed a salary system primarily based on positional salary. In accordance with the decision of the Board, the annual remuneration for each independent non-executive Director was RMB60,000 (after tax). The remunerations for other non-executive Directors of the Company were determined by their respective salary systems as provided and paid by their respective affiliated entities. The Board has established the Remuneration and Appraisal Committee, which comprises five Directors with independent Directors making up more than half of the membership.

The major duties of the Remuneration and Appraisal Committee include: to examine the criteria for the appraisal of Directors and managers; to conduct the appraisal and make recommendations; and to examine and review the remuneration policy and plans of the Directors and senior management (as the Company did not enter into service contracts with executive Directors, the duties of the Remuneration and Appraisal Committee did not include the approval of the terms for the service contracts of executive Directors). During the Year, the Remuneration and Appraisal Committee held a meeting to review the performance and level of remuneration for executive Directors and senior management of the Company in 2008. The composition and level of remuneration were disclosed in this annual report. The attendance of the committee members at meetings is as follows:

	Attendance
Convenor (Chairman):	
Liu Chaoan	
(Independent non-executive Director)	100%
Members:	
Xia Qing	
(Independent non-executive Director)	100%
Li Hengyuan	
(Independent non-executive Director)	100%
Hu Shengmu (Non-executive Director)	100%
Zhou Gang (Executive Director)	100%

Nomination of Directors

It is provided in the Articles of Association that Directors are elected and formed by the general meeting of the Company with each term of appointment not exceeding three years and are eligible for re-election and re-appointment. The Board has yet to set up a nomination committee. Any change to the composition of the Board will be initiated through the Board, for which the Board will publish biographies of candidates recommended before the general meeting on the basis of recommendations of the shareholders and a review of the candidates' experience, so that all shareholders will be fully aware of the background of the candidates and exercise the power of the shareholders to elect the Directors.

Auditor's Remuneration

During the Year, the audit service fee payable to PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers, the Company's domestic and international auditors, amounted to approximately RMB18.311 million; and non-auditing fee amounted to approximately RMB1.5 million, mainly for preparing internal control monitoring report to the Company.

The Audit Committee

The Audit Committee under the Board comprises five Directors, of whom all are non-executive Directors, among whom three are independent Directors. Major duties of the Audit Committee include: to supervise the Company's internal audit system and its implementation; to facilitate the communication between internal and external audit parties; to review the Company's financial information and periodic disclosures; to review the Company's internal control system; and to propose the appointment or replacement of external audit firms. The Company's Directors, supervisors, chief financial manager, other senior management members and external auditors of the Company are invited to attend the Audit Committee meetings.

During 2009, the Audit Committee held two meetings. Conscientious reviews of the Company's interim and annual results and related financial matters as well as the Company's internal control system were conducted. It also duly assessed the auditors' work. The Audit Committee is of the view that the Company's internal control systems were effectively implemented, have achieved significant results and have effectively controlled the production and operation risks of the Company.

During the Year, the attendance by the Audit Committee members at the committee's meetings is as follows:

	Attendance
Convenor (Chairman):	
Yu Changchun	
(Independent non-executive Director,	
financial management expert)	100%
Members:	
Xia Qing	
(Independent non-executive Director)	100%
Li Hengyuan	
(Independent non-executive Director)	100%
Ye Yonghui (Non-executive Director)	100%
Guan Tiangang (Non-executive Director)	50%

Internal Control of the Company

From the perspectives of business management, job functions management and job positions management, the Company established basic corporate management systems such as the system governing the usage of chops, notes management, budget management, asset management, quality management, duties authorisation management, regular communication management and information disclosure.

Specific content includes: segregation of duties control; accounting control; asset safeguard control; budget control; operating analysis control; and performance evaluation control.

As to organisational structure, the Company has established the Supervision and Auditing Department, with a comprehensive and effectively operating internal audit system. During the reporting period, a focus was put on the implementation of the internal control with regard to the Company's internal audit work with major inspections conducted on assets, materials and supplies management, contract management and connected transactions. Reports on the inspections and supervision of the Company's internal control are submitted to the Audit Committee of the Board on a regular basis. Meanwhile, several specialised task forces on aspects such as financial budgeting, bidding and tenders, and emergency incidents were established at the management level to assist the Company's President to make major decisions and to devise risk-prevention proposals in daily operations. Implementation of the Company's various management systems and an effective operation of the decision-making system facilitated by the Company's specialised committees serve a function of risk-prevention and assure the normal production and operation of the Company.

The Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries during the reporting period.

Pursuant to the relevant requirements of the Shanghai Stock Exchange, the Board published the "Self-assessment Report on the Company's Internal Control". For details, please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn).

Report of the Directors

The Directors are pleased to present the audited results of the Company for the year ended 31 December 2009.

Listing and Issue of Shares

The Company's H shares were 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 bond of US$153.8 million, which were listed on the Luxembourg Stock Exchange, at 0.75% interest rate per annum and a conversion premium of 30%. The Company's A shares were 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. Due to such changes, as at 31 December 2009, the total number of shares of the Company was 11,780,037,578 shares. Apart from that, the Company did not issue any new shares in 2009.

Performance of the Company's H shares during 2009:	
Closing price of H shares as at 31 December 2009	HK$3.36
Highest trading price of H shares between 1 January and 31 December 2009	HK$5.09
Lowest trading price of H shares between 1 January and 31 December 2009	HK$3.19
Total number of H shares traded between 1 January and 31 December 2009	3.59 billion shares

Performance of the Company's A shares during 2009:	
Closing price of A shares as at 31 December 2009	RMB9.05
Highest trading price of A shares between 1 January and 31 December 2009	RMB11.10
Lowest trading price of A shares between 1 January and 31 December 2009	RMB6.51
Total number of A shares traded between 1 January and 31 December 2009	7.55 billion 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, 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 2009 are set out in the Consolidated Statement of Comprehensive Income on pages 71 and 72. The financial position of the Company and its subsidiaries as at 31 December 2009 is set out in the Balance Sheets from page 68 to page 70.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2009 are set out in the Consolidated Cash Flow Statement on pages 77 and 78.

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, power related technical services, the sale of coal and 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:

	2009	2008
Purchases		
The largest supplier	18%	11%
Top five suppliers	35%	34%
Sales		
The largest customer	36%	43%
Top five customers	70%	83%

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 Notes 7, 8 and 9 to the Financial Statements from page 123 to page 139.

Dividend, Earnings per Share

The Board recommended the distribution of proposed dividend amounting to the total amount of approximately RMB861.703 million. Based on the Company's total share capital of 12,310,037,578 shares as at 19 April 2010, the proposed dividend amounted to RMB0.07 per share (tax exclusive) 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 dividends payment shall be based on the average of the closing rates of the Hong Kong dollar/RMB exchange rates quoted 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 38 and 37 to the Financial Statements on pages 206 and 205, respectively.

Reserves

Movements in reserves during the Year are set out in Consolidated Statement of Changes in Equity and Note 21 to the Financial Statements from page 73 to page 76 and from page 157 to page 160, among which distributable reserves attributable to the shareholders amounted to approximately RMB9.591 billion.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the Year are set out in Note 6 to the Financial Statements from page 117 to page 123.

Donation

During the Year, the Company and its subsidiaries have made charity and relief donations of approximately RMB2.25 million.

Share Capital

As at 31 December 2009, the total share capital of the Company amounted to 11,780,037,578 shares, divided into 11,780,037,578 shares carrying a nominal value of RMB 1.00 each. Movements in share capital during the Year are set out in Note 20 to the Financial Statements on page 156.

Share Capital Structure

As at 31 December 2009, the total number of shares issued by the Company was 11,780,037,578. The Company's shareholders were China Datang Corporation, Beijing Energy Investment (Group) Company, Hebei Construction Investment Company, Tianjin Jinneng Investment Company, other holders of domestic shares and foreign holders of H shares, holding 3,959,241,160 A shares, 1,293,838,209 A shares, 1,299,872,927 A shares, 1,212,012,600 A shares, 699,395,104 A shares and 3,315,677,578 H shares, respectively, representing 33.61%, 10.98%, 11.03%, 10.29%, 5.94% and 28.15%, respectively, of the issued share capital of the Company.

Among the H shares, China Datang Corporation's wholly-owned subsidiary, CDC Overseas Investment Company Limited, held 234,680,000 H shares, and therefore China Datang Corporation and CDC Overseas Investment Company Limited held a total of 4,193,921,160 shares in the Company, representing 35.60% of the total share capital of the Company as at 31 December 2009.

Number of Shareholders

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2009 were as follows:

Total number of shareholders	249,793
Holders of domestic shares	249,222
Holders of H shares	571

Substantial Shareholders of the Company

As far as the Directors of the Company are aware, as at 31 December 2009, the interests or short positions of the person or entities in the shares or underlying shares of the Company as recorded in the register required to be kept 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	Percentage to total issued share capital of the Company (%)	Percentage to total issued A shares of the Company (%)	Percentage issued to total H shares of the Company (%)
China Datang Corporation (Note 1)	A shares H shares	3,959,241,160 234,680,000(L)	33.61 1.99(L)	46.78 —	— 7.08(L)
Beijing Energy Investment (Group) Company Limited (Note 2)	A shares	1,293,838,209	10.98	15.29	—
*Hebei Construction Investment Company (Note 3)	A shares	1,299,872,927	11.03	15.36	—
Tianjin Jinneng Investment Company (Note 4)	A shares	1,212,012,600	10.29	14.32	—
Blackrock, Inc.	H shares	280,516,802(L) 13,368,000(S)	2.38(L) 0.11(S)		8.46(L) 0.40(S)
Morgan Stanley	H shares	182,119,188(L) 169,931,771(S)	1.55(L) 1.44(S)		5.49(L) 5.13(S)

(L) = Long positions (S) = Short positions (P) = Lending pool

* Hebei Construction Investment Company has been renamed as Hebei Construction Investment (Group) Company Limited

Notes:

(1) Mr. Zhai Ruoyu, Mr. Hu Shengmu and Mr. Fang Qinghai, all non-executive Directors, are employees of China Datang Corporation.

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

(3) Mr. Su Tiegang and Mr. Ye Yonghui, both non-executive Directors, are employees of Hebei Construction Investment Company.

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

Save as disclosed above, as far as the Directors are aware, as at 31 December 2009, there is no person holding interests or short positions in the shares or underlying shares of the Company which required to make disclosure in accordance with the requirements of the SFO.

Interests of Directors and Supervisors in Share Capital

As at 31 December 2009, Mr. Fang Qinghai, a non-executive Director of the Company, owned 24,000 A shares of the Company. Apart from this, none of the Directors, supervisors and chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (as defined in the SFO) that required to notify the Company and 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.

Directors' Service Contracts

As at 31 December 2009, the Company has not entered into any service contracts with its executive Directors.

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, a salary system revolving positional salary was adopted for the Company's Directors, supervisors and senior management, and appraisals were carried out in accordance with the three accountability appraisal management systems. The Remuneration and Appraisal Committee assessed such person's performance and remuneration level.

All of the highest paid individuals of the Company during the Year include Directors, supervisors and senior management staff. Details of their remuneration are set out in Note 36 to the Financial Statements from page 202 to page 204.

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 Corporation Finance Company Limited, short-term loans from banks, other short-term loans, long-term loans from banks, other long-term loans and loans from shareholders as set out in Notes 22 and 27 to the Financial Statements from page 161 to page 168 and from page 172 to page 175, there were no other loans of the Company and its subsidiaries as at 31 December 2009.

Medium-term Notes, Corporate Bonds

In March 2009, the Company completed the issue of the first tranche of the 2009 medium-term notes. The principal amount was RMB3 billion with a term of issue of five years. The nominal value of the medium-term notes was RMB100 and the fixed annual coupon interest rate was 4.10% per annum. In August, the Company issued corporate bonds of RMB3 billion, carrying a fixed annual coupon interest rate of 5.00% with a term of 10 years.

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 shareholding.

Connected Transactions

During the Year, the Company or its subsidiaries performed the following 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.

Continuing connected transactions	Transaction amount during 2009 (RMB'000)
Ash disposal fees to China Datang Corporation	57,890
Interest expenses payments to Datang Finance	139,022
Interest income from Datang Finance (Note)	14,296
Equipment purchase from Datang Technology	284,790
Equipment and material purchase expenditures and agency fees payable to China Water Resources & Power	235,926

Note : Pursuant to the "Financial Services Agreement" dated 28 August 2008 entered into between the Company and Datang Finance Company Limited ("Datang Finance"), the average daily deposit balance for the Company's deposits at Datang Finance in 2009 did not exceed the cap of the average daily deposit balance (including any interest accrued) of RMB4.5 billion as set out in the agreement.

As at 31 December 2009, the balance of deposits of the Company and its subsidiaries in Datang Finance was RMB147.097 million.

On 27 April 2009, the Company, Datang Finance and Lvsigang Power Company entered into the "Entrusted Loan Agreement" whereby Datang Finance was designated by the Company to act as a lending agent to release an entrusted loan of RMB200 million, which was funded by the Company to Lvsigang Power Company. Since Datang Finance is a subsidiary of China Datang Corporation and Lvsigang Power Company is an assoicate of China Datang Corporation, a controlling shareholder of the Company, the Entrusted Loan Agreement constituted a connected transaction of the Company which was subject to reporting and announcement requirements of Chapter 14A of the Listing Rules.

In August 2009, the Company and other shareholders (including China Datang Corporation ("CDC")) of Datang Finance increased their respective capital contributions to Datang Finance according to their respective original shareholding proportions. The capital contributions totalled RMB500 million, of which the Company contributed RMB100 million. The respective shareholding structure of Datang Finance of its shareholders remain unchanged after the said increase in share capital.

On 14 August 2009, Zhuozi Windpower Company, a wholly-owned subsidiary of the Company, and China Datang Corporation Technology Engineering Company Limited ("Datang Technology") entered into the "General Project Contracting Agreement for Zhuozi Windpower Mill

Phase IV (48.75MW)" ("Contracting Agreement") at a contract amount of approximately RMB382 million. Pursuant to the Contracting Agreement, Datang Technology agreed to provide general contracting services for the project construction of Phase 4 of the Zhuozi wind power project under the Zhuozi Windpower Company.

On 14 August 2009, the Company's wholly-owned subsidiary Energy and Chemical Company entered into the Investment Agreement on Duolun Coal Chemical Project with CDC to construct and operate the Duolun Coal Chemical Project. The Duolun Coal Chemical Project is located in Duolun County, Xilinguole League of the Inner Mongolia Autonomous Region. The project uses the brown coal as raw materials from the East Unit 2 coal mine of Shengli Coal Mine in Inner Mongolia, which is wholly-owned by the Company. It produces chemical products with advanced technologies, including pulverised coal gasification technology, synthetic gas purification technology, large-scale methanol synthesis technology, methanol-to-propylene technology and propylene polymerisation technology. This project is expected to produce 460,000 tonnes of polypropylene per year and other by-products.

On 1 September 2009, the Company and China National Water Resources & Electric Power Materials & Equipment Corporation ("China Water Resources & Power") entered into the "Framework Agreement for Centralised Materials Purchase" in connection with the centralised purchase of production materials required for technological renovation projects. The annual cap amount for the year 2009 was RMB248.46 million. Since China Water Resources & Power is a subsidiary of CDC, the agreement constituted continuing connected transactions of the Company which was subject to reporting and announcement requirements of Chapter 14A of the Listing Rules.

On 20 November 2009, the Company, CDC, Datang Jilin Power Generation Co., Ltd (a subsidiary of CDC), Datang International (Hong Kong) Limited (a subsidiary of the Company), Datang International Energy Chemical Co., Ltd (a subsidiary of the Company), Datang Shandong Power Generation Co., Ltd (a subsidiary of CDC) and China Datang Foreign Investment Company Limited (a subsidiary of CDC) entered into a series of Assets Transfer Agreements and Equity Transfer Agreements. Pursuant to the agreements, (i) CDC agreed to transfer the preliminary projects assets to the Company including Hulunbeier Project Planning Department, the preliminary project assets of Hulunbei'er Zhaluomude Water Conservancy and Hudropower Key Project, Liaoning Tieling Energy and Chemical Project Planning Department and Datang auxiliary power projects planning departments, with a total consideration amounting to RMB33,075,026.42; (ii) the Company agreed to transfer the preliminary projects assets to CDC including Shandong Datang Dongying Wind Power Plant Planning Department, Beiben Hydropower Project Planning Department and Salakang Hydropower Project Planning Department in the region of Mekong River in Laos with a total consideration amounting to RMB400,307,684.28; (iii) CDC agreed to transfer the equity interests of project companies to the Company including 100% equity interest in Hulunbei'er Chemical Fertiliser Company, 100% equity interest in Zhangzhou Wind Power Company, 100% equity interest in Liaoning New Energy Company and 40% equity interest in Diaobingshan Power Generation Company with a total consideration of RMB500,712,551.48; (iv) the Company agreed to transfer equity interests of certain project companies including 100% equity interests in Dongying Wind Power Company with a total consideration of RMB103,981,700.00.

The independent non-executive Directors have discussed the above transactions and confirmed that:

(1) the above transactions were made in the ordinary and the usual course of business of the Company;

(2) the above transactions were made either on normal commercial terms (i.e. such terms are applicable to similar transactions with other similar business entities in China); or if there were no sufficient comparable transactions, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) according to the relevant agreement governing such transactions on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain factual 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 auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board. It stated that:

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

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

(c) the said transactions were entered into pursuant to the relevant agreement governing those transactions; and

(d) 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 a fixed amount as individual savings pension insurance fund, while the Company will contribute a proportionate amount of the employees' contributions as supplementary pension insurance fund. The Company may at its discretion provide additional non-recurring individual savings pension insurance fund 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 RMB 2,799 million.

Other Significant Matters

1. Pursuant to the resolutions passed at the Company's 2008 annual general meeting held on 3 June 2009, the Company distributed a 2008 cash dividend of RMB0.11 per share (tax inclusive) to all shareholders based on the total share capital of 11,780,037,578 shares of the Company as at 31 December 2008.

2. On 31 December 2009, the Company entered into a supplemental agreement to acquire 100% equity interest of Yuneng (Group) Company Limited ("Yuneng Group") with the existing shareholders of Yuneng Group at a consideration of RMB1.345 billion. In addition, following the approval by the China Securities Regulatory Commission, after 31 December 2009 until the publication date of this report, the Company has issued to domestic target investors, under a non-public issue, 530,000,000 shares of RMB-denominated ordinary shares at an issue price of RMB6.23 per share, raising a total fund of RMB3.302 billion. For details, please refer to Note 43 to the Financial Statements under IFRS.

The Audit Committee considers that the 2009 annual financial report of the Company and its subsidiaries has complied with the applicable accounting standards, and that the Company has made appropriate disclosure thereof.

Compliance of the Code on Corporate Governance Practices

To the knowledge of the Board, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules during the Year.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

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 as the code of conduct for securities transactions by Directors during the Year.

Independent Non-executive Directors

The Company received from each of its independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. 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.

Auditors

The Company's financial statements for the year ended 31 December 2009 prepared under International Financial Reporting Standards have been audited by PricewaterhouseCoopers.

By Order of the Board
Zhai Ruoyu
Chairman

19 April 2010

Report of the Supervisory Committee

Qiao Xinyi
Chairman of the
Supervisory Committee

During 2009, 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"), Order of Meeting of the Supervisory Committee of Datang International Power Generation Co., Ltd. (the "Order of Meeting of Supervisory Committee") and the relevant requirements of the listing rules of the Company's listing locations, members of the Supervisory Committee of the Company dutifully and conscientiously discharged their monitoring duty. In 2009, 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 2009 is as follows:

Supervisory Committee Meetings

Convening of Supervisory Committee meetings	Details of the subjects discussed at the Supervisory Committee meetings
On 30 March 2009, the ninth meeting of the sixth session of Supervisory Committee of the Company was held	Considered and approved the 2008 Work Report of the Supervisory Committee, the Reconciliation of 2009 Accounting Discrepancy, the 2008 Financial Budget, the 2009 Financial Budget, the full text and the summary of the 2008 Annual Report and the results announcement
On 27 April 2009, the tenth meeting of the sixth session of Supervisory Committee of the Company was held	Considered and approved the 2009 First Quarterly Report of the Company
On 19 May 2009, the eleventh meeting of the sixth session of Supervisory Committee of the Company was held	Considered and approved and elected Mr. Chao Xinyi as the chairman of the Supervisory Committee and agreed that Mr. Zhang Jie ceased to be the chairman of the Supervisory Committee
On 14 August 2009, the twelfth meeting of the sixth session of Supervisory Committee of the Company was held	Considered and approved the full text and summary of the 2009 Interim Report of the Company and the results announcement
On 21 October 2009, the eighth meeting of the sixth session of Supervisory Committee of the Company was held	Considered and approved the 2009 Third Quarterly Report of the Company

Independent Opinions of the Supervisory Committee on Relevant Matters of the Company

(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 2009 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 auditors' report and offered opinions and recommendations on the auditors' 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 Rules for Business Enterprises and the Accounting Standards for Business Enterprises, and that the Company's 2009 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 August 2009, the Company issued RMB3 billion corporate bonds, raising RMB3 billion (net RMB2.976 billion) for the year ended 2009. The fund raised has been utilised.

(4) Acquisition and Disposal of Assets by the Company

Pursuant to the relevant agreement, the Company acquired 100% equity interest in Yuneng (Group) Company Limited at an acquisition consideration of RMB1.345 billion in cash, aiming at enhancing the Company's strategic plan, strengthening the Company's regional advantage in Chongqing, striving for thoroughness in power generation as the principal business, expanding diversified businesses and enhancing the Company's overall profitability.

Pursuant to the relevant agreement, the Company received the transfer of certain preliminary project assets owned by China Datang Group including the preliminary project assets of Hunlunbei'er Project Planning Department, Datang Tieling Energy and Chemical Project Planning Department and Datang Fujian Power Generation Project Planning Department at a consideration of RMB33,075,026.42.

The Company transferred certain preliminary project assets to China Datang Group including the overseas preliminary project assets owned by Datang International (Hong Kong) Company Limited, a wholly-owned subsidiary of the Company and the preliminary project assets of Datang Dongying Power Plant Planning Department at a consideration of RMB400,307,684.28.

The Company received the transfer of equity interests of certain preliminary project assets owned by China Datang Group including 25% investment rights of Hulunbei'er Zhaluomude Water Conservancy and Hydropower Key Project, 100% equity interest in Hulunbeier Chemical Fertiliser Company, 100% equity interest in Datang Liaoning New Energy Co., Ltd. and 40% equity interest in Liaoning Diaobingshan Coal Gangue Power Generation Co., Ltd. at a consideration of RMB500,712,551.48.

The Company transferred the equity interests of certain preliminary project assets owned by the Company including 100% equity interest in Shangdong Datang International Dongying Wind Power Generation Co., Ltd. at a consideration of RMB103,981,700.

The above-mentioned acquisitions and disposals were considered and approved by the Board and constituted connected transactions. The independent Directors expressed independent opinions that the considerations of the relevant acquisitions and disposals were reasonable, and did not harm the interests of the Company's shareholders.

(5) The Connected Transactions Engaged by the Company

The connected transactions engaged by the Company (including those related to daily operation, assets acquisition or disposal, joint external investment and related debts and liabilities) during the Year complied with normal commercial terms. Such transactions complied with the requirements of the State laws, regulations and the Articles of Association, while the information disclosure and related obligations were timely and thoroughly fulfilled in accordance with the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Work Plan for 2010

In 2010, members of the Supervisory Committee of the Company will conscientiously learn the relevant State laws and regulations in order to enhance its political quality and 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 of
Datang International Power Generation Co., Ltd.

19 April 2010

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 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.

Relevant Shareholders will generally be subject to UK income tax or corporation tax on the gross amount of dividends paid by the Company, 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 (details of which can be obtained from HM Revenue & Customs). Individual 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 corporate 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

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central, Hong Kong

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 set out on pages 68 to 211, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

PRICEWATERHOUSECOOPERS

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 financial position of the Company and of the Company and its subsidiaries as at 31 December 2009, and of the Company and its subsidiaries' financial performance 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.

Other matters

This report, including the opinion, has been prepared for and only for 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 April 2010

Balance Sheets

As At 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	Company and its subsidiaries 31 December 2009	Company and its subsidiaries 31 December 2008 (Restated) (Note 5(a))	Company 31 December 2009	Company 31 December 2008
ASSETS					
Non-current assets					
Property, plant and equipment	6	156,001,431	134,820,403	9,550,804	34,302,022
Investments in subsidiaries	7	—	—	16,616,425	9,643,931
Investments in jointly controlled entities	8	1,636,674	1,302,097	1,754,088	1,366,826
Investments in associates	9	3,772,537	2,050,393	2,800,835	1,301,382
Available-for-sale investments	10	1,339,829	675,849	1,045,608	569,400
Land use rights	11	1,523,509	1,269,909	544,430	542,979
Deferred housing benefits	12	163,384	193,469	37,473	46,081
Intangible assets	13	2,122,836	2,031,470	34,358	587,944
Long-term entrusted loans to related parties	14	130,194	50,104	3,894,922	5,212,655
Deferred income tax assets	34	744,114	711,096	41,556	30,811
Other long-term assets		109,422	80,170	18,661	—
		167,543,930	143,184,960	36,339,160	53,604,031
Current assets					
Inventories	15	1,855,177	2,142,781	194,318	376,425
Short-term entrusted loans to related parties	16	17,000	31,330	—	260,529
Prepayments and other receivables	17	6,574,901	2,486,512	8,039,282	2,671,630
Dividends receivable		—	—	98,766	96,357
Accounts and notes receivable	18	6,634,917	4,312,697	1,184,183	1,400,964
Income tax recoverables		91,216	—	—	—
Restricted cash	19	—	460,477	—	—
Fixed deposits over three months	19	—	30,000	—	—
Cash and cash equivalents	19	1,506,435	5,078,032	291,589	2,053,885
Assets of disposal group classified as held for sale		—	992,146	—	545,000
		16,679,646	15,533,975	9,808,138	7,404,790
Total assets		184,223,576	158,718,935	46,147,298	61,008,821

As At 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	Company and its subsidiaries 31 December 2009	Company and its subsidiaries 31 December 2008 (Restated) (Notes 2(a), 5(a))	Company 31 December 2009	Company 31 December 2008 (Restated) (Note 2(a))
EQUITY AND LIABILITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	20	11,780,038	11,780,038	11,780,038	11,780,038
Reserves	21	12,700,049	11,769,363	12,617,543	11,363,329
Retained earnings					
– Proposed dividend	38	861,703	1,295,804	861,703	1,295,804
– Others		856,695	1,406,306	863,408	1,092,661
		26,198,485	26,251,511	26,122,692	25,531,832
Minority interests		6,649,510	4,654,462	—	—
Total equity		32,847,995	30,905,973	26,122,692	25,531,832
Non-current liabilities					
Long-term loans	22	99,506,545	69,026,422	10,409,600	13,697,500
Long-term bonds	23	5,938,544	—	5,938,544	—
Deferred income	24	475,788	499,328	357,299	318,336
Deferred income tax liabilities	34	323,789	395,549	—	34,413
Provision		36,008	—	—	—
Other long-term liabilities	25	3,701,165	4,170,097	27,000	—
		109,981,839	74,091,396	16,732,443	14,050,249

As At 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	Company and its subsidiaries 31 December 2009	Company and its subsidiaries 31 December 2008 (Restated) (Notes 2(a), 5(a))	Company 31 December 2009	Company 31 December 2008 (Restated) (Note 2(a))
Current liabilities					
Accounts payable and accrued liabilities	26	14,040,020	13,229,560	1,653,258	3,509,935
Taxes payable		380,778	382,216	125,505	401,718
Dividends payable		36,909	145	—	—
Short-term loans	27	19,569,023	29,604,108	550,000	13,302,587
Short-term bonds	28	—	3,500,000	—	3,500,000
Current portion of long-term liabilities	22, 25	7,367,012	6,861,589	963,400	712,500
Liabilities of disposal group classified as held for sale	5(c)	—	143,948	—	—
		41,393,742	53,721,566	3,292,163	21,426,740
Total liabilities		151,375,581	127,812,962	20,024,606	35,476,989
Total equity and liabilities		184,223,576	158,718,935	46,147,298	61,008,821

These financial statements have been approved for issue by the Board of Directors on 19 April 2010.

Cao Jingshan
Director

Zhou Gang
Director

The notes on pages 79 to 211 are an integral part of these financial statements.

Consolidated Statement Of Comprehensive Income

For The Year Ended 31 December 2009
(All amounts expressed in thousands of Rmb, except per share data)

	Note	For the year ended 31 December 2009	2008 (Restated) (Note 5(a))
Operating revenue	30	47,942,923	36,900,065
Operating costs			
Local government surcharges		(382,296)	(333,868)
Fuel-power generation		(22,147,443)	(22,506,680)
Fuel-coal sales		(4,860,370)	(193,435)
Depreciation		(7,506,973)	(6,205,584)
Repairs and maintenance		(1,809,210)	(1,459,100)
Salaries and staff welfare		(1,822,231)	(1,778,648)
Others		(2,670,053)	(1,530,311)
Total operating costs		(41,198,576)	(34,007,626)
Operating profit	31	6,744,347	2,892,439
Shares of post-tax losses of jointly controlled entities	8	(52,685)	(57,278)
Shares of post-tax profits of associates	9	462,112	427,796
Investment income		6,245	45,515
Other gains	32	148,441	903,194
Interest income		33,124	83,467
Finance costs	33	(4,110,557)	(3,694,929)
Profit before income tax expense		3,231,027	600,204
Income tax expense	34	(638,711)	(71,811)
Profit for the year		2,592,316	528,393

Consolidated Statement Of Comprehensive Income (Continued)

For The Year Ended 31 December 2009
(All amounts expressed in thousands of Rmb, except per share data)

	Note	2009	2008 (Restated) (Note 5(a))
		For the year ended 31 December	
Other comprehensive income / (loss), net of tax			
Fair value gain / (loss) on available-for-sale investments		10,955	(2,845,037)
Share of other comprehensive loss of associates		(29,494)	(343,107)
Currency translation differences		655	19,880
Other comprehensive loss for the year, net of tax		(17,884)	(3,168,264)
Total comprehensive income / (loss) for the year		2,574,432	(2,639,871)
Profit attributable to:			
– Equity holders of the Company		1,612,317	749,354
– Minority interests		979,999	(220,961)
		2,592,316	528,393
Total comprehensive income / (loss) attributable to:			
– Equity holders of the Company		1,592,242	(2,418,910)
– Minority interests		982,190	(220,961)
		2,574,432	(2,639,871)
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic and diluted (Rmb)	37	0.14	0.06
Dividends proposed	38	861,703	1,295,804
Dividends paid	38	1,295,804	1,408,582

The notes on pages 79 to 211 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	Attributable to equity holders of the Company										Minority interests	Total equity
		Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total		
Balance as at 1 January 2009, as previously reported		11,780,038	1,592,988	2,913,297	6,800,692	115,656	17,036	126,435	(55,168)	2,699,031	25,990,005	4,654,462	30,644,467
Adjustment to beginning balance	2(a)	–	–	(27,163)	–	–	–	–	–	27,163	–	–	–
Common control business combinations	5(a)	–	285,590	–	–	–	–	–	–	(24,084)	261,506	–	261,506
Balance as at 1 January 2009, as restated		11,780,038	1,878,578	2,886,134	6,800,692	115,656	17,036	126,435	(55,168)	2,702,110	26,251,511	4,654,462	30,905,973
Profit for the year		–	–	–	–	–	–	–	–	1,612,317	1,612,317	979,999	2,592,316
Other comprehensive income / (loss):													
Fair value gain on available-for-sale investments, gross		–	–	–	–	–	–	11,684	–	–	11,684	2,921	14,605
Fair value gain on available-for-sale investments, income tax		–	–	–	–	–	–	(2,920)	–	–	(2,920)	(730)	(3,650)
Share of other comprehensive loss of associates, gross		–	–	–	–	–	–	(39,325)	–	–	(39,325)	–	(39,325)
Share of other comprehensive loss of associates, income tax		–	–	–	–	–	–	9,831	–	–	9,831	–	9,831
Currency translation differences		–	–	–	–	–	655	–	–	–	655	–	655

Consolidated Statement Of Changes In Equity (Continued)

For The Year Ended 31 December 2009

(All amounts expressed in thousands of Rmb)

		Attributable to equity holders of the Company										Minority interests	Total equity
	Note	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total		
Total comprehensive income / (loss) for the year		–	–	–	–	–	655	(20,730)	–	1,612,317	1,592,242	982,190	2,574,432
Common control business combinations		–	(312,754)	–	–	–	–	–	–	(3,215)	(315,969)	–	(315,969)
Non-common control business combinations		–	–	–	–	–	–	–	–	–	–	39,064	39,064
Acquisitions of minority interests of subsidiaries		–	(44,308)	–	–	–	–	–	–	–	(44,308)	37,308	(7,000)
Capital injection from minority interests of subsidiaries		–	–	–	–	–	–	–	–	–	–	2,022,680	2,022,680
Disposal of a subsidiary	5(c)	–	–	–	–	–	–	–	–	–	–	(443,198)	(443,198)
Others		–	–	–	–	–	–	–	10,813	–	10,813	3,107	13,920
Profit appropriations													
Transfer to restricted reserve		–	–	–	–	38,208	–	–	–	(38,208)	–	–	–
Transfer to surplus reserves		–	–	193,306	1,065,496	–	–	–	–	(1,258,802)	–	–	–
Dividends relating to 2008	38	–	–	–	–	–	–	–	–	(1,295,804)	(1,295,804)	(646,103)	(1,941,907)
Balance as at 31 December 2009		11,780,038	1,521,516	3,079,440	7,866,188	153,864	17,691	105,705	(44,355)	1,718,398	26,198,485	6,649,510	32,847,995

Consolidated Statement Of Changes In Equity (Continued)

For The Year Ended 31 December 2009

(All amounts expressed in thousands of Rmb)

	Note	Attributable to equity holders of the Company										Minority interests	Total equity
		Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total		
Balance as at 1 January 2008, as previously reported		11,734,083	1,519,014	2,620,951	6,762,061	124,625	(2,844)	3,314,579	14,921	3,668,286	29,755,676	4,599,081	34,354,757
Adjustment to beginning balance	2(a)	—	—	(12,253)	—	—	—	—	—	12,253	—	—	—
Common control business combinations	5(a)	—	171,600	—	—	—	—	—	—	(12,103)	159,497	—	159,497
Balance as at 1 January 2008, as restated		11,734,083	1,690,614	2,608,698	6,762,061	124,625	(2,844)	3,314,579	14,921	3,668,436	29,915,173	4,599,081	34,514,254
Profit for the year		—	—	—	—	—	—	—	—	749,354	749,354	(220,961)	528,393
Other comprehensive income / (loss):													
Fair value loss on available-for-sale investments, gross		—	—	—	—	—	—	(2,899,859)	—	—	(2,899,859)	—	(2,899,859)
Fair value loss on available-for-sale investments, income tax		—	—	—	—	—	—	724,965	—	—	724,965	—	724,965
Disposals of available-for-sale investments, gross		—	—	—	—	—	—	(893,523)	—	—	(893,523)	—	(893,523)
Disposals of available-for-sale investments income tax		—	—	—	—	—	—	223,381	—	—	223,381	—	223,381
Share of other comprehensive loss of associates, gross		—	—	—	—	—	—	(457,477)	—	—	(457,477)	—	(457,477)
Share of other comprehensive loss of associates, income tax		—	—	—	—	—	—	114,369	—	—	114,369	—	114,369
Currency translation differences		—	—	—	—	—	19,880	—	—	—	19,880	—	19,880

Consolidated Statement Of Changes In Equity (Continued)

For The Year Ended 31 December 2009

(All amounts expressed in thousands of Rmb)

	Note	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Currency translation differences	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total	Minority interests	Total equity
		Attributable to equity holders of the Company											
Total comprehensive income / (loss) for the year		–	–	–	–	–	19,880	(3,188,144)	–	749,354	(2,418,910)	(220,961)	(2,639,871)
Common control business combinations		–	113,990	–	–	–	–	–	–	–	113,990	–	113,990
Non-common control business combinations		–	–	–	–	–	–	–	–	–	–	779,304	779,304
Acquisitions of minority interests of subsidiaries		–	–	–	–	–	–	–	(69,021)	–	(69,021)	(41,915)	(110,936)
Conversion of convertible bonds		45,955	73,974	–	–	–	–	–	(14,921)	–	105,008	–	105,008
Capital injection from minority interests of subsidiaries		–	–	–	–	–	–	–	–	–	–	270,551	270,551
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	98,778	98,778
Share of other equity movement of a jointly controlled entity		–	–	–	–	–	–	–	255	–	255	–	255
Others		–	–	–	–	–	–	–	13,598	–	13,598	–	13,598
Profit appropriations													
Transfer from restricted reserve		–	–	–	–	(8,969)	–	–	–	8,969	–	–	–
Transfer to surplus reserve		–	–	277,436	38,631	–	–	–	–	(316,067)	–	–	–
Dividends relating to 2007		–	–	–	–	–	–	–	–	(1,408,582)	(1,408,582)	(830,376)	(2,238,958)
Balance as at 31 December 2008		11,780,038	1,878,578	2,886,134	6,800,692	115,656	17,036	126,435	(55,168)	2,702,110	26,251,511	4,654,462	30,905,973

The notes on pages 79 to 211 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For The Year Ended 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	2009	2008 (Restated) (Note 5(a))
Cash flows from operating activities			
Cash generated from operations	39(a)	12,841,813	7,879,608
Interest received		33,124	82,895
Income tax paid		(1,130,084)	(733,828)
Net cash generated from operating activities		11,744,853	7,228,675
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(27,453,375)	(32,509,064)
Acquisitions of land use rights		(35,394)	(443,437)
Acquisitions of intangible assets		(11,417)	(650,517)
Decrease / (Increase) in fixed deposits over three months		30,000	(30,000)
Acquisitions of subsidiaries, net of cash acquired		(218,527)	(1,263,903)
Acquisitions of jointly controlled entities		—	(243,126)
Additional investments in jointly controlled entities		(387,262)	(370,325)
Acquisitions of associates		(184,892)	—
Establishments of associates		(53,300)	(20,000)
Additional investments in associates		(108,100)	(594,580)
Investments in available-for-sale investments		(655,880)	(231,016)
Acquisitions of minority interests of subsidiaries		(7,000)	(110,938)
Prepayment for an investment		(1,289,000)	—
Additional entrusted loans made		(124,270)	(52,340)
Proceeds from disposals of property, plant and equipment		758,749	130,933
Proceeds from disposals of subsidiaries, net		395,990	98,778
Proceeds from disposal of an associate		87,099	—
Proceeds from sales of available-for-sale investments		86,631	1,389,671
Proceeds received from repayments of entrusted loans		58,600	49,995
Dividends received		344,923	97,855
Decrease of security deposits for notes payable		184,437	162,132
Others		6,793	7,005
Net cash used in investing activities		(28,575,195)	(34,582,877)

Consolidated Cash Flow Statement (Continued)

For The Year Ended 31 December 2009
(All amounts expressed in thousands of Rmb)

	Note	2009	2008 (Restated) (Note 5(a))
Cash flows from financing activities			
Capital injections from ultimate parent company		—	113,990
Capital injections from minority interests of subsidiaries		2,003,680	198,051
Drawdown of short-term loans		57,298,202	32,824,430
Drawdown of long-term loans		44,211,565	51,322,487
Issuance of short-term bonds		—	3,500,000
Issuance of medium-term notes and long-term bonds, net of issuance costs		5,967,000	—
Proceeds from sale and lease back arrangements		—	4,455,019
Repayments of short-term loans		(53,305,028)	(45,764,427)
Repayments of long-term loans		(30,201,544)	(5,920,749)
Repayments of short-term bonds		(3,500,000)	(3,000,000)
Payments on sale and lease back arrangements		(578,951)	(384,510)
Interest paid		(6,621,328)	(6,115,357)
Dividends paid to shareholders of the Company		(1,295,804)	(1,408,582)
Dividends paid to minority interests of subsidiaries		(609,490)	(831,767)
Underwriting fees		(35,800)	(35,800)
Others		(74,284)	14,687
Net cash generated from financing activities		13,258,218	28,967,472
Net (decrease) / increase in cash and cash equivalents		(3,572,124)	1,613,270
Cash and cash equivalents at beginning of year		5,078,032	3,450,505
Exchange gains on cash and cash equivalents		527	14,257
Cash and cash equivalents at end of year	19	1,506,435	5,078,032

The notes on pages 79 to 211 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

1. GENERAL INFORMATION

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 activities of the Company and its subsidiaries are power generation and power plant development in the PRC. The Company and its subsidiaries also engaged in coal trading, chemical products manufacturing and selling, etc..

The Directors consider that China Datang Corporation (“China Datang”) as the ultimate parent company of the Company. China Datang does not produce financial statements available for public use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company and its subsidiaries. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

As at 31 December 2009, a significant portion of the funding requirements of the Company and its subsidiaries for capital expenditures was satisfied by short-term borrowings. Consequently, as at 31 December 2009, the Company and its subsidiaries had a negative working capital balance of approximately Rmb24.71 billion (2008: Rmb38.19 billion). The Company and its subsidiaries had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately Rmb169.00 billion (2008: Rmb38.16 billion) (Note 39(c)) 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 and its subsidiaries 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.

New and amended standards adopted by the Company and its subsidiaries

The Company and its subsidiaries adopted the following new standards and amendments to standards for the first time for the financial year beginning 1 January 2009.

- International Accounting Standard ("IAS") 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (i.e. 'non-owner changes in equity') in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Company and its subsidiaries elected to present one performance statement and these financial statements have been prepared under the revised disclosure requirements. Since the change in accounting policy only impacts presentation, there is no impact on earnings per share.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended standards adopted by the Company and its subsidiaries (Continued)

- Amendments to IFRS 1 and IAS 27, 'Cost of an investment in a subsidiary, jointly controlled entity or associate', which the amendments to part of IAS 27 are relevant to the Company and its subsidiaries. The amendments to IAS 27 remove the definition of cost method and require an entity to recognise a dividend from a subsidiary, jointly controlled entity or associate in statement of comprehensive income in its separate financial statements when its right to receive the dividend is established. The Company and its subsidiaries early adopt the amendments prospectively from 1 January 2009 in their separate financial statements in the current year. These amendments have no material impact on those financial statements in the current year.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Company and its subsidiaries categorised their operating activities into power generation segment, chemical segment, coal segment and all other segments for the purpose of segment reporting. In addition, the segment information disclosed is based on the information for internal reporting purpose which is under China Accounting Standards for Business Enterprises ("PRC GAAP").

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers have been identified as executive directors and certain senior management of the Company that make strategic decisions.

  IFRS 8 revised certain disclosure items which the Company and its subsidiaries have restated comparative information accordingly.

- Amendment to IFRS 7, 'Financial instruments: disclosures'. The amendment enhances the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures and requires some specific quantitative disclosures for financial instruments on the lowest level in the hierarchy. It also requires the Company and its subsidiaries to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Adjustment on statutory surplus reserve

In year 2009, the Company and its subsidiaries adopted CAS Interpretation No. 3 promulgated by the Ministry of Finance of the People's Republic of China ("MOF") retroactively effective on 1 January 2009. According to CAS Interpretation No. 3, the Company and its subsidiaries recorded certain retrospective adjustments under PRC GAAP and adjusted statutory surplus reserve of Rmb12.253 million and Rmb27.163 million as at 1 January 2008 and 2009, accordingly. In order to ensure the distributable reserve under IFRS is not affected by the adjustments at each individual year, the Directors of the Company and its subsidiaries retrospectively reclassified the same amounts from statutory surplus reserve to retained earnings accordingly under IFRS (Note 21).

Standards and amendments to published standards that are not yet effective but relevant to the Company and its subsidiaries

The following standards and amendments to existing standards have been published that are mandatory for the accounting periods of the Company and its subsidiaries beginning on or after 1 January 2010, but the Company and its subsidiaries have not early adopted.

- IAS 24 (Revised), 'Related party disclosures' (effective for annual period beginning on or after 1 January 2011). The revised standard introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose the name of the government and the nature of their relationship, the nature and amount of any individually-significant transactions, and the extent of any collectively significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The Company and subsidiaries will apply this standard to related party disclosures from 1 January 2011.

- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective for annual period beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit and loss. The Company and its subsidiaries will apply this standard prospectively to transactions with non-controlling interests from 1 January 2010.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to published standards that are not yet effective but relevant to the Company and its subsidiaries (Continued)

- IAS 38 (Amendment), 'Intangible Assets' (effective for annual period beginning on or after 1 July 2009). The amendment is part of the annual improvement project of the International Accounting Standard Board (the "IASB") published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar economic useful lives. The Company and its subsidiaries will apply this amendment prospectively to all business combinations from 1 January 2010.

- IFRS 3 (Revised), 'Business combinations' (effective for annual period beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company and subsidiaries will apply this standard prospectively to all business combinations from 1 January 2010.

- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations'. The amendment is part of the annual improvement projects of the IASB published in May 2008 and April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It clarifies that all assets and liabilities of a subsidiary are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The amendment also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company and its subsidiaries will apply this amendment from 1 January 2010. It is not expected to have a material impact on the financial statements of the Company and its subsidiaries.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to published standards that are not yet effective but relevant to the Company and its subsidiaries (Continued)

- IFRS 9, 'Financial Instruments' (effective for annual period beginning on or after 1 January 2013). The standard requires financial assets to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (i.e. it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There will be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment. The Company and its subsidiaries will apply this standard prospectively to financial instruments from 1 January 2013.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

Subsidiaries

Subsidiaries are all entities over which the Company and its subsidiaries have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and its subsidiaries control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and its subsidiaries and are de-consolidated from the date that control ceases.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

Subsidiaries (Continued)

(i) Common control business combination

These consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as expenses in the period in which they are incurred.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

Subsidiaries (Continued)

(ii) Non-common control business combination

Purchase accounting is used to account for the acquisitions of subsidiaries by the Company and its subsidiaries from third parties. The acquisition costs and identifiable net assets obtained by acquirer are measured at the fair value on the acquisition date. Related separate financial statements are adjusted on the basis of the fair value of the identifiable net assets on acquisition date when preparing consolidated financial statements. The excess of acquisition costs over the proportionate share of the fair value of the identifiable net assets acquired is recorded as goodwill. The shortfall of acquisition costs to the proportionate share of the fair value of the identifiable net assets acquired is recognised through current period profit and loss.

Direct costs attributable to the business combination are recorded as acquisition costs. Any charges or commission arising from issuance of equity securities for business combination are offset against premium of those equity securities.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated after taking into account any impairment indicator of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Company and its subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

Transactions with minority interests

The Company and its subsidiaries apply a policy of treating transactions with minority interests as transactions with equity holders of the Company and its subsidiaries. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are recorded in equity.

Jointly controlled entities and associates

Jointly controlled entities are all entities over which the Company and its subsidiaries and other parties undertake an economic activity through a contractual arrangement which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Associates are all entities over which the Company and its subsidiaries have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in jointly controlled entities and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company and its subsidiaries' shares of the post-acquisition profits or losses of jointly controlled entities and associates is recognised in the profit or loss and their share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. The Company and its subsidiaries' investments in jointly controlled entities and associates include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2(h)). When the Company and its subsidiaries' share of losses in a jointly controlled entity or an associate equals or exceeds their interest in the jointly controlled entity or associate, including any other unsecured receivables, the Company and its subsidiaries do not recognise further losses, unless the Company and its subsidiaries have incurred obligations or made payments on behalf of the jointly controlled entities or associates.

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

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

Jointly controlled entities and associates (Continued)

In the Company's balance sheet, the investments in jointly controlled entities and associates are stated at cost less provision for impairment losses (Note 2(h)). The results of jointly controlled entities and associates are accounted for by the Company on the basis of dividends received and receivable.

(c) Segment reporting

The Company and its subsidiaries determine their reportable segments based on operating segments. An operating segment represents a component of the Company and its subsidiaries that meets all the conditions below:

- The component earns revenue and incurs expenses in its daily operating activities;
- Chief operating decision-makers ("CODM") of the Company and its subsidiaries can regularly review the operating results of the component in order to make decisions on allocating resources and assessing its performance;
- The financial position, operating results, cash flows and other related information of the component are available.

Segment information of the Company and its subsidiaries adopt the same standards as internal reports. The disclosure format of operating segment disclosures is consistent with that of the Company and its subsidiaries reported internally to executive directors and certain senior management (including chief accountant) (together referred to as the "senior management"), who perform the functions of CODM.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Renminbi ("Rmb"), which is the functional and presentation currency of the Company.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss unless it arises from foreign currency loans borrowed for the acquisition or construction of qualifying assets which is eligible for capitalization.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of the month when the transaction incurred (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 rates on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

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.

(e) Property, plant and equipment

Property, plant and equipment, apart from construction-in-progress ("CIP"), are stated at historical cost less accumulated depreciation and accumulated impairment loss. The initial cost comprises purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

CIP represents plants and properties under construction and is stated at cost, which includes the costs of construction, plant and machinery and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and ready for its intended use when they are transferred to the relevant asset categories.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Dam	45 years
Buildings	20-50 years
Electricity utility plants	12-45 years
Transportation facilities, computer and others	4-10 years

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

Gains or losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and are included within 'operating costs - others' in the consolidated statement of comprehensive income.

(f) Land use rights

Land use rights represent upfront prepayments made for the land use rights and leasehold land and are expensed in the profit or loss on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is expensed in the profit or loss.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company and its subsidiaries' share of the net identifiable assets of the acquired subsidiary / jointly controlled entity / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of jointly controlled entities and associates is included in investments in jointly controlled entities and associates, respectively and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Resource use rights

Resource use rights are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (10 years) and recorded in 'operating costs - others' in the consolidated statement of comprehensive income.

Mining Rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, and are amortised on a systemic and proper method to reflect the pattern in which the asset's future economic benefits are expected to be realised by the Company and its subsidiaries.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Technology know-how

Acquired technology know-how related to the production process of coal chemical products, which is initially recognised at acquisition cost and will subsequently be amortised on straight-line basis over the beneficial period upon commencement of commercial production.

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives and recorded in 'operating costs - others' in the consolidated statement of comprehensive income.

(h) Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, jointly controlled entities or associates in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

(j) Financial assets

Classification

The Company and its subsidiaries classified their financial assets into the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables primarily included 'long-term entrusted loans to related parties', 'short-term entrusted loans to related parties', 'other receivables', 'dividends receivable', 'accounts and notes receivables', 'restricted cash', 'fixed deposits over three months' and 'cash and cash equivalents' in the balance sheet.

<u>Available-for-sale investments</u>

Available-for-sale investments are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investments mature or management intends to dispose the investment within 12 months after the balance sheet date.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Company and its subsidiaries commit to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale investments are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company and its subsidiaries have transferred substantially all risks and rewards of ownership.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

Recognition and measurement (Continued)

Changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as 'other gains'. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the right of the Company and its subsidiaries to receive payments is established.

The Company and its subsidiaries assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investments previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. Impairment loss on the available-for-sale investment recorded at cost is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment testing of loans and receivables is described in Note 2(l).

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed to fuel costs or other relevant operating costs when used, sold or capitalised to property, plant and equipment when installed, as appropriate, using moving 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.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company and its subsidiaries will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amounts of the assets are reduced through the use of allowance accounts, and the amount of the provision is recognised in the consolidated statement of comprehensive income within 'operating costs – others'. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs – others' in the consolidated statement of comprehensive income.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and financial institution and other short-term highly liquid investments with original maturities of three months or less.

(n) Payables

Payables primarily include accounts payable and accrued liabilities, etc. and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company and its subsidiaries have contractual or an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing costs

Borrowing costs incurred for the construction for any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed and included as finance costs in the period in which they are incurred.

(q) Taxation

Value-added tax ("VAT")

Sales of goods of the Company and its subsidiaries are subjected to VAT. VAT payable is determined by applying 17% or 13% on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period.

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The statutory income tax is assessed on an individual entity basis, based on each of results of operations of the Company and its subsidiaries. The commencement date of the tax holiday period of each power plant is individually determined. The income tax charges are based on assessable profit for the year and after considering deferred income tax.

On 16 March 2007, the National People's Congress promulgated the "Corporate Income Tax Law of the People's Republic of China" which became effective from 1 January 2008. Domestic entities of the Company and its subsidiaries which originally enjoyed preferential income tax treatments will transit to 25% gradually in five years from 1 January 2008 onwards. The Company and its domestic subsidiaries with original applicable income tax rate of 33% are subject to income tax rate of 25% from 1 January 2008 onwards. Pursuant to Guo Fa [2007]39 document, starting from 1 January 2008, entities which originally enjoyed two-year tax exemption and three-year 50% reduction tax treatments, continue to follow the original tax laws, administrative regulations and relevant documents until respective expiration dates. However, those not being entitled to preferential income tax treatment as a result of tax losses, the preferential period started from 2008 onwards.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Taxation (Continued)

Current and deferred income tax (Continued)

The statutory income tax rate applicable to Datang International (Hong Kong) Limited ("Datang Hong Kong"), a subsidiary of the Company incorporated in Hong Kong changed from 17.5% in 2008 to 16.5% from 2009 onwards.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and its subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

- The Company and its subsidiaries have the legally enforceable right to settle current income tax assets and current income tax liabilities; and

- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grants will be received and the Company and its subsidiaries will comply with all attached conditions.

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

Government grants relating to property, plant and equipment are included in non-current liabilities as 'deferred income' and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

(s) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries. Revenue is shown net of VAT, returns, rebates and discounts and after eliminating sales within the Company and its subsidiaries.

The Company and its subsidiaries recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company and its subsidiaries' activities as described below.

Sales of goods

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 (i.e. FOB), or delivered to the designated locations and accepted by the customers.

Interest income

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

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits

Pension and other social obligations

The Company and its subsidiaries have various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and / or other social benefit plans under which the Company and its subsidiaries pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as salaries and staff welfare when they are due.

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 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 service average lives of the relevant employees and included in salaries and staff welfare expenses.

In addition, the Company and its subsidiaries also contribute to the state-prescribed housing fund. Such costs are charged to the profit or loss as incurred.

Apart from those described above, the Company and its subsidiaries do not have other legal or constructive obligations over such benefits.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Leases

Leases where all the risks and rewards incidental to ownership of the assets are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

Operating leases (lessee)

Operating lease expenses are capitalised or expensed on a straight-line basis over the lease terms.

Finance lease (lessee)

At the commencement of the lease term, the Company and its subsidiaries recognise finance leases resulted from a sale and leaseback transaction as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The Company and its subsidiaries adopt the effective interest method in calculating the present value of the minimum lease.

On balance sheet date, the Company and its subsidiaries present the net amount of the minimum lease payments after deducting any unrealised finance costs in non-current liabilities and current liabilities respectively. Any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease terms.

(v) Dividend distribution

Dividend distribution is recorded as a liability in the financial statements in the period in which the dividends are approved by the shareholders of the Company and its subsidiaries.

(w) Financial guarantee contracts

The Company and its subsidiaries issue 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 each balance sheet date, 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.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Contingencies

Contingent liabilities are recognised in the financial statements when it is probable that a liability will be recognised. Where no provision is recorded, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements unless virtually certain but disclosed when an inflow of economic benefits is probable.

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT

The Company works out general principles for overall risk management, including management of financial risks, as well as management policies covering specific areas. In considering the importance of risks, the Company identifies and evaluates risks at head office and individual subsidiary level, and requires analysis and proper communication for the information collected periodically.

(a) Financial risk management

The activities of the Company and its subsidiaries expose them to a variety of financial risks including cash flow interest rate risk, foreign exchange risk, price risk, credit risk and liquidity risk. The overall risk management program of the Company and its subsidiaries focus on the unpredictability of financial markets and seek to minimise potential adverse effects on financial performance of the Company and its subsidiaries.

Market risk

Cash flow interest rate risk

As the Company and its subsidiaries have no significant interest-bearing assets except for bank deposits, the income and operating cash flows of the Company and its subsidiaries 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 Company and its subsidiaries closely monitor 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 Company and its subsidiaries are not exposed to any significant interest rate risk for these assets held as at 31 December 2008 and 2009.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(a) Financial risk management (Continued)

Market risk (Continued)

Cash flow interest rate risk (Continued)

The interest rate risk of the Company and its subsidiaries arises from loans. Loans with variable interest rates expose the Company and its subsidiaries to cash flow interest rate risk. The exposures of such a risk are disclosed in Notes 22 and 27 to the financial statements. The Company and its subsidiaries analyses interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

As at 31 December 2009, if interest rates on Rmb, HK dollar ("HKD") and US dollar ("USD") denominated loans had been 50 basis points (2008: 50 basis points) higher / lower respectively with all other variables held constant, interest expense would have been Rmb366.429 million (2008: Rmb296.201 million), Rmb1.980 million (2008: Rmb1.779 million) and Rmb3.219 million (2008: Rmb3.649 million) higher / lower, respectively. The ranges of such sensitivities disclosed above were based on the observations on the historical trends of related interest rates during the previous year under analysis.

Foreign exchange risk

Foreign exchange risk of the Company and its subsidiaries primarily arises from loans primarily denominated in USD. Related exposures are disclosed in Notes 22 and 27 to the financial statements. The management of the Company and its subsidiaries maintain a close look at the international foreign currency market on the changing exchange rates and takes these into consideration when investing in foreign currency deposits and loans raising.

As at 31 December 2009, if Rmb had weakened / strengthened by 5% (2008: 5%) against USD with all other variables held constant, exchange gain would have been Rmb61 million (2008: Rmb86 million) lower / higher. The range of such sensitivity disclosed above was based on the observation on the historical trend of related exchange rates during the previous year under analysis.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(a) Financial risk management (Continued)

Market risk (Continued)

Price risk

The available-for-sale investments of the Company and its subsidiaries are exposed to equity security price risk. The exposure of such a risk is disclosed in Note 10 to the financial statements. Following the sale of A shares of Daqin Railway Company Limited ("Daqin Railway") during 2008, the Directors are of opinion that the Company and its subsidiaries are not exposed to any significant equity security price risk for these assets held as at 31 December 2008 and 2009. The Company and its subsidiaries closely monitor the pricing trends in the open market in determining their long-term strategic stakeholding decisions.

The Company and its subsidiaries also exposed to fuel price risk on fuel purchases. The Company and its subsidiaries manage such risk by entering bulk purchase agreements through its coal trading subsidiaries and continuously looking for acquisition opportunities of coal mines.

Credit risk

Credit risk primarily arises from bank deposits, credit exposures to customers, other receivables and entrusted loans to related parties. Related maximum exposures are disclosed in Notes 19, 18, 17, 14 and 16 to the financial statements, respectively.

The Company and its subsidiaries maintain most of their bank deposits in several major state-owned financial institutions in the PRC (Note 35(f)) and a non-bank financial institution which is a related party of the Company and its subsidiaries (Note 19). With strong State support provided to those state-owned 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.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(a) Financial risk management (Continued)

Credit risk (Continued)

With regard to accounts receivable arising from power sales, most of the power plants of the Company and its subsidiaries 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 Company and its subsidiaries communicate with their individual grid companies periodically and believe that adequate provision for doubtful accounts have been made in the financial statements. For accounts receivable arising from coal and chemical product sales, the Company and its subsidiaries assess the credit quality of the customers, taking into account their financial positions, past experience and other factors. They will also collect advanced payments from their customers. The Company and its subsidiaries perform periodic credit evaluations of its customers and believe that adequate provision for doubtful debts have been made in the financial statements. The Company and its subsidiaries do not hold any collateral as security for all the receivables.

The concentrations of accounts receivable are disclosed in Note 18.

Regarding balances with related parties, the Company and its subsidiaries assessed the credibility of the borrowers by reviewing the operating results and gearing ratios periodically.

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 Company and its subsidiaries aim to maintain flexibility in funding by maintaining availability under committed credit facilities.

Management monitors the cash flow rolling forecasts of the Company and its subsidiaries which comprises the undrawn borrowing facility and cash and cash equivalents (Notes 39(c) and 19) available as at each month end in meeting its liabilities.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(a) Financial risk management (Continued)

Liquidity risk (Continued)

The table below analyses the non-current liabilities of the Company and its subsidiaries into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Except for the amounts presented below, all other financial liabilities, primarily including accounts payable, other payables, accruals, short-term loans and short-term bonds are due within the next 12 months from the balance sheet date. As the impact of the discounting is not significant, the expected future cash flows of balances within 12 months approximate their carrying amounts.

	Company and its subsidiaries				
	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
31 December 2009					
Long-term loans	6,842,438	19,699,203	39,380,101	40,427,241	106,348,983
Long-term bonds	—	—	3,000,000	3,000,000	6,000,000
Finance lease liabilities	685,299	687,859	1,678,151	2,183,695	5,235,004
Other long-term liabilities	28,803	35,837	15,360	—	80,000
Interest payables for loans	5,922,244	4,919,332	11,545,778	9,137,461	31,524,815
Interest payables for bonds	282,000	282,000	837,000	750,000	2,151,000
	13,760,784	25,624,231	56,456,390	55,498,397	151,339,802
31 December 2008					
Long-term loans	6,501,903	13,690,060	24,451,883	30,884,479	75,528,325
Finance lease liabilities	631,449	738,630	2,092,499	2,788,547	6,251,125
Other long-term liabilities	40,000	28,560	15,357	—	83,917
Interest payables for loans	5,395,197	3,805,135	7,897,645	6,860,820	23,958,797
Interest payables for bonds	129,556	—	—	—	129,556
	12,698,105	18,262,385	34,457,384	40,533,846	105,951,720

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(a) Financial risk management (Continued)

Liquidity risk (Continued)

Company

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
31 December 2009					
Long-term loans	954,400	2,354,400	6,283,200	1,772,000	11,364,000
Long-term bonds	—	—	3,000,000	3,000,000	6,000,000
Interest payables for loans	544,364	474,482	521,982	322,295	1,863,123
Interest payables for bonds	282,000	282,000	837,000	750,000	2,151,000
	1,780,764	3,110,882	10,642,182	5,844,295	21,378,123
31 December 2008					
Long-term loans	712,500	4,882,500	5,357,500	3,457,500	14,410,000
Interest payables for loans	1,269,520	695,095	991,977	274,986	3,231,578
Interest payables for bonds	129,556	—	—	—	129,556
	2,111,576	5,577,595	6,349,477	3,732,486	17,771,134

(b) Fair value estimation

Fair value measurements

Effective from 1 January 2009, the Company and its subsidiaries adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

Fair value measurements (Continued)

The following table presents financial assets of the Company and its subsidiaries that are measured at fair value at 31 December 2009.

	Company and its subsidiaries			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
– Equity securities (Note 10)	18,700	—	—	18,700
Total assets	18,700	—	—	18,700

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company and its subsidiaries is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investment in Bank of Communications Co., Ltd. classified as available-for-sale.

Fair value disclosures

The carrying amounts of bank balances and cash, accounts and notes receivables, other receivables, accounts payable and accrued liabilities, short-term loans and short-term bonds are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purpose is either at their quoted prices or estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company and its subsidiaries for similar financial instruments.

Fair value estimates are made at a specific point of time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

3. FINANCIAL, CAPITAL AND INSURANCE RISKS MANAGEMENT (Continued)

(c) Capital risk management

The objectives of the Company and its subsidiaries when managing capital are to safeguard the ability of the Company and its subsidiaries in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company and its subsidiaries may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Company and its subsidiaries monitor capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets as shown on the consolidated balance sheet. The assets-to-liabilities ratio of the Company and its subsidiaries as at 31 December 2009 was 82.17% (2008: 80.53%).

The increase in the assets-to-liabilities ratio during 2009 was primarily due to the increase of long-term borrowings borrowed for constructions and acquisitions. Taking into consideration of the expected operating cash flows of the Company and its subsidiaries and the available banking facilities and their experience in refinancing short-term borrowings, the management believes the Company and its subsidiaries can meet their current obligations when they fall due.

(d) Insurance risk management

The Company and its subsidiaries issue financial guarantee contracts to its subsidiaries, jointly controlled entity, associates, other equity investees and a former related party 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 Company and its subsidiaries maintain a close watch on the financial position and liquidity of the subsidiaries, the jointly controlled entity, associates, other equity investees and the former related party for which financial guarantees have been granted in order to mitigate such risks (Note 2(w)). The Company and its subsidiaries take all reasonable steps to ensure that they have appropriate information regarding any claim exposure. Details of financial guarantee contracts are disclosed in Note 41.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and its subsidiaries make accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions 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) Useful lives of property, plant and equipment

Management of the Company and its subsidiaries determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment.

(b) Impairment of property, plant and equipment

The Company and its subsidiaries perform impairment test on property, plant and equipment whenever any impairment indication exists. In accordance with Note 2(h), impairment is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The estimation based on existing experience may be different from the result of the next financial year and may lead to material adjustments to the carrying amount of property, plant and equipment.

Changes of assumptions in tariff and fuel price will affect the result of property, plant and equipment impairment assessment. As at 31 December 2009, if tariff had decreased by 1% from management's estimates with other variables held constant with the expectations, the Company and its subsidiaries would have to recognize impairment against property, plant and equipment by approximately Rmb371 million. If fuel price had increased by 1% from the management's estimates with other variables held constant with the expectations, the Company and its subsidiaries would have to recognize impairment against property, plant and equipment by approximately Rmb132 million.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(c) Approval of construction in new power plants

The ultimate approval from the National Development and Reform Commission ("NDRC") on certain power plants construction projects of the Company and its subsidiaries is a critical estimate and judgment of the directors. Such an estimate and judgment are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the Directors believe that the Company and its subsidiaries will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgment could result in material adjustments to the carrying amount of the property, plant and equipment.

(d) Accounting estimates on impairment of goodwill

The Company and its subsidiaries performed impairment test annually whether goodwill is impaired in accordance with the accounting policy stated in Note 2(g). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates (Note 13). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of intangible assets.

(e) Deferred income tax assets

The estimates of deferred income 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 benefit, as well as deferred income tax balance. The realization of deferred income tax assets also depends on the realization of sufficient profitability (taxable profit) of the Company and its subsidiaries. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets.

(f) Estimate of income tax expense

The Company and its subsidiaries pay income tax in various regions. There can be various uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers and corporate restructuring. The Company and its subsidiaries have to make critical accounting judgments when calculating income tax expense at different regions. In the event that the finalised amounts recognised for such tax events are different from those originally recorded, this could result in material adjustments to carrying amounts of taxes payable and deferred income tax.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL

(a) Common control business combinations

On 30 November 2009, the Company acquired 100% equity interests of Datang Liaoning New Energy Co., Ltd. ("Liaoning New Energy") and its subsidiary and Datang Zhangzhou Wind Power Co., Ltd. ("Zhangzhou Wind Power") from China Datang for a cash consideration of Rmb264.75 million while Datang Energy and Chemical Company Limited ("Energy and Chemical Company"), one of its wholly-owned subsidiaries acquired 100% equity interest of Datang Hulunbei'er Fertilizer Company Limited ("Hulunbei'er Fertilizer") from China Datang for a cash consideration of Rmb51.22 million (collectively referred to as "common control entities acquired in 2009"). Such acquisitions became effective on 30 November 2009. Thereafter, the Company and its subsidiaries controlled 100% equity interests in these entities above and became their controlling shareholders.

As the Company, Energy and Chemical Company and the acquirees above are under the common control of China Datang before and after the acquisitions, these transactions were accounted for as common control business combinations, using merger accounting for all periods presented herein.

Name of acquiree	Principal activities	Equity interest acquired
Liaoning New Energy and its subsidiary	Wind power generation	100%
Zhangzhou Wind Power	Wind power generation	100%
Hulunbei'er Fertilizer	Production and sales of chemical materials	100%

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL (Continued)

(a) Common control business combinations (Continued)

The consolidated balance sheet as at 31 December 2009:

	Company and its subsidiaries (before 2009 common control business combinations)	Common control entities acquired in 2009	Consolidation adjustments[(ii)]	Consolidated
Investments in common control entities acquired in 2009 [(i)]	442,519	—	(442,519)	—
Other assets, net	32,466,921	381,074	—	32,847,995
Net assets	32,909,440	381,074	(442,519)	32,847,995
Share capital	11,780,038	412,140	(412,140)	11,780,038
Capital reserve	1,548,680	—	(27,164)	1,521,516
Statutory surplus reserve	3,079,440	—	—	3,079,440
Discretionary surplus reserve	7,866,188	—	—	7,866,188
Restricted reserve	153,864	—	—	153,864
Currency translation differences	17,691	—	—	17,691
Available-for-sale investment revaluation reserve	105,705	—	—	105,705
Other reserves	(44,355)	—	—	(44,355)
Retained earnings	1,752,679	(31,066)	(3,215)	1,718,398
Minority interests	6,649,510	—	—	6,649,510
Total	32,909,440	381,074	(442,519)	32,847,995

Notes:

(i) Subsequent to the acquisition date, the Company further injected capital of Rmb126.55 million into one of the acquirees, thereby the total investments as at 31 December 2009 exceeded the original cash consideration mentioned above.

(ii) The adjustment above represents the elimination of investments made by the Company and its subsidiaries in the common control entities acquired in 2009.

(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL (Continued)

(a) Common control business combinations (Continued)

The consolidated balance sheet as at 31 December 2008:

	Company and its subsidiaries (before 2009 common control business combinations)	Common control entities acquired in 2009	Consolidation adjustments[(i)]	Consolidated
Net assets	30,644,467	261,506	—	30,905,973
Share capital	11,780,038	285,590	(285,590)	11,780,038
Capital reserve	1,592,988	—	285,590	1,878,578
Statutory surplus reserve	2,886,134	—	—	2,886,134
Discretionary surplus reserve	6,800,692	—	—	6,800,692
Restricted reserve	115,656	—	—	115,656
Currency translation differences	17,036	—	—	17,036
Available-for-sale investment revaluation reserve	126,435	—	—	126,435
Other reserves	(55,168)	—	—	(55,168)
Retained earnings	2,726,194	(24,084)	—	2,702,110
Minority interests	4,654,462	—	—	4,654,462
Total	30,644,467	261,506	—	30,905,973

Note:

(i) The adjustment above represents the increase of the capital reserve of the Company and its subsidiaries for acquisitions of the net assets of the common control entities acquired in 2009.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL (Continued)

(b) Non-common control business combination

Acquisition of Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company")

On 1 July 2009, the Company entered into an agreement with Ningxia Power Corporation ("Ningxia Power"), which holds 35% equity interest in Daba Power Company. Pursuant to this agreement, shareholders and directors of Ningxia Power will act in concert when exercising voting rights in meetings of shareholders and board of directors with that of the Company. Therefore, the Company obtained control over Daba Power Company and accounted Daba Power Company as a subsidiary since 1 July 2009.

As at the acquisition date, the fair value of identifiable assets and liabilities approximated to their carrying amounts and are as follows:

Cash and cash equivalents	29,494
Accounts and notes receivable	86,187
Prepayments and other receivables	28,199
Inventories	39,952
Property, plant and equipment	3,898,872
Available-for-sale investment	50,000
Intangible assets	1,823
Other non-current assets	43,275
Less: Loans	(3,724,000)
Other liabilities	(417,274)
Fair value of net identifiable assets acquired	36,528

The acquired business contributed consolidated revenue of Rmb544.55 million and net loss of Rmb60.05 million to the Company and its subsidiaries for the period from the acquisition date to 31 December 2009. Should the acquisition had occurred on 1 January 2009, unaudited consolidated revenue would have been Rmb48,035 million and unaudited profit would have been Rmb2,557 million.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL (Continued)

(c) Disposal of business

Disposal of assets and liabilities held for sale – Shanxi Zhongqiang Trade Company Limited (“Zhongqiang Company”)

On 27 March 2009 (the “disposal date”), the Company disposed its 51% equity interest in Zhongqiang Company to Fushan Jietong Industrial Co., Ltd. and Ji Hongping.

Details of disposal consideration and related cash flows

Disposal consideration	585,000
Cash and cash equivalents received from disposal in 2009	300,000
Less: cash and cash equivalents held by Zhongqiang Company	(177,207)
Net cash flow from disposal	122,793

Details of net assets of Zhongqiang Company on disposal date are as follows:

Current assets	385,433
Non-current assets	663,001
Total assets*	1,048,434
Current liabilities	(6,032)
Non-current liabilities	(137,916)
Total liabilities	(143,948)
Net assets	904,486

* Assets of disposal group classified as held for sale also included goodwill arising from acquisition of Zhongqiang Company of Rmb83.712 million after deducting inter-company balance of Rmb140 million.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

5. MATERIAL BUSINESS COMBINATIONS AND DISPOSAL (Continued)

(c) Disposal of business (Continued)

Disposal of assets and liabilities held for sale – Zhongqiang Company (Continued)

Details of gain on disposal

Disposal consideration	585,000
Less: net assets owned by Zhongqiang Company on the disposal date	(904,486)
Minority interest of Zhongqiang Company	443,198
Goodwill	(83,712)
Gain on disposal	40,000

Since Zhongqiang Company was still under construction, there was no revenue, expenses and profit from 1 January 2009 to the disposal date.

6. PROPERTY, PLANT AND EQUIPMENT

	Company and its subsidiaries					
	Dam	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
At 1 January 2008						
Cost, as previously stated	2,201,809	10,234,060	62,106,042	2,631,288	43,995,241	121,168,440
Common control entities acquired in 2009 (Note 5(a))	—	27,541	735,489	4,436	78,397	845,863
Cost, as restated	2,201,809	10,261,601	62,841,531	2,635,724	44,073,638	122,014,303
Accumulated depreciation, as previously stated	(47,003)	(955,665)	(19,591,871)	(606,049)	—	(21,200,588)
Common control entities acquired in 2009 (Note 5(a))	—	(1,506)	(34,982)	(673)	—	(37,161)
Accumulated depreciation, as restated	(47,003)	(957,171)	(19,626,853)	(606,722)	—	(21,237,749)
Net book amount	2,154,806	9,304,430	43,214,678	2,029,002	44,073,638	100,776,554

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company and its subsidiaries

	Dam	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
Year ended 31 December 2008						
Opening net book amount	2,154,806	9,304,430	43,214,678	2,029,002	44,073,638	100,776,554
Reclassification	221,056	(218,017)	(46,282)	43,243	—	—
Transfer in / (out)	3,186,400	1,534,367	17,947,373	1,000,530	(23,668,670)	—
Acquisitions of subsidiaries	26,179	8,833	2,101,991	21,217	130,304	2,288,524
Additions	—	11,220	7,611	154,644	38,567,717	38,741,192
Disposals	—	(5,771)	(696,473)	(7,758)	—	(710,002)
Sale-lease back	(430,000)	—	(3,110,694)	—	(958,560)	(4,499,254)
Finance lease additions	432,580	—	3,208,786	—	958,560	4,599,926
Transfer to disposal group classified as held for sale	—	—	—	(4,382)	(113,490)	(117,872)
Depreciation	(88,435)	(598,920)	(5,229,149)	(321,041)	—	(6,237,545)
Impairment loss	—	—	(21,120)	—	—	(21,120)
Closing net book amount	5,502,586	10,036,142	57,376,721	2,915,455	58,989,499	134,820,403
At 31 December 2008						
Cost	5,641,362	11,566,167	81,769,612	3,845,112	58,989,499	161,811,752
Accumulated depreciation	(138,776)	(1,530,025)	(24,371,771)	(929,657)	—	(26,970,229)
Accumulated impairment loss	—	—	(21,120)	—	—	(21,120)
Net book amount	5,502,586	10,036,142	57,376,721	2,915,455	58,989,499	134,820,403

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company and its subsidiaries					
	Dam	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
At 1 January 2009						
Cost, as previously stated	5,641,362	11,539,841	81,051,676	3,837,391	58,667,374	160,737,644
Common control entities acquired in 2009 (Note 5(a))	—	26,326	717,936	7,721	322,125	1,074,108
Cost, as restated	5,641,362	11,566,167	81,769,612	3,845,112	58,989,499	161,811,752
Accumulated depreciation, as previously stated	(138,776)	(1,527,883)	(24,294,373)	(928,010)	—	(26,889,042)
Common control entities acquired in 2009 (Note 5(a))	—	(2,142)	(77,398)	(1,647)	—	(81,187)
Accumulated depreciation, as restated	(138,776)	(1,530,025)	(24,371,771)	(929,657)	—	(26,970,229)
Accumulated impairment loss	—	—	(21,120)	—	—	(21,120)
Net book amount	5,502,586	10,036,142	57,376,721	2,915,455	58,989,499	134,820,403

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company and its subsidiaries					
	Dam	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
Year ended 31 December 2009						
Opening net book amount	5,502,586	10,036,142	57,376,721	2,915,455	58,989,499	134,820,403
Reclassification	—	39,652	3,093	(42,745)	—	—
Transfer in / (out)	3,703,107	4,917,922	13,521,736	2,132,814	(24,582,688)	(307,109)
Acquisitions of subsidiaries	—	630,114	3,172,662	19,601	84,519	3,906,896
Additions	—	178,599	29,578	245,307	27,382,370	27,835,854
Transfer out for acquisition of an associate (Note 39(b))	—	—	—	—	(1,850,935)	(1,850,935)
Disposals of subsidiaries	—	—	—	(90)	(244,346)	(244,436)
Disposals	—	(57,598)	(195,608)	(11,740)	(342,905)	(607,851)
Depreciation	(162,696)	(712,415)	(6,270,855)	(405,425)	—	(7,551,391)
Closing net book amount	9,042,997	15,032,416	67,637,327	4,853,177	59,435,514	156,001,431
At 31 December 2009						
Cost	9,344,469	17,274,834	98,239,149	6,233,367	59,435,514	190,527,333
Accumulated depreciation	(301,472)	(2,242,418)	(30,580,702)	(1,380,190)	—	(34,504,782)
Accumulated impairment loss	—	—	(21,120)	—	—	(21,120)
Net book amount	9,042,997	15,032,416	67,637,327	4,853,177	59,435,514	156,001,431

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company				
	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
At 1 January 2008					
Cost	940,997	16,464,573	616,464	15,193,579	33,215,613
Accumulated depreciation	(263,025)	(10,297,936)	(345,675)	—	(10,906,636)
Net book amount	677,972	6,166,637	270,789	15,193,579	22,308,977
Year ended 31 December 2008					
Opening net book amount	677,972	6,166,637	270,789	15,193,579	22,308,977
Reclassification	—	1,887	(1,887)	—	—
Transfer in / (out)	467,807	5,609,750	19,882	(6,097,439)	—
Additions	11,220	1,797	84,183	14,973,135	15,070,335
Sales to subsidiaries	—	—	(2,506)	(1,927,715)	(1,930,221)
Disposals	—	(8,103)	(532)	—	(8,635)
Depreciation	(132,637)	(930,865)	(53,812)	—	(1,117,314)
Impairment loss	—	(21,120)	—	—	(21,120)
Closing net book amount	1,024,362	10,819,983	316,117	22,141,560	34,302,022
At 31 December 2008					
Cost	1,420,024	22,067,097	709,605	22,141,560	46,338,286
Accumulated depreciation	(395,662)	(11,225,994)	(393,488)	—	(12,015,144)
Accumulated impairment loss	—	(21,120)	—	—	(21,120)
Net book amount	1,024,362	10,819,983	316,117	22,141,560	34,302,022

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company				
	Buildings	Electricity utility plants	Transportation facilities, computer and others	CIP	Total
Year ended 31 December 2009					
Opening net book amount	1,024,362	10,819,983	316,117	22,141,560	34,302,022
Reclassification	—	94	(94)	—	—
Transfer in / (out)	173,126	638,497	21,961	(833,584)	—
Additions	56,163	—	18,173	4,443,962	4,518,298
Sales to subsidiaries	(27,028)	(4,301,134)	(98,085)	(21,563,465)	(25,989,712)
Transfer out for acquisition of an associate (Note 39(b))	—	—	—	(1,850,935)	(1,850,935)
Disposals	—	(41,868)	(5,890)	(342,904)	(390,662)
Depreciation	(137,357)	(859,143)	(41,707)	—	(1,038,207)
Closing net book amount	1,089,266	6,256,429	210,475	1,994,634	9,550,804
At 31 December 2009					
Cost	1,619,805	18,227,307	619,293	1,994,634	22,461,039
Accumulated depreciation	(530,539)	(11,949,758)	(408,818)	—	(12,889,115)
Accumulated impairment loss	—	(21,120)	—	—	(21,120)
Net book amount	1,089,266	6,256,429	210,475	1,994,634	9,550,804

Depreciation expenses charged into operating costs and CIP amounted to Rmb7,507 million (2008: Rmb6,206 million) and Rmb44 million (2008: Rmb32 million), respectively.

Interest expense of approximately Rmb2,799 million (2008: Rmb2,772 million) arising from borrowings entered into for the construction of power plants were capitalised during the year and are included in 'additions' in property, plant and equipment. Average capitalisation rate was 5.52% per annum in 2009 (2008: 6.71%), representing the interest expense of the loans used to finance the projects.

The Company and its subsidiaries have not received relevant government approvals from the NDRC for certain power plant construction projects. The Directors of the Company and its subsidiaries have assessed the approval requirements based on initial approval documents received as well as their understanding of the projects and are of the opinion that their power plants under construction will ultimately obtain the approvals from NDRC.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment include the following amounts where the Company and its subsidiaries are lessees under finance leases as a result of sales and lease back arrangements:

	Dam	Electricity utility plants	CIP	Total
31 December 2009				
Cost – capitalised finance leases	432,580	3,208,786	958,560	4,599,926
Accumulated depreciation	(12,510)	(525,483)	—	(537,993)
Net book amount	420,070	2,683,303	958,560	4,061,933
31 December 2008				
Cost – capitalised finance leases	432,580	3,208,786	958,560	4,599,926
Accumulated depreciation	(3,185)	(249,015)	—	(252,200)
Net book amount	429,395	2,959,771	958,560	4,347,726

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	**2008**
Beginning of year	9,643,931	6,503,628
Acquisitions of subsidiaries	637,354	978,815
Establishments of subsidiaries	4,450,330	660,000
Transfer from an associate to a subsidiary	113,000	—
Additional investments	2,000,410	2,145,266
Disposals	(228,600)	(98,778)
Transfer to assets of disposal group classified as held for sale	—	(545,000)
End of year	16,616,425	9,643,931

As at 31 December 2009, the Company directly and indirectly holds equity interests in the following subsidiaries, all of which are unlisted and most of them are established and registered in the PRC.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Subsidiaries acquired from common control business combinations

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Zhangzhou Wind Power	Limited liability company	217,590	100%	Wind power generation
Liaoning New Energy	Limited liability company	146,550	100%	Wind power generation
Indirectly held				
Hulunbei'er Fertilizer	Limited liability company	Registered capital:100,000; paid-in capital: 48,000	100%	Production and sales of chemical materials
Datang Changtu New Energy Company Limited	Limited liability company	10,000	100%	Wind power generation

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	Limited liability company	1,714,020	60%	Power generation
Tianjin Datang International Panshan Power Generation Company Limited	Limited liability company	831,253	75%	Power generation
Hebei Datang International Hydropower Development Company Limited	Limited liability company	59,162	90.43%	Hydropower generation
Shanxi Datang International Shentou Power Generation Company Limited	Limited liability company	749,000	60%	Power generation
Shanxi Datang International Yungang Thermal Power Company Limited	Limited liability company	436,290	100%	Power generation and heat supply
Yunnan Datang International Honghe Power Generation Company Limited	Limited liability company	414,550	70%	Power generation
Gansu Datang International Liancheng Power Generation Company Limited	Limited liability company	275,500	55%	Power generation
Hebei Datang International Tangshan Thermal Power Company Limited	Limited liability company	380,264	80%	Power generation and heat supply

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Yunnan Datang International Nalan Hydropower Development Company Limited	Limited liability company	173,370	51%	Hydropower generation
Yunnan Datang International Lixianjiang Hydropower Development Company Limited ("Lixianjiang Hydropower Company")	Limited liability company	260,000	70%	Hydropower generation
Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Company")	Limited liability company	162,125	80%	Power generation
Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company") (i)	Limited liability company	822,250	40%	Hydropower generation
Jiangsu Datang International Lvsigang Power Generation Company Limited	Limited liability company	650,182	55%	Power generation (under construction)
Guangdong Datang International Chaozhou Power Generation Company Limited	Limited liability company	391,990	75%	Power generation
Fujian Datang International Ningde Power Generation Company Limited	Limited liability company	370,000	51%	Power generation

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Datang Hong Kong	Limited liability company	USD2,900,000	100%	Import of power related fuel and equipment
Chongqing Datang International Wulong Hydropower Development Company Limited	Limited liability company	116,000	51%	Hydropower generation (under construction)
Yunnan Datang International Wenshan Hydropower Development Company Limited	Limited liability company	60,000	60%	Hydropower generation
Hebei Datang International Wangtan Power Generation Company Limited	Limited liability company	450,000	70%	Power generation
Chongqing Datang International Shizhu Power Generation Company Limited	Limited liability company	10,000	70%	Power generation (under construction)
Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited	Limited liability company	28,520	51%	Hydropower generation and water supply
Sichuan Datang International Ganzi Hydropower Development Company Limited	Limited liability company	50,000	80%	Hydropower generation (under construction)
Beijing Datang Fuel Company Limited	Limited liability company	514,650	100%	Coal trading

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Inner Mongolia Datang International Zhuozi Wind Power Company Limited	Limited liability company	136,000	100%	Wind power generation
Jiangsu Datang Shipping Company Limited	Limited liability company	Registered capital: 264,900; paid-in capital: 200,000	97.54%	Cargo shipping
Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited ("Tuoketuo II Power Company") (ii)	Limited liability company	Registered capital:500,000; paid-in capital: 100,000	40%	Power generation
Zhejiang Datang Wushashan Power Generation Company Limited	Limited liability company	1,700,000	51%	Power generation
Yunnan Datang International Hengjiang Hydropower Development Company Limited	Limited liability company	2,000	70%	Hydropower generation (under construction)
Inner Mongolia Datang International Xilinhaote Mining Company Limited	Limited liability company	375,970	100%	Coal mining
Yunnan Datang International Electric Power Company Limited	Limited liability company	50,000	100%	Power plant construction and operations
Jiangxi Datang International Fuzhou Power Generation Company Limited	Limited liability company	100,000	100%	Power generation (under construction)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Shanxi Datang International Zuoyun Wind Power Generation Company Limited	Limited liability company	125,000	100%	Wind power generation
Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited	Limited liability company	300,000	100%	Power generation and heat supply
Liaoning Datang International Jinzhou Thermal Power Generation Limited	Limited liability company	318,000	100%	Power generation and heat supply
Chongqing Datang International Wulongxingshun Wind Power Company Limited	Limited liability company	20,000	100%	Wind power generation (under construction)
Energy and Chemical Company	Limited liability company	1,000,000	100%	Energy and chemical development (under construction)
Hebei Datang International Fengrun Thermal Power Company Limited	Limited liability company	200,000	84%	Power generation and heat supply
Hebei Datang International Wind Power Development Company Limited	Limited liability company	270,000	100%	Wind power generation (under construction)
Fujian Datang International Wind Power Development Company Limited	Limited liability company	50,000	100%	Wind power generation (pre-construction)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Inner Mongolia Datang International Wind Power Development Company Limited	Limited liability company	200,000	100%	Wind power generation (under construction)
Liaoning Datang International Faku Wind Power Development Company Limited	Limited liability company	60,000	100%	Wind power generation
Yunnan Datang International Biyuhe Hydropower Development Company Limited	Limited liability company	63,330	70%	Hydropower development (under construction)
Shanxi Datang International Linfen Thermal Power Company Limited	Limited liability company	10,000	80%	Power generation and heat supply (under construction)
Xizang Datang International Nujiang Upstream Hydropower Development Company Limited	Limited liability company	100,000	100%	Hydropower generation (pre-construction)
Liaoning Datang International Zhuanghe Nuclear Power Company Limited	Limited liability company	30,000	100%	Nuclear power generation (pre-construction)
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited (“Hohhot Thermal Company”) (iii)	Limited liability company	60,000	51%	Power generation and heat supply

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	Limited liability company	553,912	100%	Power generation
Qian'an Datang Thermal Power Company Limited	Limited liability company	124,914	57%	Power generation
Inner Mongolia Datang International Zhunge'er Mining Company Limited ("Zhunge'er Mining Company")	Limited liability company	50,000	52%	Coal mining (pre-construction)
Daba Power Company (Note 5(b))	Limited liability company	40,000	45%	Power generation
Datang Tongzhou Technology Company Limited ("Tongzhou Technology")	Limited liability company	165,000	60.61%	Sales of coal ash and integrated application of solid wastes
Indirectly held				
True Busy Electric Power Company Limited	Limited liability company	USD 128,000	90%	Investment holding
Inner Mongolia Datang Fuel Company Limited	Limited liability company	10,000	100%	Coal sales
Dongneng (Beijing) Technology Development Company Limited	Limited liability company	USD 1,500,000	100%	Electricity and energy related consultation services

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Indirectly held				
Datang Inner Mongolia Duolun Coal Chemical Company Limited	Limited liability company	4,050,000	60%	Coal chemical production (under construction)
Datang Energy and Chemical Marketing Company Limited	Limited liability company	50,000	100%	Wholesale and retail of chemical products
Datang Fuxin Energy and Chemical Engineering Company Limited	Limited liability company	30,000	100%	Maintenance of chemical power equipment, construction and mechanical subcontracting
Datang International Chemical Technology Research Institute Company Limited	Limited liability company	50,000	100%	Coal chemistry related consultation services
Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Energy Resource Development Company") (iv)	Limited liability company	10,000	26%	Production and sale of alumina (under construction)
Datang Inner Mongolia Erdos Silicon and Aluminium Technology Company Limited	Limited liability company	30,000	100%	Silicon and aluminium smelting (pre-construction)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Indirectly held				
Fujian Datang International Changle Wind Power Company Limited	Limited liability company	10,000	100%	Wind power generation (pre-construction)
Inner Mongolia Datang International Hongmu Wind Power Company Limited	Limited liability company	50,000	100%	Wind power generation (under construction)
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("Zhiganglaka Company")	Foreign investment enterprise	380,000	90%	Hydropower generation
Beijing Tongzhou Xinyuan Building Materials Technological Development Company Limited	Limited liability company	2,000	70%	Sales of ash and comprehensive utilization of solid emissions
Xiamen Tongzhou Yicai Technology Trading Company Limited	Limited liability company	1,000	55%	Sales of ash and comprehensive utilization of solid emissions
Nantong Tongzhou Datong Logistics Company Limited	Limited liability company	1,000	60%	Cargo agent and sales of ash (pre-construction)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from non-common control business combinations and obtained through other methods (Continued)

Notes:

(i) On 20 July 2006, the Company entered into an agreement with one of the shareholders of Pengshui Hydropower Company which owned 12% equity interest of this subsidiary. Pursuant to this agreement, this shareholder will act in concert with the Company in the financial and operation decision-making of Pengshui Hydropower Company. Hence, the Company obtained control over Pengshui Hydropower Company and accounted for as a subsidiary of the Company since 20 July 2006.

(ii) On 6 September 2006, the Company entered into an agreement with China Datang, one of the shareholders of Tuoketuo II Power Company, which held 20% equity interest of this subsidiary. Pursuant to this agreement, China Datang will act in concert with the Company in the financial and operation decision-making of Tuoketuo II Power Company. Hence the Company obtained control over Tuoketuo II Power Company and accounted for as a subsidiary onwards.

(iii) On 15 January 2007, the Company acquired 51% equity interest of Hohhot Thermal Company from Tuoketuo Yunlong Energy Investment Co., Ltd. and accounted for this entity as a jointly controlled entity. On 19 October 2007, the Company entered into an agreement with the other shareholder of Hohhot Thermal Company, Beijing Zhongdian Huaze Investment Co., Ltd. ("Zhongdian Huaze"), which held 49% of the equity interest of Hohhot Thermal Company. Pursuant to this agreement, Zhongdian Huaze will act in concert with the Company in the financial and operation decision-making of Hohhot Thermal Company. Hence, the Company obtained control over Hohhot Thermal Company and accounted for as a subsidiary since 19 October 2007.

(iv) The Company entered into an agreement with one of the shareholders of Renewable Energy Resource Development Company, which held 25% equity interest of this subsidiary in 2007. Pursuant to this agreement, this shareholder will act in concert with the Company in the financial and operation decision-making of Renewable Energy Resource Development Company. Hence, the Company obtained control over Renewable Energy Resource Development Company and accounted for as a subsidiary since 2007.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Company and its subsidiaries		Company	
	2009	**2008**	**2009**	**2008**
Beginning of year	1,302,097	988,795	1,366,826	996,501
Additional investments	387,262	370,325	387,262	370,325
Shares of losses before income tax benefit	(63,060)	(63,193)	—	—
Shares of income tax benefit	10,375	5,915	—	—
Other equity movement - others	—	255	—	—
End of year	1,636,674	1,302,097	1,754,088	1,366,826

As at 31 December 2009, the Company directly and indirectly held equity interests in the following jointly controlled entities, which are all unlisted limited liability companies established and operated in the PRC.

Company name	Registered and fully paid capital	Equity interest held Direct	Equity interest held Indirect	Principal activities
Hebei Yuzhou Energy Multiple Development Company Limited	825,023	50%	—	Investment holding
Kailuan (Group) Yuzhou Mining Company Limited	812,254	34%	15%	Coal mining and sales
Inner Mongolia Huineng Datang Changtan Coal Mining Company Limited	50,000	40%	—	Coal mining and sales (pre-construction)
Fujian Ningde Nuclear Power Company Limited	1,900,000	44%	—	Nuclear power plant construction and operations (under construction)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The gross amounts of assets, liabilities and operating results of the jointly controlled entities of the Company and its subsidiaries are as follows:

	2009	2008
Assets		
Non-current assets	13,174,463	6,623,426
Current assets	5,038,876	3,645,048
	18,213,339	10,268,474
Liabilities		
Non-current liabilities	(1,767,199)	(1,701,671)
Current liabilities	(12,515,944)	(5,583,396)
	(14,283,143)	(7,285,067)
Net assets	3,930,196	2,983,407
Income	1,899,509	1,649,694
Expenses	(2,012,964)	(1,755,070)
Loss for the year	(113,455)	(105,376)
Proportionate shares of capital commitment in jointly controlled entities	3,432,915	2,428,416

There are no material contingent liabilities relating to the Company and its subsidiaries' interests in the jointly controlled entities and the jointly controlled entities themselves.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES

	Company and its subsidiaries		Company	
	2009	**2008**	**2009**	**2008**
Beginning of year	2,050,393	1,402,347	1,301,382	686,802
Acquisitions of associates	1,546,522	—	1,578,325	—
Establishments of associates	53,300	20,000	13,300	20,000
Additional investments	108,100	594,580	108,100	594,580
Disposals	(12,640)	—	(87,272)	—
Transfers of associates to subsidiaries	(61,937)	(3,315)	(113,000)	—
Shares of profits before income tax expense	636,147	579,358	—	—
Shares of income tax expense	(174,035)	(151,562)	—	—
Other equity movement - available-for-sale investment revaluation reserve	(29,494)	(343,107)	—	—
Dividends	(343,819)	(47,908)	—	—
End of year	3,772,537	2,050,393	2,800,835	1,301,382

As at 31 December 2009, the Company and its subsidiaries held equity interests in the following associates, all of which are unlisted and limited liability companies established and operated in the PRC except Macro Technologies Inc. (Vietnam) Limited, which is established and operated in Vietnam.

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
North China Electric Power Research Institute Company Limited	Limited liability company	100,000	30%	Power related technology services
Tongfang Investment Company Limited	Limited liability company	550,000	36.36%	Project investments and management
Tongmei Datang Tashan Coal Mine Company Limited	Limited liability company	2,072,540	28%	Coal mining

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Tongmei Datang Tashan Power Generation Company Limited	Limited liability company	410,000	40%	Power generation
Tangshan Huaxia Datang Power Fuel Company Limited	Limited liability company	20,000	30%	Power fuel trading
China Datang Group Finance Company Limited ("Datang Finance")	Limited liability company	1,000,000	20%	Financial services
Yunnan Datang International Deqin Hydropower Development Company Limited	Limited liability company	2,000	40%	Hydropower construction and operations (pre-construction)
Inner Mongolia Bazhu Railway Company Limited	Limited liability company	140,000	20%	Railway and highway construction and operational management (pre-construction)
CNNC Liaoning Nuclear Power Co., Ltd.	Limited liability company	Registered capital: 100,000; paid-in capital: 81,000	20%	Nuclear power plant construction and operations
Liaoning Diaobingshan Coal Gangue Power Generation Co., Ltd. ("Diaobingshan Power Company")	Limited liability company	437,500	40%	Power generation
Inner Mongolia Xiduo Railway Company limited	Limited liability company	Registered capital: 3,535,789; paid-in capital: 3,024,642	34%	Railway transportation services

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES (Continued)

Company name	Legal status	Registered and fully paid capital	Equity interest held	Principal activities
Directly held				
Shantou Fengsheng Power Generation Company Limited	Limited liability company	Registered capital: 30,000; Paid-in capital: 18,200	41%	Power generation
COSCO Datang Shipping Company Limited	Limited liability company	100,000	45%	Cargo shipping
Indirectly held				
Inner Mongolia Datang Tongfang Silicon and Aluminum Technology Company Limited	Limited liability company	10,000	26%	Development and production of silicon and aluminum alloy
Macro Technologies Inc. (Vietnam) Limited	Limited liability company	USD150,000	35%	Electricity related technical services
Jinzhou City Thermal Power Company Limited	Limited liability company	155,000	25.8%	Heat supply

The gross amounts of assets, liabilities and operating results of the associates of the Company and its subsidiaries are as follows:

	2009	2008
Assets	28,840,441	34,236,806
Liabilities	(17,364,221)	(27,303,084)
Revenue	7,702,033	6,344,278
Profit for the year	1,794,967	1,643,077

There are no material contingent liabilities relating to the Company and its subsidiaries' interests in associates and the associates themselves.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

10. AVAILABLE-FOR-SALE INVESTMENTS

	Company and its subsidiaries		Company	
	2009	**2008**	**2009**	**2008**
Beginning of year	675,849	4,733,764	569,400	4,650,431
Acquisition	50,000	—	—	—
Additions	655,880	231,916	532,714	208,500
Revaluation gains / (losses)*	14,606	(2,899,860)	—	(2,899,860)
Disposals (Note 32)	(56,506)	(1,389,971)	(56,506)	(1,389,671)
End of year	1,339,829	675,849	1,045,608	569,400

* For the year ended 31 December 2009, revaluation gain of available-for-sale investment mainly represents the increase in A share price of Bank of Communications Co., Ltd., which is listed in the Shanghai Stock Exchange. As at 31 December 2009, fair value of this investment amounted to Rmb18.7 million.

For the year ended 31 December 2008, revaluation loss of available-for-sale investment mainly represents the decrease in A share price of Daqin Railway, which is listed in the Shanghai Stock Exchange. During the year ended 31 December 2008, the Company sold all the shares of Daqin Railway.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

11. LAND USE RIGHTS

Land use rights represent prepayments made by the Company and its subsidiaries for the leasehold land located in the PRC which are held on leases between 10 years to 70 years.

The movement is as follows:

	Company and its subsidiaries	Company
At 1 January 2008		
Cost, as previously stated	898,721	406,223
Common control entities acquired in 2009 (Note 5(a))	153	—
Cost, as restated	898,874	406,223
Accumulated amortisation, as previously stated	(92,016)	(75,024)
Common control entities acquired in 2009 (Note 5(a))	(15)	—
Accumulated amortisation, as restated	(92,031)	(75,024)
Net book amount	806,843	331,199
Year ended 31 December 2008		
Opening net book amount	806,843	331,199
Additions	481,925	219,782
Amortisation	(18,859)	(8,002)
Closing net book amount	1,269,909	542,979
At 31 December 2008		
Cost, as previously stated	1,342,158	626,005
Common control entities acquired in 2009 (Note 5(a))	38,641	—
Cost, as restated	1,380,799	626,005
Accumulated amortisation, as previously stated	(110,836)	(83,026)
Common control entities acquired in 2009 (Note 5(a))	(54)	—
Accumulated amortisation, as restated	(110,890)	(83,026)
Net book amount	1,269,909	542,979

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

11. LAND USE RIGHTS (Continued)

	Company and its subsidiaries	Company
Year ended 31 December 2009		
Opening net book amount	1,269,909	542,979
Transfers from CIP	230,605	—
Additions	35,394	28,616
Write-off	(243)	—
Sales to subsidiaries	—	(19,080)
Amortisation	(12,156)	(8,085)
Closing net book amount	1,523,509	544,430
At 31 December 2009		
Cost	1,646,555	635,329
Accumulated amortisation	(123,046)	(90,899)
Net book amount	1,523,509	544,430

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Outside of Hong Kong, held on:				
Leases within 10 years	107	122	—	—
Leases between 10 to 50 years	1,326,627	1,072,393	544,430	542,979
Leases over 50 years	196,775	197,394	—	—
	1,523,509	1,269,909	544,430	542,979

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

12. 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 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 2009 (2008: nil). The benefits were amortised over the remaining average service life of the relevant employees.

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Cost				
Beginning of year	662,532	662,532	454,630	454,630
End of year	662,532	662,532	454,630	454,630
Accumulated amortisation				
Beginning of year	(469,063)	(401,587)	(408,549)	(362,456)
Charge for the year	(30,085)	(67,476)	(8,608)	(46,093)
End of year	(499,148)	(469,063)	(417,157)	(408,549)
Net book amount				
End of year	163,384	193,469	37,473	46,081
Beginning of year	193,469	260,945	46,081	92,174

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

13. INTANGIBLE ASSETS

	Company and its subsidiaries					
	Goodwill	Mining rights	Resource use rights	Technology know-how	Computer software	Total
At 1 January 2008						
Cost, as previously stated	138,824	—	28,646	—	39,272	206,742
Common control entities acquired in 2009 (Note 5(a))	—	—	—	—	290	290
Cost, as restated	138,824	—	28,646	—	39,562	207,032
Accumulated amortization, as previously stated	—	—	(5,846)	—	(10,384)	(16,230)
Common control entities acquired in 2009 (Note 5(a))	—	—	—	—	(15)	(15)
Accumulated amortization, as restated	—	—	(5,846)	—	(10,399)	(16,245)
Net book amount	138,824	—	22,800	—	29,163	190,787
Year ended 31 December 2008						
Opening net book amount	138,824	—	22,800	—	29,163	190,787
Acquisitions of subsidiaries	477,684	1,345,448	—	—	9,425	1,832,557
Additions	—	90,000	—	554,156	6,412	650,568
Amortisation	—	—	(3,665)	—	(9,936)	(13,601)
Transfer to disposal group classified as held for sale	(83,712)	(545,129)	—	—	—	(628,841)
Closing net book amount	532,796	890,319	19,135	554,156	35,064	2,031,470
At 31 December 2008						
Cost	532,796	890,319	28,646	554,156	55,399	2,061,316
Accumulated amortisation	—	—	(9,511)	—	(20,335)	(29,846)
Net book amount	532,796	890,319	19,135	554,156	35,064	2,031,470

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

13. INTANGIBLE ASSETS (Continued)

	Company and its subsidiaries					
	Goodwill	Mining rights	Resource use rights	Technology know-how	Computer software	Total
At 1 January 2009						
Cost, as previously stated	532,796	890,319	28,646	554,156	55,058	2,060,975
Common control entities acquired in 2009 (Note 5(a))	—	—	—	—	341	341
Cost, as restated	532,796	890,319	28,646	554,156	55,399	2,061,316
Accumulated amortization, as previously stated	—	—	(9,511)	—	(20,306)	(29,817)
Common control entities acquired in 2009 (Note 5(a))	—	—	—	—	(29)	(29)
Accumulated amortization, as restated	—	—	(9,511)	—	(20,335)	(29,846)
Net book amount	532,796	890,319	19,135	554,156	35,064	2,031,470
Year ended 31 December 2009						
Opening net book amount	532,796	890,319	19,135	554,156	35,064	2,031,470
Transfer in / (out)	—	142,070	—	(65,566)	—	76,504
Acquisitions of subsidiaries	949	—	—	—	1,823	2,772
Additions	—	17	—	—	24,037	24,054
Amortisation	—	—	(3,665)	—	(8,299)	(11,964)
Closing net book amount	533,745	1,032,406	15,470	488,590	52,625	2,122,836
At 31 December 2009						
Cost	533,745	1,032,406	28,646	488,590	81,259	2,164,646
Accumulated amortisation	—	—	(13,176)	—	(28,634)	(41,810)
Net book amount	533,745	1,032,406	15,470	488,590	52,625	2,122,836

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

13. INTANGIBLE ASSETS (Continued)

	Company			
	Goodwill	Technology know-how	Computer software	Total
At 1 January 2008				
Cost	33,561	—	7,002	40,563
Accumulated amortization	—	—	(1,670)	(1,670)
Net book amount	33,561	—	5,332	38,893
Year ended 31 December 2008				
Opening net book amount	33,561	—	5,332	38,893
Additions	—	554,156	450	554,606
Amortisation	—	—	(5,555)	(5,555)
Closing net book amount	33,561	554,156	227	587,944
At 31 December 2008				
Cost	33,561	554,156	7,452	595,169
Accumulated amortisation	—	—	(7,225)	(7,225)
Net book amount	33,561	554,156	227	587,944
Year ended 31 December 2009				
Opening net book amount	33,561	554,156	227	587,944
Additions	—	—	644	644
Sales to subsidiaries	—	(554,156)	(10)	(554,166)
Amortisation	—	—	(64)	(64)
Closing net book amount	33,561	—	797	34,358
At 31 December 2009				
Cost	33,561	—	895	34,456
Accumulated amortisation	—	—	(98)	(98)
Net book amount	33,561	—	797	34,358

Substantially all the amortisation expense is charged to operating costs for both years ended 31 December 2008 and 2009.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

13. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill is allocated to the cash-generating units of the Company and its subsidiaries identified according to operating segments. A segment level summary of goodwill allocation is presented below:

	Company and its subsidiaries 31 December			
	2009		2008	
	Power generation segment	Coal segment	Power generation segment	Coal segment
Zhiganglaka Company	273,795	—	273,795	—
Zhunge'er Mining Company	—	120,177	—	120,177
Xinyu Power Company	104,361	—	104,361	—
Zhangjiakou Power Plant No. 2 generator	33,561	—	33,561	—
Tongzhou Technology	949	—	—	—
Hohhot Thermal Company	902	—	902	—
	413,568	120,177	412,619	120,177

	Company 31 December	
	2009	2008
	Power generation segment	Power generation segment
Zhangjiakou Power Plant No. 2 generator	33,561	33,561

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering no more than five-year period ("Periods covered"). Management of these cash-generating units expect cash flows beyond the respective projection periods below will be similar to that of last year of respective projection based on existing production capacity.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

13. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

Periods covered and pre-tax discount rates applied in respective value-in-use calculations are as follows:

	Periods covered	Discount rates applied
Zhiganglaka Company	5 years	7.92%
Zhunge'er Mining Company	3 years	17.31%
Xinyu Power Company	2 years	6.94%
Others	1 – 5 years	7.31%-9.79%

Key assumptions used for 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. Key assumptions used for value-in-use calculations of coal mining entity include the expected coal price and annual production capacity. Management determined these key assumptions based on past performance and its expectations on market development. The discount rates used are pre-tax and reflect specific risks relating to individual cash-generating units. Management believe that any reasonably possible change in any of these key assumptions on which recoverable amounts of individual cash-generating units are based may cause carrying amounts of individual cash-generating units to exceed their recoverable amounts.

Based on the assessments, the Directors believe that there is no impairment on the goodwill at 31 December 2008 and 2009.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

14. LONG-TERM ENTRUSTED LOANS TO RELATED PARTIES

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Entrusted loans to subsidiaries (a)	—	—	3,764,728	5,162,551
Entrusted loans to associates (b)	130,194	50,104	130,194	50,104
	130,194	50,104	3,894,922	5,212,655

Notes:

(a) As at 31 December 2009, the long-term entrusted loans to subsidiaries carried annual interest rates at 2.86% to 7.66% (2008: 5.56% to 7.66%). There are neither pledges nor guarantees received on these loans.

(b) As at 31 December 2009, the long-term entrusted loans to associates carried annual interest rates at 4.86% to 5.56% (2008: 5.56%). There are neither pledges nor guarantees received on these loans.

As at 31 December 2008 and 2009, no impairment was provided as all the borrowers do not have default history and no other indicator of impairment was noted. All long-term entrusted loans will be due within 3 years from 31 December 2009 (2008: 3 years).

15. INVENTORIES

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Fuel - production	744,681	1,557,726	59,958	234,711
Spare parts and consumable supplies	553,519	585,055	134,360	141,714
Other raw materials	53,506	—	—	—
Finished goods - fuel	491,644	—	—	—
Finished goods - chemical products	11,827	—	—	—
	1,855,177	2,142,781	194,318	376,425

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

16. SHORT-TERM ENTRUSTED LOANS TO RELEATED PARTIES

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Entrusted loans to subsidiaries (a)	—	—	—	260,529
Entrusted loans to ultimate parent company (b)	17,000	31,330	—	—
	17,000	31,330	—	260,529

Notes:

(a) As at 31 December 2008, the short-term entrusted loans to subsidiaries were due within one year and carried annual interest rates at 6.56% to 7.47%. As at 31 December 2009, all such loans were repaid.

(b) As at 31 December 2009, the short-term entrusted loans to ultimate parent company were due within one year and carried annual interest rate at 1.44% (2008: 1.44%).

As at 31 December 2008 and 2009, there were neither pledges nor guarantees on loans above. No impairment was provided as all the borrowers do not have default history and no other indicator of impairment was noted.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

17. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprised the following:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Prepayments for fuel and materials	1,937,168	839,140	684,327	86,765
Prepayments for construction	62,605	301,535	—	135,580
VAT recoverables	1,883,613	—	66,657	—
Prepayment for an investment (a)	1,289,000	—	1,289,000	—
Other taxes recoverable	16,201	—	—	—
Prepayments to related parties	71,073	—	71,073	—
Others	57,231	88,860	6,688	1,767
Total prepayments	5,316,891	1,229,535	2,117,745	224,112
Advanced payments for construction	438,945	440,702	26,708	169,626
Receivables from disposals of property, plant and equipment	108,208	584,942	—	—
Staff advances	25,959	14,262	2,688	786
Staff housing maintenance fund deposits	25,576	21,205	24,071	21,205
Receivables from sales of materials	50,414	84,540	11,855	14,365
Receivables from related parties	429,395	53,794	5,807,471	2,229,863
Others	183,716	61,735	50,577	13,506
Total other receivables	1,262,213	1,261,180	5,923,370	2,449,351
Less: provision for doubtful debts	(4,203)	(4,203)	(1,833)	(1,833)
Total other receivables, net	1,258,010	1,256,977	5,921,537	2,447,518
Total prepayments and other receivables	6,574,901	2,486,512	8,039,282	2,671,630

Note:

(a) As at 31 December 2009, this represented prepayment for investment in Yuneng (Group) Co., Ltd. ("Yuneng Group"). Related acquisition became effective in January 2010 (Note 43(a)).

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

17. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Other receivables do not contain significant impaired assets. Movements on the provision for doubtful debts are as follows:

	Company and its subsidiaries	Company
At 1 January 2008 and 2009	4,203	1,833
At 31 December 2008 and 2009	4,203	1,833

As at 31 December 2008 and 2009, substantially all other receivables were not past due except for other receivables stated below which were deemed to be impaired. The individually impaired receivables have been long outstanding without any repayment agreements in place or possibility of renegotiation. It was assessed that a portion of these receivables is expected to be recovered. The ageing of such other receivables was as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Between one to two years	—	24,195	—	—
Between two to three years	1,920	—	—	—
Over three years	1,835	1,835	1,833	1,833
	3,755	26,030	1,833	1,833

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

18. ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable of the Company and its subsidiaries primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales customers. These receivables are unsecured and non-interest bearing.

Accounts and notes receivable comprised the following:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Accounts receivable from third parties	6,459,139	3,742,832	1,184,183	952,052
Notes receivable from third parties	140,273	384,523	—	300,800
Accounts and notes receivable from related parties	35,505	185,342	—	148,112
Total accounts and notes receivable	6,634,917	4,312,697	1,184,183	1,400,964
Less: provision for doubtful debts	—	—	—	—
Total accounts and notes receivable	6,634,917	4,312,697	1,184,183	1,400,964

As at 31 December 2009, certain accounts and notes receivable of the Company and its subsidiaries were pledged for certain loans amounted to Rmb272.60 million (2008: Rmb224.96 million), including which, the Company applied notes receivable in securing certain loans amounting to Rmb300 million in 2008. In addition, the Company and certain subsidiaries also applied tariff collection rights in securing loans. Please refer to Notes 22 and 27 for details.

The Company and its subsidiaries usually grant 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.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

18. ACCOUNTS AND NOTES RECEIVABLE (Continued)

Ageing analysis of accounts and notes receivable was as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Within one year	6,447,885	4,309,686	1,098,958	1,397,953
Between one to two years	186,396	3,011	85,225	3,011
Between two to three years	636	—	—	—
	6,634,917	4,312,697	1,184,183	1,400,964

As at 31 December 2009, there was no indication of impairment relating to accounts receivable which were past due and no provision was made. Accounts and notes receivable stated below were past due but not impaired. The major portion of past due accounts and notes receivable were the accounts receivable due from certain local thermal power companies, and management believes that such receivables can be recovered because such local thermal companies had no recent history of default. Ageing analysis of these accounts receivable was as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Between one to two years	186,396	3,011	85,225	3,011
Between two to three years	636	—	—	—
	187,032	3,011	85,225	3,011

As at 31 December 2009, accounts and notes receivables from the top 5 debtors amounted to approximately Rmb4.058 billion (2008: Rmb3.172 billion), representing 61.17% (2008: 73.54%) of the total accounts and notes receivables.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

19. BANK BALANCES AND CASH

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Bank deposits	1,358,163	4,088,696	286,343	2,053,403
Deposits with Datang Finance	147,097	987,489	4,962	3
Cash on hand	1,175	1,847	284	479
Cash and cash equivalents	1,506,435	5,078,032	291,589	2,053,885
Restricted cash	—	460,477	—	—
Fixed deposits over three months	—	30,000	—	—
	1,506,435	5,568,509	291,589	2,053,885

Bank balances and cash of the Company and its subsidiaries and the Company were denominated in the following currencies:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Rmb	1,343,019	5,447,755	139,861	1,936,411
USD (Rmb equivalent)	163,124	120,754	151,728	117,474
HKD (Rmb equivalent)	152	—	—	—
Euro (Rmb equivalent)	140	—	—	—
	1,506,435	5,568,509	291,589	2,053,885

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

20. SHARE CAPITAL

The movement of issued and fully paid up share capital of the Company during the year is as follows:

	Company and Company and its subsidiaries			
	2009		2008	
	Number of shares '000	Share capital	Number of shares '000	Share capital
Beginning of year	11,780,038	11,780,038	11,734,083	11,734,083
Conversion of convertible bonds	—	—	45,955	45,955
End of year	11,780,038	11,780,038	11,780,038	11,780,038

As at 31 December 2008 and 2009, all issued shares are registered and fully paid, divided into 11,780,037,578 (2008: 11,780,037,578) shares of par value at RMB1.00 par value each, comprised 8,464,360,000 A shares and 3,315,677,578 H shares. Both A shares and H shares rank pari passu to each other.

As at 31 December 2008, 4,051,599,760 A shares were subject to lock-up periods and were not freely tradable. As at 31 December 2009, such A shares become freely tradable following the expiries of respective lock-up periods.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

21. RESERVES

		Attributable to equity holders of the Company								
	Note	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2009, as previously reported		11,780,038	1,592,988	2,950,731	6,800,692	46,081	—	—	2,361,302	25,531,832
Adjustment to beginning balance	2(a)	—	—	(27,163)	—	—	—	—	27,163	—
Balance as at 1 January 2009, as restated		11,780,038	1,592,988	2,923,568	6,800,692	46,081	—	—	2,388,465	25,531,832
Profit for the year		—	—	—	—	—	—	—	1,882,644	1,882,644
Total comprehensive income for the year		—	—	—	—	—	—	—	1,882,644	1,882,644
Others		—	—	—	—	—	—	4,020	—	4,020
Profit appropriations										
Transfer from restricted reserve		—	—	—	—	(8,608)	—	—	8,608	—
Transfer to surplus reserves		—	—	193,306	1,065,496	—	—	—	(1,258,802)	—
Dividends relating to 2008	38	—	—	—	—	—	—	—	(1,295,804)	(1,295,804)
Balance as at 31 December 2009		11,780,038	1,592,988	3,116,874	7,866,188	37,473	—	4,020	1,725,111	26,122,692

For the year ended 31 December 2009

(All amounts expressed in thousands of Rmb unless otherwise stated)

21. RESERVES (Continued)

		Attributable to equity holders of the Company								
	Note	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Available-for-sale investment revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2008, as previously reported		11,734,083	1,519,014	2,646,131	6,762,061	87,188	2,845,036	14,921	1,505,345	27,113,779
Adjustment to beginning balance	2(a)	—	—	(12,253)	—	—	—	—	12,253	—
Balance as at 1 January 2008, as restated		11,734,083	1,519,014	2,633,878	6,762,061	87,188	2,845,036	14,921	1,517,598	27,113,779
Profit for the year		—	—	—	—	—	—	—	2,566,663	2,566,663
Other comprehensive loss:										
Fair value loss on available-for-sale investments, gross		—	—	—	—	—	(2,899,859)	—	—	(2,899,859)
Fair value loss on available-for-sale investments, income tax		—	—	—	—	—	724,965	—	—	724,965
Disposals of available-for-sale investments, gross		—	—	—	—	—	(893,523)	—	—	(893,523)
Disposals of available-for-sale investments, income tax		—	—	—	—	—	223,381	—	—	223,381
Total comprehensive loss for the year		—	—	—	—	—	(2,845,036)	—	2,566,663	(278,373)
Conversion of convertible bonds		45,955	73,974	—	—	—	—	(14,921)	—	105,008
Profit appropriations										
Transfer from restricted reserve		—	—	—	—	(41,107)	—	—	41,107	—
Transfer to surplus reserve		—	—	277,436	38,631	—	—	—	(316,067)	—
Others		—	—	12,254	—	—	—	—	(12,254)	—
Dividends relating to 2007		—	—	—	—	—	—	—	(1,408,582)	(1,408,582)
Balance as at 31 December 2008		11,780,038	1,592,988	2,923,568	6,800,692	46,081	—	—	2,388,465	25,531,832

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

21. RESERVES (Continued)

(a) 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 and 2006; and (ii) the premium from convertible bonds converted to shares. This reserve is non-distributable.

(b) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the Company 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 a 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.

(c) 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.

On 30 March 2009, the Board of Directors proposed an appropriation of profit of approximately Rmb1,065.496 million to the discretionary surplus reserve for the year ended 31 December 2008. This proposed profit appropriation was approved by the shareholders in their general meeting dated 3 June 2009. There is no proposal on allocation to this reserve in the current year.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

21. RESERVES (Continued)

(d) Restricted reserve

Pursuant to relevant regulations and guidance issued by 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. For the year ended 31 December 2009, approximately Rmb8.608 million (2008: Rmb41.107 million) had been transferred from restricted reserve to retained earnings.

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. For the year ended 31 December 2009, approximately Rmb47.313 million (2008: Rmb32.138 million) had been set aside to the fund from retained earnings to restricted reserve, while approximately Rmb0.497 million (2008: nil) was expensed off for developments and safety improvements from restricted reserve to retained earnings.

(e) 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.

The retained earnings attributable to shareholders of the Company is dealt with in these financial statements of the Company to the extent of Rmb1,725.111 million as at 31 December 2009.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS

Long-term loans are as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Long-term bank loans (a)	99,870,956	73,245,093	7,364,000	13,910,000
Other long-term loans (b)	6,478,027	2,173,232	4,000,000	500,000
Long-term entrusted loan (c)	—	110,000	—	—
	106,348,983	75,528,325	11,364,000	14,410,000
Less: amounts due within one year included under current liabilities	(6,842,438)	(6,501,903)	(954,400)	(712,500)
	99,506,545	69,026,422	10,409,600	13,697,500
Estimated fair value of long-term loans	106,353,555	75,549,206	11,364,000	14,410,000

The estimated fair value of long-term loans (including current portion) is calculated based on discounted cash flow using applicable discount rates from prevailing market interest rates offered to the Company and its subsidiaries for loans with substantially the same characteristics and maturity dates. The annual discount rates applied as at 31 December 2009 were ranging from 1.13% to 7.83% (2008: 3.29% to 7.83%). The estimated fair values of loans due within 1 year approximate their carrying amounts.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(a) Long-term bank loans

Long-term bank loans of the Company and its subsidiaries

	31 December 2009				
	Foreign currency '000	Rmb equivalent	Less: amounts due within one year	Non-current portion	Annual interest rate
Unsecured loans					
- Rmb denominated		48,684,806	(2,145,364)	46,539,442	4.05%-7.56%
Guaranteed loans (i)					
- Rmb denominated		7,736,280	(1,718,140)	6,018,140	3.60%-7.56%
- USD denominated	25,577	174,648	(174,648)	—	
Fixed interest rate	20,993	143,347	(143,347)	—	4.14%
Floating interest rate	4,584	31,301	(31,301)	—	Libor+1.2%
Secured loans (ii)					
- Rmb denominated		43,275,222	(2,693,466)	40,581,756	4.78%-7.83%
		99,870,956	(6,731,618)	93,139,338	

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(a) Long-term bank loans (Continued)

Long-term bank loans of the Company and its subsidiaries (Continued)

	31 December 2008				
	Foreign currency '000	Rmb equivalent	Less: amounts due within one year	Non-current portion	Annual interest rate
Unsecured loans					
- Rmb denominated		29,897,070	(3,069,770)	26,827,300	4.86%-7.74%
Guaranteed Loans (i)					
- Rmb denominated		8,413,850	(1,428,170)	6,985,680	3.60%-7.83%
- USD denominated	73,564	502,783	(327,971)	174,812	
Fixed interest rate	62,980	430,445	(286,963)	143,482	4.14%
Floating interest rate	10,584	72,338	(41,008)	31,330	Libor+1.2%
Secured loans (ii)					
- Rmb denominated		34,431,390	(1,257,585)	33,173,805	5.10%-7.83%
		73,245,093	(6,083,496)	67,161,597	

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(a) Long-term bank loans (Continued)

Long-term bank loans of the Company and its subsidiaries (Continued)

Notes:

(i) As at 31 December 2009, long-term loans of approximately Rmb6,339 million, Rmb902 million and Rmb670 million (2008: Rmb6,767 million, Rmb936 million and Rmb1,214 million) were guaranteed by the Company, China Datang and minority interests of certain subsidiaries, respectively. In addition, as at 31 December 2009, certain long-term bank loans of Rmb1,692 million (2008: Rmb477 million) guaranteed by the Company were counter-guaranteed by minority interests of a subsidiary.

(ii) Certain long-term bank loans of Rmb1,730 million (2008: Rmb810 million) were secured by the following assets:

	31 December	
	2009	**2008**
Bank balances and cash	—	8,277
Accounts and notes receivable	272,599	244,960
Prepayments and other receivables	—	14,168
Inventories	—	436
Property, plant and equipment	405,208	1,706,359
	677,807	1,974,200

As at 31 December 2009, long-term loans of Rmb41,545 million (2008: Rmb33,591 million) were secured by tariff collection rights of the Company and certain subsidiaries.

In addition, as at 31 December 2008, a long-term loan of Rmb30 million was secured by equity interest of a subsidiary. This loan was repaid during 2009.

Long-term bank loans of the Company

As at 31 December 2009, long-term bank loans of Rmb6,864 million (2008: Rmb13,910 million) of the Company were denominated in Rmb, unsecured and bore variable interest rates ranging from 4.86% to 6.93% (2008: 4.86% to 7.12%) per annum.

As at 31 December 2009, long-term bank loans of Rmb500 million (2008: nil) of the Company were denominated in Rmb and secured by tariff collection right of certain branches and bore annual variable interest rate at 5.05% (2008: N/A).

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(b) Other long-term loans

Other long-term loans of the Company and its subsidiaries

31 December 2009

	Foreign currency '000	Rmb equivalent	Less: amounts due within one year	Non-current portion	Annual interest rate
Unsecured loans (i)					
- Rmb denominated		4,200,000	—	4,200,000	4.86%-7.35%
Guaranteed loans					
- Rmb denominated (ii)		1,220,000	—	1,220,000	4.86%
- USD denominated (iii)	154,950	1,058,027	(110,820)	947,207	1.13%-3.29%
		6,478,027	(110,820)	6,367,207	

31 December 2008

	Foreign currency '000	Rmb equivalent	Less: amounts due within one year	Non-current portion	Annual interest rate
Unsecured loans (i)					
- Rmb denominated		810,000	—	810,000	4.86%-7.35%
Guaranteed loans					
- Rmb denominated (ii)		203,500	(203,500)	—	6.80%
- USD denominated (iii)	169,685	1,159,732	(104,907)	1,054,825	3.29%
		2,173,232	(308,407)	1,864,825	

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(b) Other long-term loans (Continued)

Other long-term loans of the Company and its subsidiaries (Continued)

Notes:

(i) As at 31 December 2009, unsecured loans of Rmb1,200 million (2008: Rmb810 million) were borrowed from Datang Finance, a non-bank financial institution and an associate of the Company while unsecured loans of Rmb3,000 million were borrowed from China Credit Trust Company Limited ("China Credit Trust"), a non-bank financial institution.

(ii) As at 31 December 2009, loans of Rmb220 million (2008: Rmb204 million) were borrowed by the Company and its subsidiaries from Datang Finance while Rmb1,000 million (2008: nil) were from Pingan Trust Company Limited, a non-bank financial institution, all of them were guaranteed by the Company.

In addition, as at 31 December 2009, certain long-term loans of Rmb549 million (2008: Rmb92 million) guaranteed by the Company were counter-guaranteed by minority interests of a subsidiary.

(iii) It represented a loan borrowed by 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.

Other long-term loans of the Company

As at 31 December 2009, unsecured long-term loans of Rmb1,000 million (2008: Rmb500 million) were borrowed from Datang Finance and bore interest rate of 4.86% (2008: 4.86%) per annum while unsecured long-term loans of Rmb3,000 million (2008: nil) were borrowed from China Credit Trust and bore interest rate of 5.35% (2008: N/A) per annum.

As at 31 December 2008 and 2009, all other long-term loans of the Company were denominated in Rmb.

(c) Long-term entrusted loan

As at 31 December 2008, long-term entrusted loan represented an unsecured Rmb-denominated loan borrowed by Hohhot Thermal Company from Tuoketuo Guoneng Investment Company Limited through Bank of Communication Beijing Branch, bearing annual interest rate of 7.47%. As at 31 December 2009, this loan was fully repaid.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(d) Loan repayment schedules

	Company and its subsidiaries					
	Long-term bank loans 31 December		Other long-term loans 31 December		Long-term entrusted loan 31 December	
	2009	2008	**2009**	2008	**2009**	2008
Within one year	6,731,618	6,083,496	110,820	308,407	—	110,000
Between one and two years	18,398,383	13,585,237	1,300,820	104,823	—	—
Between two and five years	34,827,641	23,437,415	4,552,460	1,014,468	—	—
Over five years	39,913,314	30,138,945	513,927	745,534	—	—
	99,870,956	73,245,093	6,478,027	2,173,232	—	110,000

	Company			
	Long-term bank loans 31 December		Other long-term loans 31 December	
	2009	2008	**2009**	2008
Within one year	954,400	712,500	—	—
Between one and two years	2,354,400	4,882,500	—	—
Between two and five years	2,283,200	4,857,500	4,000,000	500,000
Over five years	1,772,000	3,457,500	—	—
	7,364,000	13,910,000	4,000,000	500,000

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

22. LONG-TERM LOANS (Continued)

(d) Loan repayment schedules (Continued)

Analysis of the above is as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Long-term bank loans				
-Wholly repayables within five years	22,482,383	17,343,463	4,100,000	5,300,000
-Not wholly repayables within five years	77,388,573	55,901,630	3,264,000	8,610,000
	99,870,956	73,245,093	7,364,000	13,910,000
Other long-term loans				
-Wholly repayables within five years	5,410,000	1,003,500	4,000,000	500,000
-Not wholly repayables within five years	1,068,027	1,169,732	—	—
	6,478,027	2,173,232	4,000,000	500,000
Long-term entrusted loans				
-Wholly repayable within five years	—	110,000	—	—

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

23. LONG-TERM BONDS

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Medium-term notes (a)	2,961,836	—	2,961,836	—
Corporate bonds (b)	2,976,708	—	2,976,708	—
	5,938,544	—	5,938,544	—
Estimated fair value of long-term bonds	6,138,705	—	6,138,705	—

Notes:

(a) 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. As at 31 December 2009, accrued interest for these notes amounted to approximately Rmb109 million.

(b) Unsecured corporate bonds were issued by the Company on 19 August 2009 with par value of Rmb100 each totalling Rmb3 billion. Such bonds are of 10-year term with fixed annual coupon and effective interest rates of 5.00% and 5.10%, respectively. As at 31 December 2009, accrued interest for these bonds amounted to approximately Rmb57 million.

As at 31 December 2009, the fair value of corporate bonds above are derived from quoted price available in the market while the fair value of medium-term notes above are derived from discounted future cash flows using annual bond interest rate with similar terms of 3.76%.

24. DEFERRED INCOME

The Company and its subsidiaries received government grants from local environmental protection authorities for undertaking approved environmental protection projects. Amortisation of deferred income for the year amounted to Rmb40.131 million (2008: Rmb14.923 million).

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

25. OTHER LONG-TERM LIABILITIES

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Finance lease payables*	4,115,364	4,454,153	—	—
Others	110,375	75,630	36,000	—
	4,225,739	4,529,783	36,000	—
Less: amounts due within one year included under current liabilities	(524,574)	(359,686)	(9,000)	—
	3,701,165	4,170,097	27,000	—

* Finance lease payables

Finance lease payables represented the minimum lease payments net of unrecognised finance costs. Including in all the finance lease arrangements, finance lease liabilities of certain subsidiaries were guaranteed by the Company amounted to Rmb1,275.901 million (2008: Rmb1,388.509 million) while certain subsidiaries were also required to pay restricted deposits of Rmb155.117 million (2008: Rmb165.943 million) which such deposits will be refunded after settlements of last instalments of respective finance lease arrangements.

The present value of finance lease liabilities is as follows:

	Company and its subsidiaries 31 December	
	2009	**2008**
Within one year	491,187	359,686
Between two and five years	1,819,131	1,999,574
Over five years	1,805,046	2,094,893
	4,115,364	4,454,153

Please refer to Note 3(a) for details of maturity disclosures on gross finance lease liabilities - minimum lease payments.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

26. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprised:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Fuel and materials payable to third parties	5,251,884	3,328,418	1,143,457	840,794
Notes payable to third parties	697,703	1,470,648	—	—
Fuel and materials payable to related parties	65,932	22,657	10,773	22,657
Total accounts and notes payable	6,015,519	4,821,723	1,154,230	863,451
Construction payables to third parties	6,320,814	7,196,682	79,303	1,738,082
Acquisition considerations payable	143,796	126,768	—	45,000
Amounts received in advance	146,277	104,355	—	240,000
Salaries and welfares payable	32,825	27,772	6,010	7,840
Interests payable	356,389	421,878	178,045	233,653
Other payables to related parties	115,277	46,484	142,618	14,644
Others	909,123	483,898	93,052	367,265
	14,040,020	13,229,560	1,653,258	3,509,935

The ageing analysis of the accounts and notes payable is as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Within one year	5,716,659	4,536,405	1,143,509	834,169
Between one and two years	127,756	76,974	3,751	25,517
Between two and three years	43,857	202,068	5,272	1,460
Over three years	127,247	6,276	1,698	2,305
	6,015,519	4,821,723	1,154,230	863,451

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

27. SHORT-TERM LOANS

Short-term loans are as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Short-term bank loans (a)	16,648,453	25,982,130	500,000	12,802,587
Other short-term loans (b)	2,880,570	3,621,978	50,000	500,000
Short-term entrusted loan (c)	40,000	—	—	—
	19,569,023	29,604,108	550,000	13,302,587

(a) Short-term bank loans

Short-term bank loans of the Company and its subsidiaries

	31 December 2009		
	Foreign currency '000	**Rmb equivalent**	**Annual interest rate**
Unsecured loans			
- Rmb denominated		13,847,472	3.00%-7.47%
- HKD denominated	61,144	53,836	Libor+1.7%
Guaranteed loans			
- Rmb denominated (i)		1,863,700	4.78%-7.47%
- HKD denominated (ii)	700,000	616,336	Libor+1.4%
Secured loans			
- Rmb denominated (iii)		220,000	2.10%-6.57%
Discounted notes receivable			
- Rmb denominated (iv)		47,109	2.40%-2.70%
		16,648,453	

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

27. SHORT-TERM LOANS (Continued)

(a) Short-term bank loans (Continued)

Short-term bank loans of the Company and its subsidiaries (Continued)

	31 December 2008		
	Foreign currency '000	**Rmb equivalent**	**Annual interest rate**
Unsecured loans			
- Rmb denominated		19,438,876	4.78%-7.47%
- USD denominated	9,600	65,612	4.00% / USD 3 months Libor +350 BP
Guaranteed loans			
- Rmb denominated (i)		5,277,000	5.99%-7.74%
- HKD denominated (ii)	700,000	617,323	4.35%
Secured loans			
- Rmb denominated (iii)		268,800	5.04%-6.03%
Discounted notes receivable			
- Rmb denominated (iv)		314,519	0%-0.37%
		25,982,130	

Notes:

(i) As at 31 December 2009, the Company provided guarantees for short-term bank loans, including which Rmb801 million (2008: Rmb927 million) of which were counter-guaranteed by the minority interests of certain subsidiaries at their respective equity interests.

(ii) As at 31 December 2008 and 2009, the HKD denominated short-term bank loans were guaranteed by the headquarters of Bank of China and counter-guaranteed by the Company.

(iii) As at 31 December 2009, certain short-term bank loans of Rmb150.00 million (2008: Rmb252.50 million) were secured by accounts receivable of certain subsidiaries.

As at 31 December 2009, certain short-term bank loans of Rmb70.00 million (2008: Rmb16.30 million) were secured by tariff collection rights of certain subsidiaries.

(iv) The amount represented the discounted notes receivable with recourse. Interest on certain discounted notes is 0% as such interest is borne by the drawers.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

27. SHORT-TERM LOANS (Continued)

(a) Short-term bank loans (Continued)

Short-term bank loans of the Company

As at 31 December 2009, short-term bank loans approximately Rmb500 million (2008: Rmb12,503 million) were unsecured and bore variable interest rates ranging from 4.37% to 7.13% (2008: 4.86% to 7.47%) per annum.

In addition, other short-term bank loans represented the discounted notes receivable with recourse. Related interest on discounted notes receivable is 0% as such interest is borne by the drawers.

As at 31 December 2008 and 2009, all short-term loans of the Company were denominated in Rmb.

(b) Other short-term loans – Rmb denominated

Other short-term loans of the Company and its subsidiaries

	31 December	
	2009	**2008**
Unsecured loans		
- Datang Finance (i)	2,310,570	2,524,000
- China Credit Trust (ii)	570,000	—
- Jilin Province Trust and Investment Co., Ltd. (“Jilin Trust”) (iii)	—	500,000
Guaranteed loans		
- CITIC Trust and Investment Co. Ltd. (“CITIC”) (iv)	—	497,978
- Zhongrong International Trust Company (“Zhongrong Trust”) (v)	—	100,000
	2,880,570	3,621,978

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

27. SHORT-TERM LOANS (Continued)

(b) Other short-term loans – Rmb denominated (Continued)

Other short-term loans of the Company and its subsidiaries (Continued)

Notes:

(i) These represented borrowings from Datang Finance bearing annual interest rates at 4.37% to 6.72% (2008: 4.78% to 6.72%).

(ii) These represented borrowings from China Credit Trust bearing annual interest rates at 3.88% to 4.25% (2008: N/A).

(iii) This represented a borrowing from Jilin Trust bearing annual interest rate of 7.47%. As at 31 December 2009, this loan was fully repaid.

(iv) This represented a borrowing acquired by Lixianjiang Hydropower Company from CITIC, which is guaranteed by China Construction Bank bearing annual interest rate of 7.67%. As at 31 December 2009, this loan was fully repaid.

(v) This represented a borrowing from Zhongrong Trust, for which the Industrial and Commercial Bank of China Shanxi Branch committed to provide a loan facility to Yuncheng Power Company for the repayments of the borrowings upon maturity. This borrowing carried annual interest rate of 7.47%. As at 31 December 2009, this loan was fully repaid.

Other short-term loans of the Company

As at 31 December 2009, all the other short-term loans were borrowed from Datang Finance and they were unsecured and bore annual interest rates at 4.37% to 5.43% (2008: 5.43%).

(c) Short-term entrusted loan

As at 31 December 2009, short-term entrusted loan represented an unsecured Rmb-denominated loan borrowed by Hulunbei'er Fertilizer from China Datang through Datang Finance, bearing annual interest rate of 4.35%.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

28. SHORT-TERM BONDS

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Short-term bonds	—	3,500,000	—	3,500,000

As at 31 December 2008, short-term bonds represented unsecured bonds issued by the Company on 6 October 2008 at par value of Rmb100 each with annual coupon and effective interest rate of 4.68% and matured within one year. Such bonds were fully repaid during 2009.

29. EMPLOYEE BENEFITS

Retirement benefits

The Company and its subsidiaries are required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2008: 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 Company and its subsidiaries are entitled to a monthly pension upon their retirements.

In addition, the Company and its subsidiaries have implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Company and its subsidiaries make a specified contribution based on their service duration. The Company and its subsidiaries are required to make a contribution equal to 2 to 3 times of the staff's contributions. The Company and its subsidiaries 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 Company and its subsidiaries during the year ended 31 December 2009 pursuant to these arrangements amounted to approximately Rmb230.794 million (2008: Rmb205.357 million).

Housing benefits

Apart from the housing benefits and monetary subsidies (Note 12), in accordance with the PRC housing reform regulations, the Company and its subsidiaries are required to make contributions to the state-sponsored housing fund at rates 10% to 20% (2008: 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 Company and its subsidiaries have no further obligations for housing benefits beyond the contributions made above. For the year ended 31 December 2009, the Company and its subsidiaries provided approximately Rmb138.300 million (2008: Rmb111.427 million) to the fund.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING

	2009	2008
Sales of electricity	42,043,163	35,990,410
Heat supply	382,982	220,368
Sales of coal	5,143,707	384,797
Sales of chemical products	198,817	62
Others	174,254	304,428
	47,942,923	36,900,065

The senior management performs the function of CODM and reviews the internal reporting of the Company and its subsidiaries 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, chemical and coal separately. Other operating activities include investments in financial services and others, and are included in "all other segments".

Senior management assesses the performance of the operating segments based on a measure of profit before income tax expense prepared under PRC GAAP.

Segment assets exclude income tax recoverables, deferred income tax assets and available-for-sale investments. Segment liabilities exclude current income tax liabilities and deferred income 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.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

(Under PRC GAAP)

	Power generation segment	Chemical segment	Coal segment	All other segments	Total continuing operations	Total discontinued operations (coal segment)	Total
For year ended 31 December 2009							
Segment revenue							
Total revenue	42,559,108	198,817	10,014,974	—	52,772,899	—	52,772,899
Inter-segment revenue	(5,160)	—	(4,824,816)	—	(4,829,976)	—	(4,829,976)
External revenue	42,553,948	198,817	5,190,158	—	47,942,923	—	47,942,923
Segment results	2,672,309	20,174	213,915	146,553	3,052,951	40,000	3,092,951
Depreciation and amortisation	(7,469,420)	(9,426)	(48,074)	—	(7,526,920)	—	(7,526,920)
Net gain on disposal of property, plant and equipment	32,692	—	—	—	32,692	—	32,692
Net gain on disposal of long-term investments	78,316	—	—	30,125	108,441	—	108,441
Discontinued operations	—	—	—	—	—	40,000	40,000
Interest income	26,079	5,306	1,739	—	33,124	—	33,124
Interest expense	(3,997,440)	—	(45,876)	—	(4,043,316)	—	(4,043,316)
Shares of post-tax losses of jointly controlled entities	(60,366)	—	(18,622)	—	(78,988)	—	(78,988)
Shares of post-tax (losses) / profits of associates	(29,167)	(359)	286,125	115,523	372,122	—	372,122
Income tax (expense) / benefit	(664,297)	7,475	4,375	—	(652,447)	—	(652,447)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

(Under PRC GAAP)

	Power generation segment	Chemical segment	Coal segment	All other segments	Total continuing operations	Total discontinued operations (coal segment)	Total
For the year ended 31 December 2008							
Segment revenue							
Total revenue	36,491,589	9,412	5,459,452	—	41,960,453	—	41,960,453
Inter-segment revenue	(1,771)	(9,350)	(5,049,267)	—	(5,060,388)	—	(5,060,388)
External revenue	36,489,818	62	410,185	—	36,900,065	—	36,900,065
Segment results	(916,372)	(23,793)	444,949	54,296	(440,920)	—	(440,920)
Depreciation and amortisation	(6,189,951)	(7,304)	(32,444)	—	(6,229,699)	—	(6,229,699)
Net gain on disposal of property, plant and equipment	37,936	—	—	—	37,936	—	37,936
Net gain on disposal of long-term investments	9,672	—	—	—	9,672	—	9,672
Interest income	81,069	245	2,153	—	83,467	—	83,467
Interest expense	(3,737,903)	—	(31,925)	—	(3,769,828)	—	(3,769,828)
Shares of post-tax (losses) / profits of jointly controlled entities	(79,809)	—	8,982	—	(70,827)	—	(70,827)
Shares of post-tax (losses) / profits of associates	(43,193)	35	281,100	54,296	292,238	—	292,238
Income tax expense	(24,831)	—	(39,376)	—	(64,207)	—	(64,207)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

(Under PRC GAAP)

	Power generation segment	Chemical segment	Coal segment	All other segments	Total continuing operations	Total discontinued operations (coal segment)	Total
31 December 2009							
Segment assets	148,329,678	25,056,663	13,517,801	1,923,390	188,827,532	—	188,827,532
Including:							
Investments in jointly controlled entities	695,825	—	846,237	—	1,542,062	—	1,542,062
Investments in associates	484,763	2,278	2,694,556	602,260	3,783,857	—	3,783,857
Additions to non-current assets (other than financial assets and deferred income tax assets)	22,960,322	7,743,357	1,759,230	100,000	32,562,909	—	32,562,909
Segment liabilities	(128,519,824)	(19,983,705)	(7,877,910)	—	(156,381,439)	—	(156,381,439)
31 December 2008							
Segment assets	144,026,417	17,063,474	9,407,203	1,229,152	171,726,246	1,132,146	172,858,392
Including:							
Investments in jointly controlled entities	412,991	—	814,015	—	1,227,006	—	1,227,006
Investments in associates	343,715	2,637	1,173,561	553,303	2,073,216	—	2,073,216
Additions to non-current assets (other than financial assets and deferred income tax assets)	28,820,635	8,586,717	6,825,514	—	44,232,866	747,626	44,980,492
Segment liabilities	(118,380,736)	(16,631,603)	(6,206,562)	—	(141,218,901)	(7,700)	(141,226,601)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

A reconciliation of segment results to profit before income tax expense presented in the consolidated statement of comprehensive income is provided as follows:

	2009	2008
Segment results	3,092,951	(440,920)
Reconciling items:		
Gain on disposal of available-for-sale investment	—	893,522
Dividend income from available-for-sale investments	200	50,229
Inter-segment eliminations	4,851	(17,747)
IFRS adjustment on reversal of general provision on mining funds	163,109	180,671
Other IFRS adjustments	(30,084)	(65,551)
Profit before income tax expense per consolidated statement of comprehensive income	3,231,027	600,204

A reconciliation of total segment assets to total assets presented in the consolidated balance sheet is provided as follows:

	31 December	
	2009	2008
Total segment assets	188,827,532	172,858,392
Reconciling items:		
Deferred income tax assets	716,083	687,240
Available-for-sale investments	18,700	—
Inter-segment eliminations	(7,498,008)	(14,989,824)
Reclassification of taxes recoverable	1,991,030	—
IFRS adjustment on reversal of general provision on mining funds	83,291	52,268
Other IFRS adjustments	84,948	110,859
Total assets per consolidated balance sheet	184,223,576	158,718,935

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

A reconciliation of total segment liabilities to total liabilities presented in the consolidated balance sheet is provided as follows:

	31 December	
	2009	**2008**
Total segment liabilities	(156,381,439)	(141,226,601)
Reconciling items:		
Current income tax liabilities	(48,359)	(425,093)
Deferred income tax liabilities-continuing operations	(286,600)	(370,343)
Deferred income tax liabilities-discontinuing operations	—	(136,247)
Inter-segment eliminations	7,369,035	14,370,528
Reclassification of taxes recoverable	(1,991,030)	—
Other IFRS adjustments	(37,188)	(25,206)
Total liabilities per consolidated balance sheet	(151,375,581)	(127,812,962)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

Reconciliations of other material items are provided as follows:

	Total of reportable segments	Inter-segment eliminations	IFRS adjustment on reversal of general provision on mining funds	Other IFRS adjustments	Total per consolidated statement of comprehensive income / balance sheet
For the year ended 31 December 2009					
Shares of post-tax losses of jointly controlled entities	(78,988)	—	26,303	—	(52,685)
Shares of post-tax profits of associates	372,122	—	89,990	—	462,112
Income tax expense	(652,447)	21,545	(11,703)	3,894	(638,711)
For the year ended 31 December 2008					
Interest expense	(3,769,828)	12,940	—	(14,000)	(3,770,888)
Shares of post-tax losses of jointly controlled entities	(70,827)	—	13,549	—	(57,278)
Shares of post-tax profits of associates	292,238	—	135,558	—	427,796
Income tax expense	(64,207)	10,708	(8,034)	(10,278)	(71,811)
31 December 2009					
Investments in jointly controlled entities	1,542,062	—	94,612	—	1,636,674
Investments in associates	3,783,857	—	(11,320)	—	3,772,537
31 December 2008					
Investments in jointly controlled entities	1,227,006	—	75,091	—	1,302,097
Investments in associates	2,073,216	—	(22,823)	—	2,050,393

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

30. OPERATING REVENUE AND SEGMENT REPORTING (Continued)

Geographical information (under IFRS):

For the years ended 31 December 2008 and 2009, all revenues from external customers are generated domestically. As at 31 December 2009, non-current assets (excluding financial assets and deferred income tax assets) amounted to Rmb165.177 billion (2008: Rmb141.589 billion) and Rmb84.348 million (2008: Rm79.116 million) are located in the PRC and foreign countries, respectively.

The information of external revenue by major customers which related individual sales accounted for equals to or more than 10% of total revenue is provided as follows:

	Power generation segment	Percentage of total revenue
For the year ended 31 December 2009		
North China Grid Company Limited	17,088,967	35.64%
State Grid Corporation of China	5,405,739	11.28%
Zhejiang Electric Power Corporation	4,849,775	10.12%
For the year ended 31 December 2008		
North China Grid Company Limited	15,801,156	42.82%
State Grid Corporation of China	5,172,679	14.02%
Zhejiang Electric Power Corporation	4,534,640	12.29%

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

31. OPERATING PROFIT

Operating profit was determined after charging (crediting) the following:

	2009	2008
Net gain on disposals of property, plant and equipment	(32,692)	(37,936)
Salaries and staff welfares		
– Salaries and welfares	1,314,718	1,196,316
– Retirement benefits	185,731	179,148
– Staff housing benefits	151,802	174,735
– Other staff costs	169,980	228,449
Auditors' remuneration	19,811	13,180
Costs of major inventories consumed		
– Fuel	27,007,813	22,700,115
– Spare parts and consumable supplies	500,029	482,638
Dividend income from available-for-sale investments		
– listed	(200)	(50,229)
– unlisted	(905)	(500)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

32. OTHER GAINS

	2009	2008
Gain on disposals of available-for-sale investments (a)	30,125	893,522
Gain on disposal of an associate (b)	74,460	—
Gain on disposal of assets and liabilities held for sale (Note 5(c))	40,000	—
Gain on disposals of subsidiaries	3,856	9,672
	148,441	903,194

Notes:

(a) For the year ended 31 December 2009, the Company realised a gain on disposal of equity interest in China Continent Property & Casualty Insurance Company Ltd. for a cash consideration of Rmb86.63 million (Note 10).

For the year ended 31 December 2008, the Company realised a gain on disposal of equity interest in Daqin Railway for a cash consideration of Rmb1,389.67 million (Note 10).

(b) The Company realised a gain on disposal of a 49% equity interest in Beijing Texin Datang Heat Company Limited ("Datang Texin") to Beijing District Heating Group in March 2009 for a cash consideration of Rmb87.1 million.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

33. FINANCE COSTS

	2009	2008
Interest expense on:		
Short-term bank loans	1,040,391	1,908,965
Other short-term loans	157,244	452,649
Short-term entrusted loans	2,651	—
Long-term bank loans		
– wholly repayables within five years	1,734,212	1,820,620
– not wholly repayables within five years	2,997,829	1,916,749
Other long-term loans		
– wholly repayables within five years	316,311	108,388
– not wholly repayables within five years	17,993	4,699
Long-term entrusted loan		
– wholly repayable within five years	1,668	9,240
Short-term bonds	124,215	58,080
Long-term bonds	165,541	—
Convertible bonds	—	3,420
Interest expense on finance lease arrangements	240,162	210,396
Acquisitions of property, plant and equipment by instalments	8,515	3,151
Discounting interest on notes receivable	35,423	46,476
	6,842,155	6,542,833
Less: amount capitalised in property, plant and equipment	(2,798,839)	(2,771,945)
	4,043,316	3,770,888
Exchange gain, net	(262)	(145,953)
Loan commitment fees	23,865	47,735
Others	43,638	22,259
	4,110,557	3,694,929

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

34. TAXATION

	2009	2008
Current income tax on profit for the year	652,055	621,142
Adjustments in respect of prior years	59,809	(28,797)
Current income tax	711,864	592,345
Deferred income tax	(73,153)	(520,534)
Income tax expense	638,711	71,811

The taxation of the Company and its subsidiaries differs from the theoretical amount that would arise by the statutory income tax rate in the PRC. The reconciliation is shown as follows:

	2009	2008
Profit before income tax expense	3,231,027	600,204
Income tax expense calculated at the statutory income tax rate of the Company	807,757	150,051
Income tax effects of:		
Preferential income tax treatments of certain subsidiaries	(249,018)	(184,106)
Non-taxable income / gains	(45,903)	(108,434)
Expenses / Losses not deductible for income tax purposes	22,841	10,738
Utilization of prior years' unrecognised deductible loss and expenses	(822)	(8,585)
Tax losses for which no deferred income tax asset was recognised	118,723	240,904
Adjustments in respect of prior years and others	(12,150)	(28,797)
Others	(2,717)	40
Income tax expense	638,711	71,811

The weighted average effective income tax rates for the years ended 31 December 2009 and 2008 applicable to the Company and its subsidiaries were approximately 19.77% and 11.96%, respectively. The increase of weighted average effective income tax rate from year ended 31 December 2008 was primarily attributable to the increase in profitability and the expiries of preferential income tax treatments of certain subsidiaries in the current year.

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

34. TAXATION (Continued)

The analysis of deferred income tax assets and liabilities is as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Deferred income tax assets:				
– Deferred income tax assets to be recovered after more than 12 months	546,085	561,580	34,548	25,229
– Deferred income tax assets to be recovered within 12 months	198,029	149,516	7,008	5,582
	744,114	711,096	41,556	30,811
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after more than 12 months	275,155	353,487	—	34,413
– Deferred income tax liabilities to be settled within 12 months	48,634	42,062	—	—
	323,789	395,549	—	34,413
Deferred income tax assets / (liabilities), net	420,325	315,547	41,556	(3,602)

The gross movement on the deferred income tax account is as follows:

	Company and its subsidiaries		Company	
	2009	**2008**	**2009**	**2008**
At 1 January	315,547	(944,658)	(3,602)	(971,225)
Acquisitions of subsidiaries	35,275	(204,258)	—	—
Tax credited to the profit or loss	73,153	520,534	45,158	19,161
Tax (charged) / credited relating to components of other comprehensive income	(3,650)	948,346	—	948,346
Tax (charged) / credited directly to equity	—	(4,417)	—	116
At 31 December	420,325	315,547	41,556	(3,602)

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

34. TAXATION (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movements of deferred income tax assets:

	Company and its subsidiaries							
	Deductible tax losses	Intragroup unrealised profit or loss	Preliminary expenses	Depreciation	Government grants	Impairment of assets	Others	Total
At 1 January 2008	—	37,218	46,938	53,131	17,269	527	2,236	157,319
Tax credited / (charged) to the profit or loss	513,272	55,294	(19,981)	(9,431)	10,675	5,280	(1,342)	553,767
At 31 December 2008	513,272	92,512	26,957	43,700	27,944	5,807	894	711,086
Acquisitions of subsidiaries	35,275	—	—	—	—	—	—	35,275
Tax (charged) / credited to the profit or loss	(48,733)	70,996	(3,193)	(943)	10,746	—	1,012	29,885
At 31 December 2009	499,814	163,508	23,764	42,757	38,690	5,807	1,906	776,246

	Company		
	Government grants	Impairment of assets	Total
At 1 January 2008	14,613	—	14,613
Credited to the profit or loss	10,918	5,280	16,198
At 31 December 2008	25,531	5,280	30,811
Credited to the profit or loss	10,745	—	10,745
At 31 December 2009	36,276	5,280	41,556

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

34. TAXATION (Continued)

Movements of deferred income tax liabilities:

	Company and its subsidiaries								
	Assets revaluation	Depreciation	Mining safety and development funds	Unrealised exchange gains	Deferred housing benefits	Fair value gain on available-for-sale investments	Convertible bonds	Others	Total
At 1 January 2008	87,791	55,197	—	—	9,656	948,346	851	136	1,101,977
Acquisitions of subsidiaries	204,258	—	—	—	—	—	—	—	204,258
Tax (credited) / charged to the profit or loss	(6,130)	(2,658)	8,034	27,774	7,516	—	(735)	(568)	33,233
Tax credited relating to components of other comprehensive income	—	—	—	—	—	(948,346)	—	—	(948,346)
Tax (credited) / charged directly to equity	—	—	—	—	—	—	(116)	4,533	4,417
At 31 December 2008	285,919	52,539	8,034	27,774	17,172	—	—	4,101	395,539
Tax (credited) / charged to the profit or loss	(5,812)	(36,457)	11,703	(12,552)	282	—	—	(432)	(43,268)
Tax charged relating to components of other comprehensive income	—	—	—	—	—	3,650	—	—	3,650
At 31 December 2009	280,107	16,082	19,737	15,222	17,454	3,650	—	3,669	355,921

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

34. TAXATION (Continued)

	Company				
	Depreciation	Deferred housing benefits	Fair value gain on available-for-sale investments	Convertible bonds	Total
At 1 January 2008	35,273	1,368	948,346	851	985,838
Tax credited to the profit or loss	(860)	(1,368)	—	(735)	(2,963)
Tax credited relating to components of comprehensive income	—	—	(948,346)	—	(948,346)
Tax credited directly to equity	—	—	—	(116)	(116)
At 31 December 2008	34,413	—	—	—	34,413
Tax credited to the profit or loss	(34,413)	—	—	—	(34,413)
At 31 December 2009	—	—	—	—	—

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related income tax benefits through the future taxable profits is probable. The Company and its subsidiaries did not recognise deferred income tax assets in respect of certain losses that can be carried forward against future taxable income. The expiry dates of related tax losses to be utilised are summarised as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	2008	**2009**	2008
Year of expiry				
2009	N/A	—	—	—
2010	—	—	—	—
2011	—	—	—	—
2012	48,548	50,027	—	—
2013	923,885	925,693	—	—
2014	888,711	N/A	—	—
	1,861,144	975,720	—	—

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, control or jointly control the other party, or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control, jointly control or significant influence. Members of key management of the Company are also considered as related parties.

State-owned enterprises and their subsidiaries, other than entities under China Datang (also a state-owned enterprise), directly or indirectly controlled by the PRC government are also defined as related parties of the Company and its subsidiaries in accordance with IAS 24 “Related Party Disclosures”.

Given that the PRC government still owns a significant portion of the productive assets in the PRC despite the continuous reform of the government structures, the majority of the business activities of the Company and its subsidiaries are conducted with enterprises directly or indirectly owned or controlled by the PRC government (“other state-owned enterprises”), including China Datang and its subsidiaries, jointly controlled entities and associates in the normal course of business.

For the purpose of the related party balances and transactions disclosure, the Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structure of their customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatization programs. Nevertheless, management believes that all material related party balances and transactions have been adequately disclosed.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Save as disclosed elsewhere in these financial statements, material related party transactions which were carried out in the normal course of businesses of the Company and its subsidiaries during the year and related balances as at year end were as follows:

(a) Material related party transactions with China Datang and its subsidiaries

	Company and its subsidiaries	
	2009	**2008**
Sales of fuel to other related parties	—	106,530
Sales of equipment to other related parties	37,918	199,626
Provision of utility services to associates	122,115	120,043
Provision of shipping services to other related party	—	11,050
Provision of coal ash disposal service from ultimate parent company	(57,890)	(57,892)
Purchases of materials and equipment from other related parties	(482,686)	(10,462)
Purchases of fuel from, including:		
– Jointly controlled entities	(452,216)	(338,990)
– Associates	(40,365)	(3,811)
– Other related parties	(46,893)	—
	(539,474)	(342,801)
Provision of technical support services from associates	(119,570)	(50,240)
Provision of equipment purchase agency services from other related parties	(40,678)	(10,014)
Purchases of generation quota from other related parties	(18,601)	(15,580)
Provision of construction services from other related parties	—	(10,490)
Operating lease expenses for buildings and facilities, including:		
– Ultimate parent company	(7,228)	(7,228)
– Other related parties	(15,000)	(15,000)
	(22,228)	(22,228)
Provision of repairs and maintenance services from other related parties	(7,358)	—
Provision of fuel management services from other related parties	(500)	(4,852)

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Material related party transactions with China Datang and its subsidiaries (Continued)

	Company and its subsidiaries	
	2009	2008
Entrusted loans lent to:		
– Ultimate parent company	44,270	101,130
– Associates	80,000	52,340
Interest income on entrusted loans from:		
– Ultimate parent company	249	210
– Associates	4,891	3,127
Interest income on deposits from an associate	14,397	23,478
Drawdown of entrusted loan from ultimate parent company	200,000	—
Drawdown of loans from an associate	21,277,950	6,942,000
Interest expense on entrusted loan from ultimate parent company	(476)	—
Interest expense on loans from an associate	(139,472)	(140,465)

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Assets / Business transfers with China Datang and its subsidiaries

In addition to those business combinations and disposal disclosed in Note 5, the Company also entered into a series of assets transfer agreements and equity transfer agreements with China Datang and its subsidiaries in November 2009, for which:

- The Company acquired two preliminary project assets of Datang Tieling Energy and Chemical Project Planning Department and Datang Fujian Power Generation Project Planning Department and 40% equity interest in Diaobingshan Power Company from China Datang for a cash consideration of Rmb25 million and Rmb185 million, respectively.

- The Company acquired the preliminary project assets of Hulunbei'er Project Planning Department from Datang Jilin Power Generation Co., Ltd. ("Jilin Power Company"), a wholly-owned subsidiary of China Datang, for a cash consideration of Rmb3 million.

- Energy and Chemical Company acquired the preliminary assets of Hulunbei'er Zhaluomude Water Conservancy and Hydropower Key Project from Jilin Power Company for a cash consideration of Rmb5 million.

- The Company disposed its preliminary project assets of Shandong Datang Dongying Power Plant Planning Department and 100% equity interest in Shandong Datang International Dongying Wind Power Generation Co., Ltd. to Datang Shandong Power Generation Co., Ltd., a wholly-owned subsidiary of China Datang, for a cash consideration of Rmb343 million and Rmb104 million, respectively.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Material related party balances with China Datang and its subsidiaries

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Non-current assets				
Prepayments for property, plant and equipment				
– Ultimate parent company	44,333	—	—	—
– Other related parties	405,785	990,587	2,115	186,991
Long-term entrusted loans to related parties				
– Subsidiaries	—	—	3,764,728	5,162,551
– Associates	130,194	50,104	130,194	50,104
Current assets				
Short-term entrusted loans to related parties				
– Ultimate parent company	17,000	31,330	—	—
– Subsidiaries	—	—	—	260,529
Other prepayments and other receivables				
– Ultimate parent company	242,839	—	242,839	—
– Subsidiaries	—	—	5,403,701	2,229,863
– Jointly controlled entities	4,073	—	4,073	—
– Associates	181,335	53,794	171,400	—
– Other related parties	72,221	—	56,531	—
Accounts and notes receivables				
– Associates	35,505	148,112	—	148,112
– Other related parties	—	37,230	—	—

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Material related party balances with China Datang and its subsidiaries (Continued)

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Current liabilities				
Accounts payable and accrued liabilities				
– Ultimate parent company	(65,120)	—	(65,120)	—
– Subsidiaries	—	—	(74,683)	(151,462)
– Jointly controlled entities	(10,773)	(20,377)	(10,773)	(20,377)
– Associates	(17,952)	(6,929)	(180)	(3,182)
– Other related parties	(87,364)	(41,835)	(2,635)	(2,280)

Except for long-term entrusted loans and short-term entrusted loans described above, all the balances above were unsecured, non-interest bearing and receivables / payables on demand. Please refer to Notes 14 and 16 for details of terms of unsecured long-term entrusted loans and short-term entrusted loans, respectively.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Financial guarantees with China Datang and its subsidiaries

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Long-term loans guaranteed by:				
– Ultimate parent company	1,537,316	1,631,839	—	—
Guarantees on short-term loans issued to:				
– Subsidiaries	—	—	2,480,036	5,894,323
– Jointly-controlled entities	175,000	200,000	175,000	200,000
Guarantees on long-term loans issued to:				
– Subsidiaries	—	—	7,558,616	6,970,017
– Jointly-controlled entities	401,500	341,500	401,500	341,500
– Associates	455,880	615,930	455,880	615,930
Guarantees on finance lease liabilities issued to subsidiaries	—	—	1,275,901	1,388,509

(e) Material related party transactions with other state-owned enterprises

	2009	**2008**
Sales of electricity	42,194,115	35,990,410
Sales of heat	262,281	104,539
Interest expense on loans borrowed from state-owned enterprises	(6,083,967)	(6,173,164)
Acquisitions of property, plant and equipment	(19,145,878)	(25,493,485)
Purchases of fuel	(21,719,904)	(22,584,637)
Purchases of spare parts and consumable supplies	(248,241)	(227,296)
Drawdown of short-term loans from state-owned financial institutions	26,224,489	45,085,214
Drawdown of long-term loans from state-owned financial institutions	56,312,318	32,014,430
Disposal of Datang Texin	87,197	—

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(f) Material related party balances with other state-owned enterprises

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Prepayments for property, plant and equipment	4,188,676	6,226,028	219,985	9,259
Other prepayments and other receivables	3,066,574	1,859,010	1,833,321	23,182
Accounts and notes receivables	5,766,591	3,966,943	1,184,183	1,257,066
Bank balances	1,301,208	4,086,242	286,343	2,053,885
Long-term loans (including current portion)	(103,057,809)	(73,355,093)	(10,364,000)	(13,910,000)
Accounts payable and accrued liabilities	(3,062,454)	(1,391,578)	(589,214)	(157,375)
Short-term loans	(16,936,323)	(27,048,669)	(500,000)	(12,802,587)

Except for bank balances and loans stated above, all the balances of assets and liabilities with other state-owned enterprises mentioned above are unsecured, non-interest bearing and receivables / repayables within one year.

Terms of bank balances, long-term loans and short-term loans are described in Notes 19, 22 and 27, respectively.

For the year ended 31 December, 2009, the annual interest rates of long-term loans and short-term loans from other state-owned enterprises are from 2.36% to 7.47% (2008: 3.60% to 7.83%) and from 2.30% to 6.72% (2008: 4.35% to 7.74%), respectively.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

35. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(g) Financial guarantees with other state-owned enterprises

	Company and its subsidiaries 31 December		Company 31 December	
	2009	2008	2009	2008
Short-term loans guaranteed by other state-owned enterprises	1,417,336	1,544,323	—	—
Long-term loans guaranteed by other state-owned enterprises	2,910,812	1,783,051	—	—
Guarantees on long-term loans issued to other state-owned enterprises	325,550	167,250	193,550	—

(h) Key management personnel compensation

	2009	2008
Basic salaries and allowances	1,888	1,218
Bonus	3,303	2,434
Retirement benefits	50	204
Other benefits	150	849
	5,391	4,705

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

36. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(a) Details of Directors' and Supervisors' emoluments

The remuneration of every Director and Supervisor for the year ended 31 December 2009 is set out below:

Directors and Supervisors	Fees	Basic salaries and allowances	Bonus	Retirement benefits	Others	Total
Directors:						
Zhai Ruoyu	—	—	—	—	—	—
Cao Jingshan	—	171	406	5	15	597
Hu Shengmu	—	—	—	—	—	—
Fang Qinghai	—	—	—	—	—	—
Zhou Gang	—	156	335	5	15	511
Liu Haixia	—	—	—	—	—	—
Guan Tiangang	—	—	—	—	—	—
Su Tiegang	—	—	—	—	—	—
Ye Yonghui	—	—	—	—	—	—
Li Gengsheng	—	—	—	—	—	—
Xie Songlin	75	—	—	—	—	75
Yu Changchun	75	—	—	—	—	75
Liu Chaoan	75	—	—	—	—	75
Li Hengyuan	75	—	—	—	—	75
Xia Qing	75	—	—	—	—	75
Subtotal	375	327	741	10	30	1,483
Supervisors:						
Zhang Jie	—	159	335	5	15	514
Fu Guoqiang	—	—	—	—	—	—
Shi Xiaofan	—	29	—	—	—	29
Qiao Xinyi	—	159	335	5	15	514
Zhang Xiaoxu	—	—	—	—	—	—
Guan Zhenquan	—	133	217	5	15	370
Subtotal	—	480	887	15	45	1,427
Total	375	807	1,628	25	75	2,910

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

36. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

(a) Details of Directors' and Supervisors' emoluments (Continued)

The remuneration of every Director and Supervisor for the year ended 31 December 2008 is set out below:

Directors and Supervisors	Fees	Basic salaries and allowances	Bonus	Retirement benefits	Others	Total
Directors:						
Zhai Ruoyu	—	—	—	—	—	—
Zhang Yi	—	173	436	30	—	639
Cao Jingshan	—	113	124	18	7	262
Yang Hongming	—	—	—	—	—	—
Hu Shengmu	—	—	—	—	—	—
Fang Qinghai	—	—	—	—	—	—
Zhou Gang	—	154	263	23	6	446
Liu Haixia	—	—	—	—	—	—
Guan Tiangang	—	—	—	—	—	—
Su Tiegang	—	—	—	—	—	—
Ye Yonghui	—	—	—	—	—	—
Li Gengsheng	—	—	—	—	—	—
Xie Songlin	75	—	—	—	—	75
Yu Changchun	75	—	—	—	—	75
Liu Chaoan	75	—	—	—	—	75
Li Hengyuan	44	—	—	—	—	44
Xia Qing	75	—	—	—	—	75
Subtotal	344	440	823	71	13	1,691
Supervisors:						
Zhang Jie	—	157	349	28	93	627
Zhang Wantuo	—	—	—	—	—	—
Fu Guoqiang	—	—	—	—	—	—
Shi Xiaofan	—	155	300	28	170	653
Subtotal	—	312	649	56	263	1,280
Total	344	752	1,472	127	276	2,971

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

36. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

(a) Details of Directors' and Supervisors' emoluments (Continued)

During the year, there was no special bonus for Directors and Supervisors (2008: nil).

During the year, no option was granted to the Directors or the Supervisors (2008: nil).

During the year, no emolument was paid to the Directors or the Supervisors (including the five highest paid individuals) as an inducement to join or upon joining the Company or as compensation for loss of office (2008: nil).

Neither Director nor Supervisor had waived or agreed to waive any emoluments during the years ended 31 December 2008 and 2009.

(b) Details of emoluments paid to the five highest paid individuals including Directors, Supervisors and senior management

The five individuals whose emoluments were the highest for the year include one (2008: one) Director and two (2008: two) Supervisors. The emoluments payable to the remaining two (2008: two) individuals during the year are as follows:

	2009	**2008**
Basic salaries and allowances	314	312
Bonus	670	698
Retirement benefits	10	52
Other benefits	30	221
	1,024	1,283

For the years ended 31 December 2009 and 2008, the annual emoluments paid to each of the Directors, Supervisors and the two remaining highest paid individuals did not exceed HKD1,000,000.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

37. EARNINGS PER SHARE

(a) 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 the weighted average amount of shares outstanding during the year.

	2009	2008
Profit attributable to equity holders the Company (Rmb'000)	1,612,317	749,354
Weighted average number of ordinary shares for basic earnings per share (shares in thousand)	11,780,038	11,749,253
Basic earnings per share for profit attributable to the equity holders of the Company (Rmb)	0.14	0.06
Including which:		
– Basic earnings per share for continuing operations	0.1335	0.0638
– Basic earnings per share for discontinued operations	0.0034	0.0000

(b) 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. There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the years ended 31 December 2008 and 2009.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

38. DIVIDENDS

On 19 April 2010, the Board of Directors proposed a dividend per share of Rmb0.07 based on the total number of shares outstanding as at 19 April 2010 (Note 43(b)), amounting to approximate Rmb861.703 million. This proposal is subject to the approval of the shareholders at the annual general meeting. These financial statements do not reflect this dividends payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the year ending 31 December 2010.

On 30 March 2009, the Board of Directors proposed a dividend per share of Rmb0.11 based on the total number of shares outstanding as at 31 December 2008, amounting to approximate Rmb1,295.804 million. Such dividends were approved at the annual general meeting of the shareholders on 3 June 2009. As at 31 December 2009, all dividends were paid.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

39. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax expense to cash generated from operations

	2009	2008
Profit before income tax expense	3,231,027	600,204
Adjustments for:		
Depreciation of property, plant and equipment	7,506,973	6,205,584
Amortisation of land use rights	10,492	15,983
Amortisation of intangible assets	6,637	7,578
Amortisation of long-term deferred expense	2,686	528
Amortisation of deferred income	(40,131)	(14,923)
Amortisation of deferred housing benefits	30,085	67,476
Fair value loss on an interest rate swap	—	8,551
Net gain on disposals of property, plant and equipment	(32,692)	(37,936)
Interest income	(33,124)	(83,467)
Interest expense	4,075,396	3,794,406
Exchange gain, net	(262)	(145,953)
Dividend income	(1,105)	(50,729)
Interest income from entrusted loans lent to related parties	(5,140)	(3,337)
Shares of post-tax losses of jointly controlled entities	52,685	57,278
Shares of post-tax profits of associates	(462,112)	(427,796)
Gain on disposals of available-for-sale investments	(30,125)	(893,522)
Gain on disposal of assets and liabilities held for sale	(40,000)	—
Gain on disposal of an associate	(74,460)	—
Gain on disposals of subsidiaries	(3,856)	(9,672)
Operating profit before working capital changes	14,192,974	9,090,253
Decrease / (Increase) in current assets:		
Inventories	336,446	(1,138,686)
Prepayments and other receivables	(711,620)	(840,466)
Accounts and notes receivable	(2,225,882)	1,376,728
Increase / (Decrease) in current liabilities:		
Accounts payable and accrued liabilities	1,258,678	(144,858)
Taxes payable	(8,783)	(463,363)
Cash generated from operations	12,841,813	7,879,608

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

39. NOTES TO STATEMENT OF CASH FLOWS (Continued)

(b) Material non-cash transaction

For the year ended 31 December 2009, there was a material non-cash transaction, which the Company used property, plant and equipment, construction payables and others amounting to Rmb1,850.935 million and Rmb384.905 million, respectively, in acquiring an associate. Subsequently, this associate recorded a payable of Rmb104.400 million, representing the excess investment to be refunded.

There was no material non-cash transaction for the year ended 31 December 2008.

(c) Undrawn borrowing facilities

The undrawn borrowing facilities of the Company and its subsidiaries available as at year end were as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	2008	2009	2008
Expiring within one year	8,166,063	12,323,000	6,000,000	12,323,000
Expiring beyond one year	160,837,364	25,839,767	159,726,354	25,839,767
	169,003,427	38,162,767	165,726,354	38,162,767

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

40. COMMITMENTS

(a) Capital commitments

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Authorised and contracted for				
equity investments	2,283,200	1,618,830	2,030,100	1,568,830
acquisitions of property, plant and equipment	14,042,926	24,715,091	2,017,488	6,336,010
acquisitions of intangible assets	4,294,792	4,294,792	—	—
	20,620,918	30,628,713	4,047,588	7,904,840
Authorised but not contracted for				
acquisitions of property, plant and equipment	34,679,804	16,142,760	—	111,424
	55,300,722	46,771,473	4,047,588	8,016,264

A substantial portion of the capital commitment above is in relation to a coal mining project for which the Company and its subsidiaries have not yet obtained the relevant mining license. Should the mining license not be able to obtain at the end of the exploration work, there will be no such capital commitment.

(b) Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases in relation to buildings were as follows:

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Within one year	20,578	13,966	13,763	9,711
Between two and five years	68,427	40,816	46,378	38,844
Over five years	46,813	29,132	19,422	29,133
	135,818	83,914	79,563	77,688

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

41. FINANCIAL GUARANTEES

	Company and its subsidiaries 31 December		Company 31 December	
	2009	**2008**	**2009**	**2008**
Financial guarantees granted to				
–subsidiaries	—	—	11,314,553	14,252,849
–a jointly controlled entity	576,500	541,500	576,500	541,500
–associates	455,880	615,930	455,880	615,930
–other investees	132,000	167,250	—	—
–others	193,550	—	193,550	—
	1,357,930	1,324,680	12,540,483	15,410,279

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.

42. ADDITIONAL FINANCIAL INFORMATION

As at 31 December 2009, net current liabilities and total assets less current liabilities of the Company and its subsidiaries amounted to approximately Rmb24,714 million (2008: Rmb38,188 million) and Rmb142,830 million (2008: Rmb104,997 million), respectively.

As at 31 December 2009, net current assets and total assets less current liabilities of the Company amounted to approximately Rmb6,516 million (2008: net current liabilities of Rmb14,022 million) and Rmb42,855 million (2008: Rmb39,582 million), respectively.

For the Year ended 31 December 2009
(All amounts expressed in thousand of Rmb unless otherwise stated)

43. EVENTS AFTER REPORTING PERIOD

(a) Pursuant to the agreements entered into between the Company and original shareholders of Yuneng Group in May 2009 and January 2010, the Company acquired 100% equity interest in Yuneng Group. Related consideration of this acquisition amounted to Rmb1.345 billion. This acquisition became effective in January 2010 after meeting all the conditions of this acquisition, including payments of consideration and effective transfer of controlling equity.

Given the complex structures of Yuneng Group and its subsidiaries, as at the date of this report, management is in the process of reviewing financial information of this acquired group and performing assessments of purchase price allocation of identifiable assets and liabilities acquired as at effective acquisition date, no additional disclosures required under IFRS 3 are made.

(b) Pursuant to Zheng Jian Faxing Zi [2009] No. 1492 document, “Approval of non-public share issuance of Datang International Power Generation Co., Ltd.” issued by China Securities Regulatory Commission (the “CSRC”) on 29 December 2009, the CSRC granted approval to the Company in non-publicly issuing ordinary shares to particular domestic investors not exceeding 700 million ordinary shares. For the period after 31 December 2009 and up to the date of this report, the Company has issued 530 million ordinary shares to particular domestic investors at Rmb6.23 per share totalling Rmb3,301.90 million. Net proceeds raised amounted to Rmb3,248.25 million after deducting related underwriting fees, share registration expenses and other transaction costs of Rmb53.65 million.

Supplemental Information

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

Net assets and net profit reconciliations between IFRS and PRC GAAP

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

		Net assets 31 December	
		2009	**2008 (Restated) (Note (i))**
Net assets under IFRS		32,847,995	30,905,973
Impact of PRC GAAP 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)	(163,384)	(193,468)
Difference in accounting treatment on mining funds	(d)	(83,291)	(52,268)
Applicable deferred income tax impact of the GAAP differences above	(e)	9,158	1,349
Net assets under PRC GAAP		32,716,944	30,768,052

		Net profit	
		2009	**2008 (Restated) (Note (i))**
Profit under IFRS		2,592,316	528,393
Impact of PRC GAAP adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	—	37,346
Difference in the recognition policy on housing benefits to the employees	(c)	30,084	30,130
Difference in accounting treatment on mining funds	(d)	(163,109)	(180,671)
Others		—	(1,722)
Applicable deferred income tax impact of the GAAP differences above	(e)	7,809	18,109
Net profit under PRC GAAP		2,467,100	431,585

For the year ended 31 December 2009
(All amounts expressed in thousands of Rmb unless otherwise stated)

Net assets and net profit reconciliations between IFRS and PRC GAAP (Continued)

Note:

(i) As a result of common control business combinations in 2009, net assets and profit under both IFRS and PRC GAAP above have been restated using merger accounting method for all periods presented herein.

(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 IFRS, the monetary housing benefits provided to employees who started work before 31 December 1998 are recorded as deferred assets and amortised on a straight-line basis over the estimated service lives of relevant employees.

Under PRC GAAP, these benefits were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company and its subsidiaries.

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

The Company and its subsidiaries provided housing to its employees at a preferential price. The difference between the selling price and the cost of housing is considered to be a housing benefit during the related periods and is borne by the Company and its subsidiaries.

For PRC statutory reporting purposes, in accordance with the relevant regulations issued by the MOF 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.

(d) 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 Company. 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.

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

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

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 Company Limited

Office Address of the Company

No. 9 Guangningbo Street
Xicheng District
Beijing
People's Republic of China

Principal Place of Business in Hong Kong

Stephen Mok & Co in association with Eversheds
21/F Gloucester Tower
15 Queen's Road Central
Hong Kong

Legal Representative

Zhai Ruoyu

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
Xuanwu District
Beijing
People's Republic of China

Outside the PRC:
Bank of China, Hong Kong Branch
One Garden Road
Central
Hong Kong

Domestic Auditors

PricewaterhouseCoopers Zhong Tian CPAs Limited Company
11/F, PricewaterhouseCoopers Center
2 Corporate Avenue,
202 Hu Bin Road,
Luwan District,
Shanghai, The People's Republic of China

International Auditors

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Legal Advisors

as to PRC law:

Beijing Hylands Law Firm
5A1 Hanwei Plaza
No. 7 Guanghua Road
Chaoyang District
Beijing
People's Republic of China

as to Hong Kong law:

Stephen Mok & Co in association with Eversheds
21/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

Listing Information

H Shares

The Stock Exchange of Hong Kong Limited
Code: 0991

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
Wanchai
Hong Kong

Information of the Company

Available at:
The secretary office of the Board
Datang International Power Generation
Company Limited
No. 9 Guangningbo Street
Xicheng District
Beijing
People's Republic of China
and
Rikes Hill & Knowlton Limited
Room 1312, Wing On Centre
111 Connaught Road Central
Hong Kong

Glossary of Terms

The following terms have the following meaning in this annual report, unless otherwise required by the context.

"North China Power"	The power transmission network covering Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia Autonomous Region
"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
"Gross 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
"Total on-grid generation"	The amount of power transmitted to a power network from a power plant as measured by the grid meter
"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 total number of hours in that period
"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
"MW"	1,000,000 watts (equivalent to 1,000 kW)
"kWh"	A unit of power generation equivalent to the output generated by 1,000 watts of power in one hour
"MWh"	A unit of power generation equivalent to the output generated by 1,000,000 watts of power in one hour

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