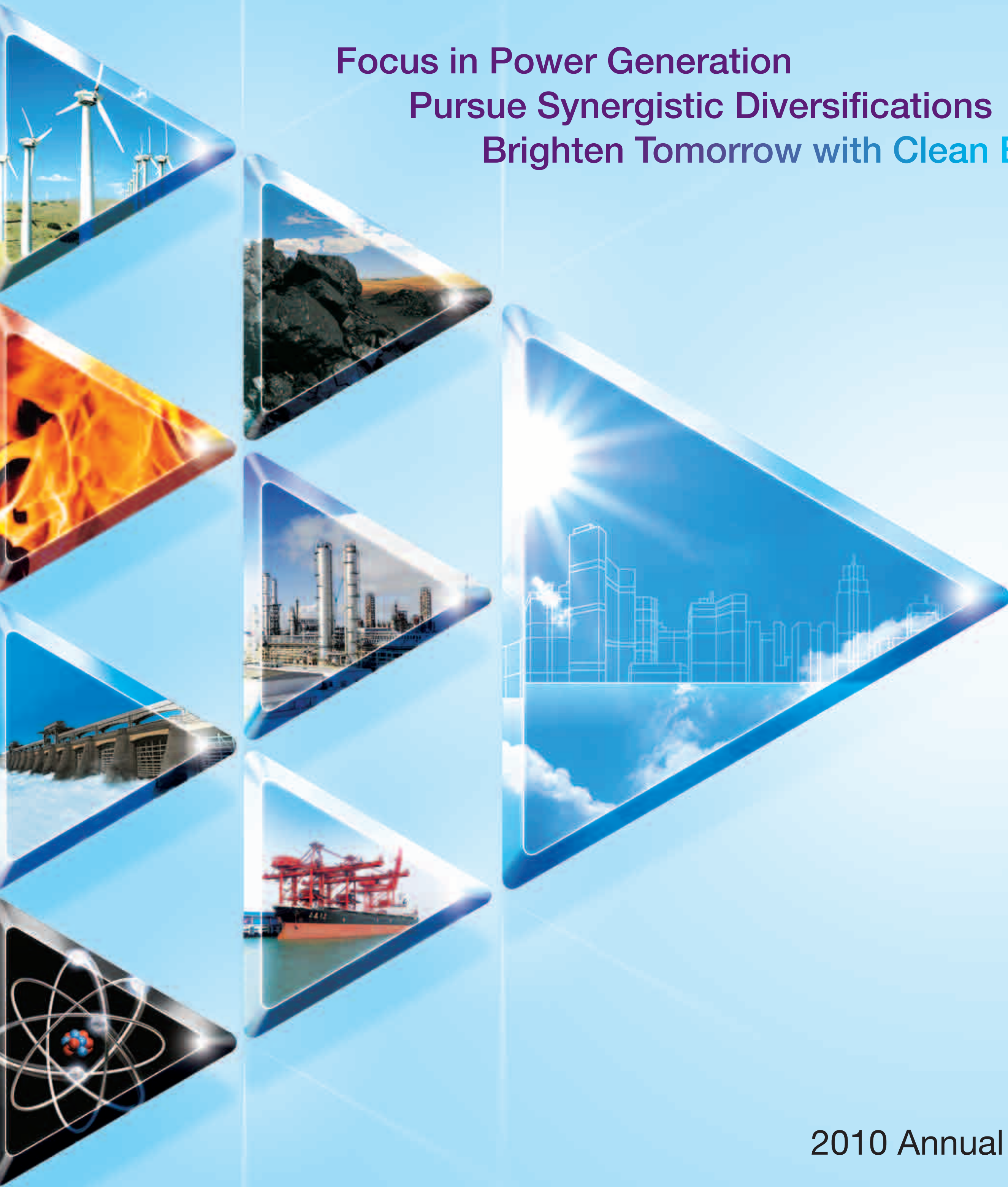
大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(Stock Code: 00991)

Focus in Power Generation
Pursue Synergistic Diversifications
Brighten Tomorrow with Clean Energy



2010 Annual Report

Contents

Focus in Power Generation
Pursue Synergistic Diversifications
Brighten Tomorrow with Clean Energy

All these years, Datang Power has been steadfastly implementing its development strategy of "focusing in the power generation business whilst seeking synergistic diversifications". It has gone a long way towards achieving diversified expansion of its power sources structure as well as its assets structure: concurrent developments on coal-fired power, hydropower and wind power; continued capacity growth on clean and renewable energies; and continuous growth on various business segments including power generation, coal, coal-to-chemical, transport and recycling economy.

During the Twelfth Five-year Plan period, Datang Power will continue to focus in the power generation business whilst capitalising on the complementary advantages of various power sources, and will rely on the coal operations as a foundation for strengthening the Group's risk-aversion capability. It will build the coal-to-chemical business into a new profit platform, and develop railway, port and shipping into a transportation backbone to link up the Group's upstream-downstream assets chain. In fully leveraging the synergy of its diversified businesses, Datang Power aims to enhance its competitiveness and profitability in various energy sectors, building itself into a brighter tomorrow.

Enhancing Coal-fired Power

Aggressively Expanding Hydropower

Continuously Developing Wind Power

Focusing on Suitable Coal Operations

Steadily Developing Coal Chemical

Complementing with Railway, Port and Shipping

Company Profile

STRATEGIC POSITIONING

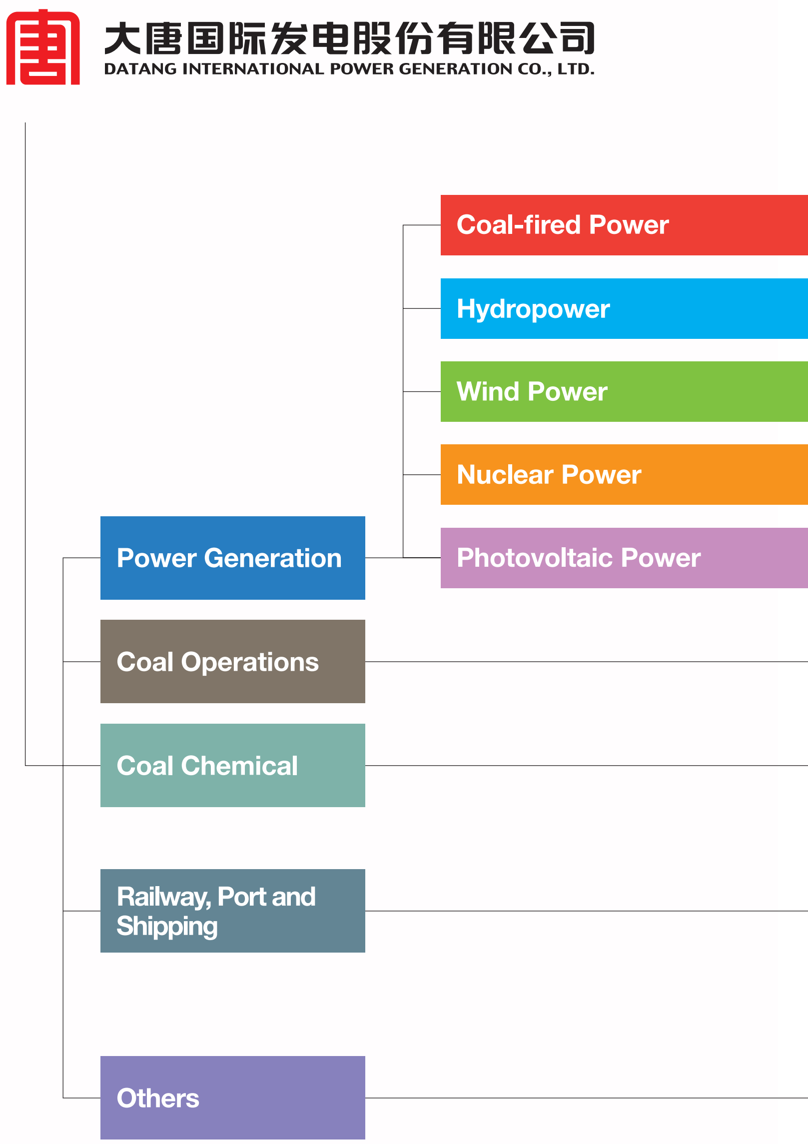
The Company focuses in the power generation business whilst deploying diversifications; and strives for profitability as a priority whilst seeking synergistic developments. Datang Power aims to develop itself into a company with an operation-cum-holding orientation, an integrated energy company that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

IMPLEMENTATION STRATEGIES

- The Company will enhance its coal-fired power; aggressively expand its hydropower; continuously develop wind power; strategically develop nuclear power; appropriately develop solar energy; focus on suitable coal operations; actively and steadily develop coal-to-chemical; accelerate the development of high-aluminium pulverised fuel ash integrated use projects; and secure a complementary development of railway, port and shipping.
- The Company will gather its strengths to build six major profit bases with core competitiveness, with a view to strengthening the capabilities of important regions and enhancing the Company's brand and profitability. The six major profit bases are the Western Inner Mongolia Coal-Electricity-Aluminium Profit Base, the Eastern Inner Mongolia Chemical Profit Base, the Pan-Bohai Co-generation Profit Base, the Southwestern Hydropower Profit Base, the Southeastern Coastal Coal-Fired Power Profit Base and the New Energy Power Generation Profit Base, respectively.

COMPANY INTRODUCTION

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 develops various businesses including coal, coal-to-chemical, transportation and recycling economy according to its strategy of "focusing in the power generation business whilst complementing with synergistic diversifications". As at 31 December 2010, the total consolidated assets of the Company and its subsidiaries amounting to approximately RMB212.915 billion. Total installed capacity in operation of the Company and its subsidiaries amounted to 36,300 MW. The businesses in power generation, coal-to-chemical, transportation and recycling economy of the Company spread across 17 provinces (municipalities and autonomous regions) throughout the country.



- 60% Inner Mongolia Datang International Tuoketuo Power Generation Co., Ltd.
- 75% Tianjin Datang International Panshan Power Generation Co., Ltd.
- 60% Shanxi Datang International Shentou Power Generation Co., Ltd.
- 80% Shanxi Datang International Yuncheng Power Generation Co., Ltd.
- 55% Jiangsu Datang International Lvsigang Power Generation Co., Ltd.
- 45% Ningxia Datang International Daba Power Generation Co., Ltd.
- 75% Guangdong Datang International Chaozhou Power Generation Co., Ltd.
- 51% Fujian Datang International Ningde Power Generation Co., Ltd.
- 70% Hebei Datang International Wangtan Power Generation Co., Ltd.
- 70% Yunnan Datang International Honghe Power Generation Co., Ltd.
- 40% Inner Mongolia Datang International Tuoketuo II Power Generation Co., Ltd.
- 51% Zhejiang Datang Wushashan Power Generation Co., Ltd.
- 100% Jiangxi Datang International Xinyu Power Generation Co., Ltd.
- 55% Gansu Datang International Liancheng Power Generation Co., Ltd.

- 100% Shanxi Datang International Yungang Thermal Power Co., Ltd.
- 80% Hebei Datang International Tangshan Thermal Power Co., Ltd.
- 51% Inner Mongolia Datang International Hohhot Thermal Power Generation Co., Ltd.
- 100% Hebei Datang International Zhangjiakou Thermal Power Generation Co., Ltd.
- 100% Liaoning Datang International Jinzhou Thermal Power Generation Co., Ltd.
- 84% Hebei Datang International Fengrun Thermal Power Generation Co., Ltd.
- 57% Qian'an Datang Thermal Power Generation Co., Ltd.
- 80% Shanxi Datang International Linfen Thermal Power Generation Co., Ltd.

- 62.7% Chongqing Datang International Pengshui Hydropower Development Co., Ltd.
- 74.28% Chongqing Datang International Wulong Hydropower Development Co., Ltd.
- 80% Sichuan Datang International Ganzi Hydropower Development Co., Ltd.
- 100% Yunnan Datang International Electric Power Co., Ltd.
  - 51% Yunnan Datang International Nalan Hydropower Development Co., Ltd.
  - 70% Yunnan Datang International Lixianjiang Hydropower Development Co., Ltd.
  - 60% Yunnan Datang International Wenshan Hydropower Development Co., Ltd.

- 100% Shanxi Datang International Zuoyun Wind Power Generation Co., Ltd.
- 100% Chongqing Datang International Wulongxingshun Wind Power Co., Ltd.
- 100% Fujian Datang International Wind Power Development Co., Ltd.
  - 100% Datang Zhangzhou Wind Power Co., Ltd.
  - 100% Fujian Datang International Changle Wind Power Co., Ltd.
  - 100% Fujian Datang International Zhaoan Wind Power Co., Ltd.
- 100% Inner Mongolia Datang International Wind Power Development Co., Ltd.
  - 100% Inner Mongolia Datang International Zhuozi Wind Power Co., Ltd.
  - 100% Inner Mongolia Datang International Hongmu Wind Power Co., Ltd.
- 100% Hebei Datang International Wind Power Development Co., Ltd.
  - 100% Hebei Datang International Fengning Wind Power Co., Ltd.
  - 100% Hebei Datang International Chongli Wind Power Co., Ltd.
- 100% Liaoning Datang International Wind Power Development Co., Ltd.
  - 100% Liaoning Datang International Changtu Wind Power Co., Ltd.
  - 100% Liaoning Datang International Faku Wind Power Development Co., Ltd.
  - 100% Liaoning Datang International Fuxin Wind Power Co., Ltd.

- 44% Fujian Ningde Nuclear Power Co., Ltd.

- 100% Ningxia Datang International Qingtongxia Photovoltaic Co., Ltd.

- 100% Inner Mongolia Datang International Xilinhaote Mining Co., Ltd.
- 70% Inner Mongolia Baoli Coal Co., Ltd.

- 100% Datang Energy and Chemical Co., Ltd.
  - 100% Datang International Chemical Technology Research Institute Co., Ltd.
  - 100% Datang Energy and Chemical Marketing Co., Ltd.
  - 100% Datang Fuxin Energy and Chemical Engineering Co., Ltd.
  - 60% Datang Inner Mongolia Duolun Coal Chemical Co., Ltd.
  - 26% Inner Mongolia Datang International Renewable Energy Resource Development Co., Ltd.
  - 100% Datang Hulunbei'er Fertilizer Co., Ltd.
  - 51% Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Co., Ltd.
  - 90% Liaoning Datang International Fuxin Coal-based Gas Co., Ltd.

- 97.54% Jiangsu Datang Shipping Co., Ltd.
- 13.97% Tanggang Railway Co., Ltd.
- 20% Inner Mongolia Bazhu Railway Co., Ltd.
- 34% Inner Mongolia Xiduo Railway Co., Ltd.

- 100% Datang International (Hong Kong) Limited
- 100% Yuneng (Group) Co., Ltd.
- 60.61% Datang Tongzhou Technology Co., Ltd.

Note: Listed hereabove are the major companies under the Company's management (with equity interests or controlling interests) and the respective shareholdings as at 31 December 2010. For comprehensive lists of such companies, please refer to Notes 19, 20 and 45 to the Financial Statements.

Distribution of Projects

- Coal-fired power project
- Hydropower project
- Hydropower project under construction
- Wind power project
- Nuclear project
- Solar power project

- Coal mining project
- Coal chemical project
- Coal-to-gas project
- High-aluminium pulverised fuel ash project
- Shipping project


Heilongjiang
Jilin
Liaoning
Inner Mongolia
Gansu
Beijing
Tianjin
Hebei
Shanxi
Ningxia
Shandong
Qinghai
He’nan
Jiangsu
Shaanxi
Anhui
Shanghai
Hubei
Sichuan
Zhejiang
Chongqing
Hunan
Jiangxi
Guizhou
Fujian
Yunnan
Taiwan
Guangxi
Guangdong
Hong Kong
Macau
Hainan

Major Events in 2010

January

- Fujian Provincial Development and Reform Commission issued the "Reply on the Approval on Changle Wushan Wind Power Plant Project" (《關於長樂午山風電場項目核准的批覆》) (Minfagaijiaoneng [2010] No. 2) and agreed to the construction of Changle Wushan Wind Power Plant with total wind power installed capacity of 28MW.

February

- Unit 2 (300MW) at Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited successfully passed the 168-hour full-load operation test and was put into trial generation.

March

- The National Development and Reform Commission issued the "Reply on Approval on Liaoning Datang International Fuxin Coal-based Gas Company Limited Project" (《關於遼寧大唐國際阜新煤製氣有限公司項目核准的批覆》) (Fagainengyuan [2010] No. 378), approving the Liaoning Datang International Fuxin Coal-based Gas Project. The project's production capacity is 4 billion cubic-metres per annum (12 million cubic-metres per day) of coal-based natural gas, with by-products of 509,000 tonnes of tar and 101,000 tonnes of naphtha. The project commenced official construction in the same month.
- Units 1 to 3 (3 x 660MW) at Jiangsu Datang International Lvsigang Power Generation Company Limited successfully passed the 168-hour full-load operation test and were put into trial generation.
- Completed the issuance of non-public offering of 530,000,000 A shares to target subscribers, raising net proceeds of RMB3,248,246,600. Upon completion of the issuance, total share capital of the Company increased from 11,780,037,578 shares to 12,310,037,578 shares.

April

- Datang Power was awarded the Gold Award of "2009 Business Awards" and the award of "2009 China's Most Promising Companies" by the Asset Magazine.

May

- Unit 2 (80MW) at Malutang Hydropower Station Phase 2 of Yunnan Datang International Wenshan Hydropower Development Company Limited completed 72-hour full-load operation test and was put into trial generation.
- Unit 4 at Tianjin Datang International Panshan Power Generation Company Limited was named "2009 National Gold Medal for Being Reliable Power Generation Units" in the 600 MW coal-fired category, an award granted jointly by the State Electricity Regulatory Commission and the China Electricity Council.

June

- Unit 4 (660MW) at Jiangsu Datang International Lvsigang Power Generation Company Limited successfully passed 168-hour full-load operation test and was put into trial generation.
- Phase 1 Project (with an annual production of 10 million tonnes) of the open-cut Shengli Coal Mine East Unit 2 of Inner Mongolia Datang International Xilinhaote Mining Company Limited passed the construction completion acceptance check by the National Energy Board and the project was officially delivered for production.

July

- National Development and Reform Commission issued the "Reply on Approval on Units 3 and 4 of Guangdong Datang Chaozhou Sanbaimen Power Plant" (《關於廣東大唐潮州三百門電廠3、4號機組核准的批覆》) (Fagainengyuan [2010] No. 1584), approving Units 3 and 4 of Guangdong Datang International Chaozhou Power Generation Company Limited. The project consists of two 1,000 MW ultra-supercritical coal-fired generating units and was a milestone for the Company's first-ever 1,000 MW generating unit.
- Datang Power won the Golden Ox Award of the "China Top 100 Listed Companies". Meanwhile, it ranked No. 1 in the public utilities sector of the "China Top 100 Listed Companies" and among the top places in the sub-ranking lists of revenue from core business and market value.

August

- Members of the seventh session of the Board and the Supervisory Committee were elected at the Company's shareholders' general meeting.

September

- The main tower wall of the prilling tower of the urea plant, a milestone construction of Datang Hulunbei'er Fertilizer Company Limited 18 • 30, completed the construction of roof-sealing. The prilling tower is 88.95m in height.

October

- The construction of the wind power station of Wulong Xingshun Wind Power (46.75MW) had completed and commenced generation.
- The 45,000-tonne bulk carrier No. 1 (Datang No. 7) of Jiangsu Datang Shipping Company Limited was christened.

November

- National Development and Reform Commission issued the "Reply on Approval on Sichuan Daduhe Changheba Hydropower Station Project" (《關於四川大渡河長河壩水電站項目核准的批覆》) (Fagainengyuan [2010] No. 2665) and agreed to the construction of Sichuan Daduhe Changheba Hydropower Station. Four 650MW mixed flow turbine generator units with a total installed capacity of 2,600MW will be installed at Changheba Hydropower Station.
- 45,000-tonne bulk carrier No. 2 (Datang No. 6) of Jiangsu Datang Shipping Company Limited was christened.
- The Company was awarded as "Top 250 Global Energy Companies" and "Fastest Growing Energy Companies in Asia" by Platts.

December

- Three wind power units (each 4.5 MW) of the Phase 1 project at Hebei Chongli Xiqiaoliang, 48 MW power project at the Liaoning Faku Fengbeibao Wind Power Station, 14 wind power units (21 MW) of the Phase 3 project at Shanxi Zuoyun Wind Power, the first unit (1.5 MW) of the Phase 2 project at Inner Mongolia Hongmu Wind Power and two units (4 MW) of the Fujian Changle Wushan Wind Power Project commenced on-grid power generation.
- The Fujian Zhaoan Meiling Wind Power Plant Project (48 MW), the Liaoning Manjing Wind Power Phase 2 Project (49.5 MW) and the Liaoning Fuzhoucheng Wind Power Plant Phase 1 Project (48 MW) received respective approvals by the Fujian Provincial Development and Reform Commission, the Liaoning Provincial Development and Reform Commission and the Dalian Municipal Development and Reform Commission.
- The Lixianjiang Gelantan Hydropower Station Project of Yunnan Datang International Power Company Limited was awarded "2010 China's High-Quality Construction Award". The project was Datang International's first hydropower project to attain high-quality construction award at the State level and was the country's only hydropower project to attain such honour in 2010.
- 45,000-tonne bulk carrier No. 3 (Datang No. 8) of Jiangsu Datang Shipping Company Limited was christened.

- National Development and Reform Commission issued the "Reply on Approval on the "Replacing Small Units with Large Units" Project of Fujian Ningde Power Plant Phase 2" (《關於福建寧德電廠二期「上大壓小」工程項目核准的批覆》) (Fagainengyuan [2010] No. 3156) , approving Units 1 and 2 (2 x 660 MW) of the Phase 2 project at Fujian Datang International Ningde Power Generation Company Limited.

Financial and Operating Highlights

Consolidated Statements of Comprehensive Income Note

(Amounts expressed in millions of RMB)

For the year ended 31 December	2006	2007	2008	2009 (Restated)	2010
Operating revenue	24,899	32,763	36,900	47,943	60,672
Profit before tax	4,664	6,063	600	3,132	4,700
Income tax expense	(1,081)	(1,498)	(72)	(615)	(871)
Profit for the year attributable to:					
– Owners of the Company	2,778	3,564	749	1,537	2,570
– Non-controlling interests	805	1,001	(221)	980	1,259

Consolidated Statements of Financial Position Note

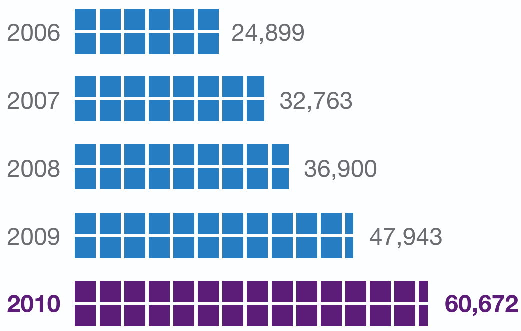
(Amounts expressed in millions of RMB)

As at 31 December	2006	2007	2008	2009 (Restated)	2010
Total assets	90,711	119,789	158,719	184,149	212,915
Total liabilities	(63,510)	(85,434)	(127,813)	(151,376)	(174,483)
Non-controlling interests	(3,305)	(4,599)	(4,654)	(6,650)	(7,582)
Equity attributable to owners of the Company	23,896	29,756	26,252	26,123	30,850

Note: Financial highlights as at and for the years ended 31 December 2006 and 2007 have not been restated as a result of consolidation of the business entities under common control taken place in 2009.

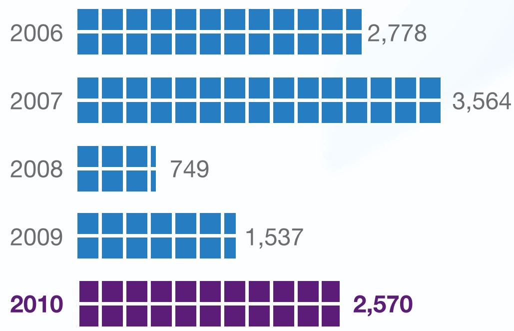
Consolidated Operating Revenue [Note]

(RMB million)



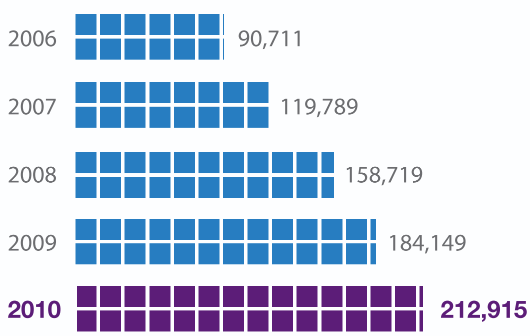
Consolidated Profit for the Year Attributable to Owners of the Company [Note]

(RMB million)



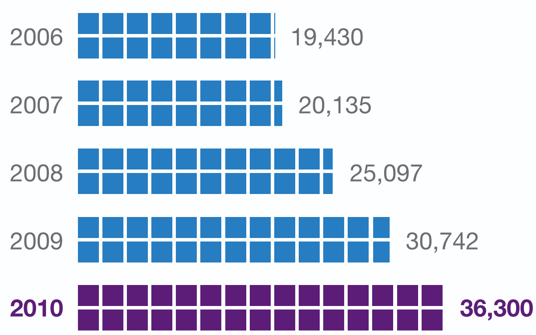
Total Consolidated Assets [Note]

(RMB million)



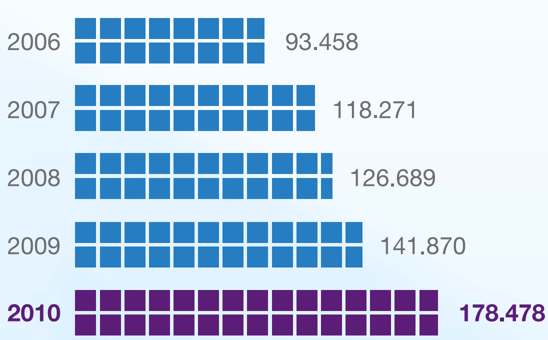
Total Installed Capacity

(MW)



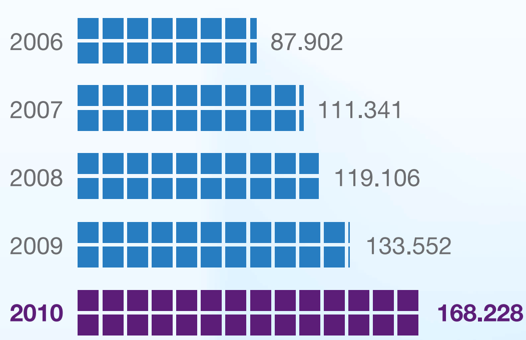
Gross Generation

(billion kWh)



On-grid Generation

(billion kWh)



Note: Financial highlights as at and for the years ended 31 December 2006 and 2007 have not been restated as a result of consolidation of the business entities under common control taken place in 2009.

Looking forward to 2011 which marks the commencement of the "Twelfth Five-year Plan", the Chinese government has created a favourable environment for the transformation of the economic development pattern by placing the focus of its macroeconomic policies on accelerating economic restructuring and improving the quality and profitability of development. In 2011, Datang Power will accelerate the implementation of its strategy which is aimed at focusing in the power generation business whilst complementing with synergistic diversifications. 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. These will ultimately develop Datang Power into a company with an operation-cum-holding orientation, an integrated energy conglomerate that enjoys domestic leadership and international reputation having strong development capabilities, profitability and competitiveness, with a view to building long-term competitiveness for the Company and achieving stable returns for shareholders.

Enhancing Coal-fired Power

Mr Liu Shunda
Chairman

To all shareholders,

In 2010, China took the lead in the world in emerging from the trough of the global financial crisis, making a significant economic recovery and registering an annual GDP increase of 10.3% year-on-year. However, the unfavourable situations for domestic power generation enterprises remained unchanged, where prices of thermal coal stayed at a high level and rose for a number of times, while on-grid electricity tariffs failed to be adjusted in a synchronised manner. Faced with the complex and volatile external environment and unprecedented severe challenges, all staff of Datang Power endeavoured to make innovative development ideas and models based on the theme of scientific development and the impetus of carrying out advanced and excellent performance. We braved the difficulties, struggled to make progress and successfully completed the production and operation tasks for the year. We strode ahead in various aspects including scientific development, production safety, green operations, staff development, harmony and win-win, thereby successfully accomplishing the Company's "Eleventh Five-year" development objectives.

In 2010, we fully pushed forward the implementation of the strategy aimed at focusing in the power generation business whilst complementing with synergistic diversifications, strived to transform the development model, further launched the campaign on "Two Increases and Two Reductions, Pursuit of Profits and Conquest of Difficulties", and also pushed forward the optimisation and upgrade of our assets structure while achieving substantial growth in operating results. As at 31 December 2010, total installed power generation capacity of the Company and its subsidiaries amounted to 36,300 MW. While optimising and adjusting its power generation business structure, the Company continued to proceed with the development of non-power assets such as coal and coal-to-chemical projects. As a result, the deployment of synergistic development of diversified assets has begun to take shape.

As at 31 December 2010 (the "Year"), total consolidated assets of the Company and its subsidiaries amounted to approximately RMB212,915 million, representing an increase of approximately 15.62% over the corresponding period of 2009 (the "Previous Year"). Consolidated operating revenue amounted to approximately RMB60,672 million, representing an increase of approximately 26.55% as compared to the Previous Year. Profit attributable to equity holders of the Company amounted to approximately RMB2,570 million, representing an increase of approximately 67.24% as compared to the Previous Year. Earnings per share was approximately RMB0.21, representing an increase of approximately RMB0.08 per share as compared to the Previous Year.

In 2010, the Company continued to maintain production safety on a continuously stable basis, achieving an overall equivalent availability coefficient of operational generating units of 95.31% for the Company and its subsidiaries, an increase of 0.55 percentage points as compared to the Previous Year. Power generated by the Company and its subsidiaries amounted to 178.48 billion kWh, an increase of 25.81% as compared to the Previous Year. Unit coal consumption was approximately 323.59 g/kWh, a decrease of approximately 2.92 g/kWh as compared to the Previous Year.

Looking forward to 2011 which marks the commencement of the "Twelfth Five-year Plan", the Chinese government has created a favourable environment for the transformation of the economic development pattern by placing the focus of its macroeconomic policies on accelerating economic restructuring and improving the quality and profitability of development. Against this backdrop, Datang Power is yet faced with both challenges and opportunities. As to challenges, firstly, the State's monetary policy will be gradually tightened; secondly, coal-fired power enterprises will continue to face a grave situation with the possibility of incurring losses; and thirdly, the pressure from the requirements of energy conservation and emissions reduction is mounting gradually. For opportunities, firstly, the domestic economic landscape will remain favourable in the long run; secondly, the utilisation hours of the Company's generating units will continue to increase steadily; thirdly, we will further capitalise on the strengths of our generating units; and fourthly, the Company's diversified developments will gradually see their harvest day.

In 2011, Datang Power will accelerate the implementation of its strategy which is aimed at focusing in the power generation business whilst complementing with synergistic diversifications. 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; strategically develop nuclear power;

appropriately develop solar energy; focus on suitable coal operations; actively and steadily develop coal-to-chemical; accelerate the development of high-aluminium pulverised fuel ash integrated use projects; and secure a complementary development of railway, port and shipping. In regions where it has advantages in terms of resources, market and policy, the Company will reinforce the dynamic integration of assets development with regional development; make innovative development ideas and models on a continuous basis with the support of projects; and focus its strengths on developing a batch of integrated and clustering projects that combine good profitability, advanced technologies, integrated innovations and synergetic diversifications. These will ultimately develop Datang Power into a company with an operation-cum-holding orientation, an integrated energy conglomerate that enjoys domestic leadership and international reputation having strong development capabilities, profitability and competitiveness, with a view to building long-term competitiveness for the Company and achieving stable returns for shareholders.

In the new year, Datang Power's visions are to make top-notch achievements, set top-notch standards and provide top-notch development models. The Company will proactively carry out full-scale accountability management and a performance appraisal mechanism for all staff; aim to transform the development model, adjust the structure, strengthen the mechanism and enhance profitability within a very short time; build itself into a top-rated enterprise, unleash potentials and make innovations according to the benchmarks by developing key projects into quality projects; and aggressively explore a new way for the dynamic integration of high-level scientific development with persistent excellent performance to create a new value for shareholders.

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

Liu Shunda
Chairman
22 March 2011

The Company is one of the largest independent power producers in the PRC. As at the end of 2010, the Group managed a total installed capacity of approximately 36,300.3MW. The power generation business of the Group is mainly distributed across the power grids of North China, Gansu, Jiangsu, Zhejiang, Yunnan, Fujian, Guangdong, Chongqing, Jiangxi , Liaoning, Ningxia and Qinghai.

Aggressively Expanding Hydropower

Mr Cao Jingshan
President

A. Overview

In 2010, the Company and its subsidiaries (the "Group") adhered to implementing the strategy of "focusing in the power generation business whilst complementing with synergistic diversifications". It steadily enhanced its management and control capabilities; increased economic efficiency and shareholders' returns; placed emphasis on resources saving and environmental protection; fulfilled social responsibilities; and seized business opportunities and overcame difficulties, thereby achieving the business targets for the Year.

1. Safe Production was Stably Maintained

The Company aims to build a fundamentally safe enterprise. The Company has experienced no significant incidents at its facilities and no casualties for the Year. It has fulfilled its roles of securing power supply for the Shanghai World Expo and the Guangzhou Asian Games.

2. Overall Accomplishment of Operation Targets

The Company's power generation amounted to 178.478 billion kWh for the whole year, representing an increase of 25.81% year-on-year. Operating revenue amounted to approximately RMB60,672 million, representing an increase of 26.55% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB2,570 million, representing an increase of approximately 67.24% over the Previous Year. As at 31 December 2010, total consolidated assets of the Group amounted to RMB212,915 million, representing an increase of 15.62% year-on-year. Net assets attributable to the equity holders of the Company amounted to RMB30,850 million, representing an increase of 18.10% year-on-year. The assets-to-liabilities ratio was 81.95%, representing a decrease of 0.25 percentage point year-on-year.

3. Breakthrough on Preliminary Works

For the Year, seven power generation projects were approved with total generation capacity of 6,093.5 MW. The Fuxin Coal-based Natural Gas Project with an annual output of 4 billion cubic meters was approved. The Phase 2 project of Shengli Coal Mine East Unit 2, with the construction scale of 20 million tonnes per year, was approved in March 2011.

4. Projects Construction Commenced Operations and Achieved Good Results

Total capacity for generation units which commenced operation amounted to 5,558.5MW. As at 31 December 2010, the Group's installed capacity amounted to 36,300.3 MW, representing an increase of 18.08% year-on-year. Of such capacity, coal-fired power amounted to 32,010 MW, accounting for 88.18%; hydropower amounted to 3,855.9 MW, accounting for 10.62%; and wind power amounted to 434.4 MW, accounting for 1.20%.

5. Continuously Intensifying Energy Conservation and Emissions Reduction

In 2010, the Group achieved coal consumption of 323.59 g/kWh, a decrease of 2.92 g/kWh year-on-year. The emission rates of sulphur dioxide, nitrogen oxides, smoke ash and waste water of the Group decreased by 5.34%, 9.40%, 14.52% and 43.44% year-on-year to 0.420g/kWh, 1.396g/kWh, 0.126g/kWh and 75g/kWh, respectively, which were substantially lower than the national average levels.

6. More Effective Capital Operation

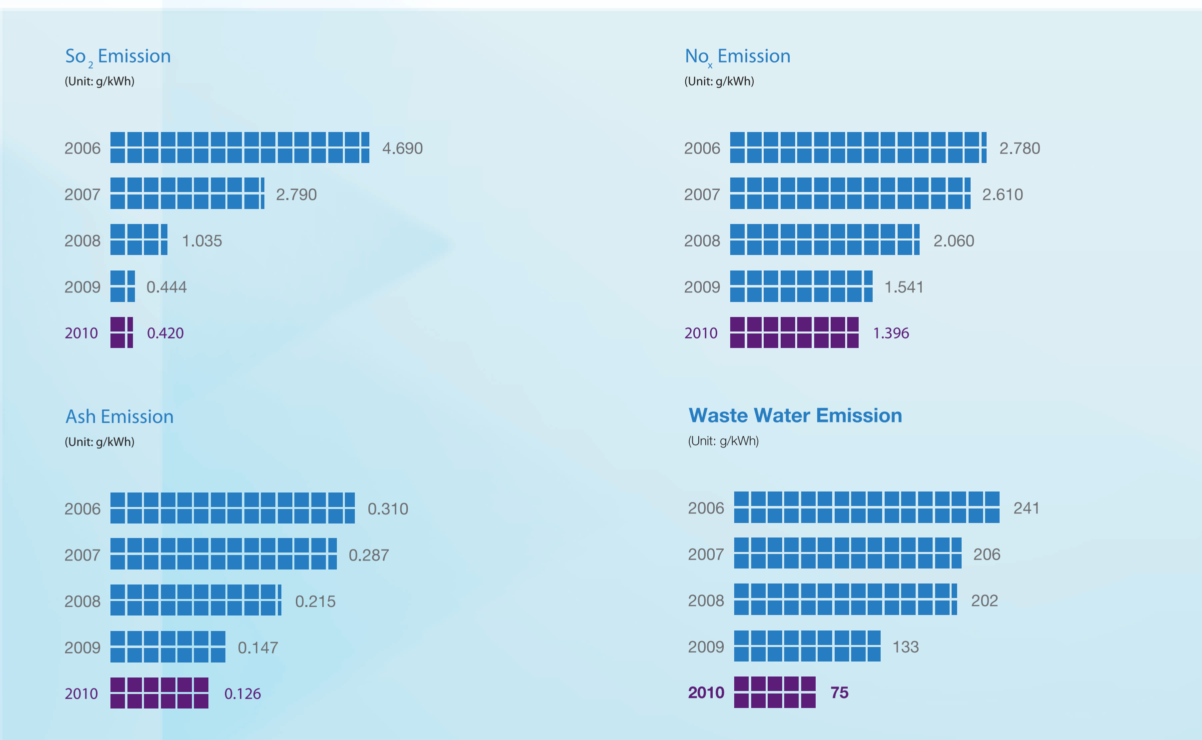
In 2010, the Company completed the acquisition of 70% equity interests in Inner Mongolia Baoli Coal Company Limited and achieved a profit in the same year of acquisition. The Company acquired the entire equity interest in Fuxin Jinshilun Wind Power Company, which has been renamed as Liaoning Datang International Fuxin Wind Power Company Limited, and has basically completed the acquisition of the hydropower stations at the Jintang River Basin in Sichuan. The proceeds (net: RMB3,248,246,600) from the 2009 non-public issue of A shares were booked. The new proposal of non-public issue of A shares has been approved by the Public Offering Review Committee of the China Securities Regulatory Commission.

7. Steady Enhancement of Management and Control Capabilities

The three-level management system of the Company basically operated well. The responsibility body at each level has obviously enhanced its capability of duty fulfillment. By means of effective integration of management resources of the enterprise, the Company has formulated a new scheme of online management featuring "four in one", that is, mechanisms and systems, codes and standards, operation flows and appraisals of results.

8. Winning Honours in the Capital Market

The Company won the "China Top 100 Listed Companies — Gold Ox Award" again, ranking 1st in the public utilities sector. It was named again among the "Global Top 250 Global Energy Companies" by Platts Energy Information, and ranked 16th among the world's fastest growing energy corporations. The Company was on the lists of "Fifth China Investor Relations Management Top 100" and "Contribution to Social Responsibility Top 10".



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

(Financial data are shown according to China Accounting Standards for Business Enterprises ("PRC GAAP"). For segment information, please refer to Note 8 to the audited financial information below.)

1. The Power Generation Business

(1) Business Review

The Company is one of the largest independent power producers in the PRC. As at the end of 2010, the Group managed a total installed capacity of approximately 36,300.3MW. The power generation business of the Group is mainly distributed across the power grids of North China, Gansu, Jiangsu, Zhejiang, Yunnan, Fujian, Guangdong, Chongqing, Jiangxi , Liaoning, Ningxia, and Qinghai.

In 2010, the PRC's overall economy operated with a good momentum, achieving a year-on-year Gross Domestic Product (GDP) growth of 10.3%. Both power generation and power consumption nationwide re-climbed at an accelerated rate. According to relevant statistics, during the Year, the nationwide installed capacity grew by approximately 10.07% year-on-year. Social power consumption increased by 14.56% over the Previous Year, while nationwide power generation increased by approximately 13.3% over the Previous Year. Utilisation hours of power generation facilities were on the rise as a whole, but prices of coal for power generation increased significantly and remained at high levels. Meanwhile, due to exceptionally serious droughts in the southwestern regions in spring, the profitability of hydropower enterprises has been affected significantly. Under the market conditions of the co-existence of opportunities and challenges, the Company's power generation business has been developing at a stable and fast pace, thereby enabling its profit to maintain significant growth.

(i) Maintaining Safe and Stable Power Production

During the Year, total power generation of the Group amounted to 178.4781 billion kWh, representing an increase of 25.81% over the Previous Year. Aggregate on-grid power generation amounted to 168.2278 billion kWh, representing an increase of 25.96% over the Previous Year. The increases in power generation and on-grid power generation were mainly attributable to an increase in the capacity of operational generating units of the Group, safe and stable operation of the generating units and a steadily increasing power demand in the service territories. During the Year, the Group added new installed capacity of 5,558.5 MW. Consolidated utilisation hours amounted to 4,998 hours, an increase of 91 hours year-on-year. No casualties or material damage to the production facilities occurred to the Group during the course of power production. The equivalent availability coefficient of the operational generating units amounted to 95.31%, representing an increase of 0.55 percentage point over the Previous Year.

(ii) Steady Progress in Energy Conservation and Emissions Reduction

During the Year, the Company adhered to management by objective, program control, dynamic benchmarking and monitoring; enhanced management on energy conservation; focused on economic operation of power generation facilities; and intensified technological renovation on energy conservation and facilities treatment, thereby enhancing the utilisation efficiency of generating units. During the Year, coal consumption for power supply was 323.59 g/kWh, representing a decrease of approximately 2.92 g/kWh over the Previous Year. Consolidated electricity consumption rate of power plants was 5.82%, representing a decrease of 0.03 percentage-point year-on-year. The desulphurisation facilities operation rate and the overall desulphurisation efficiency rate amounted to 99.20% and 93.61%, respectively. The coal-fired generating units of the Group continued to achieve a desulphurisation facilities installation rate of 100%. The emission rates of sulphur dioxide, nitrogen oxides, smoke ash and waste water decreased by 5.34%, 9.40%, 14.52% and 43.44% year-on-year to 0.420g/kWh, 1.396g/kWh, 0.126g/kWh and 75g/kWh, respectively, which were lower than the national average levels.

(iii) Strengthened Economic Analysis and Enhanced Operational Management Efficiency

During the Year, the Company was still impacted by unfavourable factors such as soaring coal prices lingering at high levels and an inability to implement tariff adjustments. Faced with such a continuously tough operating environment, the Company kept abreast of the market trends 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) Management accountability has been implemented gradually, and targets of power generation were achieved. Consolidated utilisation hours of generating units amounted to 4,998 hours, an increase of 91 hours year-on-year. (2) Through measurements such as developing economical coal to ensure fuel supply, enhancing coal blended burning and setting up an improvement platform on fuel management indices, fuel costs were effectively controlled. (3) Through various measures such as proper cash allocation, distribution of capital according to needs, prompt repayment of loans, reduction of capital sedimentation and optimisation of loan structure, capital costs were lowered.

(iv) Actively Pushed Forward Projects Construction and Increased Green Energy Capacity

During the Year, seven power projects of the Company have been approved by the State including two coal-fired power generation projects with total approved capacity of 3,320 MW, one hydropower project with an approved total capacity of 2,600 MW, and four wind power projects with total approved capacity of 173.5MW. As for nuclear power, the National Development and Reform Commission approved in writing the commencement of preliminary works on Phase 1 of the Liaoning Xudabao Nuclear Power Project, of which 20% equity interests are held by the Company. Details on the approved projects are as follows:

- Coal-fired power projects: The Phase 2 project for two 1,000MW generating units at Chaozhou Power Generation in Guangdong and the Phase 2 project for two 660MW generating units at Ningde Power Generation in Fujian.

- Hydropower project: 2,600MW generating units at the Changheba Hydropower Station Project in Sichuan (in the first quarter of 2011, the 850MW operating unit at Huangjingping Hydropower Station in Sichuan was approved).

- Wind power projects: The Phase 1 project for 28MW generating units at the Changle Wind Power Station in Fujian; the Phase 1 project for 48MW generating units at Fuzhoucheng Wind Power in Liaoning; the Phase 2 project for 49.5MW generating units at Manjing Wind Power in Liaoning; and the project for 48MW generating units at Zhao'an Meiling Wind Power in Fujian.

In 2010, a number of major power generation projects of the Company commenced operation one after another, with newly installed capacity amounting to 5,558.5MW:

- Coal-fired power projects: Newly installed capacity of 4,940MW, including two 1,000MW generating units at Chaozhou Power Generation Company, one 300MW generating unit at Zhangjiakou Thermal Power Company and four 660MW generating units at Lvsigang Power Company.

- Hydropower projects: Newly installed capacity of 474.23MW, including two 100MW hydropower generating units at Wenshan Hydropower Development Company and 274.23MW hydropower generating units at Yuneng Group.

- Wind power projects: Newly installed capacity of 144.25MW, including 49.5MW generating units at Zuoyun Wind Power Company, 48MW generating units at Inner Mongolia Wind Power Company and 46.75MW generating units at Wulong Wind Power Company.

As at the end of 2010, the generation capacities of coal-fired power, hydropower and wind power accounted for 88.18%, 10.62% and 1.20% of the Company's installed capacity, respectively. As compared to the Previous Year, the proportion of capacity in clean and renewable energy increased to 11.82%. The Company's power generation structure was further optimised.

(2) Major Financial Indicators and Analysis

(i) Operating Revenue

During the Year, revenues of the Group from electricity sales and heat sales accounted for approximately 89.22% of the total operating revenue, of which revenue from electricity sales accounted for approximately 88.33% of the total operating revenue.

During the Year, the Group achieved revenues of approximately RMB53,594 million and RMB540 million from electricity sales and heat sales, respectively, representing increases of approximately 27.47% and 40.92% over the Previous Year, respectively. In particular, the increase in revenue from electricity sales was mainly due to the increases in on-grid power generation and average tariff of on-grid power. During the Year, the commencements of operation of the Group's generating units in coastal regions optimised the power generation structure of the Group and raised the average on-grid power tariff. The average on-grid power tariff of the Group increased by 1.2% over the Previous Year, and the operating revenue from electricity increased by approximately RMB831 million accordingly. The increase in on-grid power generation resulted in an increase of approximately RMB10,719 million in the Group's revenue.

(ii) Operating Costs

During the Year, the power and thermal fuel costs of the Group increased to RMB32,143 million comparing with the Previous Year. The increase is mainly attributable to: 1) an increase of 32.192 billion kWh in on-grid coal-fired power generation over the Previous Year; 2) an increase of RMB25.99/MWh in unit fuel cost over the Previous Year.

During the Year, depreciation expenses of the Group for the year decreased by approximately RMB1,800 million, which was mainly attributed to changes in accounting estimates of fixed assets made by the Group in order to enhance the comparability of accounting information among listed companies of the same industry.

(iii) Operating Profit

During the Year, operating profit from electricity sales and heat sales amounted to approximately RMB10,690 million, while the gross profit margin was approximately 19.75%, representing an increase of approximately 30.86% over the Previous Year.

2. The Coal Chemical Business

(1) 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 Inner Mongolia Shengli Coal Mine as raw materials; and it applies internationally advanced technologies including the technology of vaporising 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 final product of the project is 460,000 tonnes/year of polypropylene and other by-products.

The coal chemical project is under construction and has succeeded in the first trial run at two gasifiers. The successful conduct of critical phases such as the successful operation of the response system of the methanol-to-propylene (MTP) facility in one go and the production of alkene with qualified constituents marked a significant breakthrough on the core technologies of the Duolun Coal Chemical Project. This has laid a solid foundation for opening up the whole-line process flows and ensuring a stable production of polypropylene products. It is expected that upon its successful development and construction, the project will become a new income base for the Group.

(2) The Keqi Coal-based Natural Gas Project with an annual output of 4 billion cubic meters, developed and constructed by the Group with controlling interests, is located in Keshiketeng Qi, Chifeng City, the Inner Mongolia Autonomous Region. Upon its completion, the major supply targets of the project are Beijing and cities along the gas transmission pipeline. As a political, cultural and financial centre of the PRC, Beijing has a strong demand for clean energy such as natural gas, given the city's higher requirement for air quality. The Company believes that upon completion of the Keqi Coal-based Natural Gas Project, it will benefit from the growing demand for clean energy in Beijing and cities along the gas transmission pipeline, thereby increasing the overall profitability of the Company.

During the Year, the power plants at the Keqi Coal-based Natural Gas Project were completed and delivered for operation before the Year end. Other construction works are proceeding at an accelerated speed, with the project aiming to commence operation in 2012.

(3) The Fuxin Coal-based Natural Gas Project in Liaoning with an annual output of 4 billion cubic meters, developed and constructed by the Group with controlling interests, is located in Fuxin City, Liaoning Province. The project was approved and commenced construction in 2010. Upon its completion, the project aims to supply natural gas largely to Shenyang City and nearby cities such as Tieling, Fushun, Benxi and Fuxin in Liaoning Province. Liaoning Province has experienced fast economic growth. With the acceleration of urbanisation, the reform in coal-fired boilers and the development of gas buses and industries using natural gas as raw material, the supply gap of natural gas in the above cities will grow bigger and bigger. Upon completion of the Fuxin Coal-based Natural Gas Project, the Company will benefit from the growing demand for clean energy in Shenyang and nearby cities which have experienced rapid economic development, thereby increasing the overall profitability of the Company. The Fuxin Coal-based Natural Gas Project is expediting its construction with the target to commence production in 2012.

(4) The High-Aluminium Pulverised Fuel Ash Project of Inner Mongolia Datang International Renewable Energy Resource Development Company Limited, constructed by the Company with controlling interests, proceeded smoothly. During the Year, the project opened up process flows involving the extraction of alumina from high-aluminium pulverised fuel ash, providing technical support to the Group's deployment of its recycle economy businesses.

3. The Coal Business

(1) Business Review

The Shengli Coal Mine East Unit 2, developed and constructed by the Group, is located in the central part of Shengli Coal Mine in Inner Mongolia with a planned construction scale of 60 million tonnes. Its coal products will mainly be supplied as raw materials to the Company's coal chemical and coal-based natural gas projects including the Duolun Coal Chemical Project, the Keshiketeng Qi Coal-based Natural Gas Project and the Fuxin Coal-based Natural Gas Project. For such projects, the annual production capacity of the Phase 1 project amounted to 10 million tonnes, and the Phase 2 project was approved by the National Development and Reform Commission in March 2011 with an annual production capacity of 20 million tonnes.

During the Year, the Company completed the acquisition of 70% equity interests in Inner Mongolia Baoli Coal Company Limited, thereby further increasing the self-supply ratio of coal. The Inner Mongolia Baoli Coal Company Limited, located in E'erduosi City, Inner Mongolia, produced 1.92 million tonnes of coal products in 2010. Meanwhile, the Company is currently engaged in preliminary development works on the Wujianfang Coal Mine, the Kongduigou Coal Mine and the Changtan Coal Mine. The successful developments of the above-said coal mine projects will enhance the coal consumption self-sufficiency of the Company's power plants.

During the Year, the Tashan Coal Mine and the Yuzhou Coal Mine, constructed by the Company with holding interests, supplied to the Company with 9.57 million tonnes and 3.92 million tonnes of coal, respectively, thereby assuring stable coal sources for the Company.

(2) Major Financial Indicators and Analysis

(i) Operating Revenue

During the Year, the coal self-sufficiency ratio of the Group was further increased.

During the Year, operating revenue from the coal business after consolidation elimination amounted to approximately RMB2,823 million, accounting for 4.66% of the total revenue of the Group, representing a decrease of approximately 45.11% over the Previous Year.

(ii) Operating Costs

During the Year, operating costs in the coal business amounted to approximately RMB2,694 million, representing a decrease of approximately RMB2,166 million over the Previous Year. The decrease in operating costs was mainly due to a decrease in coal sales business of Fuel Company.

(iii) Operating Profit

During the Year, operating profit from the coal business was approximately RMB129 million, while the gross profit margin was approximately 4.58%, representing a decrease of approximately 54.37% over the Previous Year.

C. Management's Review on Consolidated Operating Results

1. Operating Revenue

During the Year, operating revenues of the Group amounted to approximately RMB60,672 million, representing an increase of approximately 26.55% over the Previous Year, of which the increase in electricity sales amounted to approximately RMB11,551 million.

2. Operating Costs

During the Year, total operating costs of the Group amounted to approximately RMB51,469 million, representing an increase of approximately RMB10,171 million, or approximately 24.63%, over the Previous Year. Among the operating costs, fuel cost accounted for approximately 66.49%, and depreciation cost accounted for approximately 14.34%. Since the standard coal unit price of the Company increased by RMB85.54/tonne over the Previous Year, the fuel cost for power generation of the Company increased by RMB4,335 million.

3. Net Finance Costs

During the Year, finance costs of the Group amounted to RMB5,373 million, representing an increase of approximately RMB1,263 million or 30.72% over the Previous Year. The significant increase was mainly due to an increase in interest expenses during the Year caused by an increase in borrowings and the ending of capitalisation of interests 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 RMB4,700 million, representing an increase of 50.10% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB2,570 million, representing an increase of 67.24% over the Previous Year. The increase in profits of the Group was mainly attributable to the increase in sales revenue.

5. Financial Position

As at 31 December 2010, total assets of the Group amounted to approximately RMB212,915 million, representing an increase of approximately RMB28,768 million as compared to the end of 2009. 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 projects under construction.

Total liabilities of the Group amounted to approximately RMB174,483 million, representing an increase of approximately RMB23,107 million over the end of 2009. Of the total liabilities, long-term liabilities increased by approximately RMB10,218 million over the end of 2009. 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 RMB30,850 million, representing an increase of approximately RMB4,727 million over the end of 2009. Net asset value per share attributable to equity holders of the Company amounted to RMB2.51, representing an increase of RMB0.29 per share over the end of 2009.

6. Liquidity

As at 31 December 2010, the assets-to-liabilities ratio for the Group was approximately 81.95%. The net debt-to-equity ratio (i.e. (loans + long-term bonds – cash and cash equivalents)/total equity) was approximately 379.72%.

As at 31 December 2010, the cash and cash equivalents held by the Group amounted to approximately RMB3,443 million, of which deposits equivalent to approximately RMB211 million were foreign currency deposits. During the Year, the Group had no entrusted deposits or overdue fixed deposits.

As at 31 December 2010, short-term loans of the Group amounted to approximately RMB19,375 million, bearing annual interest rates ranging from 1.31% to 5.56%. Long-term loans (excluding those repayable within 1 year) amounted to approximately RMB109,585 million and long-term loans repayable within 1 year amounted to approximately RMB14,470 million. All long-term loans (including those repayable within 1 year) were at annual interest rates ranging from 1.13% to 8%, of which loan balances equivalent to approximately RMB1,051 million were loans denominated in US dollar, and loan balances equivalent to approximately RMB616 million were loans denominated in HK dollar. The Group constantly pays close attention to foreign exchange market fluctuations and cautiously assesses foreign currency risks.

7. Welfare Policy

As at 31 December 2010, the number of staff of the Group totalled 17,307. During the Year, the costs of salaries and staff welfare of the Group amounted to RMB2,048 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. The Group is concerned about personal growth and occupational training, and 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 for a strong corporation, the Group relies on a three-tier management organisational structure and implements an all-staff training scheme for various levels.

D. Outlook for 2011

2011 is the first year of the "Twelfth Five-year Plan" implemented by the State. It is full of opportunities and challenges in both the internal and external environments.

As far as opportunities are concerned, firstly, the long-term development of the domestic economy remains favourable. As indicated by relevant forecasts, the GDP growth rate is likely to be approximately 9% in 2011, and the growth rate of social power consumption is expected to exceed 10%. Secondly, the national growth rate of installed generating units is expected to reach approximately 9.5% in 2011, which is slightly lower than the growth rate of social power consumption. Utilisation hours of generating units are likely to remain basically stable or undergo a slight increase. Thirdly, the Group has achieved leadership positions in the PRC in various aspects such as reliability of generating units and facilities, indices of energy conservation and emissions reduction, and technical skills and qualifications of personnel. Owing to its outstanding advantages of having expanding capacity in generating units located along the southeastern coastal region and having large-capacity generating units, the Company is in a favourable position amidst the fierce competition in the electricity market. Fourthly, given the successive commencements of operation and developments in the Company's non-power businesses such as coal, railway, port, shipping, petrochemical and recycle economy, achievements of the Company's diversified developments will gradually be seen.

As far as challenges are concerned, firstly, the impact of the global financial crisis is profound and long-lasting, and the post-financial-crisis era will bring about various risks. Secondly, the current successive implementation of policies regarding upward adjustments of the deposit-reserve ratio and increases of interest rates has further tightened the availability of funds for power generation enterprises. Thirdly, there are uncertainties in the coal and electricity markets, and fuel coal prices are still expected to rise and to remain at a high level, thus rendering the operating situation severe for power enterprises which have coal-fired generating units as their major assets. Fourthly, the pressure on energy conservation and emissions reduction will continuously increase.

Faced with the above-mentioned complicated and volatile situations, the Company will continue to adhere to the strategy of "focusing in the power generation business whilst complementing with synergistic diversifications", and will keep on implementing the development strategy of "enhancing its coal-fired power, aggressively expanding its hydropower, continuously developing wind power, strategically developing nuclear power, appropriately developing solar power, focusing on suitable coal operations, actively and steadily developing coal-to-chemical business, speedily developing the high-aluminium pulverised fuel ash integrated use projects, and securing a complementary development of railway, port and shipping". It will seize new opportunities, overcome new challenges, achieve new breakthroughs, stride ahead and build up new strengths.

1. Endeavour to be a "Four-feature Enterprise"

The Company will place emphasis on establishing a new type of enterprise featuring fundamental safety, resources conservation, green environment and technology innovation. It will continue to further implement a comprehensive accountability management system and a performance appraisal system for all staff, building a "four-feature" enterprise with a focus on fundamental safety.

2. Enhance Profitability

The Company will further improve the comprehensive budget management system, with the objective of enhancing profits. Focusing on capital flows and emphasising cost controls, and through advance analysis and forecast, on-the-spot control and post-incident appraisals, the Company will effectively control and monitor budget execution and promptly discover and rectify any existing deviations in the course of execution. It will increase power generation with all efforts and control coal prices by applying various measures, with an aim to enhance the profitability of the Company. In 2011, the Company will strive to accomplish a power generation of 190 billion kWh and realise an increase in sales revenue of more than 15% year-on-year.

3. Continuously Adjust and Optimise the Development Structure

The Company will continue to strengthen its power generation business, excel in its non-power businesses and promote synergistic diversifications. In respect of its power generation business, the Company will actively take part in the development of low-carbon power generation, integrated utilisation, distributed energy sources and construction of high-efficiency power plants. In respect of its non-power businesses, it will strive to obtain coal resources through all means, and achieve the target of realising continued profits through stabilising coal sources. In particular, it will speed up the promotion and application of the core coal-to-chemical technology, push forward the deployment of the coal-to-chemical business with full efforts, and further expand the room of development for the Company in the regions with resources advantages.

4. Actively Push Forward Capital Operation

The Company will further leverage its financing platform as a listed company, strengthen the direct financing function and actively pursue acquisitions of good-quality assets, with a view to achieving maximum investment returns for the Company.

5. Continuously Intensify Energy Conservation and Emissions Reduction

The Company will further enhance the benchmark management of energy consumption, strive to enable more than 20% of the economic indices for generating units to be in leading positions nationwide. The Company will further enhance environmental protection and supervision to realise a normalised management of environmental protection assessments.

6. Comprehensively Strengthen Risks Prevention and Control

In 2011, the Company will comprehensively implement the State's "Basic Standards for Enterprise Internal Control", as well as its application guidelines, evaluation guidelines and auditing guidelines. According to the principle of integrating "job duties, mechanisms and systems, standards and criteria, operation flows, evaluation and auditing and performance appraisal", the Company will accomplish the top-level design and ensure advancement in good order, so as to fully implement the comprehensive accountability management system, the comprehensive budget management system and the comprehensive risk management system.

Enhancing Profitability with Six Major Bases

During the period of the "Twelfth Five-year Plan", the Company will gather its strengths to build a number of industrial bases with core competitiveness, with a view to strengthening the capabilities of important regions and enhancing the Company's brand and profitability, and in particular building six major profit bases.

Firstly, the Company will build the Western Inner Mongolia Coal-Electricity-Aluminium Profit Base with the Tuoketuo as the centre. The Western Inner Mongolia region has rich reserves of quality thermal coal. Burnt pulverised fuel ashes contain high alumina content. This region is a key development area of the Company with resources advantages. With the construction and operation supported by Tuoketuo Power Generation Co. and Renewal Energy Co., a comprehensive "coal-fired-ash-alumina" value chain under a recycling economy will be created.

Secondly, the Company will build the Eastern Inner Mongolia Chemical Profit Base with Xiduoke as the centre. The Eastern Inner Mongolia region has abundant coal and water resources, and is both a major region of the Company for the development of the coal-to-chemical industry and a base for a stable supply of raw materials and fuel for the coal-to-chemical industry. The Duolun coal-based olefin project has an annual output of 460,000 tonnes of polypropylene, while the Keqi and Fuxin coal-based natural gas project has a total annual output of 8 billion cubic meters of natural gas, and can generate more profits from further processing by-products to become the Company's new profit driver.

Thirdly, the Company will build the Pan-Bohai Co-generation Profit Base with Beijing-Tianjin-Hebei-Liaoning as the centre. The Pan-Bohai Region is a region where the Company's power and heat energy assets are very densely located. Backed by the Beijing-Tianjin-Tangshan power grid and the Liaoning power grid, and making use of the industrial space developed in the Bohai region, the Company will leverage the cluster advantage and increase the deployment density for effectively enhancing the presence of the Datang Power brand.

Fourthly, the Company will build the Southwestern Hydropower Profit Base with Yunnan-Chongqing-Sichuan-Tibet as the centre to aggressively develop hydropower and optimise the power structure. The hydropower base in Dadu River Basin, Ganzi, is the Company's recent focus on hydropower development. Upon completion of the cascade hydropower project for the Changheba and Huangjinping hydropower stations, the installed capacity can reach up to 3,450MW. Meanwhile, the Company will develop small hydropower projects to suit local conditions so that a cluster of green hydropower industries will be built in the southwestern region.

Fifthly, the Company will build the Southeastern Coastal Coal-Fired Power Profit Base with Jiangsu-Zhejiang-Fujian-Guangdong as the centre. The southeastern coast is a favourable location in the traditional market, where power demand is robust, tariff levels are high, port facilities are good, and efficient and large generation units are centrally located. In this region, the Company will focus on the "coal-power-railway-port-based" integrated development to build a profit "aircraft carrier" in the southeastern coast.

Sixthly, the Company will build the New Energy Power Generation Profit Base with the "Three Norths" and Southeastern Coastal Wind Power as the focus. The Company's important strategic plan is to focus on wind power for coordinating new energy development. A northern onshore wind power base will be built with the three "Norths" as the centres, namely northern Hebei, western Inner Mongolia, western and northern Liaoning and northern Shanxi; with Fujian as the centre, the Company will expand its presence to Guangdong, Zhejiang, Shanghai, Jiangsu and Liaoning, and focus on the development and construction of large-scale offshore wind power resources. On this basis, depending on market conditions and technical requirements, the Company will, by building pilot projects as a breakthrough strategy, carry out the development of power generation projects using new energy such as solar, tidal and biomass energy in an orderly manner.

Continuously Developing Wind Power

Maintaining Safe Production in a Stable Manner

Endeavouring to Build a Fundamentally Safe Enterprise

The Company consistently adheres to the production safety policy that treats "safety and prevention as top priorities complemented with comprehensive maintenance", having set up a long-term production safety mechanism with its own characteristics, conducted comprehensive safety supervision as well as investigation and control of potential risks, strengthened the training of all staff in safety knowledge, created a safe environment and steadily proceeded with the building of a fundamentally safe enterprise, thereby laying a solid foundation for sustainable, stable and rapid development of the Company.

The Company received positive comments from various sectors of the society upon its successful completion of the guaranteed power supply tasks for the Shanghai World Expo, the Guangzhou Asian Games and the Asian Paralympic Games in 2010.

During the period of the "Eleventh Five-Year Plan", the average number of non-stop services for Datang Power's coal-fired power unit sets fell from 1.12/set • year to 0.32/set • year, a decrease of 71.4%; and the average equivalent availability coefficient of the units increased from 93.15% to 95.31%, an increase of 2.16 percentage points.

Safety is Always the Top Priority

The generation, transmission, distribution, supply and utilisation of electricity constitute a safety chain. If there is a problem in one part of the chain, it will trigger chain reactions of other parts. The special nature of electricity generation, and the close association of electricity generation with the society and people's livelihood determine that the production safety of power generation companies is extremely important.

The Company always treats production safety as a precondition and a basis for corporate development, and is insistently committed to putting safety in the first priority, conducting stringent appraisals, and taking strict precautions and protection, with a view to building a fundamentally safe enterprise.

Strengthening Facilities Maintenance

The Company actively implements leadership accountability, technical accountability, supervisory accountability and on-site management accountability in production safety. It takes such accountabilities as the basis for building a fundamentally safe enterprise. The Company further implements a spot inspection and regular maintenance system; continuously improves the standards on equipment reliability management; and enhances technological renovation of equipment, technology supervision, inspection and maintenance, and operations management in full scale.

In 2010, the Company continued to intensify the management work on spot inspection and regular maintenance, carried out performance evaluation on spot inspectors, and put more efforts on the training of the professionals, with a view to efficiently enhancing the professional level of spot inspectors and improving their capabilities on equipment management and planning. Based on the host equipment reliability management, the Company launched an auxiliary equipment reliability information management, continuously improved the equipment statistical analysis in multiple dimensions, and efficiently pushed forward the maintenance process of equipment conditions. Meanwhile, the Company continued to intensify safety evaluation work, carried out the mechanism of equipment inspection and maintenance as well as quality tracking , and strengthened whole process management on inspection and maintenance of generation units.

Building a Safe Environment

The Company has established and effectively implemented a mechanism to investigate and prevent potential risks, enhancing safety monitoring of the working environment and supervision of major risk sources, proceeding with the "6S" management for production teams and groups, improving safety auxiliary facilities, and attaching great importance to labour protection of its staff. Through continuously strengthening strict management on each production section and each production factor, the Company has effectively prevented and controlled safety-related accidents, and has provided overall environment protection for building a fundamentally safe enterprise.

In 2010, the Company further implemented the "6S" management for production teams and groups, established standardised work behavior with all efforts, continuously improved site conditions, regulated operation management, enhanced the quality of staff, and secured their occupational safety. The Company regards supervision and management of major sources of hazards as an important measure to prevent and control safety-related accidents. On the basis of scientific assessment and tier-by-tier management, the Company has strengthened dynamic management to ensure risks would be under control. The Company has prepared a major hazard source monitoring report to enhance the investigation, registration, recording, evaluation and monitoring of major hazard sources.

Improving Safety-related Quality

The safety-related quality of staff is essential in establishing a fundamentally safe enterprise. The Company consistently puts safety education and training at the centre of its strategy for safe production. It has created an atmosphere where "everyone is conscious of safety, everyone's purpose is safety, and everyone ensures safety" by leading the staff to hold the belief that "potential hazards can be eliminated, risks can be prevented, errors should be controlled, and accidents can be prevented".

In 2010, the Company conducted a variety of safety-related trainings for various levels of staff, and particularly strengthened trainings for key departments and key positions. It aligned safety-related training results to performance management to achieve an integration of training, evaluations, appointments and compensation.

The Company organised experts to summarise their years of field experience and spent two years to compile the "Casualty Prevention and Typical Cases", which illustrates eleven categories of casualty hazards common in production life and typical cases. This book reproduces accident scenes, analyses accident reasons, proposes prevention measures, and lists the knowledge and relevant systems and regulations for preventing various kinds of casualty. The publication of this book plays an active role in enhancing the safety-related quality of the Company's internal staff, and also provides safety management reference for the coal mine, chemical, metallurgical and other non-power industries.

Continuously Pushing Forward Green Operation

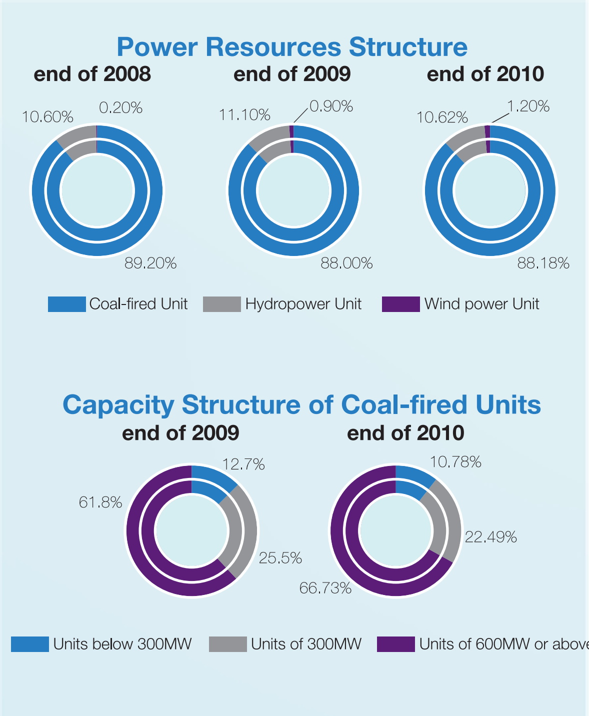
Continuously Intensifying Energy Conservation and Emissions Reduction

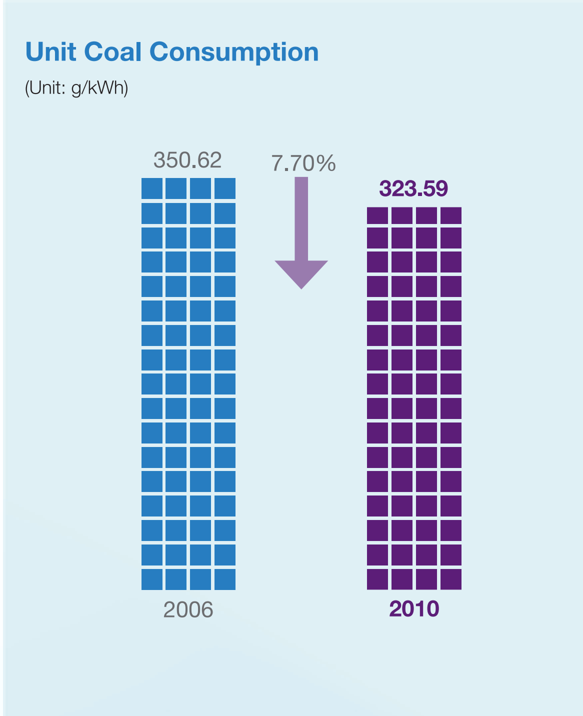
The Company strictly implements the State's energy conservation and emissions reduction policies, strengthens the adjustment of assets structure, actively uses energy conservation and environmental protection technologies, effectively conducts renovation on energy conservation and emissions reduction, and continuously improves the level of information-based supervision and management, thereby significantly improving the comprehensive energy efficiency level and reducing pollutant emission indicators. Among domestic large-scale power enterprises, the Company took the lead in achieving a desulphurisation facilities installation rate of 100%.

During the "Eleventh Five-Year Plan" period, the Company's coal consumption for power supply decreased by 27.03 g/kWh; its consolidated electricity consumption rate of power plants decreased by 0.32 percentage point; and the emission rates of sulphur dioxide, nitrogen oxides, smoke ash and waste water decreased by 93.2%, 57.6%, 79.4% and 78.2%, respectively.

Continuously Optimising the Power Generation Structure

The Company continues to optimise the development of coal-fired power; aggressively expands its hydropower; continuously develops wind power; strategically pursues nuclear power; and continuously increases the Company's core competitiveness, with a view to creating a better path for the sustainable development of the Company.





The structure of power resources was being continuously optimised during the period of the "Eleventh Five-Year Plan". The percentage of the Company's coal-fired power decreased from 99.49% to 88.18%; the percentage of hydropower increased from 0.51% to 10.62%; and the percentage of wind power increased from 0% to 1.20%. Efficiency of generation units continued to improve. The percentage of coal-fired power units with a capacity of more than 600 MW increased from 50.95% to 66.73%, an increase of 15.78 percentage points; and the capacity of thermal power cogeneration units increased from 1,790 MW to 4,860 MW, an increase of 1.72 times. Meanwhile, unit coal consumption decreased from 350.62 g/kWh to 323.59 g/kWh, a decrease of 7.70%.

Innovating Technologies for Energy Conservation

The Company further implements the concept of energy conservation, strengthens the whole-process management of coal consumption, and carries out energy-saving technological renovation and equipment management to facilitate the smooth progress in energy conservation and emissions reduction.

The Company applies coal consumption indices at each power plant and for each generation unit. It benchmarks the energy efficiency indices of generation units against the advanced indices of similar generation units, enhances dynamic tracking, conducts economic evaluations, and optimises the power generation structure to tap the potential of energy saving.

The Company adheres to integrating self-innovation capability and corporate development strategy, and focuses on training a professional technology team as well as establishing key laboratories of metals, thermal engineering, high voltage, relay protection and chemical. The Company has successively conducted studies on coal chemical, coal-based natural gas, desulfurization of coal-fired power plants, denitrification, air cooling, dry type slag removal, sewage treatment and other high technologies.

In 2010, the Company applied for nine patents in total, of which there were eight invention patents and one new type of applicable patent. The Company won both second and third prizes from Chinese Power Science and Technology, and 35 management innovation prizes for national power enterprises and for enterprises in Beijing City.

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". Led by the strategy of being a strong corporation with talents, the Company has firmly established the concept in talents that "Datang Power is a platform on which staff can showcase their sense of responsibility and talents". It fully adheres to its motto of "respect labour, knowledge and talents" in allocating man-power. While continuing to enhance its organisational structure, the Company has strengthened innovation in the management mechanism and enhanced the allocation of human resources. It has also organised large-scale staff training for various levels and of different types, continuously energising the talent team. 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. It provided organisational security and talent support for the in-depth implementation of the Company's strategy of "focusing on pursuing the power generation business as its core development whilst complementing with synergistic diversifications".

A Sound Training System

The Company placed high emphasis on employee development. It continues to strengthen training and reinforce training for maintaining the skills of talents while expanding the channels for the growth of talents so as to provide training support to the healthy development of employees' career. In light of the growth aspirations of employees, the Company undertook various tasks such as conducting training at various levels, employee skills

assessments, professional/technical qualifications 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.

In 2010, the Company provided training for its staff with a total enrollment of 187,271 man-times, covering 100% of the employees. Various units of the Group attained a total of 1,061,515 training hours with training fees invested amounting to RMB31.35 million. During the Year, a total of 1,564 employees of the Company passed professional and technical qualification assessments, and 31 employees obtained professional and technical qualifications from national examinations. A total of 2,528 employees of the Group passed occupational skills assessments, of which 665 employees were qualified as senior technicians and 110 employees were qualified as technicians.

During the Year, the Company launched 17 management systems including the “Management Measures on Incentives and Punishments for Employees”, the “Management Measures on Operation Staff Planning” and the “Management Measures on Education and Training Budgets”, thereby further enhancing the human resources management mechanism. It also launched the “Guiding Opinions on Further Expanding the Channels for the Growth of Talents” and implemented a “chief” system in which a team comprising chief officers from professional technical and production operation staff was actively built.

The Company organised and set out a “Twelfth Five-Year Plan” for its human resources, in which the human resources demand and supply of the Company for the coming five years were rationally forecasted and the corresponding safeguarding measures and major safeguarding work were formulated, with an aim to offer strong and effective human resources support for the achievement of the Company’s middle and long-term development strategic targets.

Incentive Mechanism

The Company adopted various incentive mechanisms to retain and encourage talents. It has studied and formulated allowance policies such as the nuclear power industry allowance, the remote and poverty regions allowance and the chemical industry allowance, and adopted differential remuneration policies with an aim to attract professional technical talents in nuclear power, stabilise the teams working in remote and poverty regions and meet the demands for talents in the coal chemical industry.

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 checks for all employees and created health files, with a focus on checking on employees engaged in special tasks, and offered guiding advice to employees on their health conditions so as to continuously improve the livelihood of employees.

Staff Training in 2010

Training programmes	4,005
Percentage of staff trained	100%
Training enrollment (man-times)	187,271
Among which: Corporate management and professional technicians	40,727
Production technicians	127,106
Others	19,438

Major Awards and Titles of Outstanding Individuals in 2010

Title of Outstanding Individual:		Granting Unit:
National Technical Expert	1	Ministry of Human Resources and Social Security
New Star of Power Education and Training Special Award	1	China Electricity Council
Technical Expert in the Power Industry	7	China Electricity Council
Outstanding Technical Expert in the Power Industry	3	China Electricity Council
"112 Talent" of the Corporation	719	China Datang Corporation
Top Twenty Outstanding Talents of the Corporation	4	China Datang Corporation
Technical Expert of the Corporation	25	China Datang Corporation
Outstanding Technical Expert of the Corporation	40	China Datang Corporation

Certification and Evaluation of Professional and Technical Qualifications of the Staff

With professional qualifications	1,564 people
With operation qualifications	1,176 people
With technical qualifications	2,528 people

Board, Supervisory Committee and Senior Management

Members of the Board

Chairman and Non-executive Director

Liu Shunda

Aged 56, a member of the Chinese Communist Party, is a professor grade senior engineer with post-graduate qualifications. Mr. Liu has served as Deputy Head of the General Services Department of the Electric Power Division of the Ministry of Energy; Deputy Director of the Office of the Minister of Electricity; Party Committee Member, Assistant to the Chief and Deputy Chief (Deputy General Manager) of the Electric Power Bureau (Power Company) of Hunan Province; Party Committee Member and Deputy Chief (Deputy General Manager) of the East China Power Administration Bureau (Power Corporation); Party Secretary and Chief (Chairman cum General Manager) of the Electric Power Bureau (Power Company Limited) of Fujian Province; and Party Committee Member and Deputy General Manager of China Datang Corporation. Mr. Liu is currently Chairman and Party Secretary of China Datang Corporation. Mr. Liu has long been engaged in electricity production, the management of production and technology, administration management and enterprise operation and management, and has extensive work experience.

Vice Chairman and Executive Director

Cao Jingshan

Aged 48, 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. From September 2010, he has been a member of the Party Committee of China Datang Corporation. 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.

Non-executive Director

Hu Shengmu

Aged 51, 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 (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 long been involved in financial management of power system. He is knowledgeable in financial management and has extensive experience in financial practices.

Executive Director

Zhou Gang

Aged 47, 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

Fang Qinghai

Aged 57, 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 Head of the Boiler Office of Anshan Power Plant, Director of the Fund Raising Office 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 50, 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 Vice 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. He has been Vice President of Beijing Energy Investment (Group) Company Limited since May 2009. 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 44, 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 Chief Engineer of Beijing Energy Investment (Group) 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 January 2007, she has become the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy Company Limited. She has been the Chief Engineer of Beijing Energy Investment (Group) Company Limited since May 2009. 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 63, university graduate, is a senior engineer. 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. He has become Consultant of Hebei Construction & Investment Group Co., Ltd. since 2010. 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 59, is presently the Deputy Chief Economist of Hebei Construction & Investment Group Co., Ltd. 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 Hebei 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 Group Co., Ltd. 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 51, 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

Li Yanmeng

Aged 66, graduated from the Wuhan University of Hydraulic and Electric Engineering with a major in power plants and power systems, is a senior engineer. Mr. Li previously held various positions at Shandong Power Construction Group, including Deputy Secretary to the Youth League Committee of the First Project Office, Head of the Publicity Section, Deputy Party Secretary, and Deputy Manager, Manager and Party Secretary of the Second Engineering Company. He was Plant Manager and Party Secretary of Shandong Huangtai Power Plant, and then Chief of Shandong Electric Power Industry Bureau. Since 1994, he has held various positions, including Deputy Director of the Division of Construction Coordination, at the Ministry of Electric Power Industry; Deputy Director of the Division of Key Constructions, Deputy Director of the Division of Investments and Director of the Division of Development of Primary Industries (Director of the Office of the Working Group on National Power System Reform) of the State Planning Commission. From December 2002 to December 2004, he served as Deputy General Manager and Party Member of State Grid Corporation. Mr Li has long been engaged in production, management and construction in the power industry, with extensive experience in electricity production, management and construction. Mr. Li is currently the External Director of China National Coal Group Corporation and the Non-executive Director of China Coal Energy Company Limited and Independent Director of Dongfang Electric Co., Ltd.

Zhao Zunlian

Aged 65, a professor grade senior engineer and a master degree holder in engineering, is a doctoral supervisor. Mr. Zhao graduated from the Wuhan Institute of Hydraulic and Electric Engineering in 1969, and served as Dispatching Deputy Head, Deputy Chief and Chief of Central China Power Grid from 1981; Chief Engineer of Central China Power Corporation in 1995; Director of State Power Dispatching Center in 1999; Chief Engineer of State Grid Corporation of China in 2005; and Consultant of State Grid Corporation of China in 2006. He has long been engaged in production and management of the power industry, with extensive experience in power generation and management. Mr. Zhao is currently the Independent Director of Hezong Science & Technology Co., Ltd.

Li Hengyuan

Aged 68, 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.

Zhao Jie

Aged 55, with a bachelor's degree from Tsinghua University, is currently Deputy General Manager of China Power Engineering Consulting Group Corporation. Ms. Zhao joined the North China Electric Power Design Institute after graduating with a bachelor's degree from the Department of Electrical Engineering of Tsinghua University Branch Campus in 1983, and has previously served as Deputy Head, Deputy Chief Design Engineer, Deputy Director, Project Manager, Deputy Chief Engineer and Deputy Dean. Ms. Zhao acts as Deputy Dean of the Electric Power Planning and Design Institute in 1998; General Manager of China Power Engineering Consulting Corporation in 1999; and Deputy General Manager of China Power Engineering Consulting Group Corporation in 2003. She has long been engaged in electric power design and planning, with extensive experience in electric power design and planning.

Jiang Guohua

Aged 40, graduated with a doctorate in accountancy, is currently Associate Professor of Accountancy of the Guanghua Institute of Management at Beijing University, as well as a doctoral supervisor. After Mr. Jiang received a bachelor's degree in economics from Beijing University in 1995, he subsequently received a master's degree in accountancy from the Hong Kong University of Science and Technology, and a doctorate in accountancy from the Haas School of Business, University of California in Berkeley. He has long been engaged in theoretical and applied researches in the field of Accountancy, and analysis of issues regarding investor protection, corporate governance and the regulations of the stock market. Mr. Jiang is a member of a nationwide project of the Ministry of Finance for the training of senior accounting talents.

Members of the Supervisory Committee

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 the 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 48, 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 48, 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 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 47, 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 47, an Executive Director and Vice President of the Company.

Senior Management

An Hongguang

Aged 52, 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 48, 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 45, 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 the Deputy General Manager of the Company. 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 47, graduated from North China Power Institute majoring in thermal dynamics. He is a Senior Engineer with graduate school education. He is currently the 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 has extensive working experience and is familiar with the management of power system infrastructure construction as well as the management of production and technology.

Wang Xianzhou

Aged 57, 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.

The philosophy of Datang Power's investor relations practice hinges on integrity as the basis and communication as the means. In order to maintain smooth communication with investors, the Company highly values investor relations work. The Chairman, General Manager and other senior executives personally attend results announcement conferences, roadshows, reverse roadshows and various investment forums. A special office has been set up and staff have been assigned to be responsible for the management of investor relations work, and various channels have been set up to enable investors to establish smooth contact with the Company.

Communicate Actively with the Market

During 2010, the Company conducted active and sincere communication with investors at large and analysts by various channels including results presentation, domestic and overseas roadshows, reverse roadshows, investor forums, company visits and telephone conferences as well as through answering enquiry phone calls and replying to emails.

During the Year, the Company has communicated with analysts and fund managers with over 1,000 person-times. In particular, the Company met analysts and fund managers 382 person-times through results presentations and domestic and overseas roadshows; met analysts and fund managers 40 person-times at reverse roadshows; met analysts and fund managers 260 person-times at investor forums; and met analysts and fund managers 386 person-times through company visits and telephone conferences.

Major Investor Relations Activities Conducted in 2010:

Month	Information on 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	No	13	27
	UBS 10th Greater China Conference	No	14	35
March	Morgan Stanley China Industry Investment Summit	No	7	16
April	Annual Results Presentation	Yes	—	60
	Annual Results Telephone Conference	Yes	—	36
	Annual Results Domestic Roadshows	No	11	46
May	Annual Results Overseas Roadshows	No	24	53
	CLSA China Forum	No	13	27
June	JP Morgan China Conference	No	15	35
	UBS A-share Conference 2010	No	7	23
August	Interim Results Presentation	Yes	—	78
	Interim Results Reverse Roadshows	Yes	—	40
September	Interim Results Hong Kong and Singapore Roadshows	No	15	23
October	Third Quarterly Results Telephone Conference	Yes	—	86
	BNP China Economic Forum	No	11	25
November	Bank of America Merrill Lynch China Investment Summit	No	15	38
December	Guosen Securities Annual Strategy Conference	Yes	2	16
	Haitong Securities Annual Strategic Conference	Yes	2	18

The Company has also paid high regard to individual investors. Through enhancing the management of investor hotlines, Datang Power was able to effectively communicate with individual investors and guide them to understand the Company's disclosed information accurately. As such, Individual investor's confidence in investing in the Company was raised.

Improving the Work System

In 2010, the Company has actively commenced the establishment of the investor relations work system and streamlined the process. A series of work systems, detailed rules and regulations such as the "Datang Power Investor Relations Management System" were developed. The core work content such as results presentations, roadshows and reverse roadshows, investor meetings, replies to investors, etc was elaborated and the work process was streamlined.

Outlook for 2011 Investor Relations Work

In 2011, Datang Power will continue to implement the strategy which aims to "focus in power generation and pursue synergistic diversifications", developing itself into a company with an operation-cum-holding orientation, an integrated energy company that enjoys domestic leadership and international reputation having strong development capabilities, profitability and competitiveness.

To achieve this objective, Datang Power will further enhance the quality of its work on investor relations, understand the shortcomings from past experience, carry out a top-rate benchmarking exercise, draw on the appropriate experience of others, make up for each other's deficiencies and strive to make progress. It will fully ensure that information disclosure is made in a timely, accurate and comprehensive manner; communicate and interact with the capital market smoothly and efficiently; and publicise and implement its development strategies on an ongoing basis to enable the capital market to understand its development strategies and business conditions, gradually enhancing its brand in investor relations.

1. What is the Company's view towards nationwide power supply and demand in 2011?

China's economy will continue to maintain steady and relatively fast growth in 2011, characterised by a continuous increase in electricity demand. According to the forecasts by the China Electricity Council, nationwide social power consumption is expected to reach approximately 4.7 trillion kWh in 2011, an increase of approximately 12% year-on-year, which is lower than the increase in 2010. The degree of the implementation and effect of industrial development, energy conservation initiatives and tariff policies will have a substantial impact on the increase in power consumption and the consumption pattern.

Power generation using new energy, construction of trans-regional power grids and renovation of power grids in rural areas will further increase investment in power generation. Completed investment in power project construction is expected to be approximately RMB750 billion for the entire year, of which completed investment in power supply project construction will amount to approximately RMB400 billion. Installed capacity of approximately 90,000 MW will be newly added to nationwide infrastructure. Considering the newly-added installed capacity and the "shutdown of small power plants", overall nationwide power-generating installed capacity will exceed 1,040,000 MW by the end of 2011.

In 2011, provided that the thermal coal supply and normal water resources are secured, there will be an overall balance on nationwide power supply and demand, with surplus power supply in some areas. However, due to various uncertainties such as climate, water resources and thermal coal supply, there will be periodic tensions between power supply and demand in some areas. In particular, there will be power supply and demand tensions in northern, eastern and southern China; an overall balance with periodic tensions in central China; an overall power surplus in northeastern and northwestern China; and a structural tension in some provinces in northwestern China. Annual utilisation hours of power generation facilities are expected to be approximately 4,650 hours, basically the same as in 2010; and utilisation hours of coal-fired power generation facilities will be around 5,200 hours, an increase of 150 hours over 2010.

2. What is the Company's estimate on coal contracts to be signed up in 2011 and what is the Company's assessment towards the supply and demand situation of domestic thermal coal during the year?

According to the Company's power generation plan for 2011, it is estimated that the Company will consume approximately 88 million tonnes of natural coal in 2011. Up to now, the Company has signed up contracts for 35.01 million tonnes of coal, with some contracts being negotiated. The prices of coal under the contracts already signed up are maintained at the 2010 level.

According to the forecasts by the China Coal Transportation & Sale Association and the China Electricity Council, domestic thermal coal supply will continue to maintain relatively fast growth in 2011. However, given the presence of railway and road transportation tensions, thermal coal supply will become particularly tight during climate anomalies. As to coal prices, the National Development and Reform Commission imposed stringent restrictions in 2010 on contract coal prices for 2011 so that contract coal prices cannot be adjusted upwards, and so prices of spot coal will definitely become the only focus for coal enterprises to improve their profitability. Moreover, according to the current trends, international coal prices will very likely remain at a high level or continue to surge in 2011, while given the sharp rise in coal imports to China, China's coal market will become more and more closely linked with the global coal market. As a result, the market prices of coal in China will remain at a high level in 2011.

3. What are the Company's measures to reduce the assets-to-liabilities ratio and to control financial expenses?

As at 31 December 2010, the Company's consolidated assets-to-liabilities ratio was 81.95%, representing a decrease of 0.25 percentage points as compared to the end of 2009. The Company's financial expenses in 2010 amounted to RMB5.373 billion, representing an increase of 30.72 % as compared to 2009.

In response to this situation, the Company has the following three measures to reduce the assets-to-liabilities ratio and to control financial expenses:

(1) Actively push forward equity financing;

(2) Accelerate the launch of the Company's second issue of corporate bonds;

(3) Coordinate the pace of progress of the Company's various projects so as to effectively control capex outlays.

4. What progress did the Company make on its coal operations in 2010?

In 2010, the Company made significant progress in the construction and acquisition of coal mines as well as in coal production.

As to project construction, the Phase 1 project of Shengli Coal Mine East Unit 2 in Xilinhaote was completed and accepted upon inspection in 2010, providing an annual capacity of 10 million tonnes. Preliminary work on the Phase 2 project is progressing smoothly as well.

With respect to project acquisition, the Company successfully acquired 70% equity interests in Inner Mongolia Baoli Coal Company Limited. The mine has high-quality thermal coal resources, with a capacity of nearly 3 million tonnes/year.

On the production side, in 2010, Shengli Coal Mine East Unit 2 and Baoli Coal Mine, in both of which the Company has controlling interests, produced 10 million tonnes and 1.92 million tonnes of raw coal respectively, while Tashan Coal Mine and Yuzhou Coal Mine, in both of which the Company owns holding interests, achieved outputs of 20.20 million tonnes and 6.90 million tonnes of raw coal respectively.

In 2010, the capacities contributed by the coal mines in which the Company owns controlling interests and holding interests provided a strong support to the Company's core power generation business.

5. What progress did the Company make in its coal-to-chemical projects in 2010 and what are the Company's work targets for 2011?

The Company has made significant progress in the three super-large coal-to-chemical projects under construction in 2010. The progress made in 2010 and the work targets for 2011 are respectively described as below:

Duolun Coal Polypropylene Project:

As at January 2011, the gasification plants No. 2 and No. 3 as well as the MTP plant succeeded in operation successively. The synthesised gas produced by the gasification plants had a purity of 86%, while the methanol conversion rate at the MTP plant was over 99%. The purification, methanol and polypropylene plants met the requirements for operation; facilities of coal transportation, power supply, air separation and utilities engineering operated continuously and steadily; and a breakthrough progress was made in the overall trial commissioning and operation, having achieved a run-through process in a real sense. In particular, the gasification plants No. 2 and No. 3 as well as the MTP plant have recently succeeded in test runs successively under extreme weather conditions at -30˚c, having made a breakthrough in the most core and the most complex technical process of the entire plant and deblocking the major bottleneck of the overall production process. This marks a substantial victory made in the large-scale industrial application of the world's first "Shell" 6-burner brown-coal gasification plant and the world's first MTP plant to the Duolun Coal Chemical Project, which has substantially enhanced our confidence in managing coal-to-chemical plants and delivering continuous and stable production.

The Company's target for 2011 is to open up all the technical processes to achieve stable production of polypropylene.

Keqi Coal-based Natural Gas Project:

In 2010, power plants No. 1 and No. 2 of the Keqi Project were connected to the grids, and the chemical water plant commenced operation; chimney No. 1 was put into use while chimney No. 2 was topped out. Phase 1 of the architectural engineering structure and sealing of the air separation zone as well as equipment installation were completed. Phase 1 of the main plant structure in the gasification zone was completed and was sealed 70%; major equipment was installed, and service facilities were almost completed.

Phase 1 of the project is scheduled for production in 2012, with an annual gas transmission capacity of 1.33 billion cubic meters.

Fuxin Coal-based Natural Gas Project:

In 2010, the works on plant levelling was almost completed; the works on laying water supplies was completed; foundation earth was excavated for chimney construction in the power plant zone; and demolition works in the main plant zone was almost completed. The overall preliminary design was basically completed.

Phase 1 of the project is scheduled for production in 2012, with an annual gas transmission capacity of 1.33 billion cubic meters.

6. What are the market situations that the Company is faced with in 2011 and what are the Company's major work initiatives?

2011 is the first year of the State's implementation of the "Twelfth Five-year Plan", and marks the commencement of the second phase of Datang Power's medium-term development plan. In terms of both the internal and external environments, we are faced with both opportunities and challenges.

For opportunities, firstly, the domestic economic development will remain favourable in the long run; secondly, the utilisation hours of the Company's generating units will continue to increase steadily; thirdly, we will further capitalise on the strengths of our generating units; and fourthly, the Company's diversified developments will gradually see their harvest day.

As to challenges, firstly, the global financial crisis has a profound and long-lasting impact; secondly, the State's monetary policy will be gradually tightened; thirdly, coal-fired power enterprises will continue to face a grave situation with the possibility of incurring losses; and fourthly, the pressure from the requirements of energy conservation and emissions reduction is mounting gradually; fifthly, the development of our non-power assets is still facing uncertainties; and sixthly, the operations and reserves of high-quality projects are obviously inadequate.

In response to such operating conditions, the Company will undertake the following eight major initiatives in 2011, striving to achieve its overall work targets:

1. Intensify safety and technology management, with the focus on creating a fundamentally safe enterprise;

2. Undertake various initiatives to increase income and reduce expenditure, with the focus on enhancing profitability;

3. Become a leading player in the power business, and excel in the non-power businesses, with the focus on adjusting and optimising the development structure;

4. Strengthen project construction management, with the focus on building quality projects;

5. Enhance the monitoring of energy consumption and environmental protection, with the focus on intensifying energy conservation and emissions reduction;

6. Strengthen direct financing capability, with the focus on pushing forward capital operation;

7. Regulate internal control mechanisms and assessments, with the focus on improving the internal control system;

8. Strengthen the retention and management of talented staff, with the focus on resolving the constraints on human resources.

7. What are the main missions and objectives under the Company's "Twelfth Five-year" development plan?

The general mission under the Company's "Twelfth Five-year" plan is based on the strategy which is "focusing in the power generation business whilst deploying diversifications, and striving for profitability as a priority whilst seeking synergistic development". 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 and alumina 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; strategically develop nuclear power; appropriately develop solar energy; focus on suitable coal operations; actively and steadily develop coal-to-chemical; accelerate the development of integrated use of high-aluminium pulverized fuel ash; and secure a complementary development of railway, port and shipping.

In the regions where the Company has resources and market advantages, the Company will optimise the deployment, carry out innovative developments and dwell on its advantages to build a batch of industrial bases with core competitiveness, strengthening the capabilities of the regional operations and enhancing the Company's brand and profitability. During the "Twelfth Five-year Plan" period, the Company will focus on designing the following six profit bases with distinct assets characteristics and synergistic efficiencies as well as strong development capacities and profitability:

(1) The Western Inner Mongolia Coal-Electricity-Aluminium Profit Base with the Tuoketuo Power Plant as the centre;

(2) The Eastern Inner Mongolia Energy Chemical Profit Base with "Xiduoke" as the centre;

(3) The Pan-Bohai Co-generation Profit Base with Beijing-Tianjing-Liaoning-Hebei as the centre;

(4) The Southwestern Hydropower Profit Base with Yunnan-Chongqing-Sichuan-Tibet as the centre;

(5) The Southeastern Coastal Coal-Fired Power Profit Base with Jiangsu-Zhejiang-Fujian-Guangdong as the centre;

(6) The New Energy Power Generation Profit Base with the "Three Norths" and Southeastern Coastal Wind Power as the focus.

The Company was founded in December 1994. Its H shares were listed in both Hong Kong and London in March 1997, while its A shares were listed on the Shanghai Stock Exchange in December 2006. Since its inception, the Company has established a standardised and sound corporate governance structure under the "Company Law", "Securities Law" and the Articles of Association of the Company. Shareholders' meeting is highest authority of the Company; the Board is the business decision-making body of the Company; and the Supervisory Committee is the supervisory body of the Company. The Board and the Supervisory Committee are accountable to shareholders' general meetings and execute the resolutions made at shareholders' general meetings. The management is specifically responsible for conducting day-to-day production and business activities of the Company, and implementing the decision schemes of the Board. Over the years, the shareholders' general meetings, the Board, the Supervisory Committee and the management have been operating according to the law and protecting the interests of shareholders, having received high recognition from the capital market.

The Company Complies with the Requirements of Domestic and Overseas Regulators

In 2010, the actual situation of corporate governance of the Company did not deviate substantially from the rules and requirements under the relevant documents of the CSRC. None of the Company, the Board or the directors of the Company was subject to the inspection, administrative punishment or criticism by means of circular by the CSRC, nor were they penalised by any other regulators or reprimanded by any other stock exchanges.

During 2010, 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.

Pursuant to the regulatory requirements updated from time to time, the "System Governing Investors Relations", the "System of Accountability for Significant Mistakes in Annual Report Information Disclosure", the "System Governing Users of External Information" and the "Rules Governing Fund Raising" were considered and approved at the thirty-fourth meeting of the sixth session of the Board held on 19 April 2010. The Articles of Association were amended and the amendments were submitted to the shareholders' general meeting of the Company for consideration. The "Management System of Connected Transactions" was considered and approved at the thirty-seventh meeting of the sixth session of the Board held on 29 June 2010, and the "System for Registering Informed Parties with Access to Insider Information" was considered and approved at the fourth meeting of the seventh session of the Board held on 15 December 2010.

During the reporting period, the Company proactively applied the following various measures to govern relevant securities transactions, improved the confidentiality of insider information and strengthened the management of parties with access to insider information and users of external information to prevent insider trading.

1. Reminder

Prior to the commencement of share price sensitive periods such as 60 and 30 days prior to the results announcement, as set out in the Model Code the Company carried out the prevention and control of insiders' trading, by means of email, SMS or otherwise, or by means of issuing open reminder on the Company's in-house website, for informed parties with access to insiders' information within a particular sector to raise the awareness about restrictions on securities trading.

2. Voluntary Disclosure

The Company disclosed the "Announcement on Power Generation for the First Quarter of 2010", the "Announcement on Power Generation for the First Half Year of 2010", the "Announcement on Power Generation for the Third Quarter of 2010" and the "Announcement on Power Generation for 2010" dated 14 April, 15 July, 13 October 2010 and 19

January 2011, respectively, which voluntarily published the basic information of the Company on production. The Company disclosed the "Announcement on Progress in Major Investment" on 25 March and 16 November 2010, respectively, which voluntarily published details of the progress in the Company's major projects for 2010. The "Announcement on Estimated Increase in Profit for the Annual Results of 2010" was published on 25 January 2011, which voluntarily published basic information on the results of the Company for 2010. The Company's insistent practice to voluntarily disclose major operational data and announcements on the progress in major projects in the day-to-day information disclosure will help minimise information inconsistency, eliminate insiders' trading and prevent exceptional volatility in share prices.

3. Self-inspection

Upon a self-inspection by the Company of the relevant parties with access to insiders' information, neither was it found that trading was conducted in the shares of the Company by making use of any insiders' information prior to the disclosure of material sensitive information that might affect the share prices of the Company, nor was the Company subject to any investigation or rectification by the regulatory authorities.

Standardised Operation of Corporate Governance Organisation of the Company

1. Shareholders and Shareholders' 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 shareholders' general meetings in strict compliance with 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 Listing Rules.

During the reporting period, the Company held a total of three shareholders' general meetings and a professional lawyer was invited to each shareholders' 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.

2. Directors and the Board

The Company has established a Board whose members come from diverse backgrounds. The Board members possess remarkable professional characteristics. In the overall composition of the Board, the knowledge mix and the area of expertise of each of the directors are both specialised and complementary, thus ensuring the Board makes decisions in a scientific manner. The Board currently comprises 15 members, including five independent directors. The respective directors have extensive experiences in various areas such as macroeconomic management, power industry management and financial accounting management, thus ensuring the Company makes major decisions in an effective and scientific way.

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 Investment Committee and the Remuneration and Appraisal Committee, with detailed work 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 12 meetings. The convening and voting procedures of the meetings complied with the regulations stipulated by the Articles of Association and the "Rules of Proceedings for Board Meetings".

Executive Directors	Attendance (%)
Cao Jingshan (Vice Chairman)	100
Zhou Gang	100

Non-executive Directors	Attendance (%)
Liu Shunda (Chairman)	100
Hu Shengmu	100
Fang Qinghai	100
Liu Haixia	100
Guan Tiangang	100
Su Tiegang	100
Ye Yonghui	100
Li Gengsheng	100

Independent Non-executive Directors	Attendance (%)
Li Yanmeng	100
Zhao Zunlian	100
Li Hengyuan	100
Zhao Jie	100
Jiang Guohua	100

Note: 12 Board meetings were held during 2010. In particular, the seventh session of the Board of the Company commenced from 20 August 2010. As at the end of 2010, 4 meetings of the seventh session of the Board were held.

Pursuant to the rules of the China Securities Regulatory Commission, the Company has formulated a "Work System for Independent Directors" and an "Annual Report Work System for Independent Directors" to govern a number of areas such as the requirements and procedures for serving as independent directors, the principles of the exercise of powers, the rights entitled to and the corresponding responsibilities and obligations. The systems contain explicit rules specifying the duties, responsibilities and other aspects of independent directors during the preparation and review of the Company's annual reports.

The independent directors of the Company discharged the relevant duties faithfully based on an attitude of integrity and diligence towards the Company and all shareholders (especially small and medium shareholders). During the reporting period, the independent directors proactively attended the shareholders' general meetings, Board meetings and relevant meetings of the specialised committees; discharged their duties conscientiously; offered positive recommendations on the business development and operational management of the Company with full use of their expertise and experience in financial, corporate management and other aspects; and conducted cautious review and presented independent opinions on the material connected transactions, external guarantees and other matters of the Company. During the preparation of the 2010 Annual Report, the independent directors listened to and inspected carefully the Company's annual production and operations details in strict compliance with the requirements of the securities regulatory authorities and the "Annual Report Work System for Independent Directors", and maintained communication with the accountants for the annual audit to acquire a comprehensive understanding of the Company's annual audit arrangements and process, and carried out supervision and inspection, thus playing an active role of an independent director.

3. Supervisors and the Supervisory Committee

The Company's 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 shareholders' general meeting, and shall be accountable to the shareholders' 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 seven 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 management members in discharging their duties.

4. 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. Liu Shunda 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 shareholders' 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.

5. 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.

6. 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 salaries. 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 appraisals and make recommendations thereon; 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). In March 2011, 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 2010. The composition and level of remuneration were disclosed in this annual report. The attendance of the committee members at meetings was as follows:

	Attendance
Convenor (Chairman):	
Zhao Jie (Independent non-executive Director)	100%
Members:	
Jiang Guohua (Independent non-executive Director)	100%
Li Hengyuan (Independent non-executive Director)	100%
Hu Shengmu (Non-executive Director)	100%
Zhou Gang (Executive Director)	100%

For relevant details of remuneration of Directors, supervisors and senior management, please refer to Note 12 to the Financial Statements from page 122 to page 124.

7. Nomination of Directors

It is provided in the Articles of Association that Directors are elected and formed by the shareholders' 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 shareholders' 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.

Pursuant to the resolution made at the thirty-seventh meeting of the sixth session of the Board held on 29 June 2010, it was agreed to nominate Liu Shunda, Cao Jingshan, Hu Shengmu, Fang Qinghai, Zhou Gang, Liu Haixia, Guan Tiangang, Su Tiegang, Ye Yonghui and Li Gengsheng as candidates for non-independent Directors of the seventh session of the Board of the Company; it was agreed to nominate Li Yanmeng, Zhao Zunlian, Li Hengyuan, Zhao Jie and Jiang Guohua as candidates for independent Directors of the seventh session of the Board of the Company. The above elections for the new session of the Board have been submitted to the 2010 second extraordinary general meeting of the Company held on 19 August 2010 for consideration and approval. The term of office of the seventh session of the Board commenced from the date immediately after the date of approval by the shareholders' general meeting until 30 June 2013.

Pursuant to the resolution made at the seventeenth meeting of the sixth session of the Supervisory Committee held on 29 June 2010, it was agreed to nominate Zhang Xiaoxu and Fu Guoqiang as candidates for shareholders' representatives of the seventh session of the Supervisory Committee. Qiao Xinyi and Guan Zhenquan have been elected in a workers' congress as supervisors of worker representatives for the seventh session of the Supervisory Committee. The above elections for the new session of the Supervisory Committee have been submitted to the 2010 second extraordinary shareholders' general meeting of the Company held on 19 August 2010 for consideration and approval. The term of office of the seventh session of the Supervisory Committee commenced from the date immediately after the date of approval by the shareholders' general meeting until 30 June 2013.

8. Auditor's Remuneration

During the Year, the audit service fee payable to RSM China Certified Public Accountants Limited Company and RSM Nelson Wheeler, the Company's domestic and international auditors, respectively, amounted to approximately RMB11.8 million. Approximately RMB2.58 million were paid for non-audit service fees which were primarily related professional services fees for the Company's internal control audit.

9. The Audit Committee

The Audit Committee under the Board comprises five Directors, among whom three are independent Directors making up more than half of the membership. 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 2010, the Audit Committee held two meetings in total. 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. Pursuant to the "Annual Report Work System for the Audit Committee" considered and approved by the Board, members of the Audit Committee participated in the process of the preparation of the Company's 2010 Annual Report. The Company communicated in writing with independent directors and members of the Audit Committee during the annual review of the 2010 results announcement and financial position. According to the annual audit plan determined in consultation with the accountants, the Audit Committee tracked and supervised the entire annual audit. After the accountants presented the preliminary audit opinion, the Company held a meeting of the Audit Committee and a meeting with independent Directors, at which the independent Directors and members of the Audit Committee communicated with the senior management of the Company and the accountants over the Company's 2010 results and financial statements as well as the work of the accountants and the internal control status of the Company, and opinions and resolutions were formed accordingly. In response to the establishment situation of the internal control of the Company, 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. Based on the work of the accountants during the Year, the Audit Committee has recommended to the Board the reappointment of RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler as respective domestic and international auditors of the Company for 2011, subject to approval at the 2010 Annual General Meeting.

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

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

The Company Continues to Improve the Internal Control System

Improving and effectively implementing the internal control is an ongoing responsibility of the Board and the management of the Company. The objectives of Datang Power's internal control are to provide reasonable assurances that the Company's operations management is lawful and compliant, the assets are safe, the financial statements and related information are truthful and complete, and operational efficiency and effectiveness are enhanced, thereby promoting the achievement of the development strategy of the Company. Due to its inherent limitations, the internal control can only provide reasonable assurances for achieving the above objectives in compliance with basic principles. Moreover, whether internal control is effective or not may also vary with the changes in the internal or external environment or the operating conditions of the Company. An inspection and supervision mechanism is set up for the internal control of the Company, under which the Company will take immediate corrective measures once a defect is identified in the internal control.

Since its inception, the Company has been continuously building and improving the risk management-oriented internal control system to safeguard its sustainable, rapid, healthy, stable and orderly development, and to protect the interests of its shareholders pursuant to the requirements of the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Governance Standards for Listed Companies", the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", the "Guidelines of the Shanghai Stock Exchange for Internal Control of Listed Companies" and "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" as well as other relevant laws, regulations, rules and normative documents, and in line with any changes in the internal and external environments.

As to system build-up, from the perspectives of business management, job functions management and job positions management, the Company established various basic corporate management systems that comprise a financial management internal control system, a financial accounting system, an internal audit system, an administrative system, an information management system and a production management system.

With the development of the Company, its business has evolved from the original single conventional coal-fired power operation into diversified power and energy developments such as nuclear power, railway, port, shipping, coal mining and coal-to-chemical projects. Therefore, in order to improve the internal control system of the Company for effective prevention of risks, the Company smoothened, modified and replenished the existing internal control system during the reporting period primarily by formulating or revising an array of rules or measures of the Company such as the "Measures Governing Invitation of Tenders for the Procurement of Project Construction Equipment and Materials", the "Measures Governing Property Insurance", the "Measures Governing the Costs of Co-generation Production", the "Measures Governing Prepayments" and the "Measures Governing the Invitation of Tenders for Production", covering various aspects of the Company such as staff, finance, property, production, supply, marketing, decision-making, execution and supervision, These have reinforced the Company's internal management rules and systems, and effectively ensured that the Company operates and conducts business in a regulated and lawful manner.

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, the Company's internal audit work put its focus on the implementation of the internal control, 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 handling of 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 the function of risk-prevention and assure the normal production and operation of the Company.

The Board of the Company believes that during 2010 the internal control system pertaining to the Company's operations and financial accounting complied with the requirements of the relevant regulators in all material respects, and that it played a role in the control and prevention of the loss of control over major risks, serious management malpractices, errors in important process and so forth. During the implementation of the internal control system, the Company has not identified any loss of control over major risks, serious management malpractices or errors in important processes. Therefore, the Board believes that no major defects were identified in the design or implementation of the internal control system of the Company during 2010.

The Company will continue to improve the internal control system in line with continuously accumulated management experience, shareholders' recommendations, trends in the development of internal control at home and abroad, changes in internal and external risks, and with reference to the regulatory rules and requirements.

The Company has engaged accounting firm RSM China Certified Public Accountants ("RSM China") to present a "Special Explanation regarding the Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company (2010)" (the "Special Explanation") with respect to the "Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company (2010)" (the "Self-assessment Report"). The Special Explanation says that based on the work of RSM China, in 2010 RSM China did not found any inconsistencies in all material respects between the Self-assessment Report prepared by the Board, details of the assessment of the internal control pertaining to the preparation of financial statements, and audit findings by RSM China on the Company's financial statements.

Please refer to the relevant announcements of the Company dated 23 March 2011 on the website of the Shanghai Stock Exchange regarding the "Self-assessment Report" and the "Special Explanation".

Report of the Directors

The Directors are pleased to present the audited results of the Company for the year ended 31 December 2010.

Company Results

During the Year, consolidated operating revenue of the Group was approximately RMB60,672 million, representing an increase of 26.55% as compared to the Previous Year. Net profit attributable to equity holders of the Company was approximately RMB2,570 million, representing an increase of approximately 67.24% as compared to the Previous Year. Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB0.21, representing an increase of approximately RMB0.08 per share as compared to the Previous Year. Please refer to the "Management Discussion and Analysis" section for details of the Company results.

In view of the operating results of the Group during the Year, the Board has recommended the distribution of a final dividend of RMB0.07 per share (tax included) for the Year, such profit distribution plan is subject to the approval by the shareholders at the annual general meeting.

Issues and Listings of Shares

The Company's H Shares have been 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 are listed on the Luxembourg Stock Exchange, at 0.75% interest rate per annum and a conversion premium of 30%. The Company's A shares have been 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. The Company completed the non-public offering of A shares in March 2010, with newly issued A shares of 530,000,000 shares. Due to such changes, as at 31 December 2010, the total number of shares of the Company was 12,310,037,578 shares. Apart from that, the Company did not issue any new shares.

Performance of the Company's H shares during 2010:

Closing price of H shares as at 31 December 2010	HK$2.73
Highest trading price of H shares between 1 January and 31 December 2010	HK$3.76
Lowest trading price of H shares between 1 January and 31 December 2010	HK$2.68
Total number of H shares traded between 1 January and 31 December 2010	5.778 billion shares

Performance of the Company's A shares during 2010:

Closing price of A shares as at 31 December 2010	RMB6.09
Highest trading price of A shares between 1 January and 31 December 2010	RMB9.49
Lowest trading price of A shares between 1 January and 31 December 2010	RMB6.00
Total number of A shares traded between 1 January and 31 December 2010	1.638 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 2010 are set out in the Consolidated Statement of Comprehensive Income on page 73 and page 74. The financial position of the Company and its subsidiaries as at 31 December 2010 is set out in the Consolidated Statement of Financial Position from page 75 to page 77.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2010 are set out in the Consolidated Statement of Cash Flows on page 79 to page 80.

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

	2010	2009
Purchases		
The largest supplier	**16%**	18%
Top five suppliers	**37%**	35%
Sales		
The largest customer	**30%**	36%
Top five customers	**60%**	70%

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, Associates and Jointly Controlled Entities

Details of subsidiaries, associates and jointly controlled entities of the Company are set out in Note 45 to the Financial Statements from page 179 to page 194, Note 19 to the Financial Statements from page 134 to page 136 and Note 20 to the Financial Statements from page 136 to page 137, respectively.

Dividend, Earnings per Share

The Board recommended the distribution of a proposed final dividend amounting to RMB0.07 per share (tax inclusive) 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 14 and 15 to the Financial Statements on page 126.

Reserves

Movements in reserves during the Year are set out in Consolidated Statement of Changes in Equity on page 78 and Note 31(b) to the Financial Statements on page 147, among which distributable reserves attributable to the shareholders amounted to approximately RMB10.136 billion.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the Year are set out in Note 16 to the Financial Statements from page 127 to page 129.

Donation

During the Year, the Company and its subsidiaries have made charity and relief donations of approximately RMB411,000.

Share Capital

As at 31 December 2010, total share capital of the Company amounted to 12,310,037,578 shares, divided into 12,310,037,578 shares carrying a nominal value of RMB1.00 each. Movements in share capital during the Year are set out in Note 29 to the Financial Statements on page 145.

Share Capital Structure

As at 31 December 2010, total number of shares issued by the Company was 12,310,037,578. The Company's shareholders were China Datang Corporation ("CDC"), Hebei Construction & Investment Group Co., Ltd., Beijing Energy Investment (Group) Company, Tianjin Jinneng Investment Company and other holders of domestic shares and foreign holders of H shares, holding 3,959,241,160 A shares, 1,281,872,927 A shares, 1,278,988,672 A shares, 1,212,012,600 A shares, 1,262,244,641 A shares and 3,315,677,578 H shares, respectively, representing 32.16%, 10.41%, 10.39%, 9.85%, 10.25% and 26.93%, respectively, of the issued share capital of the Company.

Among the H shares, CDC's controlling subsidiary, China Datang Foreign Investment Company Limited, held 480,680,000 H shares, and therefore CDC and China Datang Foreign Investment Company Limited held a total of 4,439,921,160 shares in the Company, representing 36.07% of the total share capital of the Company.

Number of Shareholders

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2010 were as follows:

Total number of shareholders	236,699
Holders of domestic shares	236,057
Holders of H shares	642

Substantial Shareholders of the Company

As far as the Directors of the Company are aware, as at 31 December 2010, 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
CDC (note 1)	A shares H shares	3,959,241,160 480,680,000(L)	32.16 3.91(L)	44.02 —	— 14.50(L)
Hebei Construction & Investment Group Co., Ltd. (note 2)	A shares	1,281,872,927	10.41	14.25	—
Beijing Energy Investment (Group) Company Limited (note 3)	A shares	1,278,988,672	10.39	14.22	—
Tianjin Jinneng Investment Company (note 4)	A shares	1,212,012,600	9.85	13.48	—
(L) = Long positions (S) = Short positions (P) = Lending pool					

Notes:

(1) Mr. Liu Shunda, Mr. Hu Shengmu and Mr. Fang Qinghai, all non-executive Directors, are employees of CDC.

(2) Mr. Su Tiegang and Mr. Ye Yonghui, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

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

(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 2010, apart from Mr. Fang Qinghai, Director of the Company, holding 24,000 A shares of the Company, there was no person holding interests or short positions in the shares or underlying shares of the Company which was required to make disclosure in accordance with the requirements of the SFO.

Interests of Directors and Supervisors in Share Capital

As at 31 December 2010, Director Mr. Fang Qinghai 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 was 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 in Appendix 10 to the Listing Rules.

Directors' Service Contracts

As at 31 December 2010, 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 remuneration system which was mainly based on positional salaries 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 were Directors, supervisors or senior management staff. Details of their remunerations are set out in Note 12 to the Financial Statements on page 122 to page 124.

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 Group Finance Company Limited, short-term bank loans, other short-term loans, long-term bank loans and other long-term loans as set out in Note 32 to the Financial Statements from page 149 to page 153, and Note 39 to the Financial Statements from page 161 to page 163, there were no other loans of the Company and its subsidiaries as at 31 December 2010.

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 coupon interest rate was 4.1% per annum. In August 2009, the Company issued corporate bonds of RMB3 billion, carrying a fixed coupon interest rate of 5% 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 shareholdings.

Connected Transactions

During the Year, the Company or its subsidiaries carried out the following major continuing 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.

Details of such major transactions	**Amount** (RMB'000)
CDC	57,890
China Datang Technologies and Engineering Co., Ltd.	91,294
China National Water Resources & Electric Power Materials & Equipment Corporation	146,378
Interest expenses to China Datang Group Finance Company Limited	193,121
Interest income from China Datang Group Finance Company Limited	15,407

Note 1: As at 31 December 2010, the balance of deposits of the Company and its subsidiaries in China Datang Group Finance Company Limited ("Datang Finance") was RMB1,087,815 million.

Note 2: Pursuant to the "Financial Services Agreement" dated 28 August 2008 entered into by the Company and Datang Finance, the average daily deposit balance for the Company's deposits at Datang Finance in 2010 did not exceed the cap of the average daily deposit balance of RMB4.5 billion as set out in the agreement.

Continuing Connected Transactions in 2010

(1) In August 2008, the Company entered into the "Supplemental Agreement to the Ash Disposal Agreement" with CDC, pursuant to which, CDC agreed to provide disposal service for the ashes generated by all power plants which are wholly-owned, operated and managed by the Company. The annual caps for ash disposal fees payable to CDC by the Company for each of the three years ending 31 December 2010 was RMB57,890,000. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement.

(2) In August 2008, the Company and Datang Finance entered into the "Financial Services Agreement (2008)" which was effective from 1 January 2008 to 31 December 2010. Within the effective term of the agreement, Datang Finance provided the relevant financial services to the Company; while the average daily deposit balance for the deposits of the Group with Datang Finance should not exceed RMB4.5 billion during the term of the Agreement. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement.

(3) In April 2010, the Company and China National Water Resources & Electric Power Materials & Equipment Corporation ("China Water Resources and Power"), a subsidiary of CDC, entered into a "Framework Agreement for Centralised Materials Purchase". China Water Resources and Power was commissioned for planning and organising centralised purchase in accordance with the demands for production material of the Company and its subsidiaries. The purchase amount under the framework agreement amounted to approximately RMB300 million. The agreement was effective until 31 December 2010. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement.

The Independent Non-executive Directors have discussed the aforesaid transactions and confirmed such transactions are:

(1) in ordinary and usual course of business of the Company;

(2) based on the following terms: (a) normal commercial terms (i.e. terms and conditions applied to similar transactions made by similar domestic business entities) or (b) if there are no comparable terms, on terms that are fair and reasonable and in the interests of the shareholders of the Company;

(3) based on the following terms: (a) under the terms of the agreements governing such transactions or (b) if there are no such agreements, on terms no less favourable to the Company than terms available to or from the third parties.

In accordance with Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company, RSM Nelson Wheeler, to carry out procedures on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board based on the agreed engagement stating that:

(1) the aforesaid transactions have been approved by the Board;

(2) the aforesaid transactions have been entered into in accordance with the relevant agreements governing the aforesaid transactions;

(3) the amounts of the aforesaid transactions have not exceeded the relevant caps as disclosed.

Other Connected Transactions in 2010

(1) In August 2009, Inner Mongolia Datang International Zhuozi Windpower Company Limited, a subsidiary of the Company, entered into the "General Project Contracting Agreement for Inner Mongolia Datang International Zhuozi Windpower Mill Phase IV (48.75MW)" with China Datang Technologies and Engineering Company Limited ("Datang Technologies"). Datang Technologies would provide general contracting services for the Phase 4 of the Zhuozi Windpower project and the contract amount was approximately RMB382 million. Both parties of the agreement continued to execute the contract terms throughout 2010.

(2) In December 2009 and January 2010, the Company entered into the "General Entrusted Loan Agreement" and "Revolving Entrusted Loan Agreement" with Datang Finance and Datang Inner Mongolia Duolun Coal Chemical Company Limited (the "Duolun Coal Chemical Company") respectively, whereby the Company designated Datang Finance to act as a lending agent through an entrusted loan arrangement to release a general entrusted loan of RMB300 million and a revolving entrusted loan of RMB3 billion to Duolun Coal Chemical Company. The above-mentioned entrusted loan matters constituted connected transactions of the Company which were subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) In September 2010, Jiangsu Datang Shipping Company Limited ("Datang Shipping"), a subsidiary of the Company, entered into a "Finance Lease Agreement" with Datang Finance. For a term of 15 years, Datang Finance should provide a financial lease at RMB280 million to Datang Shipping for building a new vessel of 76,000-tonne bulk carrier and the commencement of business operation.

(4) In May 2010, the Directors approved the Company's proposed non-public issue of not more than 1 billion A shares. On 25 May 2010, the Company and CDC entered into the "Subscription Agreement". CDC intended to subscribe for 10% of the total issued size of A shares issued by the Company at a cash price of not less than RMB6.81 per share. The proposed A shares issue has been approved by China Securities Regulatory Commission. As of the end of 2010, the issue has not been completed.

(5) In May 2010, Datang Energy and Chemical Co., Ltd., a wholly-owned subsidiary of the Company, entered into a "Capital Contribution Agreement of Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited" with Beijing Gas Group, CDC and Tianjin Jinneng Investment Company to contribute to the establishment of a project company in the proportions of 51%, 34%, 10% and 5%, respectively, for the purposes of constructing and operating the Keqi Coal-based Gas Project of 4 billion cubic meters. In 2010, the project company has been established and the coal-based natural gas project has commenced construction.

(6) In May 2010, Datang Energy and Chemical Co., Ltd, a wholly-owned subsidiary of the Company, entered into a "Capital Contribution Agreement of Liaoning Datang International Fuxin Coal-based Gas Company Limited" with CDC to contribute to the establishment of a project company in the proportions of 90% and 10%, respectively for the purposes of constructing and operating the Liaoning Fuxin Coal-based Gas Project of 4 billion cubic meters. In 2010, the project company has been established and the coal-based natural gas project has commenced construction.

(7) In May 2010, the Company entered into a "Capital Contribution Agreement of Inner Mongolia Datang International Xilinhaote Mining Company Limited" with China Datang Coal Industry Co.,Ltd. ("China Datang Coal"), a subsidiary of CDC. China Datang Coal increased capital contributions of approximately RMB329 million in cash to the Company's subsidiary, Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Ximeng Mining Company") for jointly developing and constructing Shengli Coal Mine East Unit 2 with the Company. After the increase in capital contributions, the Company held 60% equity interest in Ximeng Mining Company while China Datang Coal held 40% equity interest.

(8) In March 2010, pursuant to the resolution resolved at Datang Finance's shareholders' general meeting, the Company and other shareholders of Datang Finance (including CDC and other existing shareholders) would increase their capital contributions in Datang Finance totaling RMB600 million in cash in proportion to their original shareholdings in Datang Finance. Among the capital contributions, the Company contributed RMB120 million. Upon completion of the capital contributions, the Company's shareholding in Datang Finance Company remained as 20%.

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 fixed amounts as individual savings pension insurance funds, while the Company will contribute proportionate amounts of the employees' contributions as supplementary pension insurance funds. The Company may at its discretion provide additional nonrecurring individual savings pension insurance funds 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 RMB2,083.847 million.

Other Significant Matters

1. Pursuant to the resolutions passed at the 2009 Annual General Meeting of the Company held on 11 June 2010, the Company distributed a 2009 cash dividend of RMB0.07 per share (tax included) to all shareholders on the basis of the total share capital of 11,780,037,578 shares as at 19 April 2010.

2. Pursuant to the resolutions passed at the thirty-seventh meeting of the sixth session of the Board held on 29 June 2010, the Board approved the nominations of Liu Shunda, Cao Jingshan, Hu Shengmu, Fang Qinghai, Zhou Gang, Liu Haixia, Guan Tiangang, Su Tiegang, Ye Yonghui and Li Gengsheng as candidates for non-independent directors of the seventh session of the Board of the Company; and the nominations of Li Yanmeng, Zhao Zunlian, Li Hengyuan, Zhao Jie and Jiang Guohua as candidates for independent directors of the seventh session of the Board of the Company. The afore-mentioned matters regarding the election of the new session of the Board were submitted to the 2010 second extraordinary general meeting of the Company held on 19 August 2010 for consideration and approval. The term of office of the seventh session of the Board commenced from the day after the approval from the annual general meeting to 30 June 2013.

3. Pursuant to the resolutions passed at the seventeenth meeting of the sixth session of the supervisory committee held on 29 June 2010, the supervisory committee approved the nominations of Zhang Xiaoxu and Fu Guoqiang as candidates for

shareholders' representatives of the seventh session of the supervisory committee of the Company. Mr. Qiao Xinyi and Mr. Guan Zhenquan were elected as supervisors representing staff of the seventh session of the supervisory committee of the Company at the staff representatives meeting. The afore-mentioned matters regarding the election of the new session of the supervisory committee were submitted to the 2010 second extraordinary general meeting of the Company held on 19 August 2010 for consideration and approval. The term of office of the seventh session of the supervisory committee commenced from the day after the approval from the annual general meeting to 30 June 2013.

4. Pursuant to the approval by "Reply on the Approval of Non-public Offering of Shares by Datang International Power Generation Co., Ltd." (CSRC Approval No. [2009]1492) issued by the China Securities Regulatory Commission, the Company completed the non-public offering of A shares in March 2010. Total issued share capital of the Company amounted to 12,310,037,578 shares with newly issued A shares of 530,000,000 shares.

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

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.

Auditor

The Company's financial statements for the year ended 31 December 2010 prepared under International Financial Reporting Standards have been audited by RSM Nelson Wheeler.

By Order of the Board
Liu Shunda
Chairman

22 March 2011

Report of the Supervisory Committee

Mr Qiao Xinyi
Chairman of the
Supervisory Committee

During 2010, 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"), the Order of Meeting of the Supervisory Committee of Datang International Power Generation Co., Ltd. (the "Order of Meeting of the Supervisory Committee") and the relevant requirements of the listing rules of the Company's listing jurisdictions, members of the Supervisory Committee of the Company dutifully and conscientiously discharged their monitoring duty. In 2010, 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 2010 is as follows:

A. The Supervisory Committee's Work

During 2010, the Supervisory Committee of the Company convened a total of 7 meetings, with details as below:

Supervisory Committee Meetings Convened	Details of Subjects Discussed
The 14th meeting of the sixth session of the Supervisory Committee	The Company's replacement of self-financed funds already committed in advance to investment projects by raised funds
The 15th meeting of the sixth session of the Supervisory Committee	"Work Report of the Supervisory Committee for Year 2009", "Proposal of Final Accounts for Year 2009"," 2010 Financial Budget Report", "2009 Profit Distribution Proposal", and "Full Text of the 2009 Annual Report and Summary of the Annual Report"
The 16th meeting of the sixth session of the Supervisory Committee	2010 First Quarterly Report and changes in accounting estimates of fixed assets
The 17th meeting of the sixth session of the Supervisory Committee	Nomination of candidates for the seventh session of the Supervisory Committee
The 18th meeting of the sixth session of Supervisory Committee	2010 Interim Results Report and the Summary
The 1st meeting of the seventh session of the Supervisory Committee	Election of chairman and vice chairman for the seventh session of the Supervisory Committee
The 2nd meeting of the seventh session of the Supervisory Committee	Explanation on the 2010 Third Quarterly Report

B. Independent Opinions of the Supervisory Committee on 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 2010 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.

C. Independent Opinions of the Supervisory Committee on the Inspection of the Company's Financial Status

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 auditor's report and offered opinions and recommendations on the auditor's 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 Standards for Business Enterprises, and that the Company's 2010 financial report and the standard unqualified audit report issued by the accountants truthfully reflect the financial position and operating results of the Company.

D. Independent Opinions of the Supervisory Committee on the Actual Application of Proceeds from the Latest Fund-Raising Exercise of the Company

In March 2010, the Company raised proceeds amounting to RMB3,301,900,000 (a net amount of RMB3,248,246,600) from the non-public offering of 530,000,000 A shares in total. These proceeds had been fully utilised as at the end of 2010. The projects to which such proceeds were actually applied were the same projects to which the proceeds had been originally committed.

E. Independent Opinions of the Supervisory Committee on Acquisitions and Sales of Assets by the Company

The Supervisory Committee considered that the acquisition of the 100% equity interests in Yuneng (Group) Company Limited and the acquisition of the 70% equity interests in Inner Mongolia Baoli Coal Company Limited and so forth could improve the strategic deployment of the Company, reinforce the core power generation business, expand to diversified assets and increase the overall profitability of the Company, which was in line with the Company's strategy of "focusing in the power generation business whilst complementing with synergistic diversifications", and was beneficial to the sustainable and healthy development of the Company.

The Supervisory Committee was of the view that the relevant acquisition prices were reasonable and did not harm the interests of the Company's shareholders.

F. Independent Opinions of the Supervisory Committee on the Connected Transactions Engaged by the Company

The Supervisory Committee was of the view that the material connected transactions engaged by the Company and its connected persons (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.

G. Work Plan for 2011

In 2011, 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
Datang International Power Generation Co., Ltd.

22 March 2011

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 Corporation 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.

RSM! Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

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 (collectively referred to as the "Group") set out on pages 73 to 195, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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 state of affairs of the Group as at 31 December 2010, and of the Group's results 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.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

22 March 2011

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Operating revenue	6	**60,672,375**	47,942,923
Operating costs			
Fuel for power generation		**(32,143,481)**	(22,147,443)
Fuel for coal sales		**(2,693,996)**	(4,860,370)
Depreciation		**(7,381,972)**	(7,521,873)
Repairs and maintenance		**(1,897,715)**	(1,809,210)
Salaries and staff welfare		**(2,047,788)**	(1,822,231)
Local government surcharges		**(395,380)**	(382,296)
Others		**(4,908,348)**	(2,754,701)
Total operating costs		**(51,468,680)**	(41,298,124)
Operating profit		**9,203,695**	6,644,799
Shares of profits of associates	19	**718,231**	462,112
Shares of profits/(losses) of jointly controlled entities		**1,104**	(52,685)
Investment income		**10,015**	6,245
Other gains	7	**102,377**	148,441
Interest income		**38,215**	33,124
Finance costs	9	**(5,373,337)**	(4,110,557)
Profit before tax		**4,700,300**	3,131,479
Income tax expense	10	**(871,355)**	(614,926)
Profit for the year	11	**3,828,945**	2,516,553
Other comprehensive income after tax:			
Reclassification adjustments for amounts transferred to profit or loss upon disposals of available-for-sale investments, net of tax		**(10,955)**	—
Fair value (loss)/gain on available-for-sale investments, net of tax		**(41,340)**	10,955
Share of other comprehensive income of associates, net of tax		**(25,900)**	(29,494)
Foreign currency translation differences		**17,610**	655
Other comprehensive income for the year, net of tax		**(60,585)**	(17,884)
Total comprehensive income for the year		**3,768,360**	2,498,669

For the Year Ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Profit for the year attributable to:			
Owners of the Company		**2,569,734**	1,536,554
Non-controlling interests		**1,259,211**	979,999
		3,828,945	2,516,553
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,513,417**	1,516,479
Non-controlling interests		**1,254,943**	982,190
		3,768,360	2,498,669
		RMB	RMB (restated)
Earnings per share			
Basic	15	**0.21**	0.13

Consolidated Statement of Financial Position

At 31 December 2010

	Note	At 31 December 2010 RMB'000	At 31 December 2009 RMB'000 (restated)	At 1 January 2009 RMB'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	16	**179,233,770**	157,440,059	136,090,312
Investment properties	17	**211,866**	—	—
Intangible assets	18	**2,498,329**	2,122,836	2,031,470
Investments in associates	19	**4,591,838**	3,772,537	2,050,393
Investments in jointly controlled entities	20	**2,649,778**	1,636,674	1,302,097
Available-for-sale investments	21	**2,304,158**	1,339,829	675,849
Deferred housing benefits	22	**132,530**	163,384	193,469
Long-term entrusted loans to associates	23	**—**	130,194	50,104
Deferred tax assets	35	**972,760**	767,899	711,096
Other long-term assets		**428,477**	109,422	80,170
		193,023,506	167,482,834	143,184,960
Current assets				
Inventories	24	**4,011,713**	1,840,510	2,142,781
Accounts and notes receivable	25	**8,158,622**	6,634,917	4,312,697
Prepayments and other receivables	26	**4,101,545**	6,574,901	2,486,512
Short-term entrusted loans to related parties	27	**100,153**	17,000	31,330
Tax recoverable		**76,820**	91,216	—
Restricted cash		**—**	—	460,477
Fixed deposits over three months		**—**	—	30,000
Cash and cash equivalents	28	**3,442,976**	1,506,435	5,078,032
Assets of disposal group classified as held for sale		**—**	—	992,146
		19,891,829	16,664,979	15,533,975
TOTAL ASSETS		**212,915,335**	184,147,813	158,718,935

At 31 December 2010

	Note	At 31 December 2010 RMB'000	At 31 December 2009 RMB'000 (restated)	At 1 January 2009 RMB'000 (restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	29	**12,310,038**	11,780,038	11,780,038
Reserves	31	**15,343,804**	12,692,473	11,769,363
Retained earnings				
Proposed dividends	14	**861,703**	861,703	1,295,804
Others		**2,334,526**	788,508	1,406,306
Equity attributable to owners of the Company		**30,850,071**	26,122,722	26,251,511
Non-controlling interests		**7,582,760**	6,649,510	4,654,462
Total equity		**38,432,831**	32,772,232	30,905,973
Non-current liabilities				
Long-term loans	32	**109,585,377**	99,506,545	69,026,422
Long-term bonds	33	**5,949,018**	5,938,544	—
Deferred income	34	**460,989**	475,788	499,328
Deferred tax liabilities	35	**439,226**	323,789	395,549
Provisions	36	**41,603**	36,008	—
Other long-term liabilities	37	**3,723,182**	3,701,165	4,170,097
		120,199,395	109,981,839	74,091,396

At 31 December 2010

	Note	At 31 December 2010 RMB'000	At 31 December 2009 RMB'000 (restated)	At 1 January 2009 RMB'000 (restated)
Current liabilities				
Accounts payable and accrued liabilities	38	**18,930,066**	14,040,020	13,229,560
Taxes payable		**1,165,696**	380,778	382,216
Dividends payable		**2,336**	36,909	145
Short-term loans	39	**19,374,828**	19,569,023	29,604,108
Short-term bonds		**—**	—	3,500,000
Current portion of non-current liabilities	32, 37	**14,810,183**	7,367,012	6,861,589
Liabilities of disposal group classified as held for sale		**—**	—	143,948
		54,283,109	41,393,742	53,721,566
Total liabilities		**174,482,504**	151,375,581	127,812,962
TOTAL EQUITY AND LIABILITIES		**212,915,335**	184,147,813	158,718,935
Net current liabilities		**(34,391,280)**	(24,728,763)	(38,187,591)
Total assets less current liabilities		**158,632,226**	142,754,071	104,997,369

Approved by the Board of Directors on 22 March 2011

Cao Jingshan
Director

Zhou Gang
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2010

	Attributable to owners of the Company											
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discre-tionary surplus reserve RMB'000	Restricted reserve RMB'000	Foreign currency translation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2009	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
Total comprehensive income for the year, as restated	—	—	—	—	—	655	(20,730)	—	1,536,554	1,516,479	982,190	2,498,669
Common control business combinations	—	(312,754)	—	—	—	—	—	—	(3,215)	(315,969)	—	(315,969)
Non-common control business combinations	—	—	—	—	—	—	—	—	—	—	39,064	39,064
Acquisition of non-controlling interests	—	(44,308)	—	—	—	—	—	—	—	(44,308)	37,308	(7,000)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	2,022,680	2,022,680
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(443,198)	(443,198)
Others	—	—	—	—	—	—	—	10,813	—	10,813	3,107	13,920
Transfer to restricted reserve	—	—	—	—	38,208	—	—	—	(38,208)	—	—	—
Transfer to surplus reserves, as restated	—	—	185,730	1,065,496	—	—	—	—	(1,251,226)	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(1,295,804)	(1,295,804)	(646,103)	(1,941,907)
Changes in equity for the year, as restated	—	(357,062)	185,730	1,065,496	38,208	655	(20,730)	10,813	(1,051,899)	(128,789)	1,995,048	1,866,259
At 31 December 2009, as restated	11,780,038	1,521,516	3,071,864	7,866,188	153,864	17,691	105,705	(44,355)	1,650,211	26,122,722	6,649,510	32,772,232
At 1 January 2010, as previously reported	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
Effect of correction of prior year errors	—	—	(7,576)	—	—	—	—	—	(68,187)	(75,763)	—	(75,763)
At 1 January 2010, as restated	11,780,038	1,521,516	3,071,864	7,866,188	153,864	17,691	105,705	(44,355)	1,650,211	26,122,722	6,649,510	32,772,232
Total comprehensive income for the year	—	—	—	—	—	17,610	(73,927)	—	2,569,734	2,513,417	1,254,943	3,768,360
Issue of shares	530,000	2,718,372	—	—	—	—	—	—	—	3,248,372	—	3,248,372
Acquisition of non-controlling interests	—	—	—	—	—	—	—	(238,516)	—	(238,516)	(351,523)	(590,039)
Capital injections from non-controlling interests	—	—	—	—	—	—	—	—	—	—	671,982	671,982
Non-common control business combinations	—	—	—	—	—	—	—	—	—	—	298,566	298,566
Others	—	—	—	—	—	—	—	66,175	(396)	65,779	1,808	67,587
Transfer from restricted reserve	—	—	—	—	(45,977)	—	—	—	45,977	—	—	—
Transfer to surplus reserves	—	—	207,594	—	—	—	—	—	(207,594)	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(861,703)	(861,703)	(942,526)	(1,804,229)
Changes in equity for the year	530,000	2,718,372	207,594	—	(45,977)	17,610	(73,927)	(172,341)	1,546,018	4,727,349	933,250	5,660,599
At 31 December 2010	**12,310,038**	**4,239,888**	**3,279,458**	**7,866,188**	**107,887**	**35,301**	**31,778**	**(216,696)**	**3,196,229**	**30,850,071**	**7,582,760**	**38,432,831**

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40(a)	**18,352,813**	12,841,813
Interest received		**38,215**	33,124
Income tax paid		**(881,439)**	(1,130,084)
Net cash generated from operating activities		**17,509,589**	11,744,853
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(22,717,180)**	(27,488,769)
Additions to intangible assets		**(127,031)**	(11,417)
Decrease in fixed deposits over three months		**—**	30,000
Acquisitions of subsidiaries		**458,211**	(218,527)
Additional investments in jointly controlled entities		**(1,012,000)**	(387,262)
Acquisitions of associates		**—**	(184,892)
Establishments of associates		**—**	(53,300)
Additional investments in associates		**(276,860)**	(108,100)
Investments in available-for-sale investments		**(786,686)**	(655,880)
Acquisitions of non-controlling interests		**(590,039)**	(7,000)
Prepayments for investments		**(350,000)**	(1,289,000)
Additional entrusted loans made		**(274,000)**	(124,270)
Proceeds from disposals of property, plant and equipment		**209,690**	758,749
Proceeds from disposals of investment properties		**10,800**	—
Proceeds from disposals of subsidiaries		**—**	395,990
Proceeds from disposals of associates		**319,848**	87,099
Proceeds from disposals of available-for-sale investments		**62,734**	86,631
Repayments of entrusted loans		**191,000**	58,600
Dividends received		**264,413**	344,923
(Increase)/decrease in security deposits for notes payable		**(29,562)**	184,437
Others		**(141,054)**	6,793
Net cash used in investing activities		**(24,787,716)**	(28,575,195)

For the Year Ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling interests		**671,982**	2,003,680
Drawdown of short-term loans		**46,051,309**	57,298,202
Drawdown of long-term loans		**32,397,025**	44,211,565
Proceeds from issue of shares		**3,248,372**	—
Issuance of medium-term notes and long-term bonds, net of issuance costs		**—**	5,967,000
Proceeds from sale and leaseback transactions		**415,977**	—
Repayment of short-term loans		**(46,047,517)**	(53,305,028)
Repayment of long-term loans		**(17,204,614)**	(30,201,544)
Repayment of short-term bonds		**—**	(3,500,000)
Payments on sale and leaseback transactions		**(1,319,845)**	(578,951)
Interest paid		**(7,237,519)**	(6,621,328)
Dividends paid to owners of the Company		**(861,703)**	(1,295,804)
Dividends paid to non-controlling interests		**(942,526)**	(609,490)
Underwriting fees paid		**—**	(35,800)
Others		**21,824**	(74,284)
Net cash generated from financing activities		**9,192,765**	13,258,218
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,914,638**	(3,572,124)
Effect of foreign exchange rate changes		**21,903**	527
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**1,506,435**	5,078,032
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	28	**3,442,976**	1,506,435

1. GENERAL INFORMATION

Datang International Power Generation Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock limited liability company. The Company's H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and the London Stock Exchange Limited while the Company's A shares are listed on the Shanghai Stock Exchange. The address of its registered office is No. 482, Guanganmennei Avenue, Xuanwu District, Beijing 100053, the PRC. The addresses of its principal place of business in the PRC and the Hong Kong Special Administrative Region of the PRC ("Hong Kong") are No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC and Stephen Mok & Co. in association with Eversheds, 21/F., Gloucester Tower, 15 Queen's Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are power generation and power plant development in the PRC. The Group also engaged in coal trading, chemical products manufacturing and selling, etc..

In the opinion of the directors of the Company, China Datang Corporation ("China Datang"), a company incorporated in the PRC, is the ultimate parent of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(a) Business combinations

IFRS 3 (Revised) "Business Combinations" continues to require acquisition method to be applied to business combinations with some significant changes:

— Contingent consideration is recognised at its acquisition-date fair value and forms part of the cost of acquisition. The previous IFRS 3 requires that a contingent consideration be recognised if it is probable and can be measured reliably.

— In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate goodwill. The previous IFRS 3 does not have a requirement for such fair value measurement.

— There is a choice to measure initially the non-controlling interests in a subsidiary either at their acquisition-date fair value or the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The previous IFRS 3 only allows the latter choice.

— If a business combination is accounted for using provisional amounts, the measurement period that the provisional amounts can be adjusted retrospectively is limited to one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The previous IFRS 3 does not have a time limit for adjustments in relation to contingent considerations and deferred tax assets. Subsequent adjustments to contingent considerations and deferred tax assets will adjust goodwill.

— Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. The previous IFRS 3 requires that acquisition-related costs form part of the cost of a business combination.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(a) Business combinations (Continued)

IFRS 3 (Revised) has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010 and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	2010 RMB'000 unless otherwise stated	2009 RMB'000
Decrease in goodwill	**(7,860)**	—
Increase in operating expenses - others	**7,860**	—
Decrease in earnings per share (RMB)	**—**	—

(b) Classification of land leases

Amendments to IAS 17 "Leases" deleted the guidance in IAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.

The adoption of the amendments to IAS 17 has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendments, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the Group has been classified as a finance lease. The amendments have been applied retrospectively to unexpired leases at the date of adoption of the amendments on the basis of information existing at the inception of the leases.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(b) Classification of land leases (Continued)

Amendments to IAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	At 31 December 2010 RMB'000	At 31 December 2009 RMB'000	At 1 January 2009 RMB'000
Increase in property, plant and equipment	**1,990,989**	1,523,509	1,269,909
Decrease in land use rights	**(1,990,989)**	(1,523,509)	(1,269,909)

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale investments.

At 31 December 2010, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2010, the Group had net current liabilities of approximately RMB34.39 billion (2009, as restated: RMB24.73 billion). The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB145.98 billion (2009: RMB169.00 billion) 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 are of the opinion that the Group 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.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the current Group structure had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Business combination other than under common control

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investments), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combination other than under common control (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (ab) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investments in associates are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of a jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of the jointly controlled entities' post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in the jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entities. If the jointly controlled entities subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a jointly controlled entity that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that jointly controlled entity and (ii) the Group's share of the net assets of that jointly controlled entity plus any remaining goodwill relating to that jointly controlled entity and any related accumulated foreign currency translation reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand (RMB'000), unless otherwise stated.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses for each statement of comprehensive income are translated at average exchange rates (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 exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land use rights	10 - 70 years
Buildings and structures	8 - 45 years
Electricity utility plants	4 - 35 years
Transportation facilities	6 - 12 years
Others	5 - 22 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings and structures under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(h) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 30 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases (Continued)

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(j) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is calculated either at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis or on a systematic and proper method to reflect the pattern in which the asset's future economic benefits are expected to be realised by the Group. Mining rights are amortised on the systematic and proper method while the principal useful lives of other intangible assets are as follows:

Resource use rights	10 years
Technology know-how	10 years or over the beneficial period upon commencement of commercial production
Computer software	2 - 9 years
Others	14 months

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using 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.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale investments.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets not classified as loans and receivables or financial assets at fair value through profit or loss. Available-for-sale investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale investments are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale investments are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Loans and receivables primarily include long-term entrusted loans to associates, short-term entrusted loans to ultimate parent company, other receivables, accounts and notes receivable, restricted cash, fixed deposits over three months and cash and cash equivalents in the statement of financial position. An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the allowance is the difference between the loans and receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the loans and receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loans and receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial guarantee contract liabilities

The Group issues 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 the end of each reporting period, 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.

(s) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are stated initially at their fair values and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is shown net of value-added tax, returns, rebates and discounts.

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, or delivered to the designated locations and accepted by the customers.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Employee benefits

(i) Pension and other social obligations

The Group contributes to defined contribution schemes including pension and /or other social benefits in accordance with the local conditions and practices in the municipalities and provinces in which it operates. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(ii) 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 remaining 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 remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

In addition, the Group also contributes to the state-prescribed housing fund. Such costs are charged to the profit or loss as incurred.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

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

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Value-added tax ("VAT")

Revenue from sales of electricity and heat and revenue associated with sales of coal and other goods are subjected to VAT in the PRC. VAT payable is determined by applying 17% or 13% or 6% on the taxable revenue after offsetting deductible input VAT of the period.

(aa) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

State-owned enterprises, other than entities under China Datang which is also a state-owned enterprise, directly or indirectly controlled by the Central People's Government of the PRC ("Other State-Owned Enterprises") are also regarded as related parties of the Group.

For the purpose of the related party transactions and balances disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are state-owned enterprises to ensure the adequacy of disclosure for all material related party transactions and balances given that many state-owned enterprises have multi-layered corporate structures and their ownership structures change over time as a result of transfers and privatisation programs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(ac) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ad) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 3 to financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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) Depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3 (ab) to the financial statements. An impairment loss is recognised when the carrying amount of property, plant and equipment exceeds their recoverable amount which has been determined based on value in use calculations. These calculations require the use of estimates such as electricity and heat tariffs and fuel prices. Changes of assumptions in electricity and heat tariffs and fuel prices could affect the result of property, plant and equipment impairment assessment.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Approval of construction in new power plants

The Group has not received relevant government approvals from the National Development and Reform Commission (the "NDRC") for its certain power plant construction projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value, of which details are provided in note 18 to financial statements.

(e) Deferred tax assets

The estimates of deferred 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 credit, as well as deferred tax balance. The realisation of deferred tax assets also depends on the realisation of sufficient future taxable profits of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred tax assets.

(f) Income taxes

The Group is subject to income taxes in various regions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, overall assets transfers and corporate restructuring. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

Foreign currency risk of the Group primarily arises from certain loans denominated in United States dollar ("USD") and Hong Kong dollar ("HKD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency debts. The Group maintains a close look at the international foreign currency market on the changing exchange rates and takes these into consideration when raising foreign currency loans and investing in foreign currency deposits.

At 31 December 2010, if RMB had weakened by 5 per cent (2009: 5 per cent) against USD or HKD with all other variables held constant, consolidated profit after tax for the year would have been RMB67,134 thousand (2009: RMB55,482 thousand) lower, arising as a result of the foreign exchange loss on USD and HKD loans. If RMB had strengthened by 5 per cent (2009: 5 per cent) against USD or HKD with all other variables held constant, consolidated profit after tax for the year would have been RMB67,134 thousand (2009: RMB55,482 thousand) higher, arising as a result of the foreign exchange gain on USD and HKD loans.

(b) Price risk

The Group's certain available-for-sale investments amounted to RMB91,043 thousand (2009: RMB18,700 thousand) as disclosed in note 21 to the financial statements are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. Since the amounts of such investments are insignificant to the Group, the directors of the Company are of opinion that the Group is not exposed to any significant equity security price risk as at 31 December 2010 and 2009. The Group closely monitors the pricing trends in the open market in determining their long-term strategic stakeholding decisions.

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

The carrying amount of the bank deposits, accounts receivable, other receivables, long-term entrusted loans and short-term entrusted loans included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group maintains most of its bank deposits in several major state-owned financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. 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.

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

At 31 December 2010, accounts and notes receivable due from the top five debtors amounted to RMB4,604,734 thousand (2009: RMB4,058,404 thousand), representing 56.44% (2009: 61.17%) of the total accounts and notes receivable. Except for accounts and notes receivable, the Group has no significant concentrations of credit risk.

Other receivables primarily include amounts due from related parties while all long-term entrusted loans and short-term entrusted loans are lent to related parties. The Group assesses the credibility of the related parties by reviewing their operating results and gearing ratios periodically.

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) 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 Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

The Group monitors the cash flow rolling forecasts of the Group's undrawn borrowing facility and cash and cash equivalents available as at each month end in meeting its liabilities.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2010				
Long-term loans	**14,470,442**	**19,198,585**	**31,355,750**	**59,031,042**
Long-term bonds	**—**	**—**	**3,000,000**	**3,000,000**
Finance lease payables	**536,556**	**544,434**	**2,102,055**	**2,535,871**
Other long-term liabilities, excluding finance lease payables	**76,468**	**24,987**	**9,000**	**—**
Accounts payable and accrued liabilities	**18,930,066**	**—**	**—**	**—**
Short-term loans	**19,374,828**	**—**	**—**	**—**
Interest payables for loans	**6,772,063**	**5,174,062**	**14,162,498**	**16,722,868**
Interest payables for bonds	**282,000**	**282,000**	**555,000**	**750,000**
At 31 December 2009				
Long-term loans	6,842,438	19,699,203	39,380,101	40,427,241
Long-term bonds	—	—	3,000,000	3,000,000
Finance lease payables	685,299	687,859	1,678,151	2,183,695
Other long-term liabilities, excluding finance lease payables	28,803	35,837	15,360	—
Accounts payable and accrued liabilities	14,040,020	—	—	—
Short-term loans	19,569,023	—	—	—
Interest payables for loans	5,922,244	4,919,332	11,545,778	9,137,461
Interest payables for bonds	282,000	282,000	837,000	750,000

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

As the Group has no significant interest-bearing assets except for bank deposits, the Group's operating cash flows 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 Group closely monitors 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 Group is not exposed to any significant interest rate risk for these assets held as at 31 December 2010 and 2009.

The Group's exposure to interest rate risk arises from its loans. Certain loans bear interests at variable rates varied with the then prevailing market condition, thus exposing the Group to cash flow interest rate risk. The Group analyses interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2010, if interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2009: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB503,604 thousand (2009: RMB366,429 thousand), RMB2,311 thousand (2009: RMB1,980 thousand) and RMB4,275 thousand (2009: RMB3,219 thousand) higher, respectively, arising as a result of a decrease in interest expense on the loans. If interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2009: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB503,604 thousand (2009: RMB366,429 thousand), RMB2,311 thousand (2009: RMB1,980 thousand) and RMB4,275 thousand (2009: RMB3,219 thousand) lower, respectively, arising as a result of an increase in interest expense on the loans.

(f) Categories of financial instruments at 31 December 2010

	2010 **RMB'000**	2009 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**12,337,868**	9,082,035
Available-for-sale investments	**2,304,158**	1,339,829
Financial liabilities:		
Financial liabilities at amortised cost	**172,374,990**	150,159,218

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values

Except as disclosed in notes 21, 32 and 33 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy at 31 December 2010:

Description	Fair value measurement using Level 1:	
	2010	2009
	RMB'000	RMB'000
Available-for-sale investments		
Equity securities	**91,043**	18,700

6. OPERATING REVENUE

The Group's operating revenue which primarily represents sales of electricity, heat, coal and chemical products and transportation service fees is as follows:

	2010 RMB'000	2009 RMB'000
Sales of electricity	**53,593,750**	42,043,163
Heat supply	**539,680**	382,982
Sales of coal	**2,823,291**	5,143,707
Transportation service fees	**28,444**	—
Sales of chemical products	**2,692,513**	198,817
Others	**994,697**	174,254
	60,672,375	47,942,923

7. OTHER GAINS

	2010 RMB'000	2009 RMB'000
Gain on disposals of available-for-sale investments	**8,212**	30,125
Gain on disposals of associates	**93,811**	74,460
Gain on disposals of assets and liabilities held for sale	**—**	40,000
Gain on disposals of subsidiaries	**—**	3,856
Others	**354**	—
	102,377	148,441

8. SEGMENT INFORMATION

Executive directors and certain senior management (including chief accountant) of the Company perform the function as chief operating decision makers (collectively referred to as the "Senior Management"). The Senior Management reviews the internal reporting of the Group 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, coal and chemical separately. Other operating activities primarily include sales of properties and cement products, transportation services, etc., and are included in "other segments".

Senior Management assesses the performance of the operating segments based on a measure of profit before tax prepared under China Accounting Standards for Business Enterprises ("PRC GAAP").

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include dividend income from listed available-for-sale investments and gain on disposals of available-for-sale investments. Segment assets exclude deferred tax assets and available-for-sale investments. Segment liabilities exclude the current tax liabilities and deferred 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.

8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total continuing operations RMB'000	Total discontinued operations (coal segment) RMB'000	Total RMB'000
Year ended 31 December 2010							
Revenue from external customers	54,122,551	2,825,178	2,712,214	1,012,432	60,672,375	—	60,672,375
Intersegment revenue	74,030	21,770,917	—	95,186	21,940,133	—	21,940,133
Segment profit	3,786,483	369,415	331,707	141,885	4,629,490	—	4,629,490
Depreciation and amortisation	7,036,509	189,173	101,466	102,770	7,429,918	—	7,429,918
Net gain on disposals of property, plant and equipment	47,810	—	27	10,084	57,921	—	57,921
Gain on disposals of investment properties	—	—	—	26,813	26,813	—	26,813
Gain on disposals of long-term investments	11	—	—	93,800	93,811	—	93,811
Interest income	29,211	1,347	1,670	5,987	38,215	—	38,215
Interest expense	4,800,594	238,386	37,986	126,053	5,203,019	—	5,203,019
Share of profits of associates	7,653	474,427	—	109,179	591,259	—	591,259
Shares of losses of jointly controlled entities	(14,384)	(2,657)	—	—	(17,041)	—	(17,041)
Income tax expense	715,456	87,872	83,219	57,906	944,453	—	944,453

8. SEGMENT INFORMATION (Continued)

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total continuing operations RMB'000	Total discontinued operations (coal segment) RMB'000	Total RMB'000
Year ended 31 December 2009							
Revenue from external customers	42,553,948	5,190,158	198,817	—	47,942,923	—	47,942,923
Intersegment revenue	5,160	4,824,816	—	—	4,829,976	—	4,829,976
Segment profit, as restated	2,572,761	213,915	20,174	146,553	2,953,403	40,000	2,993,403
Depreciation and amortisation, as restated	7,473,828	48,074	9,426	—	7,531,328	—	7,531,328
Net gain on disposals of property, plant and equipment	32,692	—	—	—	32,692	—	32,692
Gain on disposals of long-term investments	78,316	—	—	30,125	108,441	—	108,441
Gain on disposals of assets and liabilities held for sale	—	—	—	—	—	40,000	40,000
Impairment of property, plant and equipment, as restated	80,473	—	—	—	80,473	—	80,473
Allowance for inventories, as restated	14,667	—	—	—	14,667	—	14,667
Interest income	26,079	1,739	5,306	—	33,124	—	33,124
Interest expense	3,997,440	45,876	—	—	4,043,316	—	4,043,316
Share of (losses)/profits of associates	(29,167)	286,125	(359)	115,523	372,122	—	372,122
Shares of losses of jointly controlled entities	(60,366)	(18,622)	—	—	(78,988)	—	(78,988)
Income tax expense/(credit), as restated	640,512	(4,375)	(7,475)	—	628,662	—	628,662

8. SEGMENT INFORMATION (Continued)

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total continuing operations RMB'000	Total discontinued operations (coal segment) RMB'000	Total RMB'000
At 31 December 2010							
Segment assets	**152,509,810**	**16,058,293**	**39,345,040**	**10,625,419**	**218,538,562**	**—**	**218,538,562**
Including:							
Investments in associates	**490,467**	**1,682,565**	**—**	**2,447,088**	**4,620,120**	**—**	**4,620,120**
Investments in jointly controlled entities	**1,693,442**	**845,959**	**—**	**—**	**2,539,401**	**—**	**2,539,401**
Additions to non-current assets (other than financial assets and deferred tax assets)	**22,657,532**	**1,191,307**	**10,084,264**	**148,405**	**34,081,508**	**—**	**34,081,508**
Segment liabilities	**134,105,377**	**10,067,614**	**29,220,166**	**3,473,751**	**176,866,908**	**—**	**176,866,908**
At 31 December 2009							
Segment assets, as restated	148,230,130	13,517,801	25,056,663	1,923,390	188,727,984	—	188,727,984
Including:							
Investments in associates	484,763	2,694,556	2,278	602,260	3,783,857	—	3,783,857
Investments in jointly controlled entities	695,825	846,237	—	—	1,542,062	—	1,542,062
Additions to non-current assets (other than financial assets and deferred tax assets)	22,960,322	1,759,230	7,743,357	100,000	32,562,909	—	32,562,909
Segment liabilities	128,519,824	7,877,910	19,983,705	—	156,381,439	—	156,381,439

8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items:

	2010 RMB'000	2009 RMB'000 (restated)
Revenue		
Total revenue of reportable segments	**82,612,508**	52,772,899
Elimination of intersegment revenue	**(21,940,133)**	(4,829,976)
Consolidated revenue	**60,672,375**	47,942,923
Profit or loss		
Total profit or loss of reportable segments	**4,629,490**	2,993,403
Gain on disposals of available-for-sale investments	**8,212**	—
Dividend income from available-for-sale investments	**40**	200
Elimination of intersegment profits	**(13,861)**	4,851
IFRS adjustment on reversal of general provision on mining funds	**107,273**	163,109
Other IFRS adjustments	**(30,854)**	(30,084)
Consolidated profit before tax	**4,700,300**	3,131,479
Assets		
Total assets of reportable segments	**218,538,562**	188,727,984
Deferred tax assets	**944,269**	739,868
Available-for-sale investments	**91,043**	18,700
Elimination of intersegment assets	**(8,818,003)**	(7,498,008)
Reclassification of non-income taxes recoverable	**2,022,816**	1,991,030
IFRS adjustment on reversal of general provision on mining funds	**82,095**	83,291
Other IFRS adjustments	**54,553**	84,948
Consolidated total assets	**212,915,335**	184,147,813
Liabilities		
Total liabilities of reportable segments	**(176,866,908)**	(156,381,439)
Current tax liabilities	**(339,967)**	(48,359)
Deferred tax liabilities	**(414,377)**	(286,600)
Elimination of intersegment liabilities	**5,186,413**	7,369,035
Reclassification of non-income taxes recoverable	**(2,022,816)**	(1,991,030)
Other IFRS adjustments	**(24,849)**	(37,188)
Consolidated total liabilities	**(174,482,504)**	(151,375,581)

8. SEGMENT INFORMATION (Continued)

Other material items

	Total of reportable segments RMB'000	Elimination of intersegment RMB'000	IFRS adjustment on reversal of general provision on mining funds RMB'000	Other IFRS adjustments RMB'000	Total per consolidated statement of financial position / statement of comprehensive income RMB'000
Year ended 31 December 2010					
Share of profits of associates	**591,259**	**—**	**126,972**	**—**	**718,231**
Shares of (losses)/profits of jointly controlled entities	**(17,041)**	**—**	**18,145**	**—**	**1,104**
Income tax expense	**944,453**	**(60,294)**	**(9,389)**	**(3,415)**	**871,355**
Year ended 31 December 2009					
Share of profits of associates	372,122	—	89,990	—	462,112
Shares of losses of jointly controlled entities	(78,988)	—	26,303	—	(52,685)
Income tax expense, as restated	628,662	(21,545)	11,703	(3,894)	614,926
At 31 December 2010					
Investments in associates	**4,620,120**	**—**	**(28,282)**	**—**	**4,591,838**
Investments in jointly controlled entities	**2,539,401**	**—**	**110,377**	**—**	**2,649,778**
At 31 December 2009					
Investments in associates	3,783,857	—	(11,320)	—	3,772,537
Investments in jointly controlled entities	1,542,062	—	94,612	—	1,636,674

8. SEGMENT INFORMATION (Continued)

Geographical information (under IFRS):

During the years ended 31 December 2010 and 2009, all revenues from external customers are generated domestically. At 31 December 2010, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB189,360,741 thousand (2009, as restated: RMB165,092,040 thousand) and RMB47,444 thousand (2009: RMB84,348 thousand) are located in the PRC and foreign countries, respectively.

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2010 **RMB'000**	2009 RMB'000
Power generation segment		
North China Grid Company Limited	**17,948,672**	17,088,967
State Grid Corporation of China	**5,495,123**	5,405,739
Guangdong Power Grid Corporation	**4,822,035**	2,741,184

9. FINANCE COSTS

	2010 RMB'000	2009 RMB'000
Interest expense on:		
Short-term bank loans	**844,812**	1,040,391
Other short-term loans	**194,894**	157,244
Short-term entrusted loans	**361**	2,651
Long-term bank loans		
– Wholly repayable within five years	**1,376,004**	1,734,212
– Not wholly repayable within five years	**4,283,599**	2,997,829
Other long-term loans		
– Wholly repayable within five years	**211,696**	316,311
– Not wholly repayable within five years	**24,674**	17,993
Long-term entrusted loan		
– Wholly repayable within five years	**—**	1,668
Short-term bonds	**—**	124,215
Long-term bonds	**283,474**	165,541
Finance leases	**190,243**	240,162
Acquisitions of property, plant and equipment by instalments	**3,354**	8,515
Discounted notes receivable	**50,092**	35,423
Total borrowing costs	**7,463,203**	6,842,155
Amount capitalised	**(2,083,847)**	(2,798,839)
	5,379,356	4,043,316
Exchange gain, net	**(28,069)**	(262)
Loan commitment fees	**—**	23,865
Others	**22,050**	43,638
	5,373,337	4,110,557

Borrowing costs on funds borrowed generally are capitalised at a rate of 5.33% (2009: 5.52%) per annum.

10. INCOME TAX EXPENSE

	2010 RMB'000	2009 RMB'000 (restated)
Current tax - PRC Enterprise Income Tax		
Provision for the year	**1,125,789**	652,055
(Over)/under-provision in prior years	**(833)**	59,809
	1,124,956	711,864
Deferred tax (note 35)	**(253,601)**	(96,938)
	871,355	614,926

The Company and its subsidiaries, other than as stated below, are generally subject to PRC Enterprise Income Tax statutory rate of 25% (2009: 25%).

(i) Pursuant to document Guo Ban Fa [2001] 73 issued by the State Council of the PRC (the "State Council") and document Cai Shui [2001] 202 issued by the State Administration of Taxation of the PRC, certain subsidiaries set up in the western area of the PRC and engaged in a business encouraged by the State have been granted a tax concession to pay PRC Enterprise Income Tax at a preferential rate of 15% from 2001 to 2010.

(ii) As newly set up domestic invested enterprises engaged in power generation in the western area of the PRC, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first and second years of operation and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation. This preferential income tax treatment will expire from 31 December 2010 to 31 December 2012.

(iii) Pursuant to document Guo Shui Han [2006] 804 issued by the Yunnan Provincial Office of the State Administration of Taxation, a subsidiary of the Company, as a newly set up domestic invested enterprise engaged in power generation in the western area of the PRC, started to enjoy the exemption from PRC Enterprise Income Tax during the first and second years of operation and the grant of a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation since the year 2007.

(iv) Pursuant to document Cai Shui Zi [2006] 88 issued by the Ministry of Finance of the PRC (the "MOF"), a subsidiary of the Company, being a high and new technology industrial development enterprise set up in the high and new technology industrial development zone approved by the State Council, and as approved by Tax Bureau of Beijing Fengtai District, is exempted from PRC Enterprise Income Tax in the first two operating years and then applies 15% being the preferential rate from the third year, counting from the first year when this subsidiary starts to make profit.

10. INCOME TAX EXPENSE (Continued)

(v) A subsidiary of the Company set up in Hong Kong is subject to Hong Kong Profits Tax levied at 16.5% (2009: 16.5%).

(vi) A subsidiary of the Company set up in the British Virgin Islands is subject to local income tax levied at 0% (2009: 0%).

(vii) As a newly set up foreign invested enterprise engaged in power generation in the western area of the PRC approved by the local tax authority, a subsidiary of the Company is exempted from PRC Enterprise Income Tax during the first and second years of operation and has been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation since the year 2008.

(viii) Pursuant to documents Cai Shui [2008] 46 and [2008] 116 issued by the MOF, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first three years of operation commencing from the year of assessment in which the first sale transaction is reported and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the statutory rate of 25% from the fourth to sixth year of operation in respect of their operating profit derived from investments in new wind power generation projects approved by government investment task forces after 1 January 2008. This preferential tax treatment will expire after 31 December 2014.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2010 **RMB'000**	2009 RMB'000 (restated)
Profit before tax	**4,700,300**	3,131,479
Tax at the domestic income tax rate of 25% (2009: 25%)	**1,175,075**	782,870
Tax effect of income that is not taxable	**(137,611)**	(45,903)
Tax effect of expenses that are not deductible	**24,769**	22,841
Tax effect of utilisation of tax losses not previously recognised	**(5,078)**	(822)
Tax effect of temporary differences not recognised	**155,186**	118,723
Over-provision in prior years and others	**(833)**	(12,150)
Tax effect of tax concession	**(350,486)**	(249,018)
Others	**10,333**	(1,615)
Income tax expense	**871,355**	614,926

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2010 RMB'000	2009 RMB'000 (restated)
Auditor's remuneration	**11,800**	19,811
Acquisition-related costs (included in operating costs)	**7,860**	—
Amortisation of deferred income	**(48,238)**	(40,131)
Amortisation of intangible assets (included in operating costs)	**23,409**	6,637
Cost of major inventories sold and consumed		
– Fuel	**34,837,477**	27,007,813
– Spare parts and consumable supplies	**589,106**	500,029
Rental income generated from investment properties	**(9,260)**	—
Dividend income from available-for-sale investments		
– Listed investments	**(450)**	(200)
– Unlisted investments	**(8,877)**	(905)
Net gains on disposals of property, plant and equipment	**(58,867)**	(32,692)
Gain on disposals of investment properties	**(26,813)**	—
Reversal of allowance for accounts receivable	**(130)**	—
Reversal of allowance for other receivables	**(41,685)**	—
Allowance for inventories (included in operating costs)	**—**	14,667
Impairment losses on property, plant and equipment (included in operating costs)	**—**	80,473
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	**1,416,413**	1,314,718
– Retirement benefits	**229,138**	185,731
– Housing benefits	**168,102**	151,802
– Other costs	**234,135**	169,980

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director and supervisor were as follows:

		Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Retirement Benefits RMB'000	Other benefits RMB'000	Total RMB'000
Name of director							
Zhai Ruoyu	(i)	—	—	—	—	—	—
Liu Shunda	(ii)	—	—	—	—	—	—
Cao Jingshan	(iii)	—	176	430	44	17	667
Hu Shengmu	(iii)	—	—	—	—	—	—
Fang Qinghai	(iii)	—	—	—	—	—	—
Zhou Gang	(iii)	—	175	319	41	17	552
Liu Haixia	(iii)	—	—	—	—	—	—
Guan Tiangang	(iii)	—	—	—	—	—	—
Su Tiegang	(iii)	—	—	—	—	—	—
Ye Yonghui	(iii)	—	—	—	—	—	—
Li Gengsheng	(iii)	—	—	—	—	—	—
Xie Songlin	(i)	—	—	—	—	—	—
Yu Changchun	(i)	—	—	—	—	—	—
Liu Chaoan	(i)	—	—	—	—	—	—
Li Hengyuan	(iii)	75	—	—	—	—	75
Xia Qing	(i)	—	—	—	—	—	—
Li Yanmeng	(ii)	75	—	—	—	—	75
Zhao Zunlian	(ii)	75	—	—	—	—	75
Zhao Jie	(ii)	75	—	—	—	—	75
Jiang Guohua	(ii)	75	—	—	—	—	75
		375	351	749	85	34	1,594
Name of supervisor							
Fu Guoqiang	(iii)	—	—	—	—	—	—
Qiao Xinyi	(iii)	—	183	307	45	17	552
Zhang Xiaoxu	(iii)	—	—	—	—	—	—
Guan Zhenquan	(iii)	—	164	195	37	17	413
		—	347	502	82	34	965
Total for 2010		375	698	1,251	167	68	2,559

Notes: (i) Retired on 19 August 2010.
(ii) Appointed on 19 August 2010.
(iii) Re-appointed on 19 August 2010.

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Retirement benefits RMB'000	Other benefits RMB'000	Total RMB'000
Name of director						
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
	375	327	741	10	30	1,483
Name of supervisor						
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
	—	480	887	15	45	1,427
Total for 2009	375	807	1,628	25	75	2,910

There was no arrangement under which a director or a supervisor waived or agreed to waive any emoluments during the years ended 31 December 2010 and 2009.

12. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals in the Group during the year included 1 (2009: 1) director and 1 (2009: 2) supervisor(s) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2009: 2) individuals are set out below:

	2010	2009
	RMB'000	RMB'000
Basic salaries and allowances	**543**	314
Bonus	**943**	670
Retirement benefits	**126**	10
Other benefits	**51**	30
	1,663	1,024

The emoluments of the five highest paid individuals in the Group fell within the following band:

	Number of individuals	
	2010	2009
Nil to RMB850,900 (equivalent to HKD1,000,000)	**5**	5

During the years ended 31 December 2010 and 2009, no emoluments were paid by the Group to any of the directors or the supervisors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EMPLOYEE BENEFITS

Retirement benefits

The Group is required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2009: 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 Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's contributions. The Group 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 Group during the year ended 31 December 2010 pursuant to these arrangements amounted to RMB284,816 thousand (2009: RMB230,794 thousand).

Housing benefits

Apart from the housing benefits and monetary subsidies as stated in note 22 to the financial statements, in accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at rates 10% to 20% (2009: 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 Group has no further obligations for housing benefits beyond the contributions made above. During the year ended 31 December 2010, the Group provided RMB168,980 thousand (2009: RMB138,300 thousand) to the fund.

14. DIVIDENDS

	2010 RMB'000	2009 RMB'000
Proposed final of RMB0.07 (2009: RMB0.07) per share	**861,703**	861,703

Pursuant to the PRC Enterprise Income Tax Law, the Company is required to withhold 10% PRC Enterprise Income Tax when it distributes dividends to its non-PRC resident enterprise shareholders.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB2,569,734 thousand (2009, as restated: RMB1,536,554 thousand) and the weighted average number of ordinary shares of 12,192,421 thousand (2009: 11,780,038 thousand) in issue during the year.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2010 and 2009.

16. PROPERTY, PLANT AND EQUIPMENT

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2009, as previously stated	—	31,017,565	69,785,245	1,358,857	660,586	58,989,499	161,811,752
Adoption of amendment to IAS17	1,380,799	—	—	—	—	—	1,380,799
At 1 January 2009, as restated	1,380,799	31,017,565	69,785,245	1,358,857	660,586	58,989,499	163,192,551
Transfer in/(out)	230,605	8,621,029	14,404,954	748,093	501,503	(24,582,688)	(76,504)
Additions	35,394	178,599	29,578	64,597	180,710	27,382,370	27,871,248
Acquisition of subsidiaries	—	630,114	3,172,662	12,377	7,224	84,519	3,906,896
Disposals	—	(59,467)	(207,700)	—	(14,617)	(342,905)	(624,689)
Disposal of subsidiaries	—	—	—	—	(90)	(244,346)	(244,436)
Write-offs	(243)	—	—	—	—	—	(243)
Acquisition of an associate	—	—	—	—	—	(1,850,935)	(1,850,935)
At 31 December 2009 and 1 January 2010, as restated	1,646,555	40,387,840	87,184,739	2,183,924	1,335,316	59,435,514	192,173,888
Transfer in/(out)	—	8,684,099	18,959,387	40,208	984,385	(28,879,501)	(211,422)
Additions	490,214	219,338	125,956	104,665	35,873	26,383,303	27,359,349
Acquisition of subsidiaries	9,992	1,675,160	354,287	28,790	11,019	234,387	2,313,635
Disposals	—	(77,274)	(17,573)	(114,022)	(2,871)	(84,261)	(296,001)
Write-offs	—	—	—	—	(134)	—	(134)
At 31 December 2010	**2,146,761**	**50,889,163**	**106,606,796**	**2,243,565**	**2,363,588**	**57,089,442**	**221,339,315**

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment losses							
At 1 January 2009, as previously stated	—	4,644,010	21,707,723	342,691	296,925	—	26,991,349
Adoption of amendment to IAS17	110,890	—	—	—	—	—	110,890
At 1 January 2009, as restated	110,890	4,644,010	21,707,723	342,691	296,925	—	27,102,239
Charge for the year, as restated	12,156	1,406,684	5,925,864	149,719	73,532	—	7,567,955
Impairment for the year, as restated	—	—	80,473	—	—	—	80,473
Disposals	—	(1,869)	(12,092)	—	(2,877)	—	(16,838)
At 31 December 2009 and 1 January 2010, as restated	123,046	6,048,825	27,701,968	492,410	367,580	—	34,733,829
Charge for the year	32,726	1,631,857	5,385,519	182,148	186,980	—	7,419,230
Disposals	—	(26,736)	(16,810)	(2,589)	(1,274)	—	(47,409)
Write-offs	—	—	—	—	(105)	—	(105)
At 31 December 2010	**155,772**	**7,653,946**	**33,070,677**	**671,969**	**553,181**	**—**	**42,105,545**
Carrying amount							
At 31 December 2010	**1,990,989**	**43,235,217**	**73,536,119**	**1,571,596**	**1,810,407**	**57,089,442**	**179,233,770**
At 31 December 2009, as restated	1,523,509	34,339,015	59,482,771	1,691,514	967,736	59,435,514	157,440,059

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, depreciation expenses charged into operating costs and construction in progress amounted to RMB7,376,954 thousand (2009, as restated: RMB7,523,537 thousand) and RMB42,276 thousand (2009: RMB44,418 thousand), respectively.

At 31 December 2010 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB546,550 thousand (2009: RMB405,208 thousand).

At 31 December 2010 the carrying amount of buildings and structures, electricity utility plants, transportation facilities and construction in progress held by the Group under finance leases amounted to RMB706,068 thousand (2009: RMB420,070 thousand), RMB2,432,021 thousand (2009: RMB2,683,303 thousand), RMB108,374 thousand (2009: Nil) and RMB555,375 thousand (2009: RMB958,560 thousand) respectively.

The Group's land use rights are analysed as follows:

	2010	2009
	RMB'000	RMB'000
Outside Hong Kong:		
Long leases	**231,435**	196,775
Medium-term leases	**1,759,554**	1,326,627
Short leases	**—**	107
	1,990,989	1,523,509

In order to reflect the Group's financial position and operating results in a fairer and more appropriate manner so that the depreciation periods for property, plant and equipment is brought closer to their real useful lives, the Group has made changes to the estimated useful lives and estimated net salvage values of the property, plant and equipment pursuant to the accounting standards and other related accounting and tax regulations in combination with the actual situation of the Group. The changes to the estimated useful lives and estimated net salvage values of the property, plant and equipment were considered and approved at the thirty-fifth meeting of the sixth session of the Board of the Directors held on 29 April 2010. These changes in accounting estimates reduced the Group's depreciation charges by approximately RMB1.8 billion for the year ended 31 December 2010.

17. INVESTMENT PROPERTIES

	RMB'000
Cost	
At 1 January 2009, 31 December 2009 and 1 January 2010	—
Acquisition of subsidiaries	16,649
Transfer in	211,422
Disposals	(11,792)
At 31 December 2010	**216,279**
Accumulated depreciation	
At 1 January 2009, 31 December 2009 and 1 January 2010	—
Charge for the year	5,018
Disposals	(605)
At 31 December 2010	**4,413**
Carrying amount	
At 31 December 2010	**211,866**
At 31 December 2009	—

The Group's investment properties are situated in the PRC and are held under medium-term leases.

At 31 December 2010, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2010 **RMB'000**	2009 RMB'000
Within one year	**6,670**	—
In the second to fifth years inclusive	**14,577**	—
After five years	**9,000**	—
	30,247	—

18. INTANGIBLE ASSETS

	Goodwill RMB'000	Mining rights RMB'000	Resource use rights RMB'000	Technology know-how RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
Cost							
At 1 January 2009	532,796	890,319	28,646	554,156	55,399	—	2,061,316
Additions	—	17	—	—	24,037	—	24,054
Acquisition of subsidiaries	949	—	—	—	1,823	—	2,772
Transfer in/(out)	—	142,070	—	(65,566)	—	—	76,504
At 31 December 2009 and 1 January 2010	533,745	1,032,406	28,646	488,590	81,259	—	2,164,646
Additions	—	—	8,000	105,719	13,312	—	127,031
Acquisition of subsidiaries	36,770	216,724	1,117	2,611	1,644	14,590	273,456
Transfer out	—	—	—	—	(9,975)	—	(9,975)
At 31 December 2010	**570,515**	**1,249,130**	**37,763**	**596,920**	**86,240**	**14,590**	**2,555,158**
Accumulated amortisation							
At 1 January 2009	—	—	9,511	—	20,335	—	29,846
Amortisation for the year	—	—	3,665	—	8,299	—	11,964
At 31 December 2009 and 1 January 2010	—	—	13,176	—	28,634	—	41,810
Amortisation for the year	—	2,050	5,960	273	7,332	9,379	24,994
Transfer out	—	—	—	—	(9,975)	—	(9,975)
At 31 December 2010	**—**	**2,050**	**19,136**	**273**	**25,991**	**9,379**	**56,829**
Carrying amount							
At 31 December 2010	**570,515**	**1,247,080**	**18,627**	**596,647**	**60,249**	**5,211**	**2,498,329**
At 31 December 2009	533,745	1,032,406	15,470	488,590	52,625	—	2,122,836

18. INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2010 **RMB'000**	2009 RMB'000
Power generation segment		
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("Zhiganglaka Company")	**273,795**	273,795
Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	**104,361**	104,361
Zhangjiakou Power Plant No. 2 generator	**33,561**	33,561
Datang Tongzhou Technology Company Limited ("Tongzhou Technology Company")	**949**	949
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited ("Hohhot Thermal Company")	**902**	902
Yunnan Datang International Deqin Hydropower Development Limited ("Datang Deqin")	**18**	—
	413,586	413,568
Coal segment		
Inner Mongolia Datang International Zhunge'er Mining Company Limited ("Zhunge'er Mining Company")	**120,177**	120,177
Inner Mongolia Baoli Coal Company Limited ("Baoli Company")	**18,712**	—
	138,889	120,177
Other segments		
Yuneng (Group) Company Limited ("Yuneng Group")	**18,040**	—
	570,515	533,745

18. INTANGIBLE ASSETS (Continued)

Goodwill (Continued)

The recoverable amounts of the CGUs are determined based on value in use calculations. The key assumptions used for the 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. The key assumptions used for the value in use calculations of coal mining entity include the expected coal price and annual production capacity. These key assumptions are based on past performance and expectations on market development. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for a period covering no more than five years (the "Periods Covered"). The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

The Periods Covered and discount rates used in respective value in use calculations are as follows:

	Periods Covered	**Discount rates used**
Zhiganglaka Company	5 years	7.49%
Xinyu Power Company	2 years	8.06%
Zhunge'er Mining Company	3 years	20.58%
Others	1 - 5 years	6.16%-10.18%

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2010 and 2009.

19. INVESTMENTS IN ASSOCIATES

	2010	2009
	RMB'000	RMB'000
Unlisted investments:		
Share of net assets	**4,591,838**	3,772,537

Details of the Group's associates at 31 December 2010 are as follows:

Name	**Place of incorporation/ registration**	**Registered and paid up capital RMB'000 unless otherwise stated**	**Percentage of equity interest Direct**	**Percentage of equity interest Indirect**	**Principal activities**
North China Electric Power Research Institute Company Limited	PRC	100,000	30%	—	Power related technology services
Tongfang Investment Company Limited	PRC	550,000	36%	—	Project investments and management
Tongmei Datang Tashan Coal Mine Company Limited	PRC	2,072,540	28%	—	Coal construction and mining
Tongmei Datang Tashan Power Generation Company Limited	PRC	410,000	40%	—	Power generation
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	—	Power fuel trading
China Datang Group Finance Company Limited ("Datang Finance") (i)	PRC	1,600,000	20%	—	Financial services
Inner Mongolia Bazhu Railway Company Limited	PRC	100,000	20%	—	Railway and highway construction and operational management (pre-construction)
CNNC Liaoning Nuclear Power Co., Ltd.	PRC	100,000	20%	—	Nuclear power plant construction and operations

19. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Liaoning Diaobingshan Coal Gangue Power Generation Co., Ltd. ("Diaobingshan Power Company")	PRC	603,400	40%	—	Power generation
Inner Mongolia Xiduo Railway Company Limited	PRC	Registered capital: 3,535,789; paid-up capital: 3,026,913	34%	—	Railway transportation services
COSCO Datang Shipping Company Limited	PRC	100,000	45%	—	Cargo shipping
Shantou Fengsheng Power Generation Company Limited	PRC	Registered capital: 30,000; paid-up capital: 18,200	41%	—	Power generation
Macro Technologies Inc. (Vietnam) Limited	Vietnam	USD150,000	—	35%	Electricity related technical services
Chongqin Panlong Pumped Storage Company Limited	PRC	50,000	—	20%	Power development
Chongqin Fuling Water Resources Development Company Limited	PRC	120,000	—	42%	Hydropower technology development, construction, management, power generation and power supply
Fujian Baima Harbor Railway Spur Line Company Limited	PRC	150,000	—	33%	Railway transportation
Jinzhou City Thermal Power Company Limited	PRC	145,000	—	26%	Heat supply

Note:

(i) Datang Finance is a non-bank financial institution.

19. INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information in respect of the Group's associates is set out below:

	2010 RMB'000	2009 RMB'000
At 31 December		
Total assets	**38,104,887**	28,840,441
Total liabilities	**(24,266,193)**	(17,364,221)
Net assets	**13,838,694**	11,476,220
The Group's share of associates' net assets	**4,591,838**	3,772,537
Year ended 31 December		
Total revenue	**9,599,931**	7,702,033
Total profit for the year	**2,585,808**	1,794,967
The Group's share of associates' profit for the year	**718,231**	462,112

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	2010 RMB'000	2009 RMB'000
Unlisted investments:		
Share of net assets	**2,649,778**	1,636,674

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Details of the jointly controlled entities at 31 December 2010 are as follows:

Name	Place of incorporation/ registration	Registered and paid up capital RMB'000	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Hebei Yuzhou Energy Multiple Development Company Limited	PRC	825,023	50%	—	Investment holding
Kailuan (Group) Yuzhou Mining Company Limited	PRC	812,254	34%	15%	Coal mining and sales
Inner Mongolia Huineng Datang Changtan Coal Mining Company Limited	PRC	50,000	40%	—	Coal mining and sales (pre-construction)
Fujian Ningde Nuclear Power Company Limited	PRC	1,900,000	44%	—	Nuclear power plant construction and operations (under construction)

Summarised financial information in respect of the Group's jointly controlled entities is set out below:

	2010 RMB'000	2009 RMB'000
At 31 December		
Current assets	**5,941,178**	5,038,876
Non-current assets	**20,771,068**	13,174,463
Current liabilities	**(10,169,992)**	(12,515,944)
Non-current liabilities	**(10,382,329)**	(1,767,199)
Net assets	**6,159,925**	3,930,196
Proportionate shares of capital commitments	**2,701,533**	3,432,915
Year ended 31 December		
Revenue	**4,492,671**	1,899,509
Expenses	**(3,836,804)**	(2,012,964)

21. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	RMB'000	RMB'000
Equity securities, at fair value Listed outside Hong Kong	**91,043**	18,700
Unlisted equity securities, at cost	**2,213,115**	1,321,129
	2,304,158	1,339,829
Market value of listed securities	**91,043**	18,700

The fair values of listed securities are based on current bid prices. Unlisted equity securities with carrying amount of RMB2,213,115 thousand (2009: 1,321,129 thousand) was carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

22. 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 estimated remaining average service lives 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 some of 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 2010 (2009: nil). The benefits were amortised over the remaining average service life of the relevant employees.

22. DEFERRED HOUSING BENEFITS (Continued)

	RMB'000
Cost	
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010	662,532
Accumulated amortisation	
At 1 January 2009	469,063
Charge for the year	30,085
At 31 December 2009 and 1 January 2010	499,148
Charge for the year	30,854
At 31 December 2010	**530,002**
Carrying amount	
At 31 December 2010	**132,530**
At 31 December 2009	163,384

23. LONG-TERM ENTRUSTED LOANS TO ASSOCIATES

At 31 December 2009, the long-term entrusted loans to associates carried interest rates at 4.86% to 5.56% per annum and there were neither pledges nor guarantees received on these loans. At 31 December 2010, all the long-term entrusted loans to associates were repaid.

24. INVENTORIES

	2010 **RMB'000**	2009 RMB'000 (restated)
Raw materials	**2,352,979**	1,337,039
Finished goods	**915,437**	503,471
Others	**743,297**	—
	4,011,713	1,840,510

The carrying amount of inventories pledged as security for banking facilities granted to the Group amounted to RMB103,964 thousand (2009: Nil) (note 32).

25. ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales customers and comprise the following:

	2010 RMB'000	2009 RMB'000
Accounts receivable from third parties	**7,966,699**	6,459,139
Notes receivables from third parties	**190,185**	140,273
Accounts receivable from related parties	**1,738**	35,505
	8,158,622	6,634,917

The Group usually grants 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.

The ageing analysis of accounts and notes receivable is as follows:

	2010 RMB'000	2009 RMB'000
Within one year	**8,013,428**	6,447,885
Between one to two years	**143,990**	186,396
Between two to three years	**1,096**	636
Over three years	**108**	—
	8,158,622	6,634,917

At 31 December 2009, accounts and notes receivable amounted to RMB272,599 thousand were pledged for certain loans as set out in note 32 to the financial statements. In addition, the Group also applied tariff collection rights in securing loans, for which details please refer to notes 32 and 39 to the financial statements.

25. ACCOUNTS AND NOTES RECEIVABLE (Continued)

Reconciliation of allowance for accounts and notes receivables:

	2010 **RMB'000**	2009 RMB'000
At 1 January	**—**	—
Acquisition of subsidiaries	**6,042**	—
Reversal of allowance	**(130)**	—
At 31 December	**5,912**	—

At 31 December 2010, accounts and notes receivable of RMB145,194 thousand (2009: RMB187,032 thousand) were past due but not impaired. The major portion of the past due accounts and notes receivable were due from certain local thermal power companies, and the directors believe that such receivables can be recovered because such local thermal companies had no recent history of default. The ageing analysis of these accounts and notes receivable is as follows:

	2010 **RMB'000**	2009 RMB'000
Between one to two years	**143,990**	186,396
Between two to three years	**1,096**	636
Over three years	**108**	—
	145,194	187,032

26. PREPAYMENTS AND OTHER RECEIVABLES

	2010 RMB'000	2009 RMB'000
Prepayments		
Prepayments for fuel and materials	**395,262**	1,937,168
Prepayments for construction	**63,890**	62,605
Value added tax recoverable	**1,914,234**	1,883,613
Prepayment for an investment (i)	**350,000**	1,289,000
Other taxes recoverable	**31,761**	16,201
Prepayments to related parties	**1,324**	71,073
Others	**272,235**	57,231
	3,028,706	5,316,891
Other receivables		
Advanced payments for construction	**411,569**	438,945
Receivables from disposals of property, plant and equipment	**61,819**	108,208
Staff advances	**23,223**	25,959
Staff housing maintenance fund deposits	**25,153**	25,576
Receivables from sales of materials	**59,218**	50,414
Receivables from related parties	**64,172**	429,395
Others	**472,508**	183,716
	1,117,662	1,262,213
Allowance for doubtful debts	**(44,823)**	(4,203)
	1,072,839	1,258,010
	4,101,545	6,574,901

Note:

(i) At 31 December 2009, this represented prepayment for investment in Yuneng Group.

26. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Reconciliation of allowance for other receivables:

	2010 RMB'000	2009 RMB'000
At 1 January	**4,203**	4,203
Acquisition of subsidiaries	**88,273**	—
Reversal of allowance	**(41,685)**	—
Amounts written off	**(5,968)**	—
At 31 December	**44,823**	4,203

At 31 December 2010, other receivables of RMB2,035 thousand (2009: RMB3,755 thousand) were past due but not impaired. These relate to certain individually impaired receivables which 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 analysis of these other receivables is as follows:

	2010 RMB'000	2009 RMB'000
Between two to three years	**90**	1,920
Over three years	**1,945**	1,835
	2,035	3,755

27. SHORT-TERM ENTRUSTED LOANS TO RELATED PARTIES

	2010 RMB'000	2009 RMB'000
Entrusted loans to ultimate parent company (i)	**—**	17,000
Entrusted loans to a jointly controlled entity (ii)	**100,153**	—
	100,153	17,000

27. SHORT-TERM ENTRUSTED LOANS TO RELATED PARTIES (Continued)

Note:

(i) At 31 December 2009, the short-term entrusted loans to ultimate parent company carried interest rate at 1.44% per annum and there were neither pledges nor guarantees received on these loans. At 31 December 2010, all such loans were repaid.

The short-term entrusted loans to ultimate parent company were due within 1 year from 31 December 2009.

(ii) At 31 December 2010, the short-term entrusted loans to a jointly controlled entity carried interest rate at 5.00% (2009: Nil) per annum and there were neither pledges nor guarantees received on these loans.

The short-term entrusted loans to a jointly controlled entity are due within 1 year (2009: Nil) from the end of the reporting period.

28. CASH AND CASH EQUIVALENTS

	2010 RMB'000	2009 RMB'000
Bank deposits	**2,353,927**	1,358,163
Deposits with Datang Finance	**1,087,815**	147,097
Cash on hand	**1,234**	1,175
Cash and cash equivalents	**3,442,976**	1,506,435

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2010 RMB'000	2009 RMB'000
RMB	**3,231,787**	1,343,019
USD	**210,613**	163,124
HKD	**442**	152
Euro ("EUR")	**126**	140
Singapore dollar ("SGD")	**8**	—
	3,442,976	1,506,435

29. SHARE CAPITAL

	Number of shares			Amount		
	A shares (i) **'000**	**H shares** (i) **'000**	**Total '000**	**A shares RMB'000**	**H shares RMB'000**	**Total RMB'000**
Registered, issued and fully paid:						
Shares of RMB1 (2009: RMB1) each						
At 1 January 2009, 31 December 2009 and 1 January 2010	8,464,360	3,315,678	11,780,038	8,464,360	3,315,678	11,780,038
Issue of shares (ii)	530,000	—	530,000	530,000	—	530,000
At 31 December 2010 (iii)	**8,994,360**	**3,315,678**	**12,310,038**	**8,994,360**	**3,315,678**	**12,310,038**

Note:

(i) Both A shares and H shares rank pari passu to each other.

(ii) On 23 March 2010, the Company issued 530,000,000 A shares to specific investors by way of non-public offering at a subscription price of RMB6.23 per share for a total cash consideration of RMB3,301,900 thousand. The premium on the issues of shares, amounting to RMB2,718,372 thousand, net of share issue expenses, was credited to the Company's capital reserve account.

(iii) At 31 December 2010, 530,000,000 (2009: Nil) A shares were subject to lock-up periods and were not freely tradable.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The Group monitors capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2010 was 81.95% (2009, as restated: 82.20%).

The slight decrease in the assets-to-liabilities ratio during 2010 was primarily due to the increase of accounts and notes receivable accompanied by the growth in operating revenue. Taking into consideration of the expected operating cash flows of the Group and the available banking facilities and their experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010 RMB'000	2009 RMB'000 (restated)
Property, plant and equipment	**10,131,643**	10,010,353
Investments in subsidiaries	**21,155,786**	16,616,425
Other non-current assets	**13,875,483**	9,651,286
Cash and cash equivalents	**2,145,796**	291,589
Other current assets	**4,406,609**	9,501,882
TOTAL ASSETS	**51,715,317**	46,071,535
Share capital	**12,310,038**	11,780,038
Reserves	**17,797,509**	14,266,891
Long-term loans	**12,135,200**	10,409,600
Long-term bonds	**5,949,018**	5,938,544
Other non-current liabilities	**334,317**	384,299
Short-term loans	**880,000**	550,000
Other current liabilities	**2,309,235**	2,742,163
TOTAL EQUITY AND LIABILITIES	**51,715,317**	46,071,535

31. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

31. RESERVES (Continued)

(b) Company

	Note	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Restricted reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2009		1,592,988	2,923,568	6,800,692	46,081	—	2,388,465	13,751,794
Total comprehensive income for the year, as restated		—	—	—	—	—	1,806,881	1,806,881
Others		—	—	—	—	4,020	—	4,020
Transfer from restricted reserve		—	—	—	(8,608)	—	8,608	—
Transfer to surplus reserves, as restated		—	185,730	1,065,496	—	—	(1,251,226)	—
Dividends paid		—	—	—	—	—	(1,295,804)	(1,295,804)
At 31 December 2009, as restated		1,592,988	3,109,298	7,866,188	37,473	4,020	1,656,924	14,266,891
At 1 January 2010, as previously reported		1,592,988	3,116,874	7,866,188	37,473	4,020	1,725,111	14,342,654
Effect of correction of prior year errors		—	(7,576)	—	—	—	(68,187)	(75,763)
At 1 January 2010, as restated		1,592,988	3,109,298	7,866,188	37,473	4,020	1,656,924	14,266,891
Total comprehensive income for the year		—	—	—	—	—	1,673,949	1,673,949
Issue of shares	29	2,718,372	—	—	—	—	—	2,718,372
Transfer from restricted reserve		—	—	—	(7,931)	—	7,931	—
Transfer to surplus reserve		—	207,594	—	—	—	(207,594)	—
Dividends paid		—	—	—	—	—	(861,703)	(861,703)
At 31 December 2010		**4,311,360**	**3,316,892**	**7,866,188**	**29,542**	**4,020**	**2,269,507**	**17,797,509**

31. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) 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, 2006 and 2010; and (ii) the premium from convertible bonds converted to shares. The capital reserve is non-distributable.

(ii) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of their 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.

(iii) 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.

31. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(iv) Restricted reserve

Pursuant to relevant regulations and guidance issued by the 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.

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.

(d) 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.

32. LONG-TERM LOANS

	2010 **RMB'000**	2009 RMB'000
Long-term bank loans	**118,352,026**	99,870,956
Other long-term loans	**5,703,793**	6,478,027
	124,055,819	106,348,983

32. LONG-TERM LOANS (Continued)

Long-term loans are repayable as follows:

	2010 Long-term bank loans RMB'000	2010 Other long-term loans RMB'000	2010 Total RMB'000	2009 Long-term bank loans RMB'000	2009 Other long-term loans RMB'000	2009 Total RMB'000
On demand or within one year	**13,229,902**	**1,240,540**	**14,470,442**	6,731,618	110,820	6,842,438
In the second year	**16,078,045**	**3,120,540**	**19,198,585**	18,398,383	1,300,820	19,699,203
In the third to fifth year, inclusive	**30,714,130**	**641,620**	**31,355,750**	34,827,641	4,552,460	39,380,101
After five years	**58,329,949**	**701,093**	**59,031,042**	39,913,314	513,927	40,427,241
	118,352,026	**5,703,793**	**124,055,819**	99,870,956	6,478,027	106,348,983
Less:						
Amount due for settlement within 12 months (shown under current liabilities)	**(13,229,902)**	**(1,240,540)**	**(14,470,442)**	(6,731,618)	(110,820)	(6,842,438)
Amount due for settlement after 12 months	**105,122,124**	**4,463,253**	**109,585,377**	93,139,338	6,367,207	99,506,545

32. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	2010			2009		
	Long-term bank loans RMB'000	**Other long-term loans RMB'000**	**Total RMB'000**	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
Secured loans	**46,196,300**	**—**	**46,196,300**	43,275,222	—	43,275,222
Guaranteed loans	**5,197,430**	**1,922,793**	**7,120,223**	7,910,928	2,278,027	10,188,955
Unsecured loans	**66,958,296**	**3,781,000**	**70,739,296**	48,684,806	4,200,000	52,884,806
	118,352,026	**5,703,793**	**124,055,819**	99,870,956	6,478,027	106,348,983
Less:						
Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	**(2,713,320)**	**—**	**(2,713,320)**	(2,693,466)	—	(2,693,466)
Guaranteed loans	**(2,717,450)**	**(1,120,540)**	**(3,837,990)**	(1,892,788)	(110,820)	(2,003,608)
Unsecured loans	**(7,799,132)**	**(120,000)**	**(7,919,132)**	(2,145,364)	—	(2,145,364)
	(13,229,902)	**(1,240,540)**	**(14,470,442)**	(6,731,618)	(110,820)	(6,842,438)
Non-current portion						
Secured loans	**43,482,980**	**—**	**43,482,980**	40,581,756	—	40,581,756
Guaranteed loans	**2,479,980**	**802,253**	**3,282,233**	6,018,140	2,167,207	8,185,347
Unsecured loans	**59,159,164**	**3,661,000**	**62,820,164**	46,539,442	4,200,000	50,739,442
	105,122,124	**4,463,253**	**109,585,377**	93,139,338	6,367,207	99,506,545

32. LONG-TERM LOANS (Continued)

The carrying amounts of the Group's long-term loans are denominated in the following currencies:

	2010			2009		
	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
RMB	**118,352,026**	**4,781,000**	**123,133,026**	99,696,308	5,420,000	105,116,308
USD	**—**	**922,793**	**922,793**	174,648	1,058,027	1,232,675
	118,352,026	**5,703,793**	**124,055,819**	99,870,956	6,478,027	106,348,983

The interest rates for long-term loans per annum at 31 December were as follows:

	2010	2009
Long-term bank loans	**2.16% - 8%**	LIBOR+1.2% - 7.83%
Other long-term loans	**1.13% - 6.32%**	1.13% - 7.35%

Long-term loans of RMB4,686,354 thousand (2009: RMB5,444,912 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining long-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors estimate the fair value of the Group's long-term loans (including amount due for settlement within 12 months) as at 31 December 2010, by discounting their future cash flows at prevailing market rates offered to the Group for loans with substantially the same characteristics and maturity dates, to be RMB124,055,819 thousand (2009: RMB106,353,555 thousand). The discount rates applied as at 31 December 2010 were ranging from 1.13% to 8% (2009: 1.13% to 7.83%) per annum.

At 31 December 2010, long-term bank loans amounted to RMB3,967,706 thousand, RMB794,500 thousand and RMB435,224 thousand (2009: RMB6,338,616 thousand, RMB902,500 thousand and RMB669,812 thousand) were guaranteed by the Company, China Datang and certain non-controlling shareholders of a subsidiary, respectively. In addition, at 31 December 2010, long-term bank loans amounted to RMB990,000 thousand (2009: RMB1,692,000 thousand) guaranteed by the Company were counter-guaranteed by non-controlling shareholders of a subsidiary.

32. LONG-TERM LOANS (Continued)

At 31 December 2010, long-term bank loans amounted to RMB403,910 thousand (2009: RMB1,730,000 thousand) were secured by the following assets:

	2010	2009
	RMB'000	RMB'000
Inventories	**103,964**	—
Accounts and notes receivable	**—**	272,599
Property, plant and equipment	**546,550**	405,208
	650,514	677,807

At 31 December 2010, long-term bank loans amounted to RMB45,792,390 thousand (2009: RMB41,545,222 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2010, other long term loans amounted to RMB781,000 thousand (2009: RMB1,420,000 thousand) were borrowed from Datang Finance. Included in the amount was nil (2009: RMB220,000 thousand) which were guaranteed by the Company, of which nil (2009: RMB99,000 thousand) were counter-guaranteed by non-controlling shareholders of a subsidiary. The remaining balance amounted to RMB781,000 (2009: RMB1,200,000 thousand) was unsecured.

At 31 December 2010, other long-term loans amounted to RMB4,000,000 thousand (2009: RMB4,000,000 thousand) were borrowed from non-bank financial institutions. Included in the amount was RMB1,000,000 thousand (2009: RMB1,000,000 thousand) which were guaranteed by the Company, of which RMB450,000 thousand (2009: RMB450,000 thousand) were counter-guaranteed by non-controlling shareholders of a subsidiary. The remaining balance amounted to RMB3,000,000 thousand (2009: RMB3,000,000 thousand) was unsecured.

At 31 December 2010, other long term loans included a loan amounted to RMB922,793 thousand (2009: RMB1,058,027 thousand) borrowed by the 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.

33. LONG-TERM BONDS

	2010 RMB'000	2009 RMB'000
Medium-term notes (i)	**2,970,375**	2,961,836
Corporate bonds (ii)	**2,978,643**	2,976,708
	5,949,018	5,938,544

Notes:

(i) 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. At 31 December 2010, accrued interest for these notes amounted to RMB117,482 thousand (2009: RMB108,943 thousand).

(ii) Corporate bonds represented unsecured 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. At 31 December 2010, accrued interest for these bonds amounted to RMB58,533 thousand (2009: RMB56,598 thousand).

At 31 December 2010, the fair value of long term bonds is estimated to be RMB6,085,663 thousand (2009: RMB6,138,705 thousand). The fair value of medium-term notes is derived from discounted future cash flows using bond interest rate with similar terms of 4.17% (2009: 3.76%) per annum while the fair value of corporate bonds is derived from quoted price available in the market.

34. DEFERRED INCOME

The Group received government grants from local environmental protection authorities for undertaking approved environmental protection projects.

35. DEFERRED TAX

The following are the major deferred tax assets (before offset) recognised by the Group:

	Assets revaluation RMB'000	Deductible tax losses RMB'000	Intragroup unrealised profits RMB'000	Preliminary expenses RMB'000	Depreciation RMB'000	Government grants RMB'000	Impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2009	—	513,272	92,512	26,957	43,700	27,944	5,807	894	711,086
Acquisition of subsidiaries	—	35,275	—	—	—	—	—	—	35,275
(Charge)/credit to profit or loss for the year, as restated	—	(48,733)	70,996	(3,193)	(943)	10,746	23,785	1,012	53,670
At 31 December 2009 and 1 January 2010, as restated	—	499,814	163,508	23,764	42,757	38,690	29,592	1,906	800,031
Acquisition of subsidiaries	17,133	—	—	—	—	—	—	1,694	18,827
Disposal of a subsidiary	—	—	—	—	—	—	—	17	17
Credit/(charge) to profit or loss for the year	—	145,686	74,767	(20,135)	(10,320)	755	10	1,199	191,962
At 31 December 2010	**17,133**	**645,500**	**238,275**	**3,629**	**32,437**	**39,445**	**29,602**	**4,816**	**1,010,837**

35. DEFERRED TAX (Continued)

The following are the major deferred tax liabilities (before offset) recognised by the Group:

	Assets revaluation RMB'000	Depreciation RMB'000	Mining safety and development funds RMB'000	Unrealised exchange gains RMB'000	Deferred housing benefits RMB'000	Fair value gain on available - for-sale investments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2009	285,919	52,539	8,034	27,774	17,172	—	4,101	395,539
(Credit)/charge to profit or loss for the year	(5,812)	(36,457)	11,703	(12,552)	282	—	(432)	(43,268)
Charge to other comprehensive income for the year	—	—	—	—	—	3,650	—	3,650
At 31 December 2009 and 1 January 2010	280,107	16,082	19,737	15,222	17,454	3,650	3,669	355,921
Acquisition of subsidiaries	171,227	—	—	—	—	29,133	—	200,360
Disposal of a subsidiary	91	—	—	—	—	—	—	91
Credit to profit or loss for the year	(31,713)	(2,043)	(9,389)	(15,222)	(2,953)	—	(319)	(61,639)
Credit to other comprehensive income for the year	—	—	—	—	—	(17,430)	—	(17,430)
At 31 December 2010	**419,712**	**14,039**	**10,348**	**—**	**14,501**	**15,353**	**3,350**	**477,303**

The deferred tax liabilities in relation to fair value gain on available-for-sale investments have been charged to other comprehensive income directly.

35. DEFERRED TAX (Continued)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2010	2009
	RMB'000	RMB'000
		(restated)
Deferred tax assets	**972,760**	767,899
Deferred tax liabilities	**(439,226)**	(323,789)
	533,534	444,110

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB2,569,630 thousand (2009: RMB1,861,144 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2010	2009
	RMB'000	RMB'000
2012	**48,548**	48,548
2013	**923,885**	923,885
2014	**888,711**	888,711
2015	**708,486**	—
	2,569,630	1,861,144

36. PROVISIONS

	Mine disposal and environmental restoration RMB'000	Loss-making contracts RMB'000	Total RMB'000
At 1 January 2010	36,008	—	36,008
Acquisition of a subsidiary	—	5,546	5,546
Provisions used	—	(1,110)	(1,110)
Changes in present value	1,159	—	1,159
At 31 December 2010	**37,167**	**4,436**	**41,603**

The mine disposal and environmental restoration provision represents the Group's best estimate of the Group's liability for remediation costs based on industry standards and historical experience.

The loss-making contracts provision represents the Group's best estimated loss on a number of fixed income and entrusted lease agreements signed between the buyers of certain properties of the Group (the "Property Buyers") and the Group for the purpose of property sales boosting, according to which the Group is required to locate tenants for the properties acquired by the Property Buyers and to guarantee the Property Buyers a fixed rental return during the whole entrusted leasing period ranging from two to ten years.

37. OTHER LONG-TERM LIABILITIES

	2010 RMB'000	2009 RMB'000
Finance lease payables	**3,957,795**	4,115,364
Others	**105,128**	110,375
	4,062,923	4,225,739
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(339,741)**	(524,574)
	3,723,182	3,701,165

Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Within one year	**536,556**	685,299	**267,751**	491,187
In the second to fifth years, inclusive	**2,646,489**	2,366,010	**1,692,334**	1,819,131
After five years	**2,535,871**	2,183,695	**1,997,710**	1,805,046
	5,718,916	5,235,004	**3,957,795**	4,115,364
Less: Future finance charges	**(1,761,121)**	(1,119,640)	**N/A**	N/A
Present value of lease obligations	**3,957,795**	4,115,364	**3,957,795**	4,115,364
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(267,751)**	(491,187)
Amount due for settlement after 12 months			**3,690,044**	3,624,177

37. OTHER LONG-TERM LIABILITIES (Continued)

It is the Group's policy to lease certain of its plant, property and equipment under finance leases. The average lease term is 18 years (2009:10 years). At 31 December 2010, the average effective borrowing rate was 5.39% (2009: 5.66%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the plant and machinery at nominal prices.

The Group's finance lease payables amounted to RMB720,980 thousand (2009: RMB1,275,901 thousand) were guaranteed by the Company for the same amount while certain the Group's finance lease payables amounted to RMB810,216 thousand (2009: RMB1,275,901 thousand) were secured by restricted deposits of RMB122,085 thousand (2009: RMB155,117 thousand), all of which will be refunded after settlements of last installments of respective finance lease arrangements.

At 31 December 2010, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to RMB115,995 thousand (2009: Nil).

38. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010 RMB'000	2009 RMB'000
Accounts and notes payable		
Fuel and materials payable to third parties	**7,100,568**	5,251,884
Fuel and materials payable to related parties	**49,076**	65,932
Notes payable to third parties	**980,127**	697,703
	8,129,771	6,015,519
Construction payables to third parties	**7,909,939**	6,320,814
Construction payables to related parties	**209,902**	—
Acquisition considerations payable	**91,627**	143,796
Receipts in advance from a related party	**591**	—
Receipts in advance from third parties	**621,925**	146,277
Salaries and welfares payable	**51,444**	32,825
Interests payable	**390,087**	356,389
Other payables to related parties	**95,528**	115,277
Others	**1,429,252**	909,123
	18,930,066	14,040,020

38. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Continued)

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

	2010 RMB'000	2009 RMB'000
Within one year	**8,129,771**	5,716,659
Between one to two years	**—**	127,756
Between two to three years	**—**	43,857
Over three years	**—**	127,247
	8,129,771	6,015,519

39. SHORT-TERM LOANS

	2010 RMB'000	2009 RMB'000
Short-term bank loans	**16,665,728**	16,648,453
Other short-term loans	**2,709,100**	2,880,570
Short-term entrusted loan	**—**	40,000
	19,374,828	19,569,023

39. SHORT-TERM LOANS (Continued)

Short-term loans are classified as follows:

	2010				2009			
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Short-term entrusted loan RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Short-term entrusted loan RMB'000	Total RMB'000
Secured loans	669,370	—	—	669,370	220,000	—	—	220,000
Guaranteed loans	816,336	—	—	816,336	2,480,036	—	—	2,480,036
Unsecured loans	15,180,022	2,709,100	—	17,889,122	13,901,308	2,880,570	40,000	16,821,878
Other loans (discounted notes receivable)	—	—	—	—	47,109	—	—	47,109
	16,665,728	2,709,100	—	19,374,828	16,648,453	2,880,570	40,000	19,569,023

The carrying amounts of the Group's short-term loans are denominated in the following currencies:

	2010				2009			
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Short-term entrusted loan RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Short-term entrusted loan RMB'000	Total RMB'000
RMB	15,921,339	2,709,100	—	18,630,439	15,978,281	2,880,570	40,000	18,898,851
USD	128,053	—	—	128,053	—	—	—	—
HKD	616,336	—	—	616,336	670,172	—	—	670,172
	16,665,728	2,709,100	—	19,374,828	16,648,453	2,880,570	40,000	19,569,023

39. SHORT-TERM LOANS (Continued)

The interest rates for short-term loans per annum at 31 December were as follows:

	2010	2009
Short-term bank loans	1.31% - 5.56%	2.10% - 7.47%
Other short-term loans	3.89% - 5.23%	3.88% - 6.72%
Short-term entrusted loan	—	4.35%

Short-term loans of RMB7,297,432 thousand (2009: RMB18,898,851 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining short-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2010, short-term bank loans amounted to RMB200,000 thousand (2009: RMB1,863,700 thousand) were guaranteed by the Company, including which nil (2009: RMB801,000 thousand) of which were counter-guaranteed by the non-controlling shareholders at their respective equity interests.

At 31 December 2010, short-term bank loans amounted to RMB616,336 thousand (2009: RMB616,336 thousand) were guaranteed by a related party (2009: the headquarters of Bank of China) and secured by a charge over 358,680,000 H shares of the Company executed by the related party in favour of the bank.

At 31 December 2010, short-term bank loans amounted to RMB669,370 thousand (2009: RMB70,000 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2009, short-term bank loans amounted to RMB150,000 thousand were secured by certain accounts receivable of the Group.

At 31 December 2009, short-term bank loans amounted to RMB47,109 thousand represented discounted notes receivable with recourse. Interest on certain discounted notes receivable is 0% per annum as such interest is borne by the drawers.

At 31 December 2010, other short-term loans amounted to RMB2,709,100 thousand (2009: RMB2,310,570 thousand) which was borrowed from Datang Finance was unsecured and interest-bearing at 4.37% to 5.23% (2009: 4.37% to 6.72%) per annum.

At 31 December 2009, other short-term loans amounted to RMB570,000 thousand which was borrowed from a non-bank financial institution was unsecured and interest-bearing at 3.88% to 4.25% per annum.

At 31 December 2009, the short-term entrusted loan which was borrowed from China Datang through Datang Finance was unsecured and interest-bearing at 4.35% per annum.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from profit before tax to cash generated from operations

	2010 RMB'000	2009 RMB'000 (restated)
Profit before tax	**4,700,300**	3,131,479
Adjustments for:		
Depreciation of property, plant and equipment	**7,376,954**	7,521,873
Depreciation of investment properties	**5,018**	—
Amortisation of intangible assets	**23,409**	6,637
Amortisation of long-term deferred expenses	**24,537**	2,686
Amortisation of deferred income	**(48,238)**	(40,131)
Amortisation of deferred housing benefits	**30,854**	30,085
Net gains on disposals of property, plant and equipment	**(58,867)**	(32,692)
Write-off of property, plant and equipment	**29**	—
Gain on disposals of investment properties	**(26,813)**	—
Interest income	**(38,215)**	(33,124)
Finance costs	**5,323,245**	4,075,134
Dividend income	**(9,327)**	(1,105)
Interest income from entrusted loans lent to related parties	**(688)**	(5,140)
Reversal of allowance for accounts receivable	**(130)**	—
Reversal of allowance for other receivables	**(41,685)**	—
Allowance for inventories	**—**	14,667
Impairment losses on property, plant and equipment	**—**	80,473
Shares of profits of associates	**(718,231)**	(462,112)
Shares of (profits)/losses of jointly controlled entities	**(1,104)**	52,685
Gain on disposals of available-for-sale investments	**(8,212)**	(30,125)
Gain on disposal of assets and liabilities held for sale	**—**	(40,000)
Gain on disposals of associates	**(93,811)**	(74,460)
Gain on disposals of subsidiaries	**—**	(3,856)
Other gains - others	**(354)**	—

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Reconciliation from profit before tax to cash generated from operations (Continued)

	2010 **RMB'000**	2009 RMB'000
Operating profit before working capital changes	**16,438,671**	14,192,974
(Increase)/decrease in inventories	**(1,004,442)**	336,446
Increase in accounts and notes receivable	**(1,353,059)**	(2,225,882)
Decrease/(increase) in prepayments and other receivables	**1,702,471**	(711,620)
Increase in accounts payable and accrued liabilities	**1,858,290**	1,258,678
Increase/(decrease) in taxes payable	**710,882**	(8,783)
Cash generated from operations	**18,352,813**	12,841,813

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisitions of subsidiaries

On 1 January 2010, the Group acquired 100% of the issued capital of Yuneng Group for a cash consideration of RMB1,345,000 thousand, of which RMB549,318 thousand was paid for acquisition of non-controlling interests of two subsidiaries of the Company held by Yuneng Group. Yuneng Group and its subsidiaries were engaged in power generation, mining and metallurgy as well as property development during the year.

The carrying amount and the fair value of the identifiable assets and liabilities of Yuneng Group and its subsidiaries acquired as at its date of acquisition are as follows:

	Carrying amount RMB'000	**Fair value adjustments** RMB'000	**Fair value** RMB'000
Net assets acquired:			
Property, plant and equipment	2,077,687	17,793	2,095,480
Other non-current assets	457,084	231,882	688,966
Cash and cash equivalents	1,419,070	(33)	1,419,037
Other current assets	1,168,879	347,235	1,516,114
Loans	(2,270,840)	—	(2,270,840)
Other non-current liabilities	(61,820)	(100,027)	(161,847)
Current liabilities	(2,301,832)	120	(2,301,712)
	488,228	496,970	985,198
Non-controlling interests	(102,864)	(104,692)	(207,556)
Goodwill			18,040
Satisfied by:			
Cash			795,682
Net cash inflow arising on acquisition:			
Cash consideration paid			(795,682)
Cash and cash equivalents acquired			1,419,037
			623,355

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisitions of subsidiaries (Continued)

At 1 January 2010, Datang Deqin was an associate of the Company in which the Company held 40% equity interests. On 4 March 2010, the Group further acquired 30% of the issued share capital of Datang Deqin for a cash consideration of RMB613 thousand. Datang Deqin is engaged in hydropower generation construction during the year.

The fair value of the identifiable assets and liabilities of Datang Deqin acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	44,127
Cash and cash equivalents	7,797
Other current assets	355
Long-term loans	(30,000)
Current liabilities	(12,162)
	10,117
Net assets attributable to the owners of the Company before acquisition of additional interest	(8,917)
Non-controlling interests	(605)
Goodwill	18
Satisfied by:	
Cash	613
Net cash inflow arising on acquisition:	
Cash consideration paid	(613)
Cash and cash equivalents acquired	7,797
	7,184

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisitions of subsidiaries (Continued)

On 23 March 2010, the Group acquired 100% of the issued share capital of Liaoning Datang International Fuxin Wind Power Company Limited ("Datang Fuxin") for a cash consideration of RMB32,942 thousand. Datang Fuxin is engaged in wind power generation construction during the year.

The carrying amount and the fair value of the identifiable assets and liabilities of Datang Fuxin acquired as at its date of acquisition are as follows:

	Carrying amount RMB'000	Fair value adjustments RMB'000	Fair value RMB'000
Net assets acquired:			
Property, plant and equipment	1,065	—	1,065
Intangible assets	—	14,590	14,590
Cash and cash equivalents	197	—	197
Other current assets	20,738	—	20,738
Other non-current liabilities	—	(3,648)	(3,648)
	22,000	10,942	
Satisfied by:			
Cash			32,942
Net cash outflow arising on acquisition:			
Cash consideration paid			(32,942)
Cash and cash equivalents acquired			197
			(32,745)

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisitions of subsidiaries (Continued)

On 30 April 2010, the Group acquired 70% of the issued share capital of Baoli Company for a cash consideration of RMB188,889 thousand. Baoli Company is engaged in coal mining during the year.

The carrying amount and the fair value of the identifiable assets and liabilities of Baoli Company acquired as at its date of acquisition are as follows:

	Carrying amount	Fair value adjustments	Fair value
	RMB'000	RMB'000	RMB'000
Net assets acquired:			
Property, plant and equipment	275,974	6,283	282,257
Cash and cash equivalents	67,496	—	67,496
Other non-current assets	50,264	172,044	222,308
Other current assets	202,018	—	202,018
Non-current liabilities	—	(44,582)	(44,582)
Current liabilities	(476,136)	—	(476,136)
	119,616	133,745	253,361
Non-controlling interests	(43,061)	(40,123)	(83,184)
Goodwill			18,712
Satisfied by:			
Cash			188,889
Net cash outflow arising on acquisition:			
Cash consideration paid			(188,889)
Cash and cash equivalents acquired			67,496
			(121,393)

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisitions of subsidiaries (Continued)

The goodwill arising on the acquisition of Yuneng Group, Datang Deqin and Baoli Company is attributable to the anticipated profitability of their power generation or coal mining operations and the anticipated future operating synergies from the combination.

Yuneng Group, Datang Deqin, Datang Fuxin and Baoli Company increased the Group's profit for the year by RMB30,355 thousand, nil, nil and RMB25,101 thousand respectively between the respective dates of acquisition and the end of the reporting period.

If all the above acquisitions had been completed on 1 January 2010, total Group revenue for the year would have been RMB60,748,663 thousand, and profit for the year would have been RMB3,835,570 thousand. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is intended to be a projection of future results.

(c) Material non-cash transactions

Additions to property, plant and equipment during the year of RMB556,056 thousand (2009: Nil) were financed by finance leases.

During the year ended 31 December 2009, there was a material non-cash transaction, which the Company used property, plant and equipment and construction payables and others amounting to RMB1,850,935 thousand and RMB384,905 thousand, respectively, in acquiring an associate. Subsequently, this associate recorded a payable of RMB104,400 thousand, representing the excess investment to be refunded.

(d) Undrawn borrowing facilities

The undrawn borrowing facilities of the Group available as at the end of the reporting period were as follows:

	2010 **RMB'000**	2009 RMB'000
Expiring within one year	**—**	8,166,063
Expiring beyond one year	**145,984,078**	160,837,364
	145,984,078	169,003,427

41. FINANCIAL GUARANTEES

The Group issues financial guarantee contracts to its associates, jointly controlled entities, 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 Group maintains a close watch on the financial position and liquidity of the associates, jointly controlled entities, other equity investees and the former related party for which financial guarantees have been granted in order to mitigate such risks. The Group takes all reasonable steps to ensure that it has appropriate information regarding any claim exposure. Details of financial guarantee contracts issued by the Group to the above-mentioned parties at the end of the reporting period are as follows:

	2010 **RMB'000**	2009 RMB'000
Associates	**170,000**	455,880
Jointly controlled entities	**614,500**	576,500
Other equity investees	**108,000**	132,000
A former related party	**—**	193,550
	892,500	1,357,930

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.

42. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2010 RMB'000	2009 RMB'000
Property, plant and equipment		
Contracted but not provided for	**15,800,987**	14,042,926
Authorised but not contracted for	**16,219,088**	34,679,804
Equity investments		
Contracted but not provided for	**1,024,710**	2,283,200
Intangible assets		
Contracted but not provided for	**3,251,100**	4,294,792
	36,295,885	55,300,722

43. LEASE COMMITMENTS

At 31 December 2010 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 RMB'000	2009 RMB'000
Within one year	**26,158**	20,578
In the second to fifth year inclusive	**51,747**	68,427
After five years	**23,336**	46,813
	101,241	135,818

44. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following significant transactions and balances with its related parties in the normal course of business during the year:

(a) Significant transactions with related parties

(i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and jointly controlled entities of the Group and their subsidiaries

	2010 RMB'000	2009 RMB'000
China Datang Group		
Sales of equipment	—	37,918
Sales of coal	4,880	—
Receipt of coal ash disposal service	57,890	57,890
Purchases of materials and equipment	489,630	482,686
Purchases of fuel	25,763	46,893
Receipt of equipment purchase agency services	3,078	40,678
Purchases of generation quota	—	18,601
Operating lease expenses for buildings and facilities	22,228	22,228
Receipt of repairs and maintenance services	12,047	7,358
Receipt of fuel management services	—	500
Provision of entrusted loans	24,000	44,270
Interest income on entrusted loans	—	249
Drawdown of an entrusted loan	—	200,000
Interest expense on an entrusted loan	—	476
Sales of pre-project assets	92,670	—
Provision of technical support services	420	—
Associates of the Group		
Sales of electricity and heat	—	122,115
Purchases of fuel	61,121	40,365
Receipt of technical support services	66,929	119,570
Provision of entrusted loans	—	80,000
Interest income on entrusted loans	—	4,891
Drawdown of loans	14,641,600	21,277,950
Interest expense on loans	193,121	139,472
Interest income on deposits	15,407	14,397

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

(i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and jointly controlled entities of the Group and their subsidiaries (Continued)

	2010 RMB'000	2009 RMB'000
Subsidiary of an associate of the Group		
Purchases of fuel	497,909	370,095
Jointly controlled entities of the Group		
Purchases of fuel	318,359	452,216
Provision of entrusted loans	250,000	—
Interest income on entrusted loans	688	—

(ii) Financial guarantees with China Datang and associates and jointly controlled entities of the Group

	2010 RMB'000	2009 RMB'000
China Datang		
Long-term loans of the Group guaranteed by China Datang	1,348,176	1,537,316
Associates of the Group		
Long-term loans of the associates guaranteed by the Company	170,000	455,880
Jointly controlled entities of the Group		
Long-term loans of jointly controlled entities guaranteed by the Company	389,500	401,500
Short-term loans of a jointly controlled entity guaranteed by the Company	225,000	175,000

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

(iii) Compensation to key management personnel of the Group

	2010 **RMB'000**	2009 RMB'000
Basic salaries and allowances	**1,965**	1,888
Bonus	**2,829**	3,303
Retirement benefits	**372**	50
Other benefits	**153**	150
	5,319	5,391

Further details of directors' and supervisors' emoluments are included in note 12 to the financial statements.

(iv) Significant transactions with Other State-Owned Enterprises

	2010 **RMB'000**	2009 RMB'000
Sales of electricity	**52,571,453**	42,194,115
Sales of heat	**522,152**	262,281
Interest expense on loans	**6,692,648**	6,083,967
Purchases of property, plant and equipment	**19,397,979**	19,145,878
Purchases of fuel	**27,632,526**	21,719,904
Purchases of spare parts and consumable supplies	**318,709**	248,241
Drawdown of short-term loans	**34,443,876**	26,224,489
Drawdown of long-term loans	**33,346,131**	56,312,318
Disposal of an associate	**—**	87,197

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

(v) Financial guarantees with Other State-Owned Enterprises

	2010 RMB'000	2009 RMB'000
Short-term loans of the Group guaranteed by Other State-Owned Enterprises	**616,336**	1,417,336
Long-term loans of the Group guaranteed by Other State-Owned Enterprises	**1,875,224**	2,910,812
Long-term loans of Other State-Owned Enterprises guaranteed by the Company	**108,000**	325,550

(vi) Assets/Business transfers with China Datang Group

During the year ended 31 December 2009, the Company entered into a series of assets transfer agreements and equity transfer agreements with China Datang Group, for which:

— the Company acquired 100% equity interests of Liaoning Datang International Wind Power Development Company Limited ("Liaoning Wind Power") (formerly known as Datang Liaoning New Energy Company Limited) and its subsidiary and Datang Zhangzhou Wind Power Company Limited ("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 the Company's 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.

— 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 Company Limited ("Jilin Power Company"), a wholly-owned subsidiary of China Datang, for a cash consideration of RMB3 million.

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

(vi) Assets/Business transfers with China Datang Group (Continued)

— 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 of its preliminary project assets of Shandong Datang Dongying Power Plant Planning Department and 100% equity interest in Shandong Datang International Dongying Wind Power Generation Company Limited to Datang Shandong Power Generation Company Limited, a wholly-owned subsidiary of China Datang, for a cash consideration of RMB343 million and RMB104 million, respectively.

(b) Significant balances with related parties

(i) Significant balances with China Datang Group and associates and jointly controlled entities of the Group

	2010	2009
	RMB'000	RMB'000
China Datang Group		
Deposits paid for property, plant and equipment (included in property, plant and equipment)	**109,616**	450,118
Short-term entrusted loans	**—**	17,000
Accounts and notes receivable	**1,738**	—
Prepayments and other receivables	**64,518**	315,060
Accounts payable and accrued liabilities	**268,960**	152,484
Associates of the Group		
Long-term entrusted loans	**—**	130,194
Accounts and notes receivable	**—**	35,505
Prepayments and other receivables	**978**	181,335
Accounts payable and accrued liabilities	**67,923**	17,952
Jointly controlled entities of the Group		
Prepayments and other receivables	**—**	4,073
Accounts payable and accrued liabilities	**18,214**	10,773
Short-term entrusted loans	**100,153**	—

44. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

(i) Significant balances with China Datang Group and associates and jointly controlled entities of the Group (Continued)

Except for long-term entrusted loans and short-term entrusted loans stated above, all the above balances are unsecured, interest-free and due on demand.

Terms of long-term entrusted loans and short-term entrusted loans are described in respective notes to the financial statements.

(ii) Significant balances with Other State-Owned Enterprises

	2010 RMB'000	2009 RMB'000
Deposits paid for property, plant and equipment (included in property, plant and equipment)	**3,945,673**	4,188,676
Accounts and notes receivable	**6,509,132**	5,766,591
Prepayments and other receivables	**3,420,168**	3,066,574
Cash and cash equivalents	**2,301,385**	1,301,208
Long-term loans (including current portion)	**121,682,226**	103,057,809
Accounts payable and accrued liabilities	**3,920,689**	3,062,454
Short-term loans	**16,651,488**	16,936,323

Except for cash and cash equivalents, long-term loans and short-term loans stated above, all the above balances are unsecured, interest-free and due within 12 months.

Terms of cash and cash equivalents, long-term loans and short-term loans are described in respective notes to the financial statements.

At 31 December 2010, the interest rates of long-term loans and short-term loans from Other State-Owned Enterprises were ranged from 1.13% to 8% (2009: 2.36% to 7.47%) per annum and from 1.31% to 5.84% (2009: 2.30% to 6.72%) respectively.

45. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2010 are as follows:

(a) Subsidiaries acquired from business combination under common control

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Liaoning Wind Power	PRC	440,752	100%	—	Wind power generation
Liaoning Datang International Changtu Wind Power Company Limited (formerly known as Datang Changtu New Energy Company Limited)	PRC	87,000	—	100%	Wind power generation
Hulunbei'er Fertilizer	PRC	282,700	—	100%	Production and sales of chemical materials
Zhangzhou Wind Power	PRC	217,590	—	100%	Wind power generation

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Tianjin Datang International Panshan Power Generation Company Limited	PRC	831,253	75%	—	Power generation
Inner Mongolia Datang International Tuoketuo Power Generation Company Limited	PRC	1,714,020	60%	—	Power generation
Shanxi Datang International Shentou Power Generation Company Limited	PRC	749,000	60%	—	Power generation

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Shanxi Datang International Yungang Thermal Power Company Limited	PRC	602,000	100%	—	Power generation and heat supply
Hebei Datang International Huaze Hydropower Development Company Limited	PRC	59,162	90.43%	—	Hydropower generation
Gansu Datang International Liancheng Power Generation Company Limited	PRC	275,500	55%	—	Power generation
Hebei Datang International Tangshan Thermal Power Company Limited	PRC	380,264	80%	—	Power generation and heat supply
Jiangsu Datang International Lvsigang Power Generation Company Limited	PRC	1,050,186	55%	—	Power generation
Shanxi Datang International Yuncheng Power Generation Company Limited	PRC	162,125	80%	—	Power generation
Guangdong Datang International Chaozhou Power Generation Company Limited	PRC	391,990	75%	—	Power generation
Fujian Datang International Ningde Power Generation Company Limited	PRC	370,000	51%	—	Power generation

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Chongqing Datang International Pengshui Hydropower Development Company Limited	PRC	822,250	40%	22.7%	Hydropower generation
Chongqing Datang International Wulong Hydropower Development Company Limited	PRC	771,990	51%	23.28%	Hydropower generation (under construction)
Datang International (Hong Kong) Limited	Hong Kong	USD2,900,000	100%	—	Import of power related fuel and equipment
Dongneng (Beijing) Technology Development Company Limited	PRC	USD1,500,000	—	100%	Electricity and energy related consultation services
Zhiganglaka Company	PRC	380,000	—	90%	Hydropower generation
Hebei Datang International Wangtan Power Generation Company Limited	PRC	450,000	70%	—	Power generation
Chongqing Datang International Shizhu Power Generation Company Limited	PRC	10,000	70%	—	Power generation (under construction)
Sichuan Datang International Ganzi Hydropower Development Company Limited	PRC	50,000	80%	—	Hydropower generation (under construction)
Beijing Datang Fuel Company Limited	PRC	514,650	100%	—	Coal trading

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Inner Mongolia Datang Fuel Company Limited	PRC	10,000	—	100%	Coal sales
Zhejiang Datang Wushashan Power Generation Company Limited	PRC	1,700,000	51%	—	Power generation
Inner Mongolia Datang International Xilinhaote Mining Company Limited	PRC	375,970	100%	—	Coal mining
Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited ("Tuoketuo II Power Company") (i)	PRC	Registered capital: 500,000; paid-in capital: 100,000	40%	—	Power generation
Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited	PRC	458,000	100%	—	Power generation and heat supply
Shanxi Datang International Zuoyun Wind Power Generation Company Limited	PRC	150,000	100%	—	Wind power generation
Jiangxi Datang International Fuzhou Power Generation Company Limited	PRC	50,000	100%	—	Power generation (under construction)
Liaoning Datang International Jinzhou Thermal Power Generation Limited	PRC	368,000	100%	—	Power generation and heat supply

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Chongqing Datang International Wulongxingshun Wind Power Company Limited	PRC	69,040	100%	—	Wind power generation
Hebei Datang International Fengrun Thermal Power Company Limited	PRC	200,000	84%	—	Power generation and heat supply
Energy and Chemical Company	PRC	4,024,700	100%	—	Energy and chemical development
Datang Fuxin Energy and Chemical Engineering Company Limited	PRC	30,000	—	100%	Maintenance of chemical power equipment, construction and mechanical subcontracting
Datang Energy and Chemical Marketing Company Limited	PRC	50,000	—	100%	Wholesale and retail of chemical products
Datang International Chemical Technology Research Institute Company Limited	PRC	50,000	—	100%	Coal chemistry related consultation services
Datang Inner Mongolia Erdos Silicon and Aluminium Technology Company Limited	PRC	100,000	—	100%	Silicon and aluminium smelting (pre-construction)

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Datang Inner Mongolia Duolun Coal Chemical Company Limited	PRC	4,050,000	—	60%	Coal chemical production (under construction)
Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Energy Resource Development Company") (ii)	PRC	110,000	—	26%	Production and sale of alumina (under construction)
Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited	PRC	28,520	—	51%	Hydropower generation and water supply
Inner Mongolia Datang Tongfang Silicon and Aluminum Technology Company Limited ("Tongfang Silicon and Aluminum") (iii)	PRC	10,000	—	26%	Development and production of silicon and aluminum alloy
Liaoning Datang International Fuxin Coal-based Gas Company Limited	PRC	100,000	—	90%	Coal-based natural gas generation (under construction)
Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited	PRC	100,000	—	51%	Coal-based natural gas generation (under construction)

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited	PRC	10,000	—	100%	Brown coal processing (pre-construction)
Inner Mongolia Datang International Keshiketeng Dashimen Hydropower Development Company Limited	PRC	10,000	—	90%	Hydropower generation and water supply
Jiangsu Datang Shipping Company Limited	PRC	264,900	97.54%	—	Cargo shipping
Inner Mongolia Datang International Wind Power Development Company Limited	PRC	554,490	100%	—	Wind power generation (under construction)
Inner Mongolia Datang International Zhuozi Wind Power Company Limited	PRC	343,290	—	100%	Wind power generation
Inner Mongolia Datang International Hongmu Wind Power Company Limited	PRC	151,030	—	100%	Wind power generation (under construction)
Fujian Datang International Wind Power Development Company Limited	PRC	314,670	100%	—	Wind power generation (pre-construction)
Fujian Datang International Changle Wind Power Company Limited	PRC	10,000	—	100%	Wind power generation (under construction)

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Fujian Datang International Zhaoan Wind Power Company Limited	PRC	5,000	—	100%	Wind power generation
Shanxi Datang International Linfen Thermal Power Company Limited	PRC	282,550	80%	—	Power generation and heat supply (under construction)
Liaoning Datang International Faku Wind Power Development Company Limited	PRC	156,950	—	100%	Wind power generation
Xizang Datang International Nujiang Upstream Hydropower Development Company Limited	PRC	100,000	100%	—	Hydropower generation (pre-construction)
Liaoning Datang International Zhuanghe Nuclear Power Company Limited	PRC	30,000	100%	—	Nuclear power generation (pre- construction)
Tongzhou Technology Company	PRC	165,000	60.61%	—	Sales of coal ash and integrated application of solid wastes
Beijing Tongzhou High Voltage Environmental Technology Company Limited	PRC	2,000	—	80%	Sales of ash
Zhejiang Datang Tongzhou Environmental Technology Company Limited	PRC	5,000	—	80%	Sales of ash

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Tianjin Datang Tongzhou Tongxin Technology Company Limited	PRC	5,000	—	80%	Sales of ash
Fujian Datang Tongzhou Yicai Enviromnental Technology Company Limited (formerly kmown as Xiamen Tongzhou YIcai Technology Trading Company Limited)	PRC	5,000	—	55%	Sales of ash and comprehensive utilisation of solid emissions
Beijing Tongzhou Xinyuan Building Materials Technological Development Company Limited	PRC	2,000	—	70%	Sales of ash and comprehensive utilisation of solid emissions
Nantong Tongzhou Datong Logistics Company Limited	PRC	1,000	—	60%	Cargo agent and sales of ash
Yunnan Datang International Electric Power Company Limited	PRC	1,315,352	100%	—	Power plant construction and operations
Yunnan Datang International Honghe Power Generation Company Limited	PRC	414,550	—	70%	Power generation
Yunnan Datang International Nalan Hydropower Development Company Limited	PRC	173,370	—	51%	Hydropower generation
Yunnan Datang International Lixianjiang Hydropower Development Company Limited	PRC	598,000	—	70%	Hydropower generation

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Yunnan Datang International Wenshan Hydropower Development Company Limited	PRC	316,670	—	60%	Hydropower generation
Yunnan Datang International Hengjiang Hydropower Development Company Limited	PRC	2,000	—	70%	Hydropower generation (under construction)
Yunnan Datang International Biyuhe Hydropower Development Company Limited	PRC	89,040	—	70%	Hydropower development (under construction)
Yunnan Datang International Mengyejiang Hydropower Development Limited	PRC	10,000	—	100%	Hydropower development (pre- construction)
Datang Deqin	PRC	Registered capital: 13,571; paid-in capital: 10,100	—	70%	Hydropower construction and operations (pre-construction)
Hebei Datang International Wind Power Development Company Limited	PRC	570,230	100%	—	Wind power generation (under construction)
Hebei Datang International Fengning Wind Power Company Limited	PRC	410,000	—	100%	Wind power generation (pre-construction)
Hebei Datang International Chongli Wind Power Company Limited	PRC	70,000	—	100%	Wind power generation (pre-construction)

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Liaoning Datang International Wafangdian Thermal Power Company Limited	PRC	40,000	100%	—	Power generation and heat supply (under construction)
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	30,000	100%	—	Water conservancy hub construction and management
Ningxia Datang International Qingtongxia Photovoltaic Company Limited	PRC	33,890	100%	—	Solar power generation
Hohhot Thermal Company	PRC	60,000	51%	—	Power generation and heat supply
Xinyu Power Company	PRC	553,912	100%	—	Power generation
Zhunge'er Mining Company	PRC	50,000	52%	—	Coal mining (pre-construction)
Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company") (iv)	PRC	40,000	45%	—	Power generation
Qian'an Datang Thermal Power Company Limited	PRC	33,334	57%	—	Power generation
Liaoning Datang International Fuxin Wind Power Company Limited	PRC	165,860	—	100%	Wind power generation (pre-construction)

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Yuneng Group	PRC	1,086,106	100%	—	Investment holding, power generation and property development
Chongqing Dingtai Energy Resources (Group) Company Limited	PRC	160,943	—	95%	Development and sales of power and electrical machines
Chongqing Longtai Power Company Limited	PRC	120,000	—	89%	Hydropower generation
Chongqing Yujiankou Hydropower Company Limited	PRC	114,620	—	78%	Hydropower generation
Wulong Hydropower Development Company Limited	PRC	26,000	—	77%	Hydropower generation
Chongqing Mayandong Hydropower Development Company Limited	PRC	80,000	—	95%	Hydropower generation (pre-construction)
Chongqing Yuneng Yangzi Power Company Limited	PRC	15,322	—	95%	Hydropower generation
Chongqing Yujiang Hydropower Development Company Limited	PRC	26,700	—	95%	Hydropower generation (pre-construction)
Chongqing Wulong Muzhong River Hydropower Company Limited	PRC	10,000	—	48%	Hydropower generation
Tongzi County Yuneng Hydropower Development Company Limited	PRC	26,800	—	95%	Hydropower generation

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Chongqing Qinglong Hydropower Development Company Limited	PRC	23,500	—	70%	Hydropower generation
Tongzi County Yuneng Nitang Hydropower Company Limited	PRC	1,000	—	95%	Hydropower generation
Chongqing Keyuan Power Company Limited	PRC	23,913	—	77%	Development and sales of power products
Chongqing Wushan Qianzhangyan Hydropower Development Company Limited	PRC	14,600	—	97%	Hydropower generation
Chongqing Tuoyuan Company Limited	PRC	104,765	—	94%	Power generation
Yangpu Heyuan Investment Company Limited	PRC	52,200	—	94%	Investment holding
Chongqing Luozitang Hydropower Company Limited	PRC	804	—	66%	Hydropower generation
Chongqing Yu Hao Hydro-power Development Company Limited	PRC	132,750	—	48%	Hydropower generation
APC Hydropower (Investment) Pte. Ltd.	Singapore	SGD100	—	95%	Investment holding
Chongqing Yuneng Real Estate (Group) Company Limited ("Yuneng Real Estate")	PRC	300,000	—	97%	Property development

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Chongqing Yuneng Chenyang Property Company Limited	PRC	50,000	—	77%	Property development and property management
Chongqing Yuneng Property Development Company Limited	PRC	25,000	—	97%	Property development
Chongqing Yuneng Construction and Installation Company Limited	PRC	20,000	—	97%	Construction decoration and installation
Chongqing Yuneng Junyang Property Development Company Limited ("Junyang Property") (v)	PRC	10,000	—	33%	Property development
Chongqing Yuneng Wanyi Property Development Company Limited ("Wanyi Property") (vi)	PRC	80,000	—	44%	Property development
Chongqing Yuneng Jintai Power Equipment Company Limited	PRC	20,500	—	97%	Sales of electrical equipment and construction materials
Chongqing Yuneng Property Services Company Limited	PRC	5,000	—	97%	Property management
Chongqing Yuneng Property Consulting Company Limited	PRC	500	—	97%	Property consulting
Chongqing Shangshan Property Company Limited	PRC	20,000	—	82%	Property development

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Chongqing Yadongya Electric (Group) Company Limited	PRC	80,000	—	96%	Sales of power, construction materials and coal products
Chongqing Taigao Switchgear Company Limited ("Taigao Switchgear")	PRC	2,000	—	49%	Sales of high voltage and low voltgage vaccum switches
Chongqing Keyuan Energy Technology Development Company Limited	PRC	5,000	—	96%	Sales of electrical equipment
Chongqing Keyuan Power Company Limited	PRC	5,000	—	96%	Sales of electrical equipment
Chongqing Yadongya Group Software Company Limited	PRC	5,000	—	96%	Sales of computer software and hardware
Chongqing Hongda Cement Product Company Limited	PRC	5,000	—	100%	Production and sales of cement products
Chongqing Yuneng Wind Power Generation Development Company Limited	PRC	10,000	—	94%	Wind power generation
Baoli Company	PRC	50,000	70%	—	Coal mining

All the above subsidiaries are limited liability companies except that Zhiganglaka Company and Taigao Switchgear are also foreign investment enterprises.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Notes:

(i) On 6 September 2006, the Company entered into an agreement with China Datang, one of the shareholders of Tuoketuo II Power Company, which holds 20% equity interest in Tuoketuo II Power Company. Pursuant to this agreement, the shareholder representative and directors appointed from China Datang will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Tuoketuo II Power Company. Therefore, the Company obtained de facto control over Tuoketuo II Power Company and accounted for it as a subsidiary onwards.

(ii) The Company entered into an agreement with one of the shareholders of Renewable Energy Resource Development Company, which holds 25% equity interest of this subsidiary in 2007. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Renewable Energy Resource Development Company. Therefore, the Company obtained de facto control over Renewable Energy Resource Development Company and accounted for it as a subsidiary onwards.

(iii) Energy and Chemical Company, the subsidiary of the Company entered into an agreement with one of the shareholders of Tongfang Silicon and Aluminum, which holds 26% equity interest of this subsidiary in 2010. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of Datang Energy and Chemical's when exercising voting rights in shareholders' and directors' meetings of Tongfang Silicon and Aluminum. Therefore, the Company obtained de facto control over Tongfang Silicon and Aluminum and accounted for it as a subsidiary onwards.

(iv) On 1 July 2009, the Company entered into an agreement with another shareholder of Daba Power Company, which holds 35% equity interest in Daba Power Company. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Daba Power Company. Therefore, the Company obtained de facto control over Daba Power Company and accounted for it as a subsidiary since 1 July 2009.

(v) Yuneng Real Estate, the subsidiary of the Company entered into an agreement with one of the shareholders of Junyang Property, which held 33% equity interest of this subsidiary. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of Yuneng Real Estate's when exercising voting rights in shareholders' and directors' meetings of Junyang Property. Therefore, the Company obtained de facto control over Junyang Property and accounted for it as a subsidiary onwards.

(vi) Yuneng Real Estate, the subsidiary of the Company entered into an agreement with one of the shareholders of Wanyi Property, which held 7.5% equity interest of this subsidiary in 2008. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of Yuneng Real Estate's when exercising voting rights in shareholders' and directors' meetings of Wanyi Property. Therefore, the Company obtained de facto control over Wanyi Property and accounted for it as a subsidiary onwards.

46. RETROSPECTIVE ADJUSTMENTS

According to document Shen Qi Jue [2010] 468 "Audit Decisions Pertaining to Financial Affairs of Income and Expenditure of China Datang for Year 2009" dated 31 December 2010 issued by National Audit Office of the PRC, impairment losses on property, plant and equipment, allowance for inventories and depreciation of property, plant and equipment of the Company for the year ended 31 December 2009 were understated by RMB80,473 thousand, RMB14,667 thousand and RMB4,408 thousand respectively mainly resulting from closure of certain power generating units and their spare parts or delay in transferring certain construction in progress to property, plant and equipment (collectively referred to as the "Prior Year Errors"). The Group has made retrospective adjustments of the comparative figures for the year ended 31 December 2010 to correct the Prior Year Errors.

After retrospective adjustments, operating costs of the Group for the year ended 31 December 2009 increased by RMB99,548 thousand while income tax expense and profit for the year of the Group for the year ended 31 December 2009 decreased by RMB23,785 thousand and RMB75,763 thousand respectively; and deferred tax assets of the Group at 1 January 2010 increased by RMB23,785 thousand while inventories, property, plant and equipment, statutory surplus reserve and retained earnings of the Group at 1 January 2010 decreased by RMB14,667 thousand, RMB84,881 thousand, RMB7,576 thousand and RMB68,187 thousand respectively.

47. EVENTS AFTER THE REPORTING PERIOD

Having obtained the "Approval for the Public Issue of Corporate Bonds by Datang International Power Generation Co., Ltd." (Zheng Jian Xu Ke [2009] No.654) from the China Securities Regulatory Commission in July 2009 whereby the Company was permitted to issue corporate bonds not exceeding RMB6 billion, the Company issued first tranche of the corporate bonds amounting to RMB3 billion on 19 August 2009.

In view of the status of the capital market and the capital needs of the Company, the Company intended to complete the issue of the remaining corporate bonds in the amount of RMB3 billion within the valid period (i.e. before 21 July 2011) of the authorised document. Up to the date of approval of these financial statements for issue, the Company is actively planning the issue of 2011 first tranche of the corporate bonds.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2011.

Differences Between Financial Statements

For the Year Ended 31 December 2010

The consolidated financial statements which are prepared by the Group in conformity with International Financial Reporting Standards ("IFRS"), differ in certain respects from China Accounting Standards for Business Enterprise ("PRC GAAP"). Major differences between IFRS and PRC GAAP ("GAAP Differences"), which affect the net assets and net profit of the Group, are summarised as follows:

		Net assets	
		2010	2009
		RMB'000	RMB'000
			(restated)
Net assets under IFRS		**30,850,071**	26,122,722
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)	**(132,530)**	(163,384)
Difference in accounting treatment on mining funds	(c)	**(82,095)**	(83,291)
Applicable deferred tax impact of the above GAAP Differences	(d)	**(3,641)**	9,158
Non-controlling interests' impact of the above GAAP Differences after tax		**(1,015)**	6,011
Net assets under PRC GAAP		**30,737,256**	25,997,682

		Net profit	
		2010	2009
		RMB'000	RMB'000
			(restated)
Profit for the year attributable to owners of the Company under IFRS		**2,569,734**	1,536,554
Impact of PRC GAAP adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	**30,854**	30,084
Difference in accounting treatment on mining funds	(c)	**(107,273)**	(163,109)
Applicable deferred tax impact of the above GAAP Differences	(d)	**(12,804)**	7,809
Non-controlling interests' impact of the above GAAP Differences after tax		**(6,827)**	(7,632)
Net profit for the year attributable to owners of the Company under PRC GAAP		**2,473,684**	1,403,706

Note:

(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 PRC GAAP, the monetary housing benefits provided to employees who started work before 31 December 1998 were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company and its subsidiaries.

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

(c) 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 Group. 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.

(d) Applicable deferred tax impact on the above GAAP Differences

This represents the deferred tax effect on the above GAAP Differences 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

Liu Shunda

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 Auditor

RSM China Certified Public Accountants Limited Company
8-9F, Block A, Corporate Square,
No. 35 Finance Street,
Xicheng District,
Beijing,
PRC

International Auditor

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre,
Lee Gardens Two,
28 Yun Ping Road,
Causeway Bay,
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
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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.