2011 ANNUAL REPORT

ACHIEVING SUSTAINABLE DEVELOPMENT THROUGH THE SYNERGY IN DIVERSITY

大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.
(Stock Code: 00991)

ACHIEVING SUSTAINABLE DEVELOPMENT
THROUGH THE SYNERGY IN DIVERSITY

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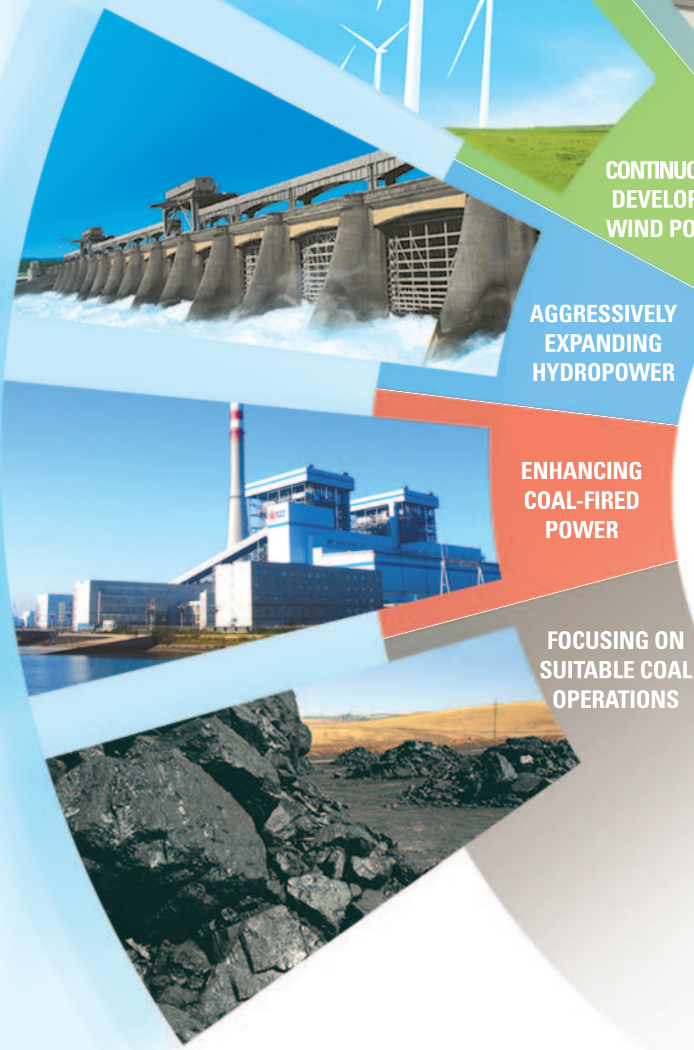


The year 2011 was the year in which China's "Twelfth Five-year Plan" was launched. During the year, Datang Power continued to intensify the adjustment of its business structure. While further optimising the structure of its principal business of power generation, the Company constantly pushed forward the development of non-power businesses – including coal, coal to chemical and transport – thereby achieving the complementary development of diversified power sources, ensuring coal supply, stabilising the transport of coal, expanding the profit platform and shaping a diversified business model. The advantages of synergy are set to be gradually realized.

In 2012, Datang Power will accelerate the implementation of its strategy aimed at focusing on its power generation business whilst complementing it with synergistic diversifications. It will focus its strengths on developing the integrated and clustered projects that combine profitability, advanced technology, integrated innovations and synergetic diversifications, with a view to building long-term competitiveness and achieving sustainable development for the Company and stable returns for its shareholders.

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.

DEVELOPMENT STRATEGIES

The Company will enhance its coal-fired power; aggressively expand its hydropower; continuously develop wind power; safely and effectively develop nuclear power; appropriately develop solar energy; focus on suitable coal operations; steadily develop coal-to-chemical; accelerate the development of metallurgy; and secure a complementary development of railway, port and shipping.

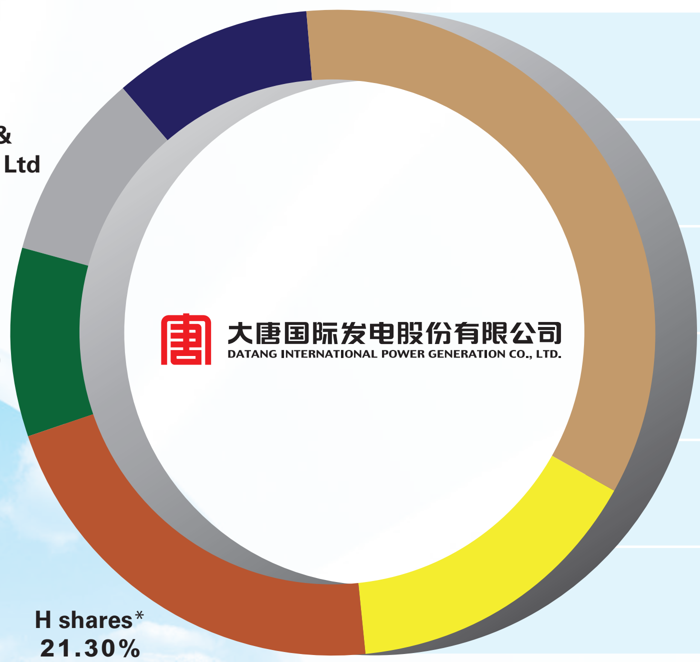
MISSION

To be a responsible power enterprise with quality, talent and efficiency.

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 2011, the total consolidated assets of the Company and its subsidiaries amounted to approximately RMB247.697 billion. Total installed capacity in operation of the Company amounted to 38,484 MW. The businesses in power generation, coal-to-chemical, transportation and recycling economy of the Company spread across 18 provinces (municipalities and autonomous regions) throughout the country.

EQUITY STRUCTURE AND SHAREHOLDING OF THE COMPANY



* Excluding the H shares held by China Datang Corporation

Power Generation

Coal-fired Power
- 26 wholly-owned or controlled subsidiaries under operation
- Shareholding ratio 40%-100%
- Installed capacity of operational coal-fired power generating units amounted to 32,360MW

Wind Power
- 10 wholly-owned subsidiaries under operation
- Shareholding ratio 100%
- Installed capacity of operational wind power generating units amounted to 1,268.6MW

Hydropower
- 8 wholly-owned or controlled subsidiaries under operation
- Shareholding ratio 40%-100%
- Installed capacity of operational hydropower generating units amounted to 4,825.6MW

Photovoltaic Power
- Ningxia Datang International Qingtongxia Photovoltaic Power Generation Co., Ltd.
- Shareholding ratio 100%
- Installed capacity of operational photovoltaic power generating units amounted to 30MW

Nuclear Power
- Fujian Ningde Nuclear Power Co., Ltd.
- Shareholding ratio 44%
- Installed capacity of nuclear power generating units under construction amounted to 4,000MW

Coal Operations
- 60% Inner Mongolia Datang International Xilinhaote Mining Co., Ltd.
- 70% Inner Mongolia Baoli Coal Co., Ltd.

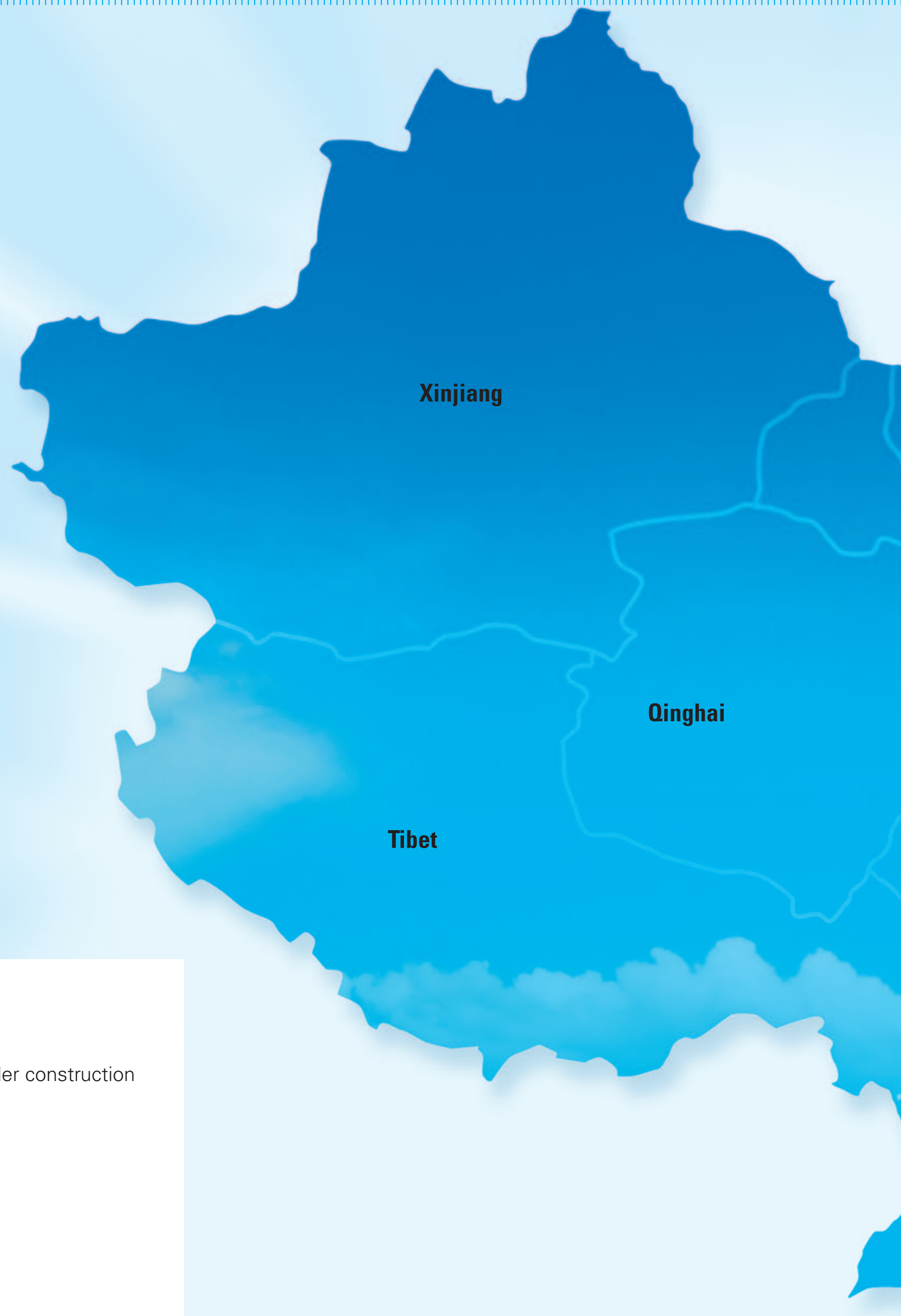
Coal Chemical
- 100% Datang Energy and Chemical Co., Ltd.
  - 100% Datang International Chemical Technology Research Institute Co., Ltd.
  - 100% Datang Energy and Chemical Marketing Co., Ltd.
  - 100% Datang Fuxin Energy and Chemical Engineering Co., Ltd.
  - 60% Datang Inner Mongolia Duolun Coal Chemical Co., Ltd.
  - 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.

Metallurgy
- 26% Inner Mongolia Datang International Renewable Energy Resource Development Co., Ltd.

Railway, Port and Shipping
- 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.

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

Distribution of Projects



- Coal-fired 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-aluminum pulverised fuel ash project
- Shipping project


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

Major Events in 2011

01 JANUARY

- Units 1 and 2 (2 × 300MW) at Shanxi Datang International Linfen Thermal Power Company Limited were launched for commercial operation.

02 FEBRUARY

- The National Development and Reform Commission sent an official reply to the Company granting approval for the Phase 2 project (with a capacity of 20 million tonnes/year) of the Shengli open-pit Coal Mine East Unit 2 at Datang Power and the Dadu River Huangjinping Hydropower Project (850MW) of Sichuan Datang International Ganzi Hydropower Development Company Limited.

03 MARCH

- Datang Power received a Titanium Award from The Asset, a Hong Kong-based magazine, for corporate governance, social and environmental responsibility and investor relations management for 2010, making it the only award-winning large-scale power generation company under the category of Chinese power/utilities enterprises.

- Datang Power ranked 17th among the "Top 50 Chinese Domestic Companies" in the first-ever "China Corporate Social Responsibility Top 100 Rankings" released by Fortune (Chinese Edition).

05 MAY

- Jiangsu Datang International Lvsigang Power Generation Company Limited and Guangdong Datang International Chaozhou Power Generation Company Limited received the 2011 China Quality Power Project Silver Award for the 4 × 600MW new project and units 3 and 4 (2 × 1,000MW), respectively, from the China Electric Power Construction Association.

- The Company successfully completed the non-public issue of 1 billion A shares, raising funds amounting to RMB6,740 million.

- Datang No. 6, Datang No. 7, Datang No. 8 and Datang No. 10 (bulk carriers with loading capacity of 45,000-tonnes each) of Jiangsu Datang Shipping Company Limited were delivered upon completion of their construction.

06 JUNE

- The Faku Wulongshan Wind Power Project (48MW) in Liaoning, the Qingtongxia (Shashidunliang) Wind Farm Project (48MW) in Ningxia, Phase 2 of the Qingtongxia Photovoltaic Grid Power Station (20MWp) in Ningxia and the Golmud Grid Photovoltaic Power Generation Project (20MWp) in Qinghai were approved by the Development and Reform Commissions of Liaoning Province, the Ningxia Hui Autonomous Region and Qinghai Province, respectively.

07 JULY

- Datang International Fengning Wanshengyong Wind Farm Project, with a capacity of 150MW, was approved by the National Development and Reform Commission.

08 AUGUST

- The Series A Gasifier 8 at the gasification plant of Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited was successfully launched after the first ignition at 22:58.

- Datang Inner Mongolia Duolun Coal Chemical Company Limited achieved a breakthrough at the methanol-to-propylene ("MTP") plant in the production of propylene products, marking the successful large-scale industrial application of MTP at the Duolun Coal Chemical Project.

- The Jishan Wind Farm Project (48MW) in Jiangxi was approved by the Development and Reform Commission of Jiangxi Province.

09 SEPTEMBER

- Thirty-three stand-alone wind turbines at the Xiqiaoliang Wind Farm of Hebei Datang International Wind Power Development Company Limited were launched for commercial operation.

10 OCTOBER

- Units 1 and 2 (total capacity of 130MW) at the Shimenkan Hydropower Station of Yunnan Datang International Lixianjiang Hydropower Development Company Limited were launched for commercial operation upon the successful completion of a 72-hour test run.

11 NOVEMBER

- The 49.5MW Xiqiaoliang Phase 1 Project of Hebei Datang International Chongli Wind Power Company Limited and the 49.5MW Dahexi Phase 1 Project of Hebei Datang International Fengning Wind Power Company Limited were launched for commercial operation.

- Datang Power was rated the 162nd overall by Platts, a provider of energy information, in the "Top 250 Global Energy Companies for 2011 Rankings".

- At the China Securities Golden Bauhinia Awards ceremony hosted by Hong Kong-based Ta Kung Pao, Datang Power's Chairman Liu Shunda received "The Most Influential Leader Award", while Datang Power was named the "Listed Companies with the Most Investment Value during the Twelfth Five-year Plan".

12 DECEMBER

- The 48MW Luotuogou Phase 1 Project of Hebei Datang International Fengning Wind Power Company Limited was launched for commercial operation.

- Units 1, 2, 3 and 4 at the Wujiang Yinpan Hydropower Station of Chongqing Datang International Wulong Hydropower Development Company Limited, with a total installed capacity of 600MW, were launched for commercial operation, having achieved the annual construction project target of "launching four units into operation within one year".

- Two 350MW coal-fired generating units at Chongqing Datang International Shizhu Power Generation Company Limited were approved by the National Development and Reform Commission.

- The Development and Reform Commission of Zhejiang Province sent an official reply to the Company granting approval for the two sets of 452MW gas-steam combined cycle thermal cogeneration units at the Datang Shaoxing Jiangbin Natural Gas Thermal Cogeneration Project and the two sets of 115MW gas-steam combined cycle thermal cogeneration units at the Datang Jiangshan Natural Gas Thermal Cogeneration Project.

- The Development and Reform Commission of Jiangxi Province sent an official reply to the Company granting approval for the Jiangxi Songmenshan Wind Farm Project (48MW) of Datang International Wind Power Development Company Limited.

- Phase 1 of the 20MWp photovoltaic array at the Golmud Photovoltaic Power Station of Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited was formally connected to the grid for power generation.

Financial and Operating Highlights

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME NOTE

(Amounts expressed in millions of RMB)

For the year ended 31 December	2007	2008	2009 (Restated)	2010	2011
Operating revenue	32,763	36,900	47,943	60,672	72,382
Profit before tax	6,063	600	3,132	4,700	3,710
Income tax expense	(1,498)	(72)	(615)	(871)	(668)
Profit for the year attributable to:					
– Owners of the Company	3,564	749	1,537	2,570	1,971
– Non-controlling interests	1,001	(221)	980	1,259	1,071

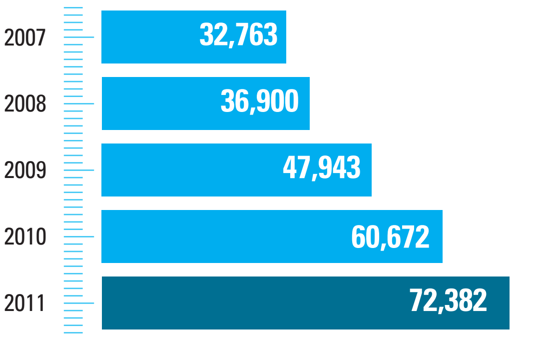
CONSOLIDATED STATEMENT OF FINANCIAL POSITION NOTE

(Amounts expressed in millions of RMB)

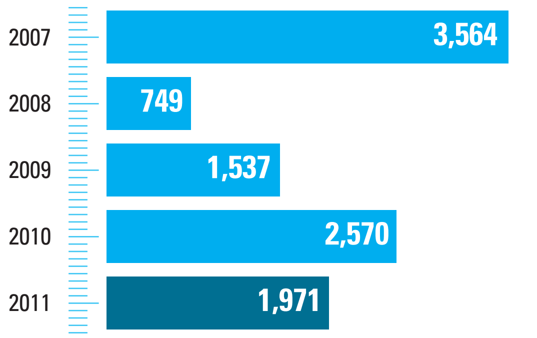
As at 31 December	2007	2008	2009 (Restated)	2010	2011
Total assets	119,789	158,719	184,149	212,915	247,697
Total liabilities	(85,434)	(127,813)	(151,376)	(174,483)	(196,965)
Non-controlling interests	(4,599)	(4,654)	(6,650)	(7,582)	(11,791)
Equity attributable to owners of the Company	29,756	26,252	26,123	30,850	38,941

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

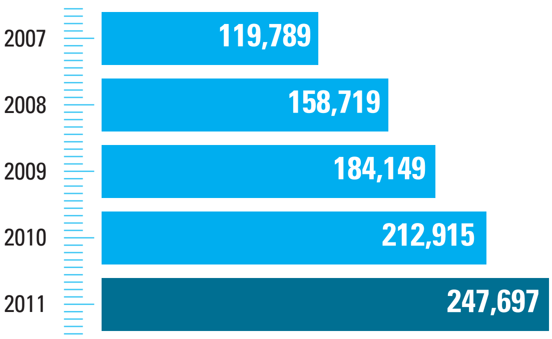
CONSOLIDATED OPERATING REVENUE NOTE
(RMB million)



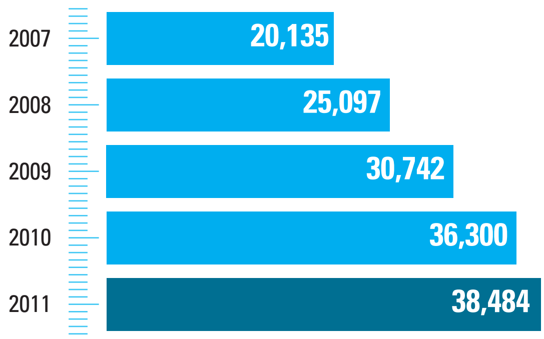
CONSOLIDATED PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY NOTE
(RMB million)



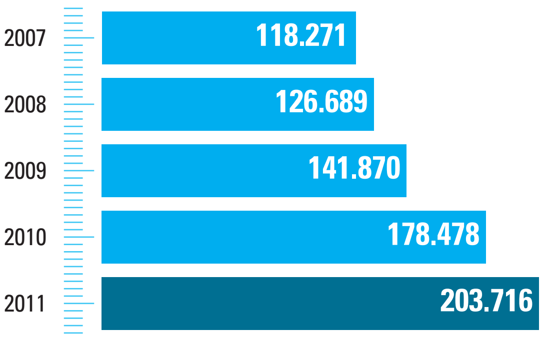
TOTAL CONSOLIDATED ASSETS NOTE
(RMB million)



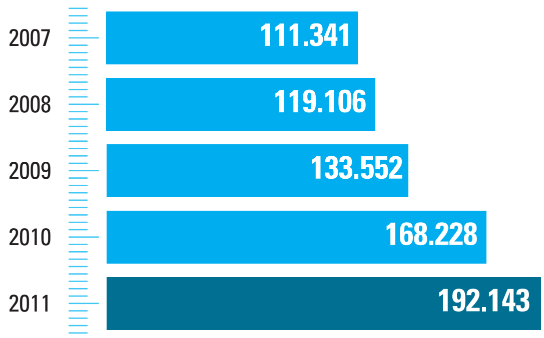
TOTAL INSTALLED CAPACITY
(MW)



GROSS GENERATION
(billion kWh)



ON-GRID GENERATION
(billion kWh)



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

Chairman's Statement

Looking forward to 2012, the Chinese government will continue to focus on the macroeconomic policy on accelerating economic restructuring and improving the quality of development and the profitability. Datang Power will continue to remain focused on economic benefits as the core basis of the theme of scientific development, and will accelerate the pace of restructuring to ensure that the objectives in the second phase of its medium-term development plan could be achieved.

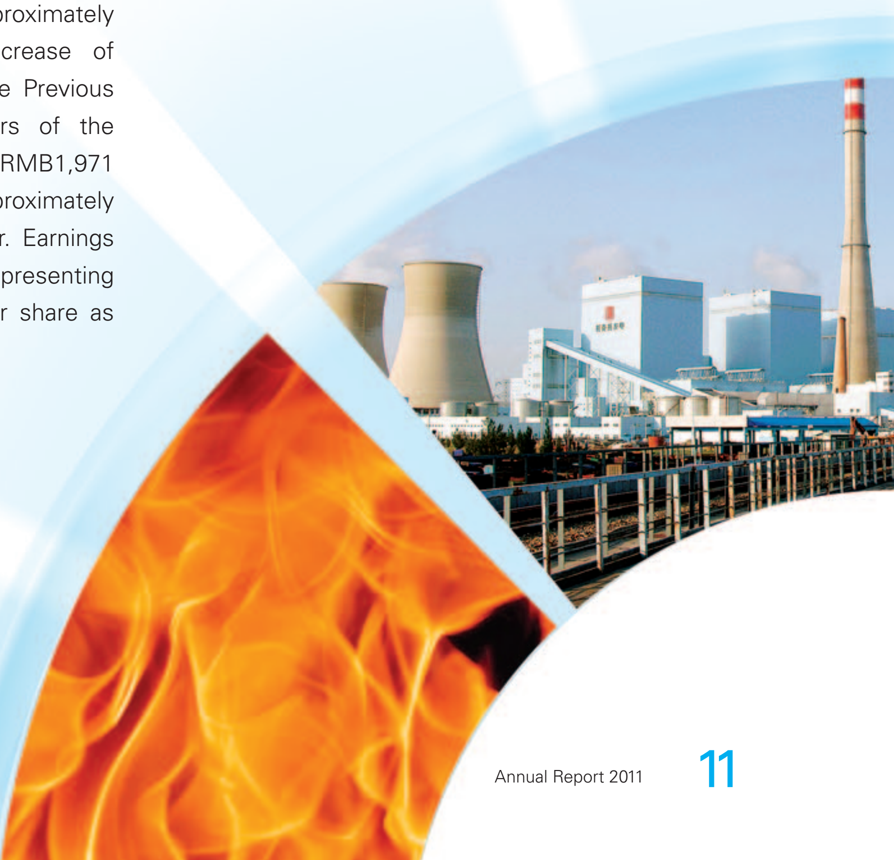
Mr. Liu Shunda
Chairman

To all shareholders,

In 2011, domestic thermal coal prices remained high and surged dramatically. The upward adjustment to on-grid tariffs was far from enough to offset the higher prices. The unfavorable situation of an imbalance in thermal coal prices remained fundamentally unchanged. As a result of the implementation of a tight monetary policy in China, the cost of borrowing rose alongside increasing finance costs borne by power generation companies. In these challenging market conditions and the pressure exerted on operations, we pushed forward the full-scale implementation of our strategy, which was aimed at focusing on the power generation business whilst being complemented by synergistic diversifications, and launched the campaign on "Two Increases and Two Reductions, Pursuit of Profits and Conquest of Difficulties" in a profound manner. Despite a decline in benefits, we managed to make some hard-won achievements.

As at 31 December 2011 (the "Year"), the total installed capacity of the Company and its subsidiaries was 38,484MW, while consolidated assets amounted to approximately RMB247,697 million, representing an increase of 16.34% as compared to the corresponding period of 2010 (the "Previous Year"). Consolidated operating revenue amounted to approximately RMB72,382 million, representing an increase of approximately 19.30% as compared to the Previous Year. Profit attributable to equity holders of the Company amounted to approximately RMB1,971 million, representing a decrease of approximately 23.29% as compared to the Previous Year. Earnings per share were approximately RMB0.15, representing a decrease of approximately RMB0.06 per share as compared to the Previous Year.

The Company continued to maintain good production safety in 2011, achieving an overall equivalent availability factor of all operating units of 93.64% for the Company and its subsidiaries. Power generated by the Company and its subsidiaries amounted to 203.72 billion kWh, an increase of 14.14% as compared to the Previous Year. Coal consumption per unit production of power supply was approximately 319.69 g/kWh, a decrease of approximately 3.90 g/kWh as compared to the Previous Year.



Looking forward to 2012, the Chinese government will continue to focus on the macroeconomic policy on accelerating economic restructuring and improving the quality of development and the profitability. Against this backdrop, Datang Power will still be exposed to challenges and opportunities. With respect to challenges, firstly, China's economic growth will slow down due to the impact of the structural adjustment of the macro economy. Secondly, the development of enterprises will be limited due to lack of funds. Thirdly, the State issued higher standards on energy conservation and emissions reduction. With respect to opportunities, firstly, pressure on the Company's operations is expected to be alleviated. Secondly, the advantage of diversified businesses will be revealed gradually. Thirdly, the efficiency of management will be further improved.

In 2012, Datang Power will enter the final year of the second phase of its medium-term development plan, which primarily focuses on reinforcing Datang Power's dominant position in the power generation industry, the successive commencement of production of its coal chemical and metallurgy projects, further assuring the availability of the Company's own coal, the initial creation of a logistics industry value chain and the shaping of a diversified industrial pattern. Datang Power will continue to remain focused on economic benefits as the core basis of the theme of scientific development, and will accelerate the pace of restructuring to ensure that the objectives in the second phase of its medium-term development plan could be achieved.

In the new year, Datang Power will continue to implement its core mechanisms – the comprehensive accountability management system and the performance appraisal system for all staff – and will take advantage of the opportunities arising from the "Year of Primary Level Organizational Setup" and the "Year of Management Enhancement" to carry out benchmarking, overcome weaknesses and strengthen internal management. We will manage our staff according to such systems, discipline our staff according to established procedures and handle our business according to proven processes. We will rely on scientific and accurate data and will offer rewards or impose penalties according to these mechanisms. We will complete our projects in progress to best possible standards and will generate returns for our shareholders and the community by delivering top-notch achievements, top-notch standards and top-notch development models.

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

Liu Shunda
Chairman

23 March 2012

Management Discussion and Analysis

The Company is one of the largest independent power generation companies in the PRC. As at the end of 2011, the Group managed a total installed capacity of approximately 38,484.2 MW. 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, Qinghai, and Sichuan.

Mr. Cao Jingshan
President

A. OVERVIEW

The Company, principally engaged in power generation business focusing on coal-fired power generation, is one of the largest independent power generation company in the People's Republic of China (the "PRC"). In 2011, 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 established an innovative management mechanism to enhance its control capabilities. Faced with a challenging situation in its production and operation, it unleashed its potential according to its benchmarks, created excellence and improved efficiency, constantly enhanced economic benefits and shareholder returns of the Company as well as resource conservation and environmental protection, and earnestly fulfilled its social responsibilities, thereby successfully achieving the business targets set for the Year.

1. Safe Production was Stably Maintained

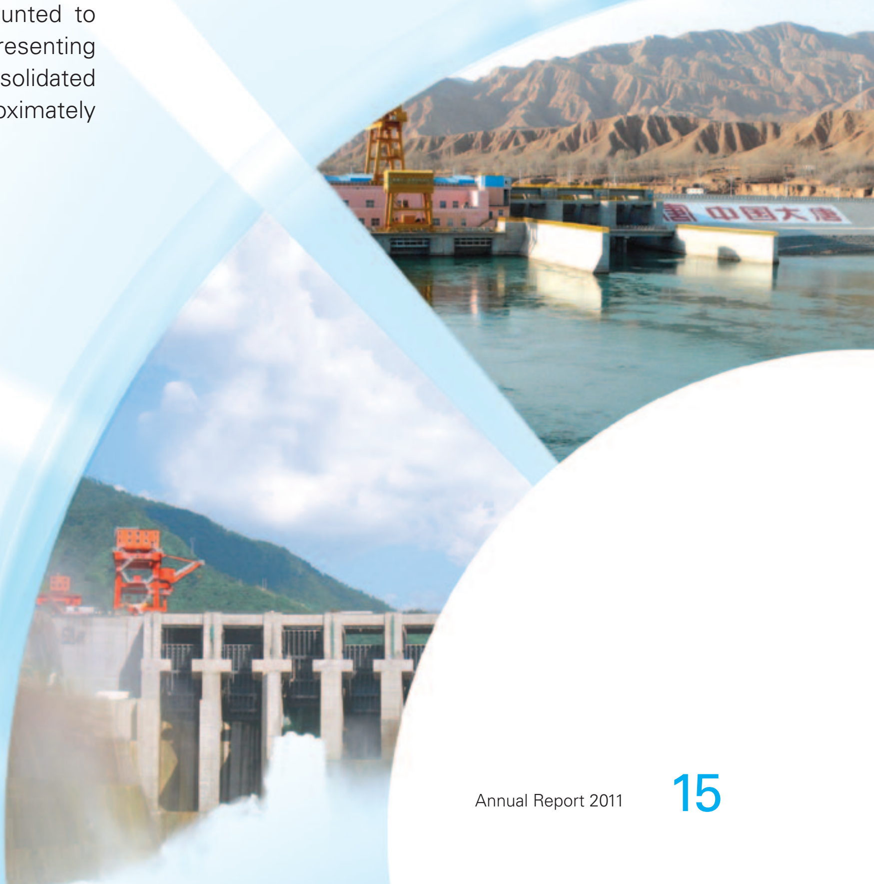
The Company aims to build a fundamentally safe enterprise and to further deepen the establishment of a long-term mechanism for safe production. The Company has experienced no significant incidents at its facilities and no casualties during the Year. It has fulfilled its role of securing power supply during the Year.

2. Overall Accomplishment of Operation Targets

The Company's power generation amounted to 203.7156 billion kWh for the Year, representing an increase of 14.14% year-on-year. Consolidated operating revenue amounted to approximately RMB72,382 million, representing an increase of approximately 19.30% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB1,971 million, representing a decrease of approximately 23.29% over the Previous Year. As at 31 December 2011, total consolidated assets of the Group amounted to RMB247,697 million, representing an increase of 16.34% year-on-year. Net assets attributable to the parent company of the Company amounted to RMB38,941 million, representing an increase of 26.23% year-on-year. The assets-to-liabilities ratio was 79.52%, representing a decrease of 2.43 percentage points year-on-year.

3. Breakthrough on Preliminary Works

For the Year, fourteen power generation projects were approved, including three coal-fired power projects, four hydropower projects, five wind power projects and two photovoltaic power projects, with total approved generation capacity of 3,270.6 MW. Phase 2 of Shengli Coal Mine East Unit 2, with a capacity of 20 million tonnes per year, was approved and was also the first approved largest single open-pit coal mine in the PRC.



4. **Frequent Reports of Success in Commencement of Project Construction**

Total generating capacity recorded an increase of 2,183.9 MW. As at 31 December 2011, the Group's installed capacity amounted to 38,484.2 MW, representing an increase of 6.02% year-on-year. Of such capacity, coal-fired power amounts to 32,360 MW, accounting for 84.08%; hydropower amounts to 4,825.6 MW, accounting for 12.54%; wind power amounts to 1,268.6 MW, accounting for 3.30%; and photovoltaic power amounts to 30 MW, accounting for 0.08%.

5. **Energy Conservation and Emissions Reduction Proceeded in an Orderly Manner**

In 2011, the Group achieved coal consumption for power supply of 319.69 g/kWh, a decrease of 3.90 g/kWh year-on-year. The emission rates of sulphur dioxide, nitrogen oxides, smoke ash and waste water of the Group have decreased by 9.90%, 5.01%, 6.06% and 20.48% year-on-year to 0.38 g/kWh, 1.33 g/kWh, 0.12 g/kWh and 60 g/kWh respectively, which are substantially lower than the national average levels.

6. **Capital Operation Reaped Better Results**

In 2011, the Company completed the acquisition of equity interests in Sichuan Jinkang Hydropower Development Co., Ltd., increasing its installed hydropower capacity in operation and under construction by 380 MW. The Company successfully completed the non-public issuance of an additional one billion A shares, with net proceeds raised from the issue amounting to RMB6,740 million. The Company successfully issued RMB3,000 million of corporate bonds carrying a rate of 23% lower than the lending rate during the same period, the lowest level against comparable interest rates during the same period in China.

7. **Ongoing Innovation of Management Mechanism**

The Company's management system "overall accountability management and all-staff performance appraisal" officially came online in 2011 which realized the coverage of performance orientation and accountability management. The Company established its internal controls in full swing by systematically making smooth the business processes in various fields, identifying various types of risks at all levels and setting up an information management platform for internal controls in a regulated manner. The concept of project-based management was introduced to the Company by establishing a regular scheduling mechanism that shaped a unique pattern of project-based management.

8. **Winning Honours in the Capital Market**

The Company once again ranked among the "Top 250 Global Energy Company Rankings" by Platts Energy Information, ranking 162th in the general ranking and 8th among independent power generation enterprises around the world. It ranked 17th among the "Top 50 Chinese Domestic Companies" in the rankings of the "Top 100 Chinese Corporations' Corporate Social Responsibility", published by Fortune, the only independent power generation company in the rankings. It received a "Titanium Award for Corporate Governance, Social and Environmental Responsibility and Investor Relations Management" from The Asset Magazine, the only large-scale power generation company in the PRC that ever won this award.

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 Financial Statements.)

1. **The Power Generation Business**

(1) Business Review

The Company is one of the largest independent power generation companies in the PRC. As at the end of 2011, the Group managed a total installed capacity of approximately 38,484.2 MW. 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, Qinghai, and Sichuan.

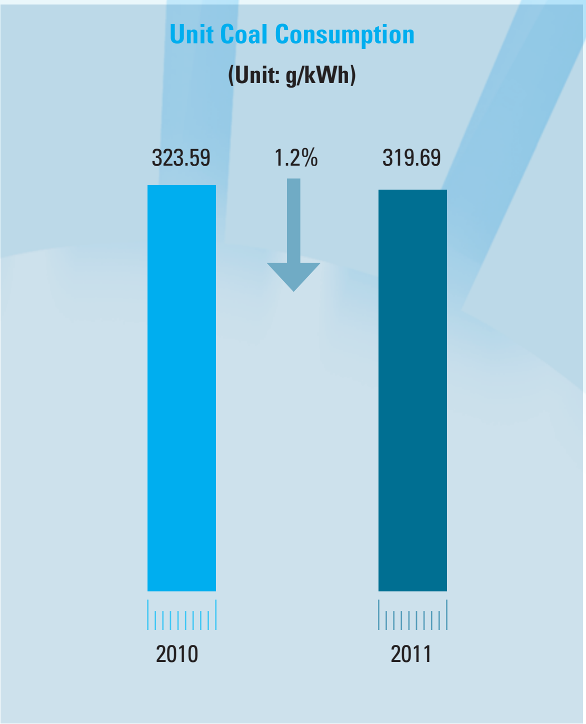
In 2011, the PRC's overall economy operated with a good momentum, reaching a year-on-year 9.2% Gross Domestic Product (GDP) growth. Both power generation and power consumption nationwide continued to grow in a stable manner. According to the relevant statistics, during the Year, the nationwide capacity of power generating facilities grew by approximately 9.2% year-on-year. Social power consumption increased by 11.7% over the Previous Year, while nationwide power generation increased by approximately 11.7% over the Previous Year. Overall, the power supply was tight across the country in 2011, with shortages more severe in certain areas and during certain periods primarily due to a number of factors such as the decline in hydropower output, tension in the supply of thermal coal, imbalance in the structure of power resources and power grid as well as rapid growth in the economy and power demand. Although the utilisation hours of power generating facilities continued to rise, the profitability of coal-fired power enterprises was significantly undermined as the prices of coal for power generation increased substantially and stayed high. The Group maintained a certain level of profitability despite the impact on its power generation business under such a challenging business environment.

(i) Maintenance of Safe and Stable Power Production

During the Year, total power generation of the Group amounted to 203.7156 billion kWh, representing an increase of 14.14% over the Previous Year. The accumulative on-grid power generation amounted to 192.1434 billion kWh, representing an increase of 14.22% 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 2,183.9 MW. Utilisation hours of power generation amounted to 5,376 hours, an increase of 379 hours year-on-year. No casualties or material damage to the facilities occurred to the Group during the course of power production during the Year. The equivalent availability coefficient of the operational generating units amounted to 93.64%.

(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 generating 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 319.69 g/kWh, representing a decrease of approximately 3.90 g/kWh over the Previous Year. Consolidated electricity consumption rate of power plants was 5.74%, representing a decrease of 0.08 percentage-point year-on-year. The desulphurisation facilities operation rate and an overall desulphurisation efficiency rate amounted to 99.54% and 93.76%, 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 9.90%, 5.01%, 6.06% and 20.48% year-on-year to 0.38 g/kWh, 1.33 g/kWh, 0.12 g/kWh and 60 g/kWh, respectively, which were lower than the national average levels.



(iii) Reinforced Economic Analysis and Improved Operational Management Efficiency

During the Year, the Company continued to encounter various unfavourable situations such as rising and high coal prices and inability to realize tariff adjustments target. Faced with such an ongoing challenging operating environment, the Company closely monitored the market situation, actively conducted researches on budget plans, strengthened internal management and adjusted its strategies to adapt the external environment for pushing forward production and operation in a rigorous manner: (1) Management accountability was implemented level-by-level, and targets of power generation were achieved. The accumulated utilisation hours of generating units amounted to 5,376 hours, an increase of 379 hours year-on-year; (2) Through measurements such as developing economical coal to secure fuel supply, enhancing coal blending and mixed burning and setting up an improved platform on fuel management indices, fuel costs were effectively controlled; (3) Cash allocation and capital availability according to needs were improved, loans were repaid on a timely basis to reduce capital sedimentation, optimise loan portfolio and lower capital costs.

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

During the Year, 14 power projects of the Company were approved by the State including three coal-fired power projects with an approved total capacity of 1,834 MW, four hydropower projects with an approved total capacity of 1,054.6 MW, five wind power projects with an approved total capacity of 342 MW, and two photovoltaic power projects with an approved total capacity of 40 MW. Details on the approved projects are as follows:

- Coal-fired power projects: two 350 MW generating units at Shizhu Coal-fired Power Project in Chongqing; two 452 MW generating units at Jiangbin Gas Thermal Power Project in Shaoxing; and two 115 MW generating units at Xincheng Gas Thermal Power Project in Jiangshan.

- Hydropower projects: 850 MW generating units at Huangjinping Hydropower Station Project in Sichuan; 9.6 MW generating units at Bodui Hydropower Station Project in Tibet; 125 MW generating units at Haokou Hydropower Station Project in Chongqing; and 70 MW generating units at Jiaomutang Hydropower Station Project in Guizhou.

- Wind power projects: 150 MW generating units at Wanshengyong Wind Power Project in Hebei; the Phase 3 project for 48 MW generating units at Faku Wind Power in Liaoning; the Phase 1 project for 48 MW generating units at Shengjiadun Wind Power in Qingtongxia, Ningxia; the Phase 1 project for 48 MW generating units at Jishang Wind Power in Jiangxi; and 48 MW generating units at Songmenshan Wind Power Project in Jiangxi.

- Photovoltaic power projects: the Phase 2 project for 20 MW generating units at Qingtongxia Photovoltaic Power in Ningxia and the Phase 1 project for 20 MW generating units at Golmud Photovoltaic Power in Qinghai.

- Coal mine projects: Phase 2 project with annual output of 20 million tonnes for Shengli Coal Mine East Unit 2 in Xilinhaote, Inner Mongolia.

In 2011, a number of major power generation projects of the Company commenced operation one after another, with newly installed capacity amounting to approximately 2,183.9 MW:

— Coal-fired power project: newly installed capacity of 600 MW, including two 300 MW generating units at Linfen Thermal Power Company;

— Hydropower projects: newly installed capacity of 989.7 MW, including four 150 MW hydropower generating units at Yinpan Hydropower Station in Chongqing, 150 MW hydropower generating units at Liguo, in Chengdu, one 100 MW hydropower generating units at Malutang and two 65 MW hydropower generating units at Shimenkan of Yunnan Electric Power Company Limited and a 9.7 MW hydropower generating units at Yuneng Group;

— Wind power projects: newly installed capacity of 834.2 MW, including 345 MW generating units at Hebei Wind Power Company, 194.25 MW generating units at Inner Mongolia Wind Power Company, 246 MW generating units at Liaoning Wind Power Company, 28 MW generating units at Fujian Wind Power Company, and 21 MW generating units at Shanxi Zuoyun Wind Power Company; and

— Photovoltaic power projects: newly installed capacity of 30 MW, including 30 MW generating units at Qingtongxia Photovoltaic Power Project in Ningxia.

As at the end of 2011, the generation capacities of coal-fired power, hydropower, wind power and photovoltaic power accounted for 84.08%, 12.54%, 3.30% and 0.08% of the Company's installed power generation capacity, respectively. As compared to the Previous Year, the proportion of capacity in clean and renewable energy increased to 15.92%, representing an increase of 4.10 percentage points year-on-year, making the Company's power generation structure further optimised.

(2) Major Financial Indicators and Analysis

(i) Operating Revenue

During the Year, revenues from electricity sales and heat sales of the Group accounted for approximately 89.92% of the consolidated operating revenue of the Group. Of which, revenue from electricity sales accounted for 88.93% of the consolidated operating revenue.

During the Year, revenues from electricity sales and heat sales of the Group amounted to approximately RMB64,367 million and RMB719 million, respectively, representing increases of approximately 20.10% and 33.23% 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 5.1% over the Previous Year, and the operating revenue from electricity increased by approximately RMB3,150 million accordingly. The increase in on-grid power generation resulted in the increase of approximately RMB7,623 million in the Group's revenue.

(ii) Operating Costs

During the Year, the power fuel expenses incurred by the Group amounted to RMB41,160 million, representing an increase of RMB9,695 million as compared to RMB31,465 million in the Previous Year. The increase is mainly due to: 1) an increase of RMB4,435 million in fuel cost caused by the increase of 21.946 billion kWh in on-grid coal-fired power generation over the Previous Year; 2) an increase of RMB5,260 million in fuel cost caused by the increase of RMB29.61/MWh in unit fuel cost over the Previous Year.

(iii) Operating Profit

During the Year, operating profit from electricity and heat amounted to approximately RMB11,022 million, while the gross profit margin was approximately 16.93%, representing a decrease of approximately 2.82% over the Previous Year.

2. 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 advanced technologies in the world 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 chemical products. The final product of the project is 460,000 tonnes/year of polypropylene and other by-products.

In the first half of 2011, the Duolun Coal Chemical Project succeeded in the first trial run of two gasifiers. The accomplishment of certain critical phases such as the successful operation of the response system of the methanolto-propylene (MTP) facility on the first attempt and the production of alkene with qualified constituents marked significant breakthroughs in the development of the core technologies of the Duolun Coal Chemical Project. In June 2011, the project produced qualified methanol, and on 28 September 2011, the project's entire device was ready for full operation to produce qualified polypropylene end-product. On 16 March 2012, the Duolun Coal Chemical Project underwent trial production. It is expected that the project will become a new profit growth point of the Group upon its successful development and operation.

(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 City and cities along the gas transmission pipeline. As a political, cultural and financial centre of the PRC, Beijing City has a strong demand for clean energy such as natural gas, given the city's higher requirement for the quality of the air environment. The Company believes that following the completion of the Keqi Coal-based Natural Gas Project, it will benefit from the growing demand for clean energy in Beijing City and the cities along the gas transmission pipeline, thereby increasing the overall profitability of the Company.

During the Year, the Keqi Coal-based Natural Gas Project achieved its targets for the trial operation of air separation and ignition of the first gasifier. On 26 August 2011, the No. 8 gasifier at gasification plant was ignited successfully on its first attempt, and on 28 November 2011, the air separation plant made a successful test run and produced oxygen and nitrogen that met the required standards. Other construction works are proceeding at an accelerated speed, with the aim of launching the project for 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 in Liaoning Province and nearby cities such as Tieling, Fushun, Benxi and Fuxin. 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. Following the 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. During the Year, the Fuxin Coal-based Natural Gas Project successfully hoisted its first gasifier. Other construction works are proceeding at an accelerated speed, with the aim of launching the project for operation in 2013.

(4) The High-Aluminium Pulverised Fuel Ash Project of Inner Mongolia Renewable Energy Resource Development Company Limited, constructed by the Company with controlling interests, proceeded smoothly. During the Year, the project was fully completed and is currently achieving continuous production of alumina and the quality of product has been verified by a professional assessment institution. The project provides technical support to the Group's deployment of its recycling 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 coal chemical and coal-based natural gas projects including the Duolun Coal Chemical Project, the Keshiketeng Qi Coal-based Natural Gas Project and Fuxin Coal-based Natural Gas Project. In particular, the annual production capacity of Phase 1 project amounted to 10 million tonnes. The Phase 2 project with an annual production capacity of 20 million tonnes was approved by the National Development and Reform Commission in March 2011, and was the first approved largest single open-pit coal mine in the PRC. During the Year, the raw coal output of the Shengli Coal Mine East Unit 2 reached 10.71 million tonnes.

During the Year, Inner Mongolia Baoli Coal Mine, in which the Company has controlling interests, produced 1.31 million tonnes of coal. 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 increase the self-sufficiency ratio of coal consumption of the Company's power plants.

The Tashan Coal Mine and the Yuzhou Coal Mine, constructed by the Company with holding interests, produced 23 million tonnes and 7.2 million tonnes of raw 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 further increased. During the Year, operating revenue from the coal business after consolidation elimination amounted to approximately RMB2,938 million, accounting for 4.06% of the Group's total operating revenue, representing an increase of approximately 4.05% over the Previous Year.

(ii) Operating Costs

During the Year, operating costs in the coal business amounted to approximately RMB2,331 million, representing a decrease of approximately RMB363 million over the Previous Year. The decrease in operating costs was mainly attributable to the increase in coal exports of its self-owned coal mines and the decrease in the unit cost of coal per tonne.

(iii) Operating Profit

During the Year, operating profit from the coal business amounted to approximately RMB606 million, while the gross profit margin was approximately 20.63%, representing an increase of approximately 16.05% over the Previous Year.

C. MANAGEMENT'S REVIEW ON CONSOLIDATED OPERATING RESULTS

1. Operating Revenue

During the Year, consolidated operating revenues of the Group amounted to approximately RMB72,382 million, representing an increase of approximately 19.30% over the Previous Year. Of the operating revenue, revenue from electricity sales increased by approximately RMB10,773 million.

2. Operating Costs

During the Year, total operating costs of the Group amounted to approximately RMB62,829 million, representing an increase of approximately RMB11,360 million, or approximately 22.07%, over the Previous Year. Among the operating costs, fuel costs accounted for approximately 70.80%, and depreciation accounted for approximately 13.70% of the operating costs.

3. Net Finance Costs

During the Year, the Group's finance costs amounted to approximately RMB7,102 million, representing an increase of approximately RMB1,729 million or approximately 32.17% over the Previous Year. The significant increase was mainly due to an increase in borrowings and the cessation of capitalisation of interest for newly operated generating units.

4. Profit before Tax and Net Profit

During the Year, the Group reported a profit before tax amounting to approximately RMB3,710 million, representing a decrease of approximately 21.07% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB1,971 million, representing a decrease of 23.29% over the Previous Year. The decrease in the Group's profit was mainly due to the increase in fuel costs and finance costs.

5. Financial Position

As at 31 December 2011, total assets of the Group amounted to approximately RMB247,697 million, representing an increase of approximately RMB34,782 million as compared to the end of 2010. 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 RMB196,965 million, representing an increase of approximately RMB22,483 million over the end of the Previous Year. Of the total liabilities, non-current liabilities increased by approximately RMB13,351 million over the end of the Previous Year. The increase in total liabilities was mainly due to an increase in the Group's borrowings so as to meet the needs of daily operations and infrastructure construction. Equity attributable to equity holders of the Company amounted to approximately RMB38,941 million, representing an increase of approximately RMB8,091 million over the end of the Previous Year. Net asset value per share attributable to equity holders of the Company amounted to RMB2.93, representing an increase of approximately RMB0.42 per share over the end of the Previous Year.

6. Liquidity

As at 31 December 2011, the asset-to-liability ratio of the Group was approximately 79.52%. The net debt-to-equity ratio [i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/ total equity] was approximately 315.88%.

As at 31 December 2011, the cash and cash equivalents held by the Group amounted to approximately RMB4,467 million, of which deposits equivalent to approximately RMB308 million were foreign currency deposits. During the Year, the Group had no entrusted deposits or overdue fixed deposits.

As at 31 December 2011, short-term loans of the Group amounted to approximately RMB21,524 million, bearing annual interest rates ranging from 1.31% to 8.50%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB117,654 million and long-term loans repayable within one year amounted to approximately RMB15,202 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1% to 7.76%. Loans of approximately RMB1,570 million were denominated in US dollar, and loans equivalent of approximately RMB563 million were denominated in HK dollar ("HK$"). The Group constantly pays close attention to foreign exchange market fluctuations and cautiously assesses foreign currency risks.

7. Welfare Policy

As at 31 December 2011, the number of staff of the Group totalled 19,365. During the Year, the costs of salaries and staff welfare of the Group amounted to RMB2,367 million. The Group adopts the basic salary system on the basis of position-points salary distribution. The Group carries out comprehensive accountability management and the performance appraisal for all staff of its subordinated enterprises based on a profit accountability system. The Group is concerned about personal growth and occupational training of its staff, and implements a reward mechanism of "unification of training, usage and remuneration". Led by the strategy of developing a strong corporation with talents, the Group relies on a three-tier management organizational structure and implements an all-staff training scheme for various levels.

D. OUTLOOK FOR 2012

The year 2012 marks the final year for the Company to achieve the targets for the second phase of its medium-term development plan, a year for both opportunities and challenges. The Company will meet new challenges and make new strides by leveraging new opportunities under new situations.

Looking forward to 2012, the Company will encounter opportunities while facing challenges at the same time. With respect to challenges, firstly, China's economic growth will slow down due to the impact of the structural adjustment of the macro economy. Secondly, the development of enterprises will be limited due to lack of funds. Thirdly, the State issued higher standards on energy conservation and emissions reduction. With respect to opportunities, firstly, pressure on the Company's operations is expected to be alleviated. Secondly, the advantage of diversified businesses will be revealed gradually. Thirdly, the efficiency of management will be further improved.

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 "optimising 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, pushing forward the development of alumina, and securing a complementary development of railway, port and shipping". The Company will commit effort into the following six areas to reach its annual work targets.

1. Deepen the Building of a "Four-feature" Enterprise

The Company will accelerate the establishment of 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 strive to increase power generation, strictly control the price of thermal coal, strengthen cost controls, strive for policy concessions and to turn loss into profit for loss-making enterprises. It will further improve the comprehensive budget management, with the objective of enhancing profits. Focusing on capital flows and emphasising cost controls, it will increase power generation with all efforts and to control coal prices by applying various measures, with an aim to enhance the profitability of the Company. In 2012, the Company will strive to accomplish a power generation of 205 billion kWh and realize an increase in sales revenue of more than 15% year-on-year.

3. Continuously Optimise the Business Structure

The Company will continue to strengthen its power generation business, excel in its non-power businesses and promote synergistic diversification. In its power generation business, the Company will step up the development and exploration of alternative energy, clean energy and renewable energy to increase their proportion in the total installed capacity. 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. The Company will accelerate the commercial operation of the Duolun Coal Chemical Project, Keqi Coal-based Natural Gas Project and the project of alumina-extraction from high-aluminium pulverised fuel ash by the renewable energy company, to increase their contribution to the overall profitability of the Company and further propel the Company into 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, step up efforts in the integration of the Company's internal assets, further optimise the Company's equity structure and actively pursue acquisitions of quality assets, with a view to achieving maximum investment returns for the Company.

5. Continuously Intensify Energy Conservation and Emissions Reduction

Adapting the plan of energy conservation and emissions reduction during the "Twelfth Five-year" period, the Company is accelerating the construction of key projects, enhancing the comparison and selection of technologies in environmental protection and efficiency improvement, and participating in market research with regard to the trading of carbon emission and pollution discharge rights. Focusing on the denitration transformation, the Company will manage and schedule energy conservation for coal-fired generating units, basins for hydropower stations and regional optimization for wind farms.

6. Establish Comprehensive Internal Control System

In 2012, 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 of "job duties, mechanisms and systems, standards and criteria, operation flows, evaluation and auditing and performance appraisal", the Company will complete the establishment of operation flow management system to optimise the flow, and will complete the compilation of the "Internal Control Management Manual", "Risk Control Manual" and "Internal Control Evaluation Manual" to carry out comprehensive internal control evaluations and audits so as to carry out a transformation from external supervision to internal supervision.

Fulfillment of Social Responsibilities

MAINTAINING SAFE PRODUCTION IN A STABLE MANNER

Enhancing the Production Safety System

The Company consistently adheres to the production safety policy that treats "safety and prevention as top priorities complemented with comprehensive maintenance". It continued to promote the long-term production safety mechanism with its own characteristics, conduct comprehensive safety supervision as well as investigation and government of potential risks, strengthen the training of all staff in safety knowledge, create a safe environment and steadily promote the building of a fundamentally safe enterprise, thereby laying a solid foundation for sustainable, stable and rapid development of the Company.

Safety Philosophy:

- All accidents can be avoided.
- Hazards can be eliminated, risk can be prevented, errors should be controlled, and accidents can be avoided.
- Safe production depends on everyone at a worksite.
- Safe production is everyone's responsibility, regardless of position.
- There will always be someone accountable for every matter, some documents to support every matter, someone to supervise every matter and some rules to follow for every matter.

Safety Methodology:

- Three Evaluations and One Control: Safety evaluation, economic evaluation, environmental protection evaluation, and control and analysis of hazards.
- Three Highlights and One Implementation: highlights of work tasks, risks, and measures; safety risk control measures are properly implemented.
- Information management: The network platform is used to achieve standardization, digitalisation and institutionalization of data and information, so any incident is recorded immediately and checked as it occurs, realize real-time control and process management.
- Safety Interview: Senior leaders will have a warning interview with the responsible person of the Company if there is great potential hazards in safe production.

Safety Mechanism:

- Two Databases and Two Systems: Safe production issue database, and safe production expert database; case closure system and supervision system for production safety issues.
- Performance Management: compile and analyze operational data and data on equipment reliability indicators carry out production safety assessments. Results are incorporated into the "Two Databases" and are linked to personal compensation rates and promotions.

- Emergency Management: The Company has strengthened the preparation of its emergency plans and training, and enhanced the building of emergency rescue teams. Emergency Case Management Rules and emergency plans for coal chemicals, shipping, and coal mining businesses, as well as the information network incidents system have also been prepared.

Management System:

- Spot Inspection and Regular Maintenance: An equipment responsibility system is implemented through a whole-life and whole-process management approach, where each spot inspector is accountable for each piece of equipment.

- Centralized Control and Operations System: Operations, and control of equipment and systems are centralized.

- Project Management System: Each maintenance item is treated as a project, where each item is carefully planned beforehand, process management is implemented during performance, and a summarization is made afterwards. By doing "Five Confirmations and One Honoring, we change from planned maintenance to condition-based maintenance.

Building a Safe Production Environment

The Company has built and implemented an effective investigation mechanism to identify and eliminate potential safety hazards, promoted 6S production team management, and improved safety facilities. By means of monthly routine inspections and irregular special inspections, we have prevented and controlled occurrence of accidents effectively through strengthening the management of all production elements including people, equipments, materials, methods and environment to build a company with safe production environment.

In 2011, the Company concentrated on creating an intrinsically safe enterprise, and carried out the work in accordance with three levels of compliance, i.e., indicator compliance, management compliance, and culture compliance. Twenty-one enterprises took the lead to pass the indicator compliance inspection, and the Douhe Power Plant and the Pengshui Hydropower Station satisfied the "management compliance" level. The Company also launched the standardization production of safe production by establishing a long-standing potential hazard inspection and governance mechanism. The Company strengthened the management and control of high-risk operations, and throughout the year no accident of negligence has occurred, keeping the good and steady situation of safe production.

Enhancing Production Equipment Management

In equipment management, the Company has formed a spot inspection-based management model supplemented by operations management and maintenance management. Tools, methods, and standards are specified to carry out the whole dynamic management of equipment.

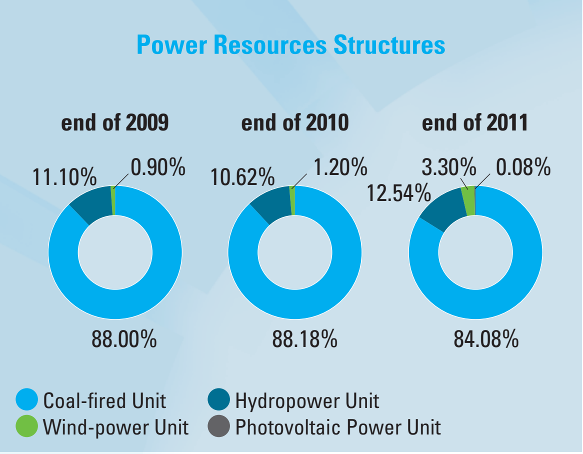
AWARDS IN THE NATIONAL LARGE COAL-FIRED POWER UNIT CONTEST

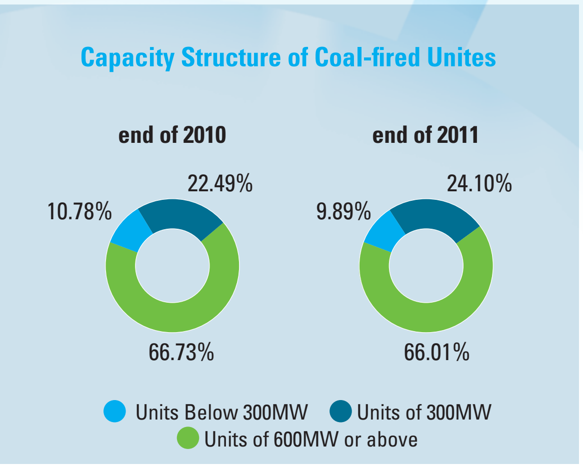
Category	Level	Unit	Proportion
600MW class supercritical units	Third prize	Unit #1, Wushashan Power Generation Company	1/30
600MW class subcritical units	First prize	Unit #4 Tuoketuo Power Generation Company	3/24
	Second prize	Unit #1, Wangtan Power Generation Company	
	Third prize	Unit #1, Tuoketuo Power Generation Company	
600MW class air-cooling units	Second prize	Unit #8, Tuoketuo Power Generation Company	2/11
	Third prize	Unit #6 Tuoketuo Power Generation Company	
600MW class Russia (Eastern Europe) made units	Second prize	Unit #3, Shentou Power Generation Company	1/2
300MW class condensing units	First prize	Unit #1, Hohhot Thermal Power Company	8/43
		Unit #2, Zhangjiakou Power Plant	
	Second prize	Unit #4 and Unit #5, Zhangjiakou Power Plant	
	Third prize	Unit #2, Hohhot Thermal Power Company	
		Unit #1, Unit #6 and Unit #8, Zhangjiakou Power Plant	
300MW class air-cooling units	Second prize	Unit #3 and Unit #4, Yungang Thermal Power Company	2/5

In 2011, the Company revised its Equipment Defect Management Rules to improve the maintenance quality of equipment, reduce the incidence of equipment defects, and improve the prevention and control of equipment failures. The Company firmly established the "zero defect" management philosophy, actively carried out technological innovation for equipment, implemented reliability information management of auxiliary equipment in addition to of the implementation of the reliability management of main machines, constantly improved the multi-dimensional statistical analysis of equipment, and effectively propelled the equipment maintenance process.

Improving Production Safety Quality

The Company considers safety education and training as a policy of strengthening the foundation of safe production, uses safety warnings every time and everywhere and visual systems to create a safe atmosphere and improve the quality of the safety of all personnel. In 2011, the Company organized the "a case every week" campaign, the communication on typical experience and the discussion of "four responsibilities" in safe production, and through these efforts staff at all levels have obtained a more in-depth understanding and knowledge of safety management responsibilities. Professionals from the China Academy of Safety Science and Technology and the State Administration of Coal Mine Safety were invited to carry out professional training for registered safety engineers and coal mine safety qualifications.





CONTINUOUSLY PUSHING FORWARD GREEN OPERATION

Responsibility

Faced with global warming, frequent abnormal weather and the depletion of fossil fuels, exploring energy-conserving development, clean development and sustainable development have become a global consensus. The power industry, as major player in resource consumption and pollutant emissions, is assuming an extremely important responsibility. In promoting a structural adjustment of energy conservation and emissions reduction as the major task, the Company has responsibilities in actively carrying out energy-saving research in the low-carbon economy technologies, implementing various ecological and environmental protection measures, and achieving conservation-based development and clean development.

Philosophy

We have always adhered to the corporate mission of "providing clean power to light a better life", and the construction of an intrinsically safe, resource-saving, environmentally-friendly and technically-innovative enterprise. We make great efforts to promote the "Two-type" social construction, incorporate energy saving and omission reducing policy into the Company's production, operations and management and strive to achieve the coordinated development of economic efficiency and environmental protection.

Strategy

We implement the national energy saving and emission reduction policy strictly, promote the Energy Conservation and Low-carbon Actions of Ten Thousand Enterprises, continuously optimize the industrial structure, make efforts to strengthen environmental management and ecological protection, actively adopt energy saving and environmental protection technologies, implement energy saving and emission reducing equipment modifications, and steadily improve the Company's comprehensive energy efficiency levels.

Deepening Environmental Protection Management

From the perspectives of production environment assessments, environmental protection audits and building a "four-type" enterprise, the Company continues to make great efforts to build long-standing environment protection management mechanisms, to set up an energy saving and emissions reduction work system, and to set up supervision and performance assessment systems that cover all production sectors. We have strengthened environment protection data online supervision, field audits and technical monitoring work, implemented whole-process, digitalized, normalized environmental management, and achieved a dynamic correction and proactive prevention system for environmental issues, thus continuously improving the environmental protection level.

In 2011, the Company prepared and distributed "Datang Power Pollutant Emissions Reduction Plan during the 12th Five-year Plan", conducted environmental protection audits in 40 subordinate enterprises, implemented field environmental assessment of eight enterprises, and included the problems found into the question bank for closed-loop corrections. We established an environmental information communication and supervision mechanism, prepared "Environmental Protection Dynamics" periodically, and released environmental policy and management requirements and environmental dynamics of basic-level enterprises in a timely manner. In 2011, the Zhangjiakou Power Plant, Yuncheng Power Generation Company, Tuoketuo Power Generation Company, Honghe Power Generation Company and Daba Power Generation Company were awarded the title of "provincial-level advanced enterprise" in energy saving during the 11th Five-year Plan.

Conserving Resource Use

The Company emphasises on the rational allocation and the comprehensive use of resources and energy, actively introduced new energy-saving and emissions-reducing technologies and equipment, and pays special attention to recycling ash, coal ash, desulfurized plaster, and wastewater.

In 2011, combined with the Company's production and operation characteristics and the environmental protection situation, we promoted the implementation of the Ten Thousand Enterprises Energy Conservation and Low-carbon Actions Plan of effectively control energy consumption in operations, while actively seek new ways of conserving energy and reducing emissions. Through the introduction of heat pump technology, waste heat use and other new technologies and contracted energy management and other new methods, we strengthened the comprehensive utilization of renewable resources and further reduced the Company's energy consumption levels.

Reducing Pollution Emissions

In strict compliance with the relevant national provisions on pollutant emission, the Company developed the "Major Pollutants Emission Reduction Plan for the 12th Five-year Plan", prepared the "Total Volume Auditing and Verification Manual", established weekly desulfurization reports to announce the operating conditions of desulphurization facilities and emissions compliance of the Company, and took the control of the total volume of major pollutants as a key task.

In 2011, the Company continued to promote the retrofitting of low-nitrogen burners and denitrification and desulfurization systems, and strengthened the performance evaluation of pollutant emissions. The Company further promoted desulfurization, wastewater treatment, and other environmental technology research and project implementation in its non-power-generation division. Pollutant emission rates, including that of dusts, sulfur dioxide, nitrous oxide and wastewater, are far below the national average. The Company has not encountered any environmental pollution incidents or fines. Among which the Tuoketuo Power Generation Company in Inner Mongolia reduced emission of carbon dioxide of 110,000 tonnes in 2011, and was awarded the title of "Asia's Power Plant with Best Environmental Performance".

Strengthening Ecological Protection

The Company fully implements international conventions and resolutely implements national environmental policies. It integrates industrial engineering, production operations, and ecological protection. The Company diligently carries out environmental impact assessments prior to the commencement of construction project and environmental protection reviews upon completion, focuses on water and soil conservation, biodiversity, and vegetation protection during construction, while making great efforts to balance the utilization of resources and environmental protection in all-win harmony. For example:

- The Inner Mongolia Xilinhaote Mining Company strengthened its water and soil preservation in mining areas, implemented turning immature soil into cultivated land measures, optimized the ecological system structure, and built an eco-tourism mine.

- The Inner Mongolia Duolun Coal Chemical Company, located in the heart of a grassland, paid great attention to ecologic protection during construction and operations, and built an environmentally-friendly demonstration project.

- The Yunnan Power Company strictly implemented the water and soil conservation and protection of rare species, trying to minimize its impacts on the environment.

TALENT CULTIVATION

1. Composition of Employees

	2011
Total number of in-service employees	19,365
Number of departed/retired employees for which the Company has to bear costs	5,467

Specialty

Category	Number of Employees
Economics and management	2,616
Science and technology	11,855
Literature and history	622
Others	4,272

Educational Background

Category	Number of Employees
Doctoral graduate and above	31
Postgraduate	392
Undergraduate	7,296
College graduate	5,436
Secondary technical school	1,964
Vocational school	806
Senior high school	1,711
Junior high school	1,729

2. Management

The Company has established a scientific view towards talented personnel which emphasizes that "human resources are the Company's most valuable resources"; remains committed to its "people-focused" approach; and carries forward the concept that "Datang Power is a platform on which staff can showcase their sense of responsibility and talents". The Company continues to improve its organizational structure, strengthen innovation in its management mechanism, optimize the allocation of human resources, revitalize talented personnel and strengthen different training programmes for various levels so as to offer smooth career paths for staff development that would enable individual growth among staff alongside the growth of the Company and sharing the achievements in the Company's development. These provide organizational assurance and talented staff support for the implementation of the Company's strategy of "focusing on the power generation business as its core development, complemented by synergistic diversifications".

The Company has completed the compilation of its "Twelfth Five-year Plan" for human resources, launched the "talent forest" plan in a profound way and improved the second-grade reserve talent pool comprising ten categories. It continued to select experts to build a pool of experts comprising "112" talented staff from the Corporation, safe production experts from the Company and experts from the power plants with technical skills. It deepened the policy for the selection of "chief staff"; further expanded the paths of growth of talented staff; continued to care about the vital interests of all staff; and continued to improve remuneration management and strengthen the incentive and pay schemes to fully mobilize the work enthusiasm of staff.

3. Training

The Company vigorously implemented a strategy which focuses on talent development to ensure that the business continues to thrive with the establishment of three teams of talented staff. It employed training programmes as an important tool to improve the overall quality of employees, enhance corporate cohesion and shape an excellent corporate culture. By taking a number of initiatives such as the compilation and the implementation of third-grade training programmes, the development of well-targeted professional training and the establishment of a platform to attract a pool of talented staff, and by adopting a number of supporting measures such as the establishment of an ongoing training mechanism, the constant reinforcement of the training infrastructure and the increased commitment to training, the Company pushed forward the development of its vocational training programmes in a comprehensive and vigorous manner. These initiatives have helped ensure that there is enough talented staff to drive the implementation of the Company's strategy to a deeper level to achieve synergistic diversifications. In 2011, the Company invested a total of RMB38.4763 million in training. Its training courses were cumulatively attended by 253,808 man-times, of which 32,439 were on corporate management and professional skills; 164,017 on production skills; and 9,544 on other skills. A total of 1,925 employees of the Company achieved professional and technical qualification assessments during the year, of whom 101 received senior titles; 313, intermediate titles; and 1,511, junior titles. 60 employees acquired professional skill qualifications from the National Unified Entrance Examinations; 2,288 obtained occupational skill appraisals through the Company's system, of whom 59 acquired senior technician qualifications; 256, technician qualifications; and 638, senior engineer qualifications. During the year, 362 employees attended the Corporation's training programmes for on-the-job qualifications.

4. Implementing Measures

Incentive mechanism. The Company adopted various incentive mechanisms to attract, retain and inspire talented staff. It applied a differentiated salary allocation policy and continued to implement a subsidy policy by providing allowances for staff working in nuclear power plants, remote areas, harsh environment as well as the chemical industry as an incentive to lure professional and talented technicians to join the nuclear power industry. It also helps retain staff working in remote areas or under harsh conditions as well as those working in the coal chemical industry. The Company implemented a comprehensive accountability management system and a performance appraisal system covering all staff. Through the systems the Company can enhance the appraisal and evaluation process so that "accurate positioning, delicacy management and precise assessment" can be achieved. They also help make the objectives and responsibilities of staff more specific, more clearly defined and more visible. Results of the performance appraisals are linked to salary and career advancement as a way to motivate staff.

5. Achievements and Awards

Title of Outstanding Individual		Granted by
Government's Special Allowances Receiver	1	Ministry of Human Resources and Social Security
Technical Expert of Central Enterprise	8	State-owned Assets Supervision and Administration Commission
Special Award for New Star in Power Education Training	1	China Electricity Council
Technical Expert of the Corporation	36	China Datang Corporation
Outstanding Technical Contestants of the Corporation	54	China Datang Corporation

BOARD, SUPERVISORY COMMITTEE AND SENIOR MANAGEMENT

Liu Shunda
Chairman and Non-executive Director

Aged 56, is a professor grade senior engineer with a post-graduate degree. He is currently Chairman and Party Secretary of China Datang Corporation. 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 Vice President 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. Mr. Liu possesses extensive knowledge and diversed experience.

Hu Shengmu
Non-executive Director

Aged 51, university graduate, is a senior accountant. He is currently the Party Committee Member and Chief Accountant 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.

Cao Jingshan
Vice Chairman, Executive Director and President of the Company

Aged 49, graduated from Dalian University of Technology majoring in technical economics and management. He holds a doctorate degree and is a senior economist. He is currently President of the Company. Mr. Cao commenced his career in 1981 in Yuanbaoshan Power Plant and successively held the office of 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 December 2003. Since 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 production and operation and management.

Fang Qinghai
Non-executive Director

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.

Zhou Gang
Executive Director, Vice President of the Company and Secretary to the Board

Aged 48, graduated from East China Institute of Water Conservancy (currently known as Hehai University) with a master degree of technology and a master degree of business administration, is a senior engineer. He is currently Vice President 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.

Liu Haixia
Non-executive Director

Aged 51, graduated from North China Power College majoring in power plant thermal energy. He subsequently pursued a postgraduate degree in Business Administration in 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
Non-executive Director

Aged 45, graduated from North China Power College majoring in thermal dynamics and received 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 then became 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
Non-executive Director

Aged 64, university graduate, is a senior engineer. He is currently the Consultant of Hebei Construction & Investment Group Co., Ltd. He started his career in 1968 and had successively worked in the County Commission of Zeku of Qinghai Province, the Provincial Construction Commission of Qinghai Province and Qinghai No. 3 Construction Engineering Company. Mr. Su became Head of the Raw Materials and Projects Division of Hebei Construction Investment Company since October 1989. Since December 1990, he served in Hebei Provincial Planning Committee as Head of the Investment Department. He has become Vice President of Hebei Construction Investment Company since October 1993. With his longstanding involvement in corporate management and planning management, Mr. Su is well experienced in corporate management and industrial planning and investment.

Ye Yonghui
Non-executive Director

Aged 60, 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 up to present, 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
Non-executive Director

Aged 52, 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 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.

Li Yanmeng
Independent Non-executive Director

Aged 67, graduated from the Wuhan University of Hydraulic and Electric Engineering majoring in power plants and power systems, is a senior engineer. Mr. Li is currently the External Director of China National Coal Group Corporation and the Independent Non-executive Director of China Coal Energy Company Limited. 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 Head of the Division of Construction Coordination of 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.

Zhao Zunlian
Independent Non-executive Director

Aged 65, a professor grade senior engineer and a master degree holder in engineering, is a doctoral supervisor. Mr. Zhao is currently the Independent Director of Hezong Science & Technology Co., Ltd. Mr. Zhao graduated from Wuhan Institute of Hydraulic and Electric Engineering in 1969, and served as Dispatching Deputy Head, Deputy Chief and Chief of Central China Power Grid since 1981, Chief Engineer of Central China Power Corporation in 1995, Director of State Power Dispatching Center in 1999. Director of State Power Dispatching Center and Chief Engineer of State Grid Corporation of China in 2003, Chief Engineer of State Grid Corporation of China in 2005 and Consultant of State Grid Corporation of China from 2006 to 2009. He has long been engaged in production and management of the power industry, with extensive experience in power generation and management.

Li Hengyuan
Independent Non-executive Director

Aged 69, graduated from the School of Mathematics, Physics and Chemistry of Chengdu University of Technology, majoring in Analytical Chemistry. He is a senior engineer and currently Vice President of Technology Standards Committee of All-China Environment Federation. Mr. Li started working in Mining and Metallurgical Research Institute of Chinese Academy of Sciences in 1965. He took the office of Head 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 Prize), the Ministerial and Provincial Scientific and Technological Progress Award (Second Prize) and the Ministerial and Provincial Scientific and Technological Progress Award (Third Prize), 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
Independent Non-executive Director

Aged 56, holder of a bachelor's degree from Tsinghua University, is currently Deputy General Manager of China Energy Construction 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 served 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 and Deputy General Manager of China Energy Construction Group Corporation and Dean of its Electric Power Planning and Design Institute. She has long been engaged in electric power design and planning, with extensive experience in electric power design and planning.

Jiang Guohua
Independent Non-executive Director

Jiang Guohua, aged 41, graduated from University of California, Berkeley, with a doctorate degree in accountancy, is currently Professor of Accountancy of the Guanghua School of Management at Peking University, as well as a doctoral supervisor, Vice President of Graduate School of Peking University, Deputy Head of Account Department of Guanghua School of Management at Peking University, Executive Director of MPACC Project, Executive Director of the Sixth and Seventh Session of Branch of Financial cost of Accounting Society of China, and Committee Member of Education Committee of Accounting Society of China. Dr. Jiang has long been engaged in theoretical and practice researches in the field of accountancy, and analysis of issues regarding investor protection, corporate governance and the regulation of the stock market.

Qiao Xinyi
Chairman of the Supervisory Committee

Aged 59, 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 Labour 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 of 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 Labour 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
Vice Chairman of the Supervisory Committee

Zhang Xiaoxu, aged 49, university graduate, is a senior accountant. He is currently Manager of Financial Department of Tianjin Jinneng Investment Company. He used to serve as Chief Accountant of Finance Department of Liaoning Power Plant; and Deputy Head and Head of Finance Department, Deputy Chief Accountant, Chief Accountant of Liaoning Nenggang Power Generation Co., Ltd., Chief Financial Officer of Tianjin SDIC Jinneng Electric Power Co., LTD., and Deputy Manager of Financial Department of Tianjin Jinneng Investment Company. He has long been engaged in financial management and has extensive practical working experience.

Zhou Xinnong
Member of the Supervisory Committee

Zhou Xinnong, aged 43, university graduate, is a senior accountant. He is currently Deputy Director of the Finance Management Department of China Datang Corporation (Person-in-Charge). Mr. Zhou used to serve as Chief Accountant and Deputy Manager of the Finance Department of the Company, Head of the Price General Services Office of the Finance and Assets Management Department and Deputy Director of the Finance and Assets Management Department of China Datang Corporation.

Guan Zhenquan
Member of the Supervisory Committee

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

Fu Guoqiang
Vice President of the Company

Fu Guoqiang, aged 49, university graduate, is a senior accountant and a Certified Public Accountant. He is currently Deputy General Manager of the Company. He was previously Head of the Finance and Assets Management Department of Hebei Power Company and Manager of the Finance Department of North China Power Generation Corporation. Mr. Fu has been 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. Mr. Fu is concurrently serving as Director of Guangxi Guiguan Electric Power Company Limited.

An Hongguang
Vice President of the Company

Aged 53, 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 Plant Manager of Tangshan General Power Plant, Assistant to Plant Manager of Dou He Power Plant, Deputy Manager of the Production Department of the Company and Plant Manager 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 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.

Liu Lizhi
Vice President of the Company

Aged 46, graduated from Northeast Power Institute majoring in power system and engineering automation. He is a senior economist and senior engineer with a post-graduate degree. He is currently the Deputy General Manager of the Company. In July 1994, he became 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 also 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
Vice President of the Company

Aged 48, graduated from North China Power Institute majoring in thermal dynamics. He is a senior engineer with a post-graduate degree. 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 Zhenbiao 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
Chief Financial Officer of the Company

Aged 58, graduated from Beijing Broadcast and Television University majoring in industrial statistics. He is a senior accountant and currently 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 Zhangjiakou Power Plant. Since 1995, Mr. Wang had held various positions including Deputy Financial Manager and Manager of the Finance Department of North China Power Generation Corporation, Financial Manager and Chief Accountant of the Company. He has been Chief Financial Officer of the Company since August 2000. Mr. Wang has acquired extensive experience in the financial management of power companies from his longstanding focus in this area.

Management of Investor Relations

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, a special office has been set up and staff has been assigned to be responsible for the management of investor relations work, and various channels have been set up to enable investors to establish contact with the Company. During 2011, 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. In particular:

The Company met analysts and fund managers 539 man-times through results presentations and domestic and overseas roadshows; met analysts and fund managers 258 man-times at investor forums; and met analysts and fund managers 303 man-times through company visits and telephone conferences.

MAJOR INVESTOR RELATIONS ACTIVITIES CONDUCTED IN 2011:

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	12	31
	UBS 11th Greater China Conference	No	13	32
March	Annual Results Presentation	Yes	–	68
	Annual Results Telephone Conference	Yes	–	45
	Annual Results Domestic Roadshow	No	–	97
	Annual Results Hong Kong Roadshow	No	9	27
April	Annual Results Singapore Roadshow	No	11	17
	Nomura China Conference	No	9	23
	Company's First Quarterly Results Telephone Conference	Yes	–	75
May	Bank of China International Investors Conference	No	7	13
	Deutsche Bank 2nd Access Asia Conference	No	15	26
June	JP Morgan China Conference	No	13	29
August	Company's Interim Results Domestic Presentation	Yes	–	35
	Company's Interim Results Overseas Presentation	Yes	–	54
	Company's Interim Results Hong Kong Roadshow	No	8	16
September	Company's Interim Results Domestic Roadshow	No	7	27
October	Third Quarterly Results Telephone Conference	Yes	–	78
	BNP China Economic Forum	No	9	27
	Goldman Gao Hua Annual Investment Conference	No	9	19
November	Bank of America Merrill Lynch China Investment Summit	No	13	38
December	Haitong Securities Annual Strategic Conference	Yes	–	15

Investor Q&A

1. **What is the Company's view towards nationwide power supply and demand in 2012?**

   The rate of economic and electricity growth will decline, though "pursuing progress while ensuring stability" – China's objective for 2012 – as well as effective macro-control initiatives will ensure that the economy will maintain a steady and relatively rapid pace of development. According to forecasts by the China Electricity Council, power consumption across the society is expected to grow at a rate of approximately 9.5%, and annual power consumption is estimated at 5.14 trillion kWh, possibly demonstrating "a rise in the rate after a fall". On the supply side, newly-added installed capacity is expected to be approximately 85,000MW, of which approximately 20,000MW is newly added by hydropower, and approximately 50,000MW is newly contributed by thermal power on a reduced scale. Overall nationwide power-generating installed capacity will reach approximately 1,140,000 MW by the end of 2012.

   Judging from the current situation, it is likely that in 2012, water flow for hydropower generation will dry up before the flood season arrives; the tension in the supply of thermal coal in certain regions and during certain periods will remain a prominent issue; and the external environment for supply will remain relatively challenging. Our overall analysis suggests that overall national power supply and demand is anticipated to remain tense in 2012 as it will be characterized by a prominent shortage of power in certain regions and during certain periods and seasons, with a maximum power shortfall of approximately 30,000MW to 40,000MW. Annual utilization hours of power generation facilities will be around 4,750 hours, while utilization hours of coal-fired power generation facilities will be around 5,300-5,400 hours.

2. **What is the Company's estimate for coal contracts to be signed up in 2012?**

   According to the Company's power generation plan for 2012, it is estimated that the Company will consume approximately 100 million tonnes of natural coal in 2012. Up to now, the Company has signed up contracts for 40.52 million tonnes of coal, and other contracts currently are under negotiation. The prices of coal under the contracts which already been signed up have risen by 5% against the 2011 level.

3. **What progress did the Company make in its coal operations in 2011?**

   In 2011, the Company made significant progress in the approval and construction of coal mines as well as in coal production.

   As for project approval, the Phase 2 project of the Shengli Coal Mine East Unit 2 in Xilinhaote was approved by the State in 2011, providing an additional approved capacity of 20 million tonnes of raw coal.

   With respect to project construction, construction of the Phase 2 project of Shengli Coal Mine East Unit 2 in Xilinhaote formally commenced in 2011.

   On the production side, the Shengli Coal Mine East Unit 2 and the Baoli Coal Mine, both of which the Company has controlling interests, produced 10.71 million tonnes and 1.31 million tonnes of raw coal, respectively, while Tashan Coal Mine and Yuzhou Coal Mine, both of which the Company owns holding interests, achieved an output of 23 million tonnes and 7.2 million tonnes of raw coal, respectively, in 2011.

   In 2011, the capacity 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.

4. **What progress did the Company make in its coal-to-chemical projects in 2011 and what are the Company's work targets for 2012?**

   The Company has made significant progress in the three super-large coal-to-chemical projects under construction in 2011. The progress made in 2011 and the work targets for 2012 are outlined below:

   Duolun Coal Polypropylene Project:

   In January 2011, gasification plants No. 2 and No. 3 and the MTP plant conducted successful test runs, having overcome the problems in core and technical aspects of the plants.

   From February to July 2011, comprehensive technological improvement, inspection and repair were carried out to solve the problems and defects exposed during the debugging process of the plants.

At the end of June 2011, up-to-standard methanol (with a purity of 99.9%) was produced, having opened up the entire technological process by battery limit.

In the beginning of September 2011, up-to-standard propylene was produced.

At the end of September 2011, up-to-standard polypropylene was produced.

From October to December 2011, a transformation project was carried at the MTP plant.

On 16 March 2012, it underwent trial production.

The Company's objectives for 2012 are to achieve a loading rate of 70% for its equipment within the year.

Keqi Coal-based Natural Gas Project:

On 26 August 2011, Gasifier No. 8 of Series 1 at the gasification plant was successfully launched after first ignition.

On 28 November 2011, the air separation plant produced up-to-standard oxygen and nitrogen following a successful trial run.

On 31 December 2011, the laying of the gas pipeline was completed.

The work objective for 2012 are to launch the first production line into commercial operation.

Fuxin Coal-based Natural Gas Project:

The lifting of the first gasifier was completed in 2011.

The Company's objective for 2012 is to complete the ignition of the gasifier and the trial run of the air separation plant.

5. What are the Company capital expenditure plans and structures for 2012?

The capital expenditure on a consolidated basis to be incurred in 2012 is expected to be approximately RMB22,550 million, of which the non-power business segment will account for more than half of the total capital expenditure. Details of the structure are set out in the table below.

Table showing the percentages of capital expenditure of the Company by business sector for 2012

Investment sector	Proportion of the Capital Expenditure of the Company in 2012
Company's total (on a consolidated basis)	100%
Coal-fired projects	20.78%
Hydropower projects	20.94%
Wind power projects	6.94%
Coal projects	10.46%
Coal-to-chemical projects	38.62%
Other projects	2.26%

6. 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 Development 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 projects; accelerate the development of alumina projects; and secure a complementary development of railway, port and shipping operations.

In the regions where the Company has resources and market advantages, the Company will optimize the deployment, carry out innovative development 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 period of the "Twelfth Five-year Development Plan", the Company will focus on designing the following six profit bases with distinct assets characteristics and synergistic efficiencies as well as strong development capacity 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 Profit Base with the "Three North Areas" as the centre.

The Company was incorporated 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 incorporated, 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 ("Articles of Association"). Shareholders' general meeting is the 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 laws and protecting the interests of shareholders, having received high recognition from the capital market.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In 2011, the actual situation of corporate governance of the Company did not deviate substantially from the rules and requirements under the China Securities Regulatory Commission (the "CSRC") and relevant regulatory authorities. 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 2011, the Company fully complied with the principles as set out in the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and reached or even exceeded the best recommended practices in the Code on Corporate Governance Practices in certain aspects.

The Company places great importance in fulfilling its corporate responsibilities. The Directors and the staff of the Company are fully dedicated to discharging their duties in ways to ensure that the Company is operating in compliance with the principle of maintaining fairness and impartiality as well as safeguarding the interests of all shareholders.

CORPORATE GOVERNANCE ORGANIZATION AND ITS OPERATION

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 five 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 following matters were considered at the shareholders' general meetings of the Company in 2011:

(1) work reports of the Board and the Supervisory Committee of the Company;

(2) final accounts;

(3) profit distribution plan for 2010 which approved cash dividends of RMB0.07/share to the shareholders recorded on the register of members as of 31 May 2011;

(4) changes in supervisors as approved by representatives of the Company's shareholders – Mr. Zhou Xinnong shall serve as a supervisor from 6 December 2011 until 30 June 2013, as approved by representatives

of the Company's shareholders, and Mr. Fu Guoqiang would no longer serve as supervisor of the Company from 6 December 2011 due to work adjustment;

(5) the provision of a guarantee for the financing of Duolun Coal Chemical Company, a subsidiary of the Company, based on its actual needs for the construction of certain major projects;

(6) certain connected transactions approved by independent shareholders in relation to the Company's provision of entrusted loans to connected parties;

(7) approval of the issue of RMB10,000 million super short-term commercial papers by the Company and the non-public offering of RMB10,000 million in debt financing instruments to specific target investors.

For details about the resolutions made at shareholders' general meetings in 2011, please refer to the announcements on such resolutions made at previous shareholders' general meetings published by the Company on the Hong Kong Stock Exchange's website.

In 2011, the Company placed particular emphasis on shareholders' relations, specifically to maintain communication with shareholders through various channels to facilitate mutual understanding between the Company and its shareholders. In particular, the Company established a division to assign designated staff to receive visitors, making its contact numbers available to the public, to answer telephone enquiries at any time. In addition, the Company's website was set up to provide updates and past results on the Company, as well as an organisational map of the Company's management, so as to facilitate a comprehensive understanding of the Company by its shareholders and investors.

For details about the Company's communication with shareholders and investors in 2011, please refer to the "Management of Investor Relations" section of this Annual Report.

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. Pursuant to the Articles of Association, the Board currently comprises 15 members, including five independent non-executive directors (i.e. Independent Directors). The respective non-executive 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 conveners 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.

Pursuant to the resolution made at the twenty-third meeting of the seventh session of the Board of the Company held on 23 March 2012, the duties of the aforementioned three specialized committees were replenished and revised. The Strategy and Investment Committee was renamed as the "Strategic Development and Risk Control Committee" to further clarify the responsibilities of the committee in terms of risk management. Moreover, the Board set up the Nomination Committee to clarify the duties of the committee responsible for the appointment and dismissal of the Company's directors. The specialized committees under the Board carried out their work in accordance with their respective work rules.

The Board formulated the "Rules of Proceedings for Board Meetings", which clarify the matters to be decided by the Board as well as the terms of reference and the rules of proceedings for the Board. During the reporting period, the Board held 18 meetings. The convening and voting procedures of the meetings were in compliance with the requirements under the Articles of Association and the "Rules of Proceedings for Board Meetings". Major particulars of the resolutions made at the previous Board meetings include:

(1) consideration of matters related to the operating results of the Company, which primarily includes the annual budget and final accounting plans as well as the annual profit distribution plan of the Company;

(2) consideration of financing plans, which primarily includes the corporate bond issuance plan, super short-term commercial paper issuance plan and non-public offering of debt financing instruments to specific target investors;

(3) consideration of investment plans, which primarily includes capital contributions to the development and construction of various power projects such as wind power, photovoltaic power and gas thermal power projects, and equity investment in the construction of non-power projects such as specialized coal terminal and railway projects;

(4) consideration of equity adjustment plans for subsidiaries, which primarily includes the transfer of part of the equity interest in Daba Power Generation Co. to the Company; the adjustment of the equity interest in Chaozhou Power Generation Co., Ganzi Hydropower Co. and Beijing Datang Fuel Co.; and the acquisition of part of the equity interest in Baxin Railway Co. and 100% equity interest in Erdos Ruidefeng Mining Co. Ltd.;

(5) consideration of the plans of the Company and its subsidiaries for the provision of guarantees to external parties;

(6) consideration of significant connected transaction plans, which primarily includes continuing connected transactions such as those for the centralized purchase of production materials, ash disposal services, entrusted loans and capacity indexes of small generating units; and connected transactions in relation to capital contributions to the establishment of companies and adjustment of equity interests in subsidiaries;

(7) consideration of the corporate governance report, which primarily includes the "Work Rules for the Secretary to the Board", "Self-assessment Report on the Company's Internal Control" and "Specialized Policy for Preventing Substantial Shareholders and Connected Parties from Taking up the Funds of Listed Companies";

(8) consideration of plans for changes to certain directors, supervisors and senior management members of the Company;

(9) consideration of the "2011 Social Responsibility Report" of the Company;

(10) consideration of the plan for the engagement of the Company's accountant for 2011.

In 2011, 18 Board meetings were held, of which 5 were on-site meetings and 13 were meetings held through various means of communication. All directors attended all the meetings either in person or by authorizing proxies to attend the meetings on their behalf. Details about the directors' attendance of the meetings are set out in the following table:

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

3. Supervisors and the Supervisory Committee

Pursuant to the Articles of Association, 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 five meetings and attended all Board meetings and Audit Committee meetings. Through various channels and methods, the Supervisory Committee carried out regular inspections on the Company's finances and substantial matters, as well as supervising the lawfulness and compliance of the Directors, the President and other management members in discharging their duties.

During 2011, attendances of the Supervisory Committee are set out in the following table:

Shareholder Representative Supervisor	Attendance (%)
Zhang Xiaoxu (Vice-chairman of the Supervisory Committee)	100
*Zhou Xinnong	100
*Fu Guoqiang	100

Employee Representative Supervisor	Attendance (%)
Qiao Xinyi (Chairman of the Supervisory Committee)	100
Guan Zhenquan	100

* Mr Zhou Xinnong was elected as a shareholder representative supervisor at the general meeting since 6 December 2011; Due to the work arrangement, Mr. Fu Guoqiang would no longer assume the office of shareholder representative supervisor of the Company after the approval from the general meeting on 6 December 2011.

4. Non-executive Directors and Independent Non-executive Directors

The Company has a total of 13 non-executive directors, of whom five are independent non-executive directors. According to the Articles of Association, the term of service of each of the directors (including non-executive directors) shall not exceed three years, and the directors are eligible for re-election and reappointment upon the expiry of their terms of service. Any new director shall take office only after being elected and approved at a shareholders' general meeting. The consecutive term of service of each of the independent non-executive directors (i.e. Independent Directors) shall not exceed six years.

Pursuant to the rules of the CSRC, 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 Independent Directors, the principles of the exercise of their functions and powers, the rights to which they are entitled and their 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 with 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 specialized committees; discharged their duties conscientiously; offered positive recommendations on the business development and operational management of the Company making 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 2011 Annual Report, the Independent Directors played an active role in the Company as they listened to and inspected carefully details of the Company's annual production and operations in strict compliance with the requirements of the securities regulatory authorities and the "Annual Report Work System for Independent Directors"; 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 duties.

5. Chairman and Chief Executive Officer (President)

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.

Pursuant to the Articles of Association, the general manager of the Company shall draft a special "Work Report of General Manager" on details of the implementation of the Board resolutions and the operation of the Company, and shall present the same to the Board for consideration; the Chairman (Chairman of the Board) shall draft a special "Work Report of the Board" on behalf of the Board regarding the details of the Board's work and present it to the Company's annual general meeting for consideration.

DUTIES AND OPERATION OF SPECIALIZED COMMITTEES UNDER THE BOARD

1. Strategic Development and Risk Control Committee (formerly known as Strategy and Investment Committee)

(1) **Composition:** Pursuant to the resolution made at the twenty-third meeting of the seventh session of the Board of the Company held on 23 March 2012, the Board has renamed the Strategy and Investment Committee as the "Strategic Development and Risk Control Committee" ("Committee"), which consists of eight directors (formerly seven directors. At the meeting, it was decided that Zhao Jie would be added as a member to the Committee as a Director), two of whom are Independent Directors. The Committee has a convener to be selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

(2) **Rules of Proceedings:** The Committee convenes a meeting at least once every year and holds irregular meetings based on the needs of work. Committee meetings can be held as on-site meetings or through other means of communication (including teleconference, facsimile or otherwise).

(3) **Major Duties:**

(i) To conduct research and make recommendations on the Company's long-term strategic development plan;

(ii) to conduct research and make recommendations on major investment and financing plans which are subject to the Board's approval as according to the Articles of Association;

(iii) to conduct research and make recommendations on major capital operations and asset management projects which are subject to the Board's approval as according to the Articles of Association;

(iv) to conduct research and make recommendations on other significant matters that may have an impact on the development of the Company;

(v) to conduct prior risk assessments and discussions on matters set out in (i) to (iv) above, and recommend corresponding control and preventive measures;

(vi) to conduct risk assessment and make recommendations on the sectors or industries in which Company intends to operate;

(vii) to inspect the execution of the above matters, and to conduct follow-up research on the risk factors that may exist or occur during the execution process, and to make recommendations accordingly;

(viii) the Committee is accountable to the Board. Any proposals made by the Committee shall be submitted to the Board for consideration and decision.

(4) **Meetings:** The former Strategy and Investment Committee held a meeting in March 2012 at which the progress of the Company's corporate strategy for 2011 and the major investment plans that the Company intended to present to the Board for consideration were considered. Five of the seven former members of the Committee attended the meeting, and two members did not attend the meeting for business reasons. Details about each member's attendance of the meetings are as follows:

Committee Members	Attendance (%)
Li Yanmeng (Convener and Independent Director)	100
Zhao Zunlian (Independent Director)	100
Fang Qinghai (Non-executive Director)	100
Li Gengsheng (Non-executive Director)	100
Cao Jingshan (Executive Director)	100
Zhou Gang (Executive Director)*	0
Ye Yonghui (Non-executive Director)	100
Liu Haixia (Non-executive Director)*	0

* Zhou Gang and Liu Haixia, both Directors, did not attend the meeting due to business engagement.

2. Remuneration and Appraisal Committee

During the year, the Company implemented a basic salary policy based on the pay points of positions for its executive directors and senior management members who were also covered under the Company's "comprehensive accountability management system" and "performance appraisal system for all staff". Upon preliminary review by the Remuneration and Appraisal Committee and decision made by the Board, the annual remuneration of an independent non-executive director was RMB60,000 (after tax). The remuneration of other non-executive directors of the Company was paid under the salary policies of their respective work units at which they are working, and was paid by such work units.

(1) **Composition:** The Board has established a Remuneration and Appraisal Committee that comprises five directors, three of whom are Independent Directors, making up more than half of the Committee. The committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

(2) **Rules of Proceedings:** The committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communications (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) To be accountable to the Board; proposals of the committee shall be submitted to the Board for consideration and approval;

(ii) to make remuneration plan or proposal according to the major scopes of work, duties and significance of the directors, supervisors and senior management positions as well as the remuneration levels of comparable positions in other comparable companies; remuneration plan or proposal include but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;

(iii) to review the fulfillment of the responsibilities of the Company's directors, supervisors and senior management and to conduct annual performance appraisal thereon;

(iv) to supervise the implementation of the remuneration system of the Company's directors, supervisors and senior management;

(v) to execute other matters as authorised by the Board.

(4) **Meeting:** The Remuneration and Appraisal Committee held a meeting in March 2011 to review the work performance and level of remuneration for the Company's executive directors and members of the senior management for 2010. The composition and level of remuneration were disclosed in this annual report (please refer to page 110 to page 112 of the Financial Report for details about the remuneration of directors, supervisors and senior management members). The attendance of the meeting by each of the members was as follows:

Committee Members	Attendance
Convener (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%

3. Nomination Committee

According to the Articles of Association, directors are elected and formed by the shareholders' general meeting of the Company, with each term of the directors' service not exceeding three years, renewable upon re-election and re-appointment.

Pursuant to the resolution made at the twenty-third meeting of the seventh session of the Board of the Company held on 23 March 2012, the Board decided to establish a Nomination Committee under the Board to clarify the duties of the committee for the appointment and removal of directors.

(1) **Composition:** The Nomination Committee comprises five directors, which Independent Directors make up more than half of the membership. The committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

The composition of the Nomination Committee is as follows:

Convener (Chairman):	Zhao Jie (Independent Non-executive Director)
Members:	Li Hengyuan (Independent Non-executive Director) Jiang Guohua (Independent Non-executive Director) Hu Shengmu (Non-executive Director) Zhou Gang (Executive Director)

(2) **Rules of Proceedings:** The committee shall convene at least one meeting each year and hold irregular meetings based on work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) To make recommendations to the Board with respect to the scale, constitution and composition (including skills, knowledge and experience) of the Board based on the of operating activities, asset scale and shareholding structure of the Company;

(ii) to examine the selection criteria and procedures of directors and managers and to make recommendations to the Board;

(iii) to identify broadly candidates suitably qualified to become directors and managers;

(iv) to investigate the candidates of directors and managers and other senior management staff, and to make recommendations;

(v) to assess the independence of Independent Directors.

(vi) to execute other matters as authorised by the Board.

In 2011, the Nomination Committee was not yet established. The duty of appointment and dismissal of Directors was borne by the Board. The Board reviews the qualifications of the directors proposed to be appointed or dismissed and submits proposal to the shareholders' general meetings for shareholders' approval. In 2011, there was no appointment or dismissal of Director.

4. Audit Committee

(1) **Composition:** The Board has established an Audit Committee that currently comprises five directors, three of whom are Independent Directors, making up more than half of the membership. The committee has a convener selected and appointed by the Board. The convener is an independent director of the Company who is in charge of the committee's work.

(2) **Rules of Proceedings:** The committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc).

(3) **Major Duties:**

(i) to be accountable to the Board; the proposals of the committee shall be submitted to the Board for consideration and approval;

(ii) to make recommendations on the appointment and replacement of external audit firms;

(iii) to supervise the Company's internal audit system and its implementation;

(iv) to be responsible for the communication between internal and external auditors;

(v) to review the Company's financial information and its disclosures;

(vi) to complement with the supervisory committee and the supervisors in reviewing the Company's financial matters;

(vii) to review the establishment of the comprehensive internal control system;

(viii) to review the "Internal Control Evaluation Report" and the "Internal Control Assessment Report";

(ix) to inspect the completeness of the establishment of the comprehensive internal control system;

(x) to coordinate the audit of the internal controls and other related matters.

(4) **Meetings:** In 2011, the Audit Committee performed its work mainly through convening of meetings. The Audit Committee held two meetings in 2011. The Company's Directors, supervisors, chief financial officer and other members of the senior management as well as the external auditors of the Company were invited to attend the Audit Committee meetings. Conscientious reviews of the Company's interim and annual results and related financial matters as well as the Company's internal control system were conducted. It also duly assessed the auditors' work. 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 2011 Annual Report. The Company communicated in writing with Independent Directors and members of the Audit Committee during the annual review of the 2011 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 2011 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 domestic and international auditors of the Company for 2012, subject to approval at the 2011 annual general meeting.

The attendance of the meeting by each of the Audit Committee members was as follows:

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

* Guan Tiangang did not attend the Audit Committee meeting on March 2011 due to business engagement.

ESTABLISHMENT OF THE COMPANY'S 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 the Company'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. Since its incorporation, 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 "Basic Standards for Internal Control","the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", 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.

The Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries and consider that its internal control system is effective.

1. Established a specialized internal control setup office. In 2011, the Company established a specialized office responsible for setting up, improving and implementing an internal control system, as well as compiling an internal control management manual in accordance with the requirements of the "Basic Standards for Corporate Internal Control" and related guidelines, and also in accordance with the five major components of internal control as a framework, which contains various particulars such as the definitions of internal control, internal control framework, principle of compilation, scope of applicability, division of responsibility, updates and maintenance mechanism. Moreover, a risk control manual containing a risk control matrix, flow chart and description of processes was compiled on the basis of the outcome of the smoothening of business processes to identify the critical control points with particular emphasis on risks in combination with the external legal requirements and management needs, and to follow communications with all business departments and various modifications.

2. Build-up of internal control system. 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 administration management system, an information management system and a production management system. In 2011, according to its work schedule, the Company smoothened its existing internal control system by making necessary changes with the aim to establish a sound internal control system so that the internal control system covers all levels and all aspects of the operation and management activities.

3. Internal control supervision and inspection. The internal control setup office established by the company is responsible for organizing and conducting internal control assessment to assess high-risk areas and work units which fall within the scope of assessment. In 2011, the Company engaged Deloitte & Touche to assist in the compilation of an internal control assessment manual and the formulation of an internal control self-assessment proposal and plan, as well as to assist the internal control assessment department to undertake a comprehensive assessment of the effectiveness of the internal control of the Company's headquarters. The Company has set up a specialized internal audit office – the Supervisory and Audit Department – staffed by four full-time internal auditing officers specifically responsible for the monitoring and inspection of production and business activities as well as the enforcement of internal control to ensure the implementation of the internal control system and the normal conduct of production and business activities.

4. Internal control self-assessment. In 2011, the Company set up an independent internal control assessment working group responsible for carrying out the Company's internal control self-assessment. The enterprises under the Company deployed the key business staff of their relevant departments to form an internal control self-assessment team to conduct internal control assessments for themselves. Deloitte Touche Tohmatsu CPA supervised in the internal control self-assessment of the Company.

   In 2011, the scope of the Company's internal control assessment covered seven branches and 44 directly invested subsidiaries (including enterprises directly under such subsidiaries) included in the consolidated statements. The enterprises which fell into the scope of assessment were those engaged in the power generation (coal-fired power, hydropower and wind power), coal chemical, coal, transportation (shipping), metallurgy and other sectors.

During the establishment of the internal control system, 46 first-level processes were smoothened, including the corporate governance structure, organizational structure, strategic management, major decisions and human resources, and an assessment of 841 control measures identified in 262 final-level processes was conducted, covering the major aspects of the Company's business management.

Various methods were employed during the internal control assessment process, including individual interviews, survey questionnaires, seminars, walkthrough tests, site inspections, sampling and comparative analysis to collect evidence so as to determine whether or not the design and operation of internal control were effective. This was completed in the working papers on assessment tests for analyzing and identifying any internal control defects. During the internal control assessment process, the quality of the assessment test was assured by cross-checking the working papers on the assessment test and supplementary verification of the assessment test results.

After a detailed and thorough internal control assessment, the Board of the Company believes that in 2011, the internal control system pertaining to the Company's operations and financial accounting was in compliance 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 crucial processes 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 crucial 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 2011.

The Company has engaged RSM China Certified Public Accountants (Special General Partnership) ("RSM China") to present the "Audit Report on the Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company (2011)" (the "Audit Report") 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 (2011)" (the "Self-assessment Report"). The Audit Report says that based on the work of RSM China in 2011, RSM China did not discover any discrepancies in all material respects between the details of the assessment of the internal control pertaining to the preparation of financial statements in the Self-assessment Report prepared by the Board and in the audit findings by RSM China on the Company's financial statements.

Please refer to the relevant announcements of the Company dated 26 March 2012 on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange regarding the "Self-assessment Report" and the "Audit Report".

5. Work arrangements for internal control build-up

The Board has considered and approved the "Implementation Scheme on Internal Control Standards" devised by the Company. The Company will further accelerate the standardization of corporate finance and related business and management activities in line with continuously accumulated management experience, shareholders' recommendations, trends in the development of internal control at home and abroad as well as changes in internal and external risks with reference to the regulatory rules and requirements and in accordance with a set implementation scheme. The Company will continue to build up the internal control system by transforming text-based internal control management into online-based internal control management. The Company plans to further deepen and optimize the internal control system in 2012 in the following areas:

(1) continuing to keep abreast of China's relevant requirements on internal control and risk management for improving the internal control system of the Company in a timely manner to guard against operational risks.

(2) optimizing the internal control management platform and further carrying out the down-to-earth operation of the internal control system. The Company will optimize the internal control management platform to make its interface more friendly and convenient to use. Moreover, the Company will continue to carry out the down-to-earth operation of its internal control system by selecting key business processes for applying information technology and by strengthening the connection of the internal control management platform with the business system so that the internal control management platform can play a role as the "central nervous system" of the Company's management system.

(3) deepening and improving the comprehensive internal control systems of specialized (regional) companies and grass-roots enterprises. The Company will deepen and improve the implementation of its internal control systems of enterprises under the Company and urge the coal-fired power, hydropower, wind power, coal chemical and coal enterprises to further improve their risk control manuals.

COMPANY'S AUDITORS

In 2011, the Company engaged RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler to be its domestic and international auditors respectively, making them responsible for providing impartial and objective advice on the Company's financial statements. The Company's Audit Committee has confirmed the independence and objectivity of the auditors. In 2011, the fee payable to RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler for the provision of audit service amounted to RMB13.78 million. The sum of HK$10,000 was paid by the Company as non-audit service fee, which was professional services fee in relation to taxation filing for a subsidiary of the Company.

The Directors are pleased to present the audited results of the Company for the year ended 31 December 2011.

COMPANY RESULTS

During the Year, consolidated operating revenue of the Group was approximately RMB72,382 million, representing an increase of approximately 19.30% as compared to the Previous Year. Net profit attributable to shareholders of the Company was approximately RMB1,971 million, representing a decrease of approximately 23.29% as compared to the Previous Year. Basic earnings per share attributable to shareholders of the Company amounted to approximately RMB0.15, representing a decrease of approximately RMB0.06 per share as compared to the Previous Year. Please refer to the "Management Discussion and Analysis" section for details of the Company's results.

In view of the operating results of the Group during the Year, the Board has recommended the distribution of a final dividend of RMB0.11 per share (tax included) for the Year, and such profit distribution plan is subject to the approval by the shareholders at the annual general meeting.

ISSUE 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 bonds of US$153.8 million, which have been listed on the Luxembourg Stock Exchange, at 0.75% interest rate 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. Further, the Company had non-public offering of A shares in May 2011, with newly-issued A shares of 1,000,000,000 shares. Due to above-mentioned changes, as at 31 December 2011, the total number of shares of the Company was 13,310,037,578 shares. Apart from that, the Company did not issue any new shares.

Performance of the Company's H shares during 2011:

Closing price of H shares as at 31 December 2011	HK$2.57 per share
Highest trading price of H shares between 1 January and 31 December 2011	HK$3.12 per share
Lowest trading price of H shares between 1 January and 31 December 2011	HK$1.80 per share
Total number of H shares traded between 1 January and 31 December 2011	3.652 billion shares

Performance of the Company's A shares during 2011:

Closing price of A shares as at 31 December 2011	RMB5.16 per share
Highest trading price of A shares between 1 January and 31 December 2011	RMB7.63 per share
Lowest trading price of A shares between 1 January and 31 December 2011	RMB4.34 per share
Total number of A shares traded between 1 January and 31 December 2011	2.502 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, i.e. 27 April 2012 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 2011 are set out in the Consolidated Statement of Comprehensive Income on page 77. The financial position of the Company and its subsidiaries as at 31 December 2011 is set out in the Consolidated Statement of Financial Position from page 78 to page 79.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2011 are set out in the Consolidated Statement of Cash Flows on page 81.

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 and the production and sale of chemical products.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales attributable to the Company's suppliers and customers for the Year are as follows:

	2011	2010
Purchases		
The largest supplier	**16.68%**	16%
Top five suppliers	**27.23%**	37%
Sales		
The largest customer	**27.16%**	29.58%
Top five customers	**60.90%**	59.84%

To the knowledge of the Directors, none of the Directors, supervisors, their respective associates or shareholders (owning 5% or more of the Company's issued share capital of the same class) owned any direct or indirect interest in the Company's suppliers and customers mentioned above during the Year.

SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Details of subsidiaries, jointly controlled entities and associates of the Company are set out in Note 45 to the Financial Statements from page 146 to page 156, Note 20 to the Financial Statements on page 121 and Note 19 to the Financial Statements from page 118 to page 120 respectively.

DIVIDEND, EARNINGS PER SHARE

The Board recommended the distribution of a proposed final dividend of RMB0.11 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 dividend payment shall be based on the average of the closing rates of the Hong Kong dollar/RMB exchange rates announced 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 113.

RESERVES

Movements in reserves during the Year are set out in Note 30 to the Financial Statements from page 128 to page 129, among which distributable reserves attributable to the shareholders amounted to approximately RMB11.734 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 113 to page 114.

DONATION

During the Year, the Company and its subsidiaries have made charitable and relief donations of approximately RMB1.537 million.

SHARE CAPITAL

As at 31 December 2011, total share capital of the Company amounted to 13,310,037,578 shares, divided into 13,310,037,578 shares of a nominal value of RMB1.00 each. Movements in share capital during the Year are set out in Note 28 to the Financial Statements from page 126 to page 127.

SHARE CAPITAL STRUCTURE

As at 31 December 2011, total number of shares issued by the Company was 13,310,037,578. The Company's shareholders were China Datang Corporation ("CDC"), Tianjin Jinneng Investment Company, Hebei Construction & Investment Group Co., Ltd., Beijing Energy Investment (Group) Company, and other shareholders of A shares and H shares, holding 4,138,977,414 A shares, 1,296,012,600 A shares, 1,281,872,927 A shares, 1,260,988,672 A shares, 2,016,508,387 A shares and 3,315,677,578 H shares, respectively, representing 31.10%, 9.74%, 9.63%, 9.47%, 15.15% and 24.91%, respectively, of the total issued share capital of the Company.

Among the H shares, CDC's controlling subsidiary, China Datang Overseas (Hong Kong) Co., Limited, held 480,680,000 H shares, and therefore CDC and China Datang Overseas (Hong Kong) Co., Limited held a total of 4,619,657,414 shares in the Company, representing 34.71% 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 2011 were as follows:

Total number of shareholders	218,785
Holders of domestic shares	218,077
Holders of H shares	708

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

So far as the Directors of the Company are aware, as at 31 December 2011, the interests or short positions of the persons in the shares or underlying shares of the Company as required to be disclosed 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	Approximate percentage of Total Issued Share Capital of the Company (%)	Approximate percentage of Total Issued A Shares of the Company (%)	Approximate percentage of Total Issued H Shares of the Company (%)
CDC	A shares	4,138,977,414	31.10	41.41	–
	H shares	480,680,000 (L)	3.61 (L)	–	14.50 (L)
Tianjin Jinneng Investment Company	A shares	1,296,012,600	9.74	12.97	–
Hebei Construction & Investment Group Co., Ltd.	A shares	1,281,872,927	9.63	12.83	–
Beijing Energy Investment (Group) Company Limited	A shares	1,260,988,672	9.47	12.62	–

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

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

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN SHARE CAPITAL

As at 31 December 2011, Director Mr. Fang Qinghai held 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 were 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' AND SUPERVISORS' SERVICE CONTRACTS

As at 31 December 2011, the Company has not entered into any service contracts with its Directors and supervisors. Therefore, none of the Directors and supervisors have or proposed to have any service contracts with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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 any time of the Year.

DIRECTORS AND SUPERVISORS' BENEFITS FROM ACQUISITION OF 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 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, the Group implemented a basic salary policy based on the post salary points for the Company's Directors, supervisors and members of senior management, and appraisals were carried out in accordance with the "comprehensive accountability management system and the performance appraisal system for all staff". The Remuneration and Appraisal Committee reviewed the work performance and remuneration level of each individual.

All of the highest paid individuals of the Company during the Year included Directors, supervisors and members of senior management. Details of their remunerations are set out in Note 12 to the Financial Statements from page 110 to page 112.

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, other long-term loans and short-term bonds set out in Note 38 to the Financial Statements from page 137 to page 138, Note 31 to the Financial Statements from page 130 to page 133 and Note 39 to the Financial Statements on page 138, there were no other loans of the Company and its subsidiaries as at 31 December 2011.

MEDIUM-TERM NOTES AND CORPORATE BONDS

(1) 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%.

(2) 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.

(3) In April 2011, the Company issued corporate bonds of RMB3 billion, carrying a fixed coupon interest rate of 5.25% 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.

Connected Parties	Major Details of Transactions	Transaction Amount (RMB'000)
CDC	Coal ash processing	57,890
China National Water Resources & Electric Power Materials & Equipment Corporation	Procurement of equipment and materials, etc.	83,576
China Datang Group Finance Company Limited	Interest expenses	234,492
China Datang Group Finance Company Limited	Interest income	44,296

Note 1: Pursuant to the "Financial Services Agreement" entered into by the Company and China Datang Group Finance Company Limited ("Datang Finance Company"), a controlled company of China Datang Corporation ("CDC"), the balance of deposit of the Company and its subsidiaries in Datang Finance Company was RMB1,719 million as at 31 December 2011, which did not exceed the cap on the average daily deposit balance of RMB8,000 million as set out in the agreement.

Continuing Connected Transactions in 2011

(1) On 26 October 2010, the Company and Datang Finance Company entered into the "Financial Services Agreement" which was effective from 1 January 2011 to 31 December 2013. Within the effective term of the agreement, Datang Finance Company provided deposit services, loan services and other relevant financial services to the Company and its subsidiaries; while the daily maximum balance for the deposit of the Group in Datang Finance Company shall not exceed RMB8,000 million. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 26 October 2010.

(2) On 22 March 2011, the Company entered into the "Supplemental Agreement to the Ash Disposal Agreement" with CDC, the controlling shareholder of the Company, which was effective from 22 March 2011 to 31 December 2013. Within the effective term of the agreement, CDC agreed to provide disposal services for ash generated by the power plants which are wholly-owned, operated and managed by the Company. The annual cap on the fees for ash disposal services payable to CDC by the Company for each year shall be RMB57,890,000. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details, please refer to the announcement of the Company dated 22 March 2011.

(3) On 22 March 2011, the Company and China National Water Resources & Electric Power Materials & Equipment Corporation ("China Water Resources and Power"), a subsidiary of the Company's controlling shareholder, CDC, entered into the "Framework Agreement for Centralised Purchase of Materials" which was effective from 1 January 2011 to 31 December 2013. Within the effective term of the agreement, China Water Resources and Power was commissioned to plan and organize group purchases based on the demands for production materials of the Company and its subsidiaries. The annual cap on the purchase amount shall be approximately RMB200 million. Within the effective term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 22 March 2011.

Other Connected Transactions in 2011

(4) On 28 April 2011, the Company entered into the Framework Agreement on the Transfer of Shut-down Capacity Indices in Hunan ("Framework Agreement") with the Company's controlling shareholder CDC's Hunan Branch ("Hunan Branch"), pursuant to which Hunan Branch (and the enterprises managed by it) agreed to transfer to the Company the total capacity indices of 600 MW of the shut-down small generating units to accelerate the development, construction and approval of large-scale coal-fired power projects of the Company, and the Company had to pay Hunan Branch a compensation fee of RMB600 million for the small-capacity units. For details of the transaction, please refer to the announcement of the Company dated 28 April 2011.

(5) On 28 April 2011, the Company entered into the Compensation Agreement on the Acquisition by Lvsigang of shut-down capacity indices with Datang International Lvsigang Power Generation Company Limited ("Lvsigang Power Generation Company"). In order to facilitate project construction, Lvsigang Power Generation Company acquired the generating unit with 125 MW shut-down capacity at Douhe Power Plant from the Company in accordance with the State's replacing "small units with large units" policy. Lvsigang Power Generation Company had to pay the Company a compensation fee for the small-capacity unit in an aggregate sum of RMB100 million. The compensation fee is mainly for arrangement of the personnel of the shut-down units.

As CDC is the controlling shareholder of the Company, and CDC also holds 35% of the equity interests of Lvsigang Power Generation Company, therefore CDC and Lvsigang Power Generation Company are connected persons of the Company, and the agreement(s) constitutes connected transaction of the Company. For details of the transaction, please refer to the announcement of the Company dated 28 April 2011.

(6) On 14 August 2009, Inner Mongolia Datang International Zhuozi Windpower Company Limited ("Zhuozi Windpower Company"), a wholly-owned 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"), a subsidiary of the Company's controlling Shareholder, CDC. Datang Technologies would provide general contracting services for Phase IV project of the Zhuozi Windpower Company. The contract amount was approximately RMB382 million. In 2011, both parties to the agreement continued to execute the agreement. The transaction amount was approximately RMB35.5 million. For details of the transaction, please refer to the announcement of the Company dated 17 August 2009.

(7) On 24 October 2011, the Company entered into the "Entrusted Loan Framework Agreement" ("Framework Agreement") with Datang Energy and Chemical Company Limited ("Energy and Chemical Company"), a wholly-owned subsidiary of the Company, Datang Inner Mongolia Duolun Coal Chemical Company Limited ("Duolun Coal Chemical Company"), in which Energy and Chemical Company and CDC hold 60% and 40% equity interests respectively, and Diao Yu Tai Branch of China Construction Bank ("CCB Diao Yu Tai Branch"). The term for the Framework Agreement commenced from 12 October 2011 to 11 October 2014, pursuant to which the Company, or Energy and Chemical Company, provided an entrusted loan in several tranches to Duolun Coal Chemical Company through the Entrusted Loan Framework Agreement arrangement in which CCB Diao Yu Tai Branch acted as a lending agent. The principal of the entrusted loan totalled approximately RMB2 billion. In 2011, the entrusted loan granted under the Framework Agreement amounted to RMB500 million. For details of the transaction, please refer to the announcement of the Company dated 24 October 2011.

(8) On 28 January 2011, the Company provided a counter guarantee in favour of China Datang Overseas (Hong Kong) Co., Limited ("Datang Overseas"), a wholly-owned subsidiary of the Company's controlling shareholder, CDC. In consideration of the pledge agreed by Datang Overseas of H shares of the Company to the Bank of China (Hong Kong) Limited for the provision of a guarantee for a loan facility not exceeding HK$690 million by the bank to Datang International (Hong Kong) Ltd. ("Datang Hong Kong"), a wholly-owned subsidiary of the Company, and the Company agreed and confirmed that it voluntarily provided the counter guarantee in favour of Datang Overseas in the capacity of counter guarantor. The counter guarantee was provided in favour of Datang Overseas against all amounts incurred by Datang Hong Kong under the Deed of Guarantee. The term of the counter guarantee commenced from the effective date of the Deed of Guarantee to the expiry date of the Deed of Guarantee and the two-year period thereafter. The counter guarantee was provided on a joint liability basis. For details of the transaction, please refer to the announcement of the Company dated 28 January 2011.

(9) On 17 May 2011, the Company entered into the Entrusted Loan Agreement with the Xuanwu Branch of Industrial and Commercial Bank of China Limited and Duolun Coal Chemical Company, in which the Company indirectly holds 60% equity interests and the Company's controlling Shareholder, CDC, holds 40% equity interests, in relation to the provision of a RMB600 million entrusted loan by the Company according to the Entrusted Loan Agreement to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which the Xuanwu Branch of Industrial and Commercial Bank of China Limited acted as a lending agent. The lending rate is in line with the benchmark interest rate to be charged by the People's Bank of China for the same period, and to be adjusted every twelve months commencing from the actual drawdown date. The term for the entrusted loan is 36 months. For details of the transaction, please refer to the announcement of the Company dated 17 May 2011.

(10) On 6 May 2011, the Board of Directors of the Company considered and approved that the Company, CDC, the controlling shareholder of the Company, Datang Huayin Electric Power., Ltd., a controlling subsidiary of CDC, and Guangxi Guiguan Electric Power Co., Ltd., a controlling subsidiary of CDC, would participate in the increase in capital contribution to Datang Finance Company by further contributing RMB280 million to Datang Finance Company according to the Company's percentage of shareholding in Datang Finance Company. Upon the completion of the increase in capital contribution, the Company's aggregate contribution to Datang Finance Company amounted to RMB600 million and the equity interests held by the Company in Datang Finance Company remained at 20%. The increase in capital contribution was completed on 24 May 2011. For details of the transaction, please refer to the announcement of the Company dated 6 May 2011.

(11) On 26 August 2011, the Company entered into the Entrusted Loan Agreement with CCB Diao Yu Tai Branch and Lvsigang Power Generation Company in relation to the provision of the first tranche of an entrusted loan amounting to RMB400 million commencing from 31 August 2011 to 30 August 2012 (the Board considered and approved to provide Lvsigang Power Generation Company with an entrusted loan of not more than RMB600 million) by the Company to Lvsigang Power Generation Company through the Entrusted Loan Arrangement, in which the CCB Diao Yu Tai Branch acted as a lending agent. The lending rate is the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China on the date when each batch of borrowing is withdrawn. For details of the transaction, please refer to the announcement of the Company dated 2 September 2011.

(12) On 24 August 2011, the Company entered into the Entrusted Loan Agreement with CCB Diao Yu Tai Branch and Duolun Coal Chemical Company, in which the Company indirectly holds 60% equity interests and CDC holds 40% equity interests, in relation to the provision of

the first tranche of an entrusted loan amounting to RMB400 million commencing from 24 August 2011 to 23 August 2014 (the Board considered and approved to provide Duolun Coal Chemical Company with an entrusted loan of not more than RMB700 million) by the Company to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which CCB Diao Yu Tai Branch acted as a lending agent. For details of the transaction, please refer to the announcement of the Company dated 24 August 2011.

(13) On 21 September 2011, the Company entered into the Capital Contribution Agreement for Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company") ("Capital Contribution Agreement") with CDC, Beijing China Power Huaze Investment Company Limited ("China Power Huaze"), Wenshan Guoneng Investment Company Limited ("Wenshan Guoneng") and Chaozhou Xinghua Energy Investment Company Limited ("Chaozhou Xinghua"). Pursuant to the Capital Contribution Agreement, CDC agreed to make a capital contribution in the sum of approximately RMB874 million to Chaozhou Power Company, a controlled subsidiary of the Company, to secure 22.5% of the shares in Chaozhou Power Company, whereas China Power Huaze, Wenshan Guoneng and Chaozhou Xinghua agreed to make corresponding capital contributions to Chaozhou Power Company in proportion to their respective original shareholding in Chaozhou Power Company. The Company did not participate in this capital contribution. Upon the completion of the increase in capital contribution, the shareholders and the shareholding structure of Chaozhou Power Company were adjusted as follows: the Company holds 52.5% (originally 75%), CDC holds 22.5%, China Power Huaze holds 12%, Wenshan Guoneng holds 8% and Chaozhou Xinghua holds 5%. Chaozhou Power Company remains a controlled subsidiary of the Company. As CDC is a controlling shareholder of the Company, Chaozhou Power Company is a subsidiary of the Company, CDC holds 22.5% equity interests in Chaozhou Power Company and China Power Huaze holds 12% equity interests in Chaozhou Power Company, therefore CDC and China Power Huaze are connected persons of the Company, and the Capital Contribution Agreement constitutes a connected transaction of the Company. For details of the transaction, please refer to the announcement of the Company dated 21 September 2011.

(14) On 29 September 2011, the Company entered into the Capital Contribution Agreement ("Capital Contribution Agreement") with CDC, Ganzi County Gantou Hydropower Development Company Limited ("Gantou Hydropower") and Sichuan Datang International Ganzi Hydropower Development Co., Ltd. ("Ganzi Hydropower Company"). Pursuant to the Capital Contribution Agreement, CDC agreed to make a capital contribution in the sum of approximately RMB220.1 million to Ganzi Hydropower Company; Gantou Hydropower agreed to increase its capital contribution in the sum of approximately RMB148.7 million to Ganzi Hydropower Company in proportion to its original shareholding in Ganzi Hydropower Company; the Company did not participate in this capital contribution. Upon the completion of the increase in capital contribution, the Company remains the controlling shareholder of Ganzi Hydropower Company, and the shareholders and shareholding structure of Ganzi Hydropower Company were adjusted as follows: the Company holds 52.5% (originally 80%), CDC holds 27.5% and Gantou Hydropower holds 20%. Ganzi Hydropower Company remains a controlled subsidiary of the Company. As CDC is a controlling shareholder of the Company, Ganzi Hydropower Company is a subsidiary of the Company and CDC holds 27.5% equity interests in Ganzi Hydropower Company, therefore CDC and Ganzi Hydropower Company are connected persons of the Company, and the Capital Contribution Agreement constitutes a connected transaction of the Company. For details of the transaction, please refer to the announcement of the Company dated 29 September 2011.

(15) On 15 September 2011, the Company entered into the Entrusted Loan Agreement with CCB Diao Yu Tai Branch and Ganzi Hydropower Company in relation to the provision of the first tranche of an entrusted loan amounting to RMB500 million (the Board considered and approved to provide Ganzi Hydropower Company with an entrusted loan of not more than RMB1,000 million) by the Company to Ganzi Hydropower Company through the Entrusted Loan Arrangement commencing from 15 September 2011 to 14 September 2016, in which CCB Diao Yu Tai Branch acted as a lending agent. The lending rate is the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China on the date when each batch of borrowing is withdrawn. For details of the transaction, please refer to the announcement of the Company dated 15 September 2011.

As CDC is a controlling shareholder of the Company, Ganzi Hydropower Company is a subsidiary of the Company and CDC holds 27.5% equity interests in Ganzi Hydropower Company, therefore CDC is a connected person of the Company, and the Capital Contribution Agreement constitutes a connected transaction of the Company.

(16) On 12 October 2011, the Company and Beijing Datang Fuel Company Limited ("Datang Fuel Company"), a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement for Datang Fuel Company ("Capital Contribution Agreement") with Datang Power Fuel Company Limited ("Group Fuel Company"), a wholly-owned subsidiary of CDC, the controlling shareholder of the Company. Pursuant to the Capital Contribution Agreement, Group Fuel Company agreed to make a capital contribution in the sum of approximately RMB557 million to Datang Fuel Company to secure a 49% equity interest in Datang Fuel Company. The Company did not participate in this capital contribution. Upon the completion of the increase in capital contribution, Datang Fuel Company remains a controlled subsidiary of the Company and the shareholders and the shareholding structure of Datang Fuel Company was adjusted as follows: the Company holds 51% (originally 100%) and Group Fuel Company holds 49% equity interest in Datang Fuel Company. For details of the transaction, please refer to the announcement of the Company dated 12 October 2011.

(17) On 17 October 2011, the Company entered into the Capital Contribution Agreement with China Datang Coal Industry Company Limited ("Datang Coal Industry Company"), a wholly-owned subsidiary of CDC, the controlling shareholder of the Company, to set up Inner Mongolia Datang Da Ta Energy Company Limited ("Da Ta Energy Company") for the purposes of the construction and operation of the Da Ta Coal Logistics Park Zone. The Company and Datang Coal Industry Company agreed to make capital contributions in the sum of approximately RMB65.03 million and approximately RMB120.75 million, respectively, to set up Da Ta Energy Company in the proportions of 35% and 65%, respectively. Da Ta Energy Company was established in 2011. For details of the transaction, please refer to the announcement of the Company dated 17 October 2011.

(18) On 21 December 2011, the Company entered into a transfer agreement with Datang Shandong Power Generation Company ("Datang Shandong Company"), a wholly-owned subsidiary of CDC, the controlling shareholder of the Company, in relation to the transfer of the shutdown capacity indices of small coal-fired power generating units, pursuant to which the Company agreed to acquire the shut-down capacity indices of small coal-fired power generating units owned by Datang Shandong Company in order to accelerate the construction of Phase 2 of the Company's Wushashan Power Plant Project. The transaction amount was RMB144 million. For details of the transaction, please refer to the announcement of the Company dated 21 December 2011.

The relevant procedures for reporting, announcement and approval by independent shareholders have been carried out for the aforesaid connected transactions and continuing connected transactions in compliance with the requirements under Chapter 14A of the Listing Rules in relation to connected transactions.

The independent non-executive Directors have discussed the aforesaid transactions and confirmed such transactions are:

(1) in the 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 auditors of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board. It stated that:

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

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

(3) the said transactions were conducted pursuant to the relevant agreement governing those transactions;

(4) the said transactions did not exceed their respective caps applicable to such transactions.

MATERIAL LITIGATION

The Company was not involved in any material litigation during the Year.

RETIREMENT SCHEME

In accordance with the State's employee retirement scheme, the Company has to pay a basic pension insurance premium on behalf of the employees at a rate of 20% of the staff's salaries whereby the employees would receive a monthly pension payment 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 contributions as supplementary pension insurance funds. The Company may at its discretion provide additional non-recurring 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 contributed 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 RMB2,469.120 million.

OTHER SIGNIFICANT MATTERS

1. Pursuant to the resolutions passed at the 2011 second extraordinary general meeting of the Company held on 26 August 2011, the Company distributed cash dividend of RMB0.07 per share (tax included) to all shareholders for the year of 2010 on the basis of the total share capital of 13,310,037,578 shares as at 31 May 2011.

2. Pursuant to the resolutions passed at the seventh meeting of the seventh session of the Supervisory Committee held on 25 October 2011, the Supervisory Committee approved the nomination of Mr. Zhou Xinnong as a candidate for a supervisor representing shareholders of the seventh session of the Supervisory Committee of the Company; Mr. Fu Guoqiang

would no longer assume the office of supervisor due to work adjustment; The afore-mentioned matter regarding the adjustment of supervisors was submitted to the 2011 fourth extraordinary general meeting of the Company held on 6 December 2011 for consideration and approval.

3. On 16 December 2010, pursuant to the "Reply on the Approval of Non-public Offering of Shares by Datang International Power Generation Co., Ltd." (CSRC Approval No. 【2010】 1842) issued by the China Securities Regulatory Commission, the Company completed the non-public offering of A shares in May 2011. Total issued share capital of the Company amounted to 13,310,037,578 shares with newly-issued A shares of 1 billion 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

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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules 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 2011 prepared under International Financial Reporting Standards were audited by RSM Nelson Wheeler.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers were the Company's domestic and international auditors for carrying out the audit work for year 2009, and their respective term of service ended on the date of the 2009 annual general meeting. On the 2009 annual general meeting, RSM China Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler have been appointed as the Company's domestic and international auditors for carrying out the audit work for year 2010, and their respective term of service was further extended on the 2010 annual general meeting. For details of the change of auditors of the Company, please refer to the announcement of the Company dated 11 June 2010.

By Order of the Board
Liu Shunda
Chairman

23 March 2012

Report of the Supervisory Committee

Mr Qiao Xinyi
Chairman of the Supervisory Committee

During 2011, 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 2011, 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 2011 is as follows:

A. SUPERVISORY COMMITTEE MEETING

Convening of Supervisory Details of the Subjects Discussed at the Supervisory Committee Meetings	Details of the Subjects Discussed at the Supervisory Committee Meetings
On 22 March 2011, the 3rd meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved "Work Report of the Supervisory Committee for Year 2010", "Proposal of Final Accounts for Year 2010"," 2011 Financial Budget Report", "2010 Profit Distribution Proposal", and "Full Text of the 2010 Annual Report and Summary of the Annual Report", "Results Announcement" and "Resolution on the Correction of Accounting Errors for Year 2010"
On 26 April 2011, the 4th meeting of the seventh session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the "Resolution on the Explanation on the 2011 First Quarterly Report"
On 8 July 2011, the 5th meeting of the seventh session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the "Resolution on the Company's Replacement of Self-financing Funds Already Committed in Advance to Fund-raising Projects with Raised Funds"
On 26 August 2011, the 6th meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved the "Resolutions on the Explanation on the Disclosure of 2011 Interim Results" and the "Specific Report on the Deposit and the Actual Application of the Fund Raised by the Company during the First Half of 2011".
On 25 October 2011, the 7th meeting of the seventh session of Supervisory Committee of the Company was held	Considered and approved the "Resolution on the Explanation on the 2011 Third Quarterly Report" and the "Resolution on Adjusting Shareholders Representative Supervisor".

B. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S RELEVANT MATTERS

1. The Company's Operation in Compliance with Laws

During the reporting period, members of the Supervisory Committee participated in the discussions on major operating decisions through attending Board meetings and general meetings of the Company, and monitored the financial position and the operation of the Company. The Supervisory Committee is of the view that the Company's business was regulated and operating in strict compliance with the Company Law and the Articles of Association and other relevant regulations and systems in 2011 and its operation and decisions were scientific and rational. Meanwhile, the Company enhanced its internal management and internal control systems and established sound internal control mechanisms. In fulfilling their duties, Directors and senior management of the Company acted diligently and dutifully, abiding by the State laws and regulations and the Articles of Association and systems as well as safeguarding the interests of the Company. No act which violated laws and regulations or contravened the Company's interests and minority shareholders' lawful interests were discovered.

2. Financial Activities of the Company

During the reporting period, the Supervisory Committee conscientiously and carefully examined and reviewed the Company's accounting statements and financial information. The Supervisory Committee also took part in reviewing the 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 Systems for Business Enterprises and Accounting Standards for Business Enterprises, and that the Company's 2011 financial report and the standard unqualified audit report issued by the accountants truthfully reflect the financial position and operating results of the Company.

3. Actual Application of the Latest Fundraising Proceeds by the Company

In May 2011, the Company raised proceeds amounting to RMB6,740,000,000 (a net amount of RMB6,670,950,000) from the non-public offering of 1 billion A shares in total. These proceeds had been fully utilised as at the end of 2011.

4. Acquisition and Disposal of Assets by the Company

In 2011, the Company mainly carried out the acquisition of a 30% equity interest in Baxin Railway and the sale of a 90.43% equity interest in Huaze Hydropower. The details are as follows:

(1) Pursuant to the agreement signed, the Company acquired a 20% equity interest in Baxin Railway Company at a price of RMB533 million. Baxin Railway is an important channel for the external transport of coal of Ximeng, which transports the coal of Ximeng to Liaoning Province or to sea routes via Fuxin. The Company's investment in the equity interest in Baxin Railway may help the Company further establish the external transport of coal from the Ximeng region while guaranteeing that the coal required in the Fuxin project is delivered, carrying significant strategic implications.

(2) Pursuant to the agreement signed, the Company transferred its 90.43% (equivalent to a transfer price of approximately RMB126,300,800) equity interest in Huaze Hydropower to Hebei Feng Ning Pumped Storage Company Limited based on the valuation of net assets at RMB139,666,900.

The above-mentioned acquisitions and disposals were considered and approved by the Board and among those acquisitions and disposals which constitute connected transactions, the Independent Directors have expressed independent opinions. The Supervisory Committee is of the view that the considerations of the relevant acquisitions and disposals were reasonable, and did not harm the interests of the Company's shareholders.

5. The Connected Transactions Engaged by the Company

In 2011, continuing connected transactions of the Company mainly carried out included: pursuant to the Ash Disposal Agreement and the "2011 Supplemental Agreement entered into with China Datang Corporation ("CDC"), the Company paid a coal ash disposal fee of RMB57,890,000; pursuant to the Framework Agreement for Centralised Materials Purchase entered into with China National Water Resources & Electric Power Materials & Equipment Corporation, a subsidiary of CDC, during the period from 1 January 2011 to 31 December 2013, the annual cap for purchases is RMB200 million; pursuant to the Financial Services Agreement entered into with China Datang Group Finance Co., Ltd., a subsidiary of CDC, interest expenses of approximately RMB234,490,000 and interest income of RMB44,300,000 were incurred through deposit services and loan services, plus an average daily maximum deposit balance of RMB1.512 billion (the agreed maximum average daily deposit balance was RMB6.643 billion). After checking, all the said transactions did not exceed the agreed upon caps of transaction amount.

During 2011, the Company entered into the following major connected transaction agreements as defined by the Listing Rules with CDC and the relevant subsidiaries: the Company provided a counter-guarantee for the guarantee provided by China Datang Overseas (Hong Kong) Co., Limited for the loan of the Hong Kong branch of the Company; the Company carried out a transfer in the volume ratio of the closure of small-scale thermal power units with Datang Shandong Company, a subsidiary of CDC, and CDC Hunan Branch Company, a branch of CDC; CDC increased its capital contributions and enlarged its shareholding in Chaozhou Power Generation and Ganzi Hydropower, both of them subsidiaries of the Company; Datang Electric Power Fuel Co., Ltd., a subsidiary of CDC, increased its capital contributions and enlarged its shareholding in Beijing Datang Fuel Company Limited; the Company increased its capital contributions in China Datang Finance Co., Ltd., a subsidiary of CDC.

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 Year 2011 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.

C. WORK PLAN FOR 2012

In 2012, 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.

23 March 2012

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 from pages 77 to 156, which comprise the consolidated statement of financial position as at 31 December 2011, 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 2011, 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

23 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Operating revenue	6	**72,381,865**	60,672,375
Operating costs			
Fuel for power and heat generation		**(42,152,791)**	(32,143,481)
Fuel for coal sales		**(2,331,552)**	(2,693,996)
Depreciation		**(8,604,808)**	(7,381,972)
Repairs and maintenance		**(1,898,832)**	(1,897,715)
Salaries and staff welfare		**(2,367,473)**	(2,047,788)
Local government surcharges		**(568,654)**	(395,380)
Others		**(4,904,592)**	(4,908,348)
Total operating costs		**(62,828,702)**	(51,468,680)
Operating profit		**9,553,163**	9,203,695
Shares of profits of associates	19	**945,970**	718,231
Shares of profits of jointly controlled entities		**94,229**	1,104
Investment income		**50,191**	10,015
Other gains	7	**58,564**	102,377
Interest income		**109,820**	38,215
Finance costs	9	**(7,102,002)**	(5,373,337)
Profit before tax		**3,709,935**	4,700,300
Income tax expense	10	**(667,786)**	(871,355)
Profit for the year	11	**3,042,149**	3,828,945
Other comprehensive income after tax:			
Reclassification adjustments for amounts transferred to profit or loss upon disposals of available-for-sale investments		**(4)**	(14,605)
Fair value loss on available-for-sale investments		**(28,519)**	(55,120)
Share of other comprehensive income of associates		**(63,516)**	(25,900)
Foreign currency translation differences		**21,825**	17,610
Income tax relating to components of other comprehensive income		**7,131**	17,430
Other comprehensive income for the year, net of tax		**(63,083)**	(60,585)
Total comprehensive income for the year		**2,979,066**	3,768,360
Profit for the year attributable to:			
Owners of the Company		**1,971,200**	2,569,734
Non-controlling interests		**1,070,949**	1,259,211
		3,042,149	3,828,945
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,908,050**	2,513,417
Non-controlling interests		**1,071,016**	1,254,943
		2,979,066	3,768,360
		RMB	RMB
Earnings per share			
Basic and diluted	15	**0.15**	0.21

Consolidated Statement of Financial Position

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**200,923,064**	179,233,770
Investment properties	17	**502,302**	211,866
Intangible assets	18	**2,644,303**	2,498,329
Investments in associates	19	**5,289,166**	4,591,838
Investments in jointly controlled entities	20	**3,585,867**	2,649,778
Available-for-sale investments	21	**2,710,073**	2,304,158
Deferred housing benefits	22	**102,839**	132,530
Deferred tax assets	34	**1,453,359**	972,760
Other non-current assets		**412,628**	428,477
		217,623,601	193,023,506
Current assets			
Inventories	23	**6,093,786**	4,011,713
Accounts and notes receivables	24	**10,208,546**	8,158,622
Prepayments and other receivables	25	**8,877,100**	4,101,545
Short-term entrusted loans to a jointly controlled entity	26	**365,198**	100,153
Tax recoverable		**61,586**	76,820
Cash and cash equivalents	27	**4,467,372**	3,442,976
		30,073,588	19,891,829
TOTAL ASSETS		**247,697,189**	212,915,335

	Note	2011 RMB'000	2010 RMB'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	**13,310,038**	12,310,038
Reserves	30	**23,037,968**	15,343,804
Retained earnings			
Proposed dividends	14	**1,464,104**	861,703
Others		**1,128,582**	2,334,526
Equity attributable to owners of the Company		**38,940,692**	30,850,071
Non-controlling interests		**11,791,362**	7,582,760
Total equity		**50,732,054**	38,432,831
Non-current liabilities			
Long-term loans	31	**117,654,356**	109,585,377
Long-term bonds	32	**8,937,277**	5,949,018
Deferred income	33	**504,071**	460,989
Deferred tax liabilities	34	**585,488**	439,226
Provisions	35	**41,680**	41,603
Other non-current liabilities	36	**5,827,268**	3,723,182
		133,550,140	120,199,395
Current liabilities			
Accounts payables and accrued liabilities	37	**23,940,013**	18,930,066
Taxes payables		**771,475**	1,165,696
Dividends payables		**154,881**	2,336
Short-term loans	38	**21,523,709**	19,374,828
Short-term bonds	39	**1,400,000**	–
Current portion of non-current liabilities	31, 36	**15,624,917**	14,810,183
		63,414,995	54,283,109
Total liabilities		**196,965,135**	174,482,504
TOTAL EQUITY AND LIABILITIES		**247,697,189**	212,915,335
Net current liabilities		**(33,341,407)**	(34,391,280)
Total assets less current liabilities		**184,282,194**	158,632,226

Approved by the Board of Directors on 23 March 2012

Cao Jingshan
Director

Zhou Gang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	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 2010	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
Capital injections from non-controlling interests	–	–	–	–	–	–	–	–	–	–	671,982	671,982
Non-common control business combinations	–	–	–	–	–	–	–	–	–	–	298,566	298,566
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(238,516)	–	(238,516)	(351,523)	(590,039)
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
At 1 January 2011	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
Total comprehensive income for the year	–	–	–	–	–	21,814	(84,964)	–	1,971,200	1,908,050	1,071,016	2,979,066
Issue of shares	1,000,000	5,670,950	–	–	–	–	–	–	–	6,670,950	–	6,670,950
Capital injections from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2,405,626	2,405,626
Non-common control business combinations	–	–	–	–	–	–	–	–	–	–	712,451	712,451
Acquisition of non-controlling interests	–	–	–	–	–	–	–	8,845	–	8,845	(42,124)	(33,279)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(7,203)	(7,203)
Disposal of interests in subsidiaries without loss of control	–	–	–	–	–	–	–	433,733	–	433,733	1,329,843	1,763,576
Others	–	–	–	–	–	–	–	746	–	746	–	746
Transfer from restricted reserve	–	–	–	–	(17,485)	–	–	–	17,485	–	–	–
Transfer to surplus reserves	–	–	322,721	1,337,804	–	–	–	–	(1,660,525)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(931,703)	(931,703)	(1,261,007)	(2,192,710)
Changes in equity for the year	1,000,000	5,670,950	322,721	1,337,804	(17,485)	21,814	(84,964)	443,324	(603,543)	8,090,621	4,208,602	12,299,223
At 31 December 2011	**13,310,038**	**9,910,838**	**3,602,179**	**9,203,992**	**90,402**	**57,115**	**(53,186)**	**226,628**	**2,592,686**	**38,940,692**	**11,791,362**	**50,732,054**

	Note	2011 RMB'000	2010 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40(a)	**14,104,378**	18,352,813
Interest received		**109,820**	38,215
Income tax paid		**(1,279,484)**	(881,439)
Net cash generated from operating activities		**12,934,714**	17,509,589
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(26,010,097)**	(22,717,180)
Additions to intangible assets		**(43,062)**	(127,031)
Acquisitions of subsidiaries		**(929,602)**	458,211
Additional investments in jointly controlled entities		**(841,359)**	(1,012,000)
Establishments of associates		**(26,000)**	–
Additional investments in associates		**(334,300)**	(276,860)
Investments in available-for-sale investments		**(430,327)**	(786,686)
Acquisitions of non-controlling interests		**(33,279)**	(590,039)
Prepayments for investments		**(378,592)**	(350,000)
Additional entrusted loans made		**(364,500)**	(274,000)
Deposits for land development		**(242,540)**	–
Proceeds from disposals of property, plant and equipment		**8,025**	209,690
Proceeds from disposals of investment properties		**–**	10,800
Disposal of a subsidiary	40(c)	**122,137**	–
Proceeds from disposals of associates		**–**	319,848
Proceeds from disposals of available-for-sale investments		**1,336**	62,734
Repayments of entrusted loans		**100,000**	191,000
Dividends received		**581,213**	264,413
Increase in security deposits for notes payables		**–**	(29,562)
Others		**66,603**	(141,054)
Net cash used in investing activities		**(28,754,344)**	(24,787,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling interests		**2,405,626**	671,982
Disposal of ownership interests in subsidiaries without loss of control	40(d)	**1,763,576**	–
Drawdown of short-term loans		**40,231,192**	46,051,309
Drawdown of long-term loans		**27,006,551**	32,397,025
Issuance of short-term bonds		**1,400,000**	–
Proceeds from issue of shares, net of expenses		**6,670,950**	3,248,372
Issuance of long-term bonds, net of issuance costs		**2,976,000**	–
Proceeds from sale and leaseback transactions		**2,187,173**	415,977
Repayment of short-term loans		**(38,082,311)**	(46,047,517)
Repayment of long-term loans		**(18,232,728)**	(17,204,614)
Repayment of finance lease payables		**(505,998)**	(1,319,845)
Interest paid		**(9,001,178)**	(7,237,519)
Dividends paid to owners of the Company		**(931,703)**	(861,703)
Dividends paid to non-controlling interests		**(1,067,213)**	(942,526)
Others		**(1,949)**	21,824
Net cash generated from financing activities		**16,817,988**	9,192,765
NET INCREASE IN CASH AND CASH EQUIVALENTS		**998,358**	1,914,638
Effect of foreign exchange rate changes		**26,038**	21,903
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**3,442,976**	1,506,435
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	27	**4,467,372**	3,442,976

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 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 2011. 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.

Related party disclosures

IAS 24 (Revised) "Related Party Disclosures" revises the definition of a related party and provides a partial exemption of disclosing related party transactions for government-related entities.

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Related party disclosures (Continued)

IAS 24 (Revised) exempts an entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with

– a government that has control, joint control or significant influence over the entity; and

– another entity that is a related party because the same government has control, joint control or significant influence over both entities.

The entity that applies the exemption is required to disclose the following:

– the name of the government and the nature of its relationship with the entity (i.e. control, joint control or significant influence); and

– the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:

    i. the nature and amount of each individually significant transaction; and

    ii. for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

The revision of the definition of a related party has no material impact on the financial statements of the Group. The partial disclosure exemption relating to transactions between the Group and government-related entities has been applied retrospectively. The Group discloses only individually or collectively significant transactions with government-related entities.

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 2011, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2011, the Group had net current liabilities of approximately RMB33.34 billion. The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB145.35 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.

(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 Group structure as at 31 December 2011 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

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.

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.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments (Continued)

(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.

(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 short-term entrusted loans, other receivables, accounts and notes receivable 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 payables and accrued liabilities

Accounts payables 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.

Dividend income is recognised when the shareholders' rights to receive payment are established.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 payables are determined by applying 17% or 13% or 6% on the taxable revenue after offsetting deductible input VAT of the period.

(aa) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Government-related entities, other than entities under China Datang which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions 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 Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the 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.

(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.

(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.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(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 Hong Kong dollar ("HKD"), United States dollar ("USD") and Euro dollar ("EUR"). 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 2011, if RMB had weakened by 5 per cent (2010: 5 per cent) against HKD, USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB69,982 thousand (2010: RMB67,134 thousand) lower, arising as a result of the foreign exchange loss on HKD, USD and EUR loans and deposits. If RMB had strengthened by 5 per cent (2010: 5 per cent) against HKD, USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB69,982 thousand (2010: RMB67,134 thousand) higher, arising as a result of the foreign exchange gain on HKD, USD and EUR loans and deposits.

(b) Price risk

The Group's certain available-for-sale investments amounted to RMB67,531 thousand (2010: RMB91,043 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 2011 and 2010. 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 receivables, other receivables 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 government-related 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 government-related 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 receivables 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 receivables 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 2011, accounts and notes receivables due from the top five debtors amounted to RMB5,010,677 thousand (2010: RMB4,604,734 thousand), representing 49.08% (2010: 56.44%) of the total accounts and notes receivables. Except for accounts and notes receivables, the Group has no significant concentrations of credit risk.

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

(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.

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

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 2011				
Long-term loans	15,202,156	12,873,116	35,211,628	69,569,612
Long-term bonds	–	–	3,000,000	6,000,000
Finance lease payables	695,443	914,261	2,844,305	3,513,856
Other non-current liabilities, excluding finance lease payables	82,774	9,000	–	–
Accounts payables and accrued liabilities	23,940,013	–	–	–
Short-term loans	21,523,709	–	–	–
Interest payables for loans	9,212,198	7,160,909	16,887,477	45,611,358
Interest payables for bonds	439,500	439,500	1,045,500	1,237,500
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 non-current liabilities, excluding finance lease payables	76,468	24,987	9,000	–
Accounts payables 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

(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 2011 and 2010.

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.

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk (Continued)

At 31 December 2011, if interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2010: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB526,324 thousand (2010: RMB503,604 thousand), RMB2,110 thousand (2010: RMB2,311 thousand) and RMB5,887 thousand (2010: RMB4,275 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 (2010: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB526,324 thousand (2010: RMB503,604 thousand), RMB2,110 thousand (2010: RMB2,311 thousand) and RMB5,887 thousand (2010: RMB4,275 thousand) lower, respectively, arising as a result of an increase in interest expense on the loans.

(f) Categories of financial instruments at 31 December 2011

	2011 **RMB'000**	2010 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**15,827,117**	12,337,868
Available-for-sale investments	**2,710,073**	2,304,158
Financial liabilities:		
Financial liabilities at amortised cost	**195,062,421**	172,374,990

(g) Fair values

Except as disclosed in notes 21, 31 and 32 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 2011:

Description	Fair value measurement using Level 1:	
	2011 **RMB'000**	2010 RMB'000
Available-for-sale investments		
Equity securities	**67,531**	91,043

6. OPERATING REVENUE

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

	2011 RMB'000	2010 RMB'000
Sales of electricity	**64,367,360**	53,593,750
Heat supply	**719,013**	539,680
Sales of coal	**2,937,638**	2,823,291
Sales of chemical products	**3,070,651**	2,692,513
Others	**1,287,203**	1,023,141
	72,381,865	60,672,375

7. OTHER GAINS

	2011 RMB'000	2010 RMB'000
Gain on disposal of a subsidiary	**58,239**	–
Gain on disposals of associates	–	93,811
Gain on disposals of available-for-sale investments	**325**	8,212
Others	–	354
	58,564	102,377

8. SEGMENT INFORMATION

Executive directors and certain senior management (including chief accountant) of the Company (collectively referred to as the "Senior Management") perform the function as chief operating decision makers. 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 and sales of coal ash, 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 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 RMB'000
Year ended 31 December 2011					
Revenue from external customers	**65,275,284**	**2,986,809**	**3,100,132**	**1,019,640**	**72,381,865**
Intersegment revenue	**425,307**	**23,512,906**	**4,500**	**156,728**	**24,099,441**
Segment profit	**1,329,805**	**1,658,588**	**471,600**	**197,314**	**3,657,307**
Depreciation and amortisation	**8,425,131**	**56,425**	**71,490**	**98,129**	**8,651,175**
Gain/(loss) on disposals of property, plant and equipment	**13,004**	**–**	**14**	**(3)**	**13,015**
Loss on disposal of intangible assets	**–**	**–**	**–**	**(419)**	**(419)**
Gain on disposals of long-term investments	**58,239**	**–**	**–**	**–**	**58,239**
Interest income	**97,324**	**4,558**	**4,695**	**3,243**	**109,820**
Interest expense	**6,594,829**	**315,227**	**48,755**	**119,409**	**7,078,220**
Share of profits of associates	**2,396**	**663,761**	**–**	**202,760**	**868,917**
Shares of (losses)/profits of jointly controlled entities	**(9,076)**	**57,190**	**–**	**–**	**48,114**
Income tax expense	**346,797**	**248,745**	**49,909**	**20,356**	**665,807**
Year ended 31 December 2010					
Revenue from external customers	54,122,551	2,825,178	2,712,214	1,012,432	60,672,375
Intersegment revenue	74,030	21,770,917	–	95,186	21,940,133
Segment profit	3,314,713	841,185	331,707	141,885	4,629,490
Depreciation and amortisation	7,036,509	189,173	101,466	102,770	7,429,918
Net gain on disposals of property, plant and equipment	47,810	–	27	10,084	57,921
Gain on disposals of investment properties	–	–	–	26,813	26,813
Gain on disposals of long-term investments	11	–	–	93,800	93,811
Interest income	29,211	1,347	1,670	5,987	38,215
Interest expense	4,800,594	238,386	37,986	126,053	5,203,019
Share of profits of associates	7,653	474,427	–	109,179	591,259
Shares of losses of jointly controlled entities	(14,384)	(2,657)	–	–	(17,041)
Income tax expense	715,456	87,872	83,219	57,906	944,453

8. SEGMENT INFORMATION (Continued)

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total RMB'000
At 31 December 2011					
Segment assets	**173,575,788**	**22,574,026**	**49,088,856**	**11,223,724**	**256,462,394**
Including:					
Investments in associates	**505,662**	**1,927,786**	**–**	**2,817,723**	**5,251,171**
Investments in jointly controlled entities	**2,506,286**	**942,342**	**–**	**–**	**3,448,628**
Additions to non-current assets (other than financial assets and deferred tax assets)	**14,882,988**	**2,485,568**	**17,125,982**	**140,152**	**34,634,690**
Segment liabilities	**148,527,057**	**15,622,773**	**37,287,079**	**3,440,531**	**204,877,440**
At 31 December 2010					
Segment assets	152,509,810	16,058,293	39,345,040	10,625,419	218,538,562
Including:					
Investments in associates	490,467	1,682,565	–	2,447,088	4,620,120
Investments in jointly controlled entities	1,693,442	845,959	–	–	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
Segment liabilities	134,105,377	10,067,614	29,220,166	3,473,751	176,866,908

8. SEGMENT INFORMATION (Continued)

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

	2011 RMB'000	2010 RMB'000
Revenue		
Total revenue of reportable segments	**96,481,306**	82,612,508
Elimination of intersegment revenue	**(24,099,441)**	(21,940,133)
Consolidated revenue	**72,381,865**	60,672,375
Profit or loss		
Total profit or loss of reportable segments	**3,657,307**	4,629,490
Gain on disposals of available-for-sale investments	**5**	8,212
Dividend income from available-for-sale investments	**4,940**	40
Elimination of intersegment profits	**(9,463)**	(13,861)
IFRS adjustment on reversal of general provision on mining funds	**86,837**	107,273
Other IFRS adjustments	**(29,691)**	(30,854)
Consolidated profit before tax	**3,709,935**	4,700,300
Assets		
Total assets of reportable segments	**256,462,394**	218,538,562
Deferred tax assets	**1,425,210**	944,269
Available-for-sale investments	**67,531**	91,043
Elimination of intersegment assets	**(13,885,059)**	(8,818,003)
Reclassification of non-income taxes recoverable	**3,426,857**	2,022,816
IFRS adjustment on reversal of general provision on mining funds	**175,734**	82,095
Other IFRS adjustments	**24,522**	54,553
Consolidated total assets	**247,697,189**	212,915,335
Liabilities		
Total liabilities of reportable segments	**(204,877,440)**	(176,866,908)
Current tax liabilities	**(318,588)**	(339,967)
Deferred tax liabilities	**(556,624)**	(414,377)
Elimination of intersegment liabilities	**12,243,238**	5,186,413
Reclassification of non-income taxes recoverable	**(3,426,857)**	(2,022,816)
Other IFRS adjustments	**(28,864)**	(24,849)
Consolidated total liabilities	**(196,965,135)**	(174,482,504)

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 2011					
Share of profits of associates	**868,917**	**–**	**77,053**	**–**	**945,970**
Shares of profits of jointly controlled entities	**48,114**	**–**	**46,115**	**–**	**94,229**
Income tax expense	**665,807**	**(2,377)**	**7,601**	**(3,245)**	**667,786**
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
At 31 December 2011					
Investments in associates	**5,251,171**	**–**	**37,995**	**–**	**5,289,166**
Investments in jointly controlled entities	**3,448,628**	**–**	**137,239**	**–**	**3,585,867**
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

Geographical information (under IFRS):

During the years ended 31 December 2011 and 2010, all revenues from external customers are generated domestically. At 31 December 2011, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB213,318,898 thousand (2010: RMB189,360,741 thousand) and RMB44,904 thousand (2010: RMB47,444 thousand) are located in the PRC and foreign countries, respectively.

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

8. SEGMENT INFORMATION (Continued)

Revenue from major customers:

	2011 RMB'000	2010 RMB'000
Power generation segment		
North China Grid Company Limited	**19,658,707**	17,948,672
Guangdong Power Grid Corporation	**8,298,202**	4,822,035
State Grid Corporation of China	**6,029,222**	5,495,123

9. FINANCE COSTS

	2011 RMB'000	2010 RMB'000
Interest expense on:		
Short-term bank loans	**885,719**	844,812
Other short-term loans	**210,303**	194,894
Short-term entrusted loans	**–**	361
Long-term bank loans		
– Wholly repayable within five years	**1,523,851**	1,376,004
– Not wholly repayable within five years	**5,822,812**	4,283,599
Other long-term loans		
– Wholly repayable within five years	**174,387**	211,696
– Not wholly repayable within five years	**89,290**	24,674
Short-term bonds	**13,975**	–
Long-term bonds	**394,993**	283,474
Finance leases	**354,683**	190,243
Acquisitions of property, plant and equipment by instalments	**1,650**	3,354
Discounted notes receivables	**52,173**	50,092
Others	**23,504**	–
Total borrowing costs	**9,547,340**	7,463,203
Amount capitalised	**(2,469,120)**	(2,083,847)
	7,078,220	5,379,356
Exchange gain, net	**(38,107)**	(28,069)
Others	**61,889**	22,050
	7,102,002	5,373,337

Borrowing costs on funds borrowed generally are capitalised at a rate of 6.06% (2010: 5.33%) per annum.

10. INCOME TAX EXPENSE

	2011 RMB'000	2010 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**1,193,292**	1,125,789
Under/(over)-provision in prior years	**9,826**	(833)
	1,203,118	1,124,956
Deferred tax (note 34)	**(535,332)**	(253,601)
	667,786	871,355

The Company and its subsidiaries, other than as stated below, are generally subject to PRC Enterprise Income Tax statutory rate of 25% (2010: 25%).

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) Pursuant to document Cai Shui [2011]58 "Further Implementing the Western China Development Strategy" issued by the MOF, the General Administration of Customs and 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 are eligible to pay PRC Enterprise Income Tax at a preferential rate of 15% from 1 January 2011 to 31 December 2020.

10. INCOME TAX EXPENSE (Continued)

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:

	2011 RMB'000	2010 RMB'000
Profit before tax	**3,709,935**	4,700,300
Tax at the domestic income tax rate of 25% (2010: 25%)	**927,484**	1,175,075
Tax effect of income that is not taxable	**(331,779)**	(137,611)
Tax effect of expenses that are not deductible	**34,554**	24,769
Tax effect of utilisation of tax losses not previously recognised	**(4,189)**	(5,078)
Tax effect of temporary differences not recognised	**269,839**	155,186
Reversal of tax losses previously recognised	**33,359**	–
Under/(over)-provision in prior years	**9,826**	(833)
Tax effect of tax concession	**(264,995)**	(350,486)
Others	**(6,313)**	10,333
Income tax expense	**667,786**	871,355

11. PROFIT FOR THE YEAR

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

	2011 RMB'000	2010 RMB'000
Auditors' remuneration	**13,780**	11,800
Acquisition-related costs (included in operating costs)	**100**	7,860
Amortisation of deferred income	**(33,760)**	(48,238)
Amortisation of intangible assets (included in operating costs)	**18,335**	23,409
Cost of major inventories sold and consumed		
– Fuel	**44,484,343**	34,837,477
– Spare parts and consumable supplies	**494,000**	589,106
Rental income generated from investment properties	**(15,714)**	(9,260)
Dividend income from available-for-sale investments		
– Listed investments	**(4,985)**	(450)
– Unlisted investments	**(37,369)**	(8,877)
Net gains on disposals of property, plant and equipment	**(13,015)**	(58,867)
Gain on disposals of investment properties	**–**	(26,813)
Reversal of allowance for accounts receivables	**(70)**	(130)
Reversal of allowance for other receivables	**(88)**	(41,685)
Reversal of allowance for inventories	**(97)**	–
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	**1,646,675**	1,416,413
– Retirement benefits	**265,339**	229,138
– Housing benefits	**185,137**	168,102
– Other costs	**270,322**	234,135

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							
Liu Shunda		–	–	–	–	–	–
Cao Jingshan		–	200	358	39	34	631
Hu Shengmu		–	–	–	–	–	–
Fang Qinghai		–	–	–	–	–	–
Zhou Gang		–	179	350	31	34	594
Liu Haixia		–	–	–	–	–	–
Guan Tiangang		–	–	–	–	–	–
Su Tiegang		–	–	–	–	–	–
Ye Yonghui		–	–	–	–	–	–
Li Gengsheng		–	–	–	–	–	–
Li Hengyuan		75	–	–	–	–	75
Li Yanmeng		75	–	–	–	–	75
Zhao Zunlian		75	–	–	–	–	75
Zhao Jie		75	–	–	–	–	75
Jiang Guohua		75	–	–	–	–	75
		375	379	708	70	68	1,600
Name of supervisor							
Fu Guoqiang	(i)	–	–	–	–	–	–
Qiao Xinyi		–	187	327	36	34	584
Zhang Xiaoxu		–	–	–	–	–	–
Guan Zhenquan		–	167	255	21	29	472
Zhou Xinnong	(ii)	–	–	–	–	–	–
		–	354	582	57	63	1,056
Total for 2011		375	733	1,290	127	131	2,656

Notes:

(i) Retired on 6 December 2011

(ii) Appointed on 6 December 2011

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

Note:

(i) Retired on 19 August 2010

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

There was no arrangement under which a director or a supervisor waived or agreed to waive any emoluments during the years ended 31 December 2011 and 2010.

The five highest paid individuals in the Group during the year included 2 (2010: 1) director(s) and no (2010: 1) supervisor whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2010: 3) individuals are set out below:

	2011 RMB'000	2010 RMB'000
Basic salaries and allowances	**541**	543
Bonus	**1,053**	943
Retirement benefits	**98**	126
Other benefits	**102**	51
	1,794	1,663

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

	Number of individuals	
	2011	2010
Nil to RMB810,700 (2010: RMB850,900) (equivalent to HKD1,000,000)	**5**	5

During the years ended 31 December 2011 and 2010, 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% (2010: 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 2011 pursuant to these arrangements amounted to RMB334,820 thousand (2010: RMB284,816 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% (2010: 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 2011, the Group provided RMB189,805 thousand (2010: RMB168,980 thousand) to the fund.

14. DIVIDENDS

	2011 RMB'000	2010 RMB'000
Proposed final of RMB0.11 (2010: RMB0.07) per share	**1,464,104**	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 RMB1,971,200 thousand (2010: RMB2,569,734 thousand) and the weighted average number of ordinary shares of 12,893,371 thousand (2010: 12,192,421 thousand) in issue during the year.

Diluted earnings per share

During the years ended 31 December 2011 and 2010, the Company did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share is equal to basic earnings per share.

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 2010	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 and 1 January 2011	2,146,761	50,889,163	106,606,796	2,243,565	2,363,588	57,089,442	221,339,315
Transfer in/(out)	–	5,681,552	7,358,919	700,575	481,847	(14,496,226)	(273,333)
Additions	133,210	115,441	178,379	116,042	67,843	27,505,023	28,115,938
Acquisition of subsidiaries	–	813,100	428,393	6,618	64,999	1,536,161	2,849,271
Disposals	(3,179)	(207,240)	(40,622)	(25,810)	(28)	–	(276,879)
Disposal of a subsidiary	(960)	(167,046)	(39,178)	(456)	–	–	(207,640)
At 31 December 2011	**2,275,832**	**57,124,970**	**114,492,687**	**3,040,534**	**2,978,249**	**71,634,400**	**251,546,672**

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 2010	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 and 1 January 2011	155,772	7,653,946	33,070,677	671,969	553,181	–	42,105,545
Charge for the year	38,652	1,890,291	6,281,599	232,142	203,098	–	8,645,782
Disposals	(110)	(44,881)	(12,648)	(6,350)	(26)	–	(64,015)
Disposal of a subsidiary	(22)	(38,515)	(25,087)	(80)	–	–	(63,704)
At 31 December 2011	**194,292**	**9,460,841**	**39,314,541**	**897,681**	**756,253**	**–**	**50,623,608**
Carrying amount							
At 31 December 2011	**2,081,540**	**47,664,129**	**75,178,146**	**2,142,853**	**2,221,996**	**71,634,400**	**200,923,064**
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

During the year, depreciation expenses charged into operating costs and construction in progress amounted to RMB8,588,644 thousand (2010: RMB7,376,954 thousand) and RMB57,138 thousand (2010: RMB42,276 thousand), respectively.

At 31 December 2011 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB4,152,799 thousand (2010: RMB546,550 thousand).

At 31 December 2011 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 RMB669,634 thousand (2010: RMB706,068 thousand), RMB3,288,120 thousand (2010: RMB2,432,021 thousand), RMB777,328 thousand (2010: RMB108,374 thousand) and RMB200,000 thousand (2010: RMB555,375 thousand) respectively.

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

	2011 RMB'000	2010 RMB'000
Outside Hong Kong:		
Long leases	**138,415**	231,435
Medium-term leases	**1,943,125**	1,759,554
	2,081,540	1,990,989

17. INVESTMENT PROPERTIES

	RMB'000
Cost	
At 1 January 2010	–
Acquisition of subsidiaries	16,649
Transfer in	211,422
Disposals	(11,792)
At 31 December 2010 and 1 January 2011	216,279
Transfer in	273,333
Additions	33,267
At 31 December 2011	**522,879**
Accumulated depreciation	
At 1 January 2010	–
Charge for the year	5,018
Disposals	(605)
At 31 December 2010 and 1 January 2011	4,413
Charge for the year	16,164
At 31 December 2011	**20,577**
Carrying amount	
At 31 December 2011	**502,302**
At 31 December 2010	211,866

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

At 31 December 2011, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2011 RMB'000	2010 RMB'000
Within one year	**6,904**	6,670
In the second to fifth years inclusive	**9,794**	14,577
After five years	**15,418**	9,000
	32,116	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 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 and 1 January 2011	570,515	1,249,130	37,763	596,920	86,240	14,590	2,555,158
Additions	–	–	–	29,996	14,612	–	44,608
Acquisition of subsidiaries	130,830	–	–	–	–	–	130,830
At 31 December 2011	**701,345**	**1,249,130**	**37,763**	**626,916**	**100,852**	**14,590**	**2,730,596**
Accumulated amortisation							
At 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 and 1 January 2011	–	2,050	19,136	273	25,991	9,379	56,829
Amortisation for the year	–	8,416	3,695	2,340	9,802	5,211	29,464
At 31 December 2011	**–**	**10,466**	**22,831**	**2,613**	**35,793**	**14,590**	**86,293**
Carrying amount							
At 31 December 2011	**701,345**	**1,238,664**	**14,932**	**624,303**	**65,059**	**–**	**2,644,303**
At 31 December 2010	570,515	1,247,080	18,627	596,647	60,249	5,211	2,498,329

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:

	2011 **RMB'000**	2010 RMB'000
Power generation segment		
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	**273,795**	273,795
Jiangxi Datang International Xinyu Power Generation Company Limited	**104,361**	104,361
Zhangjiakou Power Plant No. 2 generator	**33,561**	33,561
Datang Tongzhou Technology Company Limited	**949**	949
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	**902**	902
Yunnan Datang International Deqin Hydropower Development Limited	**18**	18
Chengdu Liguo Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	**130,830**	–
	544,416	413,586
Coal segment		
Inner Mongolia Datang International Zhunge'er Mining Company Limited	**120,177**	120,177
Inner Mongolia Baoli Coal Company Limited	**18,712**	18,712
	138,889	138,889
Other segments		
Yuneng (Group) Company Limited	**18,040**	18,040
	701,345	570,515

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.

18. INTANGIBLE ASSETS (Continued)

Goodwill (Continued)

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

	Periods Covered	Discount rates used
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	5 years	6.93%
Jiangxi Datang International Xinyu Power Generation Company Limited	3 years	7.03%
Inner Mongolia Datang International Zhunge'er Mining Company Limited	3 years	21.4%
Chengdu Liguo Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	5 years	8.55%
Others	3 – 5 years	5.42% – 9.87%

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2011 and 2010.

19. INVESTMENTS IN ASSOCIATES

	2011 RMB'000	2010 RMB'000
Unlisted investments:		
Share of net assets	**5,289,166**	4,591,838

Details of the Group's associates at 31 December 2011 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 Power Generation Company Limited	PRC	410,000	40%	–	Power generation
Tongmei Datang Tashan Coal Mine Company Limited	PRC	2,072,540	28%	–	Coal construction and mining
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	–	Power fuel trading

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	Percentage of equity interest Indirect	Principal activities
China Datang Group Finance Company Limited ("Datang Finance") *	PRC	1,600,000	20%	–	Financial services
Inner Mongolia Bazhu Railway Company Limited	PRC	100,000	20%	–	Railway and highway construction and operational management
CNNC Liaoning Nuclear Power Co., Ltd.	PRC	100,000	20%	–	Nuclear power plant construction and operations
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
Inner Mongolia Datang Da Ta Energy Company Limited	PRC	20,000	35%	–	Construction and operation of coal logistics park zone
Datang Wealth Management Co., Ltd.	PRC	50,000	30%	–	Investment management and advisory
Fuxin Huanfa Wastage Disposal Company Limited	PRC	20,000	–	20%	Environmental greening
Chongqing Panlong Pumped Storage Company Limited	PRC	50,000	–	20%	Power development
Chongqing Fuling Water Resources Development Company Limited	PRC	120,000	–	42%	Hydropower technology development, construction, management, power generation and power supply

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	Percentage of equity interest Indirect	Principal activities
Fujian Baima Harbour Railway Spur Line Company Limited	PRC	150,000	–	33%	Railway transportation
Jinzhou City Thermal Power Company Limited	PRC	145,000	–	26%	Heat supply
Macro Technologies Inc. (Vietnam) Limited	Vietnam	USD150,000	–	35%	Electricity related technical services

* Datang Finance is a non-bank financial institution.

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

	2011 RMB'000	2010 RMB'000
At 31 December		
Total assets	**50,537,287**	38,104,887
Total liabilities	**(32,968,578)**	(24,266,193)
Net assets	**17,568,709**	13,838,694
The Group's share of associates' net assets	**5,289,166**	4,591,838
Year ended 31 December		
Total revenue	**12,718,759**	9,599,931
Total profit for the year	**3,595,562**	2,585,808
The Group's share of associates' profit for the year	**945,970**	718,231

20. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	2011 RMB'000	2010 RMB'000
Unlisted investments:		
Share of net assets	**3,585,867**	2,649,778

Details of the jointly controlled entities at 31 December 2011 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
Fujian Ningde Nuclear Power Company Limited	PRC	1,900,000	44%	–	Nuclear power plant construction and operations

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

	2011 RMB'000	2010 RMB'000
At 31 December		
Current assets	**4,615,813**	5,941,178
Non-current assets	**32,604,632**	20,771,068
Current liabilities	**(7,109,347)**	(10,169,992)
Non-current liabilities	**(21,552,514)**	(10,382,329)
Net assets	**8,558,584**	6,159,925
Proportionate shares of capital commitments	**8,553,986**	2,701,533
Year ended 31 December		
Revenue	**7,893,688**	4,492,671
Expenses	**(7,835,417)**	(3,836,804)

21. AVAILABLE-FOR-SALE INVESTMENTS

	2011 RMB'000	2010 RMB'000
Equity securities, at fair value		
Listed outside Hong Kong	**67,531**	91,043
Unlisted equity securities, at cost	**2,642,542**	2,213,115
	2,710,073	2,304,158
Market value of listed securities	**67,531**	91,043

The fair values of listed securities are based on current bid prices. All the unlisted equity were 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 remaining average service life of the relevant employees.

During 2005 to 2007, the Company and some of its subsidiaries carried out another housing benefit scheme – "Monetary Housing Benefit Scheme" upon the approval from Housing Reform Office of the local government. Under the Monetary Housing Benefit Scheme, the Company and 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 2011 (2010: nil). The benefits were amortised over the remaining average service life of the relevant employees.

	RMB'000
Cost	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	662,532
Accumulated amortisation	
At 1 January 2010	499,148
Charge for the year	30,854
At 31 December 2010 and 1 January 2011	530,002
Charge for the year	29,691
At 31 December 2011	**559,693**
Carrying amount	
At 31 December 2011	**102,839**
At 31 December 2010	132,530

23. INVENTORIES

	2011 RMB'000	2010 RMB'000
Raw materials	**4,579,700**	2,352,979
Finished goods	**522,591**	915,437
Others	**991,495**	743,297
	6,093,786	4,011,713

The carrying amount of inventories pledged as security for banking facilities granted to the Group amounted to RMB86,454 thousand (2010: RMB103,964 thousand) (note 38).

24. ACCOUNTS AND NOTES RECEIVABLES

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

	2011 RMB'000	2010 RMB'000
Accounts receivables from third parties	**9,872,875**	7,966,699
Notes receivables from third parties	**257,818**	190,185
Accounts and notes receivables from related parties	**77,853**	1,738
	10,208,546	8,158,622

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 receivables is as follows:

	2011 RMB'000	2010 RMB'000
Within one year	**10,044,753**	8,013,428
Between one to two years	**74,133**	143,990
Between two to three years	**89,009**	1,096
Over three years	**651**	108
	10,208,546	8,158,622

At 31 December 2011, the Group applied tariff collection rights in securing loans, for which details please refer to notes 31 and 38 to the financial statements.

Reconciliation of allowance for accounts and notes receivables:

	2011 RMB'000	2010 RMB'000
At 1 January	**5,912**	–
Acquisition of subsidiaries	**–**	6,042
Reversal of allowance	**(70)**	(130)
At 31 December	**5,842**	5,912

24. ACCOUNTS AND NOTES RECEIVABLES (Continued)

At 31 December 2011, accounts and notes receivables of RMB163,793 thousand (2010: RMB145,194 thousand) were past due but not impaired. The major portion of the past due accounts and notes receivables were due from certain local thermal power companies and customers of coal purchases, and the directors believe that such receivables can be recovered because such local thermal companies and customers of coal purchases had no recent history of default. The ageing analysis of these accounts and notes receivables is as follows:

	2011 RMB'000	2010 RMB'000
Between one to two years	**74,133**	143,990
Between two to three years	**89,009**	1,096
Over three years	**651**	108
	163,793	145,194

25. PREPAYMENTS AND OTHER RECEIVABLES

	2011 RMB'000	2010 RMB'000
Prepayments		
Prepayments for fuel and materials	**2,627,814**	395,262
Prepayments for construction	**46,444**	63,890
Value added tax recoverable	**3,425,846**	1,914,234
Prepayment for an investment	**578,592**	350,000
Other taxes recoverable	**20,604**	31,761
Prepayments to related parties	**168,566**	1,324
Prepayments for transportation cost	**239,159**	95,023
Others	**220,444**	177,212
	7,327,469	3,028,706
Other receivables		
Advanced payments for construction	**403,648**	411,569
Receivables from disposals of property, plant and equipment	**14,201**	61,819
Staff advances	**26,311**	23,223
Staff housing maintenance fund deposits	**25,217**	25,153
Receivables from sales of materials	**140,325**	59,218
Receivables from related parties	**11,685**	64,172
Deposits for land development	**334,763**	92,223
Others	**638,216**	380,285
	1,594,366	1,117,662
Allowance for doubtful debts	**(44,735)**	(44,823)
	1,549,631	1,072,839
	8,877,100	4,101,545

25. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Reconciliation of allowance for other receivables:

	2011 **RMB'000**	2010 RMB'000
At 1 January	**44,823**	4,203
Acquisition of subsidiaries	–	88,273
Reversal of allowance	**(88)**	(41,685)
Amounts written off	–	(5,968)
At 31 December	**44,735**	44,823

At 31 December 2011, other receivables of RMB1,930 thousand (2010: RMB2,035 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	2011 **RMB'000**	2010 RMB'000
Between two to three years	–	90
Over three years	**1,930**	1,945
	1,930	2,035

26. SHORT-TERM ENTRUSTED LOANS TO A JOINTLY CONTROLLED ENTITY

At 31 December 2011, the short-term entrusted loans to a jointly controlled entity carried interest rate ranging from 6.1% to 6.56% (2010: 5.00%) 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 12 months from the end of the reporting period.

27. CASH AND CASH EQUIVALENTS

	2011 **RMB'000**	2010 RMB'000
Bank deposits	**2,747,016**	2,353,927
Deposits with Datang Finance	**1,719,012**	1,087,815
Cash on hand	**1,344**	1,234
Cash and cash equivalents	**4,467,372**	3,442,976

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

	2011 **RMB'000**	2010 RMB'000
RMB	**4,159,265**	3,231,787
USD	**307,833**	210,613
HKD	**98**	442
EUR	**23**	126
Singapore dollar	**153**	8
	4,467,372	3,442,976

28. 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 (2010: RMB1) each						
At 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 and 1 January 2011 (iii)	8,994,360	3,315,678	12,310,038	8,994,360	3,315,678	12,310,038
Issue of shares (iv)	1,000,000	–	1,000,000	1,000,000	–	1,000,000
At 31 December 2011 (v)	**9,994,360**	**3,315,678**	**13,310,038**	**9,994,360**	**3,315,678**	**13,310,038**

28. SHARE CAPITAL (Continued)

Notes:

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

(ii) In 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 issue 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 A shares were subject to lock-up periods and were not freely tradable.

(iv) In May 2011, the Company issued 1,000,000,000 A shares to specific investors by way of non-public offering at a subscription price of RMB6.74 per share for a total cash consideration of RMB6,740,000 thousand. The premium on the issue of shares, amounting to RMB5,670,950 thousand, net of share issue expenses, was credited to the Company's capital reserve account.

(v) At 31 December 2011, 1,000,000,000 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 2011 was 79.52% (2010: 81.95%).

The decrease in the assets-to-liabilities ratio during 2011 was primarily due to the increase of accounts and notes receivables accompanied by the growth in operating revenue and the increase in cash and cash equivalents resulted from issue of new shares. 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.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 **RMB'000**	2010 RMB'000
Property, plant and equipment	**11,326,953**	10,131,643
Investments in subsidiaries	**28,124,781**	21,155,786
Other non-current assets	**19,384,595**	13,875,483
Cash and cash equivalents	**2,302,521**	2,145,796
Other current assets	**5,032,978**	4,406,609
TOTAL ASSETS	**66,171,828**	51,715,317
Share capital	**13,310,038**	12,310,038
Reserves	**25,381,187**	17,797,509
Long-term loans	**10,510,800**	12,135,200
Long-term bonds	**8,937,277**	5,949,018
Other non-current liabilities	**309,916**	334,317
Short-term loans	**2,450,000**	880,000
Other current liabilities	**5,272,610**	2,309,235
TOTAL EQUITY AND LIABILITIES	**66,171,828**	51,715,317

30. 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.

(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 2010		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	28	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
At 1 January 2011		4,311,360	3,316,892	7,866,188	29,542	4,020	2,269,507	17,797,509
Total comprehensive income for the year		–	–	–	–	–	2,844,431	2,844,431
Issue of shares	28	5,670,950	–	–	–	–	–	5,670,950
Transfer from restricted reserve		–	–	–	(8,531)	–	8,531	–
Transfer to surplus reserve		–	322,721	1,337,804	–	–	(1,660,525)	–
Dividends paid		–	–	–	–	–	(931,703)	(931,703)
At 31 December 2011		**9,982,310**	**3,639,613**	**9,203,992**	**21,011**	**4,020**	**2,530,241**	**25,381,187**

(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, 2010 and 2011; 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 its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

30. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(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.

(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.

31. LONG-TERM LOANS

	2011 RMB'000	2010 RMB'000
Long-term bank loans	**129,143,046**	118,352,026
Other long-term loans	**3,713,466**	5,703,793
	132,856,512	124,055,819

Long-term loans are repayable as follows:

	2011			2010		
	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
On demand or within one year	**13,909,226**	**1,292,930**	**15,202,156**	13,229,902	1,240,540	14,470,442
In the second year	**12,437,186**	**435,930**	**12,873,116**	16,078,045	3,120,540	19,198,585
In the third to fifth year, inclusive	**34,452,838**	**758,790**	**35,211,628**	30,714,130	641,620	31,355,750
After five years	**68,343,796**	**1,225,816**	**69,569,612**	58,329,949	701,093	59,031,042
	129,143,046	**3,713,466**	**132,856,512**	118,352,026	5,703,793	124,055,819
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(13,909,226)**	**(1,292,930)**	**(15,202,156)**	(13,229,902)	(1,240,540)	(14,470,442)
Amount due for settlement after 12 months	**115,233,820**	**2,420,536**	**117,654,356**	105,122,124	4,463,253	109,585,377

31. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	2011 Long-term bank loans RMB'000	2011 Other long-term loans RMB'000	2011 Total RMB'000	2010 Long-term bank loans RMB'000	2010 Other long-term loans RMB'000	2010 Total RMB'000
Secured loans	**48,178,194**	**–**	**48,178,194**	46,196,300	–	46,196,300
Guaranteed loans	**10,910,520**	**773,705**	**11,684,225**	5,197,430	1,922,793	7,120,223
Unsecured loans	**70,054,332**	**2,939,761**	**72,994,093**	66,958,296	3,781,000	70,739,296
	129,143,046	**3,713,466**	**132,856,512**	118,352,026	5,703,793	124,055,819
Less: Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	**(3,505,710)**	**–**	**(3,505,710)**	(2,713,320)	–	(2,713,320)
Guaranteed loans	**(785,737)**	**(110,000)**	**(895,737)**	(2,717,450)	(1,120,540)	(3,837,990)
Unsecured loans	**(9,617,779)**	**(1,182,930)**	**(10,800,709)**	(7,799,132)	(120,000)	(7,919,132)
	(13,909,226)	**(1,292,930)**	**(15,202,156)**	(13,229,902)	(1,240,540)	(14,470,442)
Non-current portion						
Secured loans	**44,672,484**	**–**	**44,672,484**	43,482,980	–	43,482,980
Guaranteed loans	**10,124,783**	**663,705**	**10,788,488**	2,479,980	802,253	3,282,233
Unsecured loans	**60,436,553**	**1,756,831**	**62,193,384**	59,159,164	3,661,000	62,820,164
	115,233,820	**2,420,536**	**117,654,356**	105,122,124	4,463,253	109,585,377

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

	2011 Long-term bank loans RMB'000	2011 Other long-term loans RMB'000	2011 Total RMB'000	2010 Long-term bank loans RMB'000	2010 Other long-term loans RMB'000	2010 Total RMB'000
RMB	**129,003,671**	**2,898,139**	**131,901,810**	118,352,026	4,781,000	123,133,026
USD	**139,375**	**773,705**	**913,080**	–	922,793	922,793
EUR	**–**	**41,622**	**41,622**	–	–	–
	129,143,046	**3,713,466**	**132,856,512**	118,352,026	5,703,793	124,055,819

31. LONG-TERM LOANS (Continued)

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

	2011	2010
Long-term bank loans	**4.99% – 7.76%**	2.16% – 8%
Other long-term loans	**1% – 6.65%**	1.13% – 6.32%

Long-term loans of RMB5,788,505 thousand (2010: RMB4,686,354 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 2011, 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 RMB132,856,512 thousand (2010: RMB124,055,819 thousand). The discount rates applied as at 31 December 2011 were ranging from 1% to 7.76% (2010: 1.13% to 8%) per annum.

At 31 December 2011, long-term bank loans amounted to RMB2,151,000 thousand (2010: RMB403,910 thousand) were secured by the following assets:

	2011 RMB'000	2010 RMB'000
Inventories	**–**	103,964
Property, plant and equipment	**4,152,799**	546,550
	4,152,799	650,514

At 31 December 2011, long-term bank loans amounted to RMB46,027,194 thousand (2010: RMB45,792,390 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2011, long-term bank loans amounted to RMB10,910,520 thousand (2010: RMB5,197,430 thousand) were guaranteed by the following parties:

	2011 RMB'000	2010 RMB'000
The Company	**6,930,902**	3,967,706
A subsidiary of the Company	**141,500**	–
China Datang	**99,500**	794,500
Certain non-controlling shareholders of subsidiaries	**3,438,618**	435,224
Ex-shareholder of a subsidiary of the Company	**300,000**	–
	10,910,520	5,197,430

In addition, at 31 December 2011, long-term bank loans amounted to nil (2010: RMB990,000 thousand) guaranteed by the Company were counter-guaranteed by non-controlling shareholders of a subsidiary.

31. LONG-TERM LOANS (Continued)

At 31 December 2011, other long term loans amounted to RMB1,887,230 thousand (2010: RMB781,000 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing at 5.04% to 6.35% (2010: 4.78% to 5.76%) per annum.

At 31 December 2011, other long-term loans amounted to nil (2010: RMB4,000,000 thousand) were borrowed from non-bank financial institutions. Included in the amount was nil (2010: RMB1,000,000 thousand) which were guaranteed by the Company, of which nil (2010: RMB450,000 thousand) were counter-guaranteed by non-controlling shareholders of a subsidiary. The remaining balance amounted to nil (2010: RMB3,000,000 thousand) was unsecured.

At 31 December 2011, other long term loans included a loan amounted to RMB773,705 thousand (2010: RMB922,793 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.

32. LONG-TERM BONDS

	2011 **RMB'000**	2010 RMB'000
Medium-term notes (i)	**2,979,293**	2,970,375
Corporate bonds (ii)	**5,957,984**	2,978,643
	8,937,277	5,949,018

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 2011, accrued interest for these notes amounted to RMB126,400 thousand (2010: RMB117,482 thousand).

(ii) Corporate bonds represented unsecured bonds issued by the Company on 19 August 2009 and 22 April 2011 with par value of RMB100 each totalling RMB6 billion. Such bonds are of 10-year term with fixed annual coupon and effective interest rates of 5.00%/5.25% and 5.10%/5.36%, respectively. At 31 December 2011, accrued interest for these bonds amounted to RMB171,608 thousand (2010: RMB58,533 thousand).

At 31 December 2011, the fair value of long term bonds is estimated to be RMB9,179,816 thousand (2010: RMB6,085,663 thousand). The fair value of medium-term notes is derived from discounted future cash flows using bond interest rate with similar terms of 4.98% (2010: 4.17%) per annum while the fair value of corporate bonds is derived from quoted price available in the market.

33. DEFERRED INCOME

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

34. 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 2010	–	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 1 January 2011	17,133	645,500	238,275	3,629	32,437	39,445	29,602	4,816	1,010,837
(Charge)/credit to profit or loss for the year	(5,274)	286,316	127,557	1,271	–	(2,414)	–	94,957	502,413
At 31 December 2011	**11,859**	**931,816**	**365,832**	**4,900**	**32,437**	**37,031**	**29,602**	**99,773**	**1,513,250**

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 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 1 January 2011	419,712	14,039	10,348	–	14,501	15,353	3,350	477,303
Acquisition of subsidiaries	208,126	–	–	–	–	–	–	208,126
(Credit)/charge to profit or loss for the year	(34,245)	(2,371)	7,603	–	(3,587)	–	(319)	(32,919)
Credit to other comprehensive income for the year	–	–	–	–	–	(7,131)	–	(7,131)
At 31 December 2011	**593,593**	**11,668**	**17,951**	**–**	**10,914**	**8,222**	**3,031**	**645,379**

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

34. DEFERRED TAX (Continued)

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

	2011 RMB'000	2010 RMB'000
Deferred tax assets	1,453,359	972,760
Deferred tax liabilities	(585,488)	(439,226)
	867,871	533,534

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB1,503,840 thousand (2010: RMB2,569,630 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2011 RMB'000	2010 RMB'000
2012	2,838	48,548
2013	319,830	923,885
2014	333,468	888,711
2015	445,420	708,486
2016	402,284	–
	1,503,840	2,569,630

35. PROVISIONS

	Mine disposal and environmental restoration RMB'000	Loss-making contracts RMB'000	Total RMB'000
At 1 January 2011	37,167	4,436	41,603
Provisions used	–	(1,120)	(1,120)
Changes in present value	1,197	–	1,197
At 31 December 2011	**38,364**	**3,316**	**41,680**

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.

36. OTHER NON-CURRENT LIABILITIES

	2011 RMB'000	2010 RMB'000
Finance lease payables	**6,162,250**	3,957,795
Others	**87,779**	105,128
	6,250,029	4,062,923
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(422,761)**	(339,741)
	5,827,268	3,723,182

Finance lease payables

	Minimum lease payments lease payments		Present value of minimum lease payments	
	2011 **RMB'000**	2010 RMB'000	**2011** **RMB'000**	2010 RMB'000
Within one year	**695,443**	536,556	**344,383**	267,751
In the second to fifth years, inclusive	**3,758,566**	2,646,489	**2,675,059**	1,692,334
After five years	**3,513,856**	2,535,871	**3,142,808**	1,997,710
	7,967,865	5,718,916	**6,162,250**	3,957,795
Less: Future finance charges	**(1,805,615)**	(1,761,121)	**N/A**	N/A
Present value of lease obligations	**6,162,250**	3,957,795	**6,162,250**	3,957,795
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(344,383)**	(267,751)
Amount due for settlement after 12 months			**5,817,867**	3,690,044

It is the Group's policy to lease certain of its plant, property and equipment under finance leases. The average lease term is 11 years (2010: 12 years). At 31 December 2011, the average effective borrowing rate was 6.33% (2010: 5.39%) 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 RMB411,152 thousand (2010: RMB720,980 thousand) were guaranteed by the Company for the same amount while certain the Group's finance lease payables amounted to RMB486,681 thousand (2010: RMB810,216 thousand) were secured by restricted deposits of RMB116,836 thousand (2010: RMB122,085 thousand), all of which will be refunded after settlements of last installments of respective finance lease arrangements.

At 31 December 2011, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to RMB93,693 thousand (2010: RMB115,995 thousand).

37. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2011 RMB'000	2010 RMB'000
Accounts and notes payables		
Fuel and materials payables to third parties	**8,323,277**	7,100,568
Fuel and materials payables to related parties	**153,138**	49,076
Notes payables to third parties	**1,685,269**	980,127
	10,161,684	8,129,771
Construction payables to third parties	**9,462,257**	8,132,531
Construction payables to related parties	**341,430**	209,902
Acquisition considerations payables	**164,989**	91,627
Receipts in advance from related parties	**11,312**	591
Receipts in advance from third parties	**556,701**	621,925
Salaries and welfares payables	**64,346**	51,444
Interests payables	**580,359**	390,087
Other payables to related parties	**204,789**	95,528
Others	**2,392,146**	1,206,660
	23,940,013	18,930,066

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

	2011 RMB'000	2010 RMB'000
Within one year	**9,537,844**	8,129,771
Between one to two years	**623,840**	–
	10,161,684	8,129,771

38. SHORT-TERM LOANS

	2011 RMB'000	2010 RMB'000
Short-term bank loans	**18,404,009**	16,665,728
Other short-term loans	**3,119,700**	2,709,100
	21,523,709	19,374,828

Short-term loans are classified as follows:

	2011			2010		
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
Secured loans	**1,082,940**	**–**	**1,082,940**	669,370	–	669,370
Guaranteed loans	**962,619**	**–**	**962,619**	816,336	–	816,336
Unsecured loans	**16,358,450**	**3,119,700**	**19,478,150**	15,180,022	2,709,100	17,889,122
	18,404,009	**3,119,700**	**21,523,709**	16,665,728	2,709,100	19,374,828

38. SHORT-TERM LOANS (Continued)

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

	2011			2010		
	Short-term bank loans RMB'000	**Other short-term loans RMB'000**	**Total RMB'000**	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
RMB	**17,184,608**	**3,119,700**	**20,304,308**	15,921,339	2,709,100	18,630,439
USD	**656,782**	**–**	**656,782**	128,053	–	128,053
HKD	**562,619**	**–**	**562,619**	616,336	–	616,336
	18,404,009	**3,119,700**	**21,523,709**	16,665,728	2,709,100	19,374,828

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

	2011	2010
Short-term bank loans	**1.31% – 8.50%**	1.31% – 5.56%
Other short-term loans	**5.04% – 6.56%**	3.89% – 5.23%

Short-term loans of RMB11,100,699 thousand (2010: RMB7,297,432 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 2011, short-term bank loans amounted to RMB1,032,940 thousand (2010: RMB669,370 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2011, short-term bank loans amounted to RMB50,000 thousand (2010: nil) were secured by the inventories amounted to RMB86,454 thousand (2010: nil).

At 31 December 2011, short-term bank loans amounted to RMB320,000 thousand (2010: RMB200,000 thousand) and RMB80,000 thousand (2010: nil) were guaranteed by the Company and a subsidiary of the Company respectively.

At 31 December 2011, short-term bank loans amounted to RMB562,619 thousand (2010: RMB616,336 thousand) were guaranteed by a related party and secured by a charge over 358,680,000 H shares of the Company executed by the related party in favour of the bank and counter-guaranteed by the Company.

At 31 December 2011, other short-term loans amounted to RMB1,844,700 thousand (2010: RMB2,709,100 thousand) which was borrowed from Datang Finance was unsecured and interest-bearing at 5.04% to 6.35% (2010: 4.37% to 5.23%) per annum.

39. SHORT-TERM BONDS

At 31 December 2011, short-term bonds represented unsecured bonds issued by the Group in October 2011 and November 2011 at par value of RMB100 each with annual coupon and effective interest rate of ranging from 5.99% to 6.86% and matured within 12 months.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2011 RMB'000	2010 RMB'000
Profit before tax	**3,709,935**	4,700,300
Adjustments for:		
Depreciation of property, plant and equipment	**8,588,644**	7,376,954
Depreciation of investment properties	**16,164**	5,018
Amortisation of intangible assets	**17,698**	23,409
Amortisation of long-term deferred expenses	**28,669**	24,537
Amortisation of deferred income	**(33,760)**	(48,238)
Amortisation of deferred housing benefits	**29,691**	30,854
Net gains on disposals of property, plant and equipment	**(13,045)**	(58,867)
Loss on disposal of intangible assets	**419**	–
Write-off of property, plant and equipment	**4**	29
Gain on disposals of investment properties	**–**	(26,813)
Interest income	**(109,820)**	(38,215)
Finance costs	**7,102,002**	5,323,245
Dividend income	**(42,221)**	(9,327)
Interest income from entrusted loans lent to a jointly controlled entity	**(7,970)**	(688)
Reversal of allowance for accounts receivables	**(70)**	(130)
Reversal of allowance for other receivables	**(88)**	(41,685)
Reversal of allowance for inventories	**(97)**	–
Shares of profits of associates	**(945,970)**	(718,231)
Shares of profits of jointly controlled entities	**(94,229)**	(1,104)
Gain on disposals of available-for-sale investments	**(325)**	(8,212)
Gain on disposals of associates	**–**	(93,811)
Gain on disposal of a subsidiary	**(58,239)**	–
Other gains – others	**–**	(354)
Operating profit before working capital changes	**18,187,392**	16,438,671
Increase in inventories	**(2,081,976)**	(1,004,442)
Increase in accounts and notes receivables	**(2,037,829)**	(1,353,059)
(Increase)/decrease in prepayments and other receivables	**(4,073,875)**	1,702,471
Increase in accounts payables and accrued liabilities	**4,432,227**	1,858,290
(Decrease)/increase in taxes payables	**(321,561)**	710,882
Cash generated from operations	**14,104,378**	18,352,813

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

(b) Major business combinations other than under common control

On 31 March 2011, the Group acquired 100% of the respective issued capital of Chengdu Liguo Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited in order to gain 54.44% indirect equity interest in Sichuan Jinkang Electricity Development Company Limited ("Jinkang Company") for a total cash consideration of RMB996,835 thousand. Jinkang Company was engaged in hydropower generation during the year.

The carrying amount and the fair value of the identifiable assets and liabilities of the above subsidiaries acquired as at their 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	1,323,236	1,387,509	2,710,745
Cash and cash equivalents	86,798	–	86,798
Other current assets	182,415	–	182,415
Loans	(1,140,000)	–	(1,140,000)
Deferred tax liabilities	–	(208,126)	(208,126)
Other current liabilities	(78,338)	–	(78,338)
	374,111	1,179,383	1,553,494
Non-controlling interests	(150,162)	(537,327)	(687,489)
Goodwill			130,830
Satisfied by:			
Cash			996,835
Net cash outflow arising on acquisition:			
Cash consideration paid			(996,835)
Cash and cash equivalents acquired			86,798
			(910,037)

The goodwill arising on the acquisition of above subsidiaries is attributable to the anticipated profitability of their hydropower generation operations and the anticipated future operating synergies from the combination.

The above subsidiaries contributed RMB4,835 thousand to the Group's profit for the year between their date of acquisition and the end of the reporting period.

If the above acquisition had been completed on 1 January 2011, total Group revenue for the year would have been RMB72,501,467 thousand, and profit for the year would have been RMB3,044,420 thousand. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is intended to be a projection of future results.

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

(c) Disposal of a subsidiary

On 1 January 2011, the Group disposed of all its 90.43% equity interest in Hebei Datang International Huaze Hydropower Development Company Limited.

Net assets at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	143,936
Cash and cash equivalents	4,164
Other current assets	705
Long-term bank loans	(72,500)
Other current liabilities	(1,040)
Net assets disposed of	75,265
Non-controlling interests	(7,203)
Gain on disposal of a subsidiary	58,239
Total consideration – satisfied by cash	126,301
Net cash inflow arising on disposal:	
Cash consideration received	126,301
Cash and cash equivalents disposed of	(4,164)
	122,137

(d) Disposal of interests in subsidiaries without loss of control

During the year, the non-controlling shareholders of three subsidiaries of the Company injected capital of RMB1,763,576 thousand into the subsidiaries and resulted in decrease in ownership interests in the subsidiaries without loss of control. The ownership interests in the three subsidiaries were reduced from 100%, 75% and 100% to 51%, 52.5% and 60% respectively. The effect of the disposals on the equity attributable to the owners of the Company is as follows:

	RMB'000
Capital injection received	1,763,576
Share of net assets in the subsidiaries disposed of	(1,329,843)
Gain on disposal recognised directly in equity	433,733

(e) Material non-cash transactions

Additions to property, plant and equipment during the year of RMB342,406 thousand (2010: RMB556,056 thousand) were financed by finance leases.

41. FINANCIAL GUARANTEES

The Group issues financial guarantee contracts to its associates, jointly controlled entities and other equity investees 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 and other equity investees 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:

	2011 **RMB'000**	2010 RMB'000
Associates	**470,800**	170,000
Jointly controlled entities	**572,300**	614,500
Other equity investees	**84,000**	108,000
	1,127,100	892,500

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:

	2011 **RMB'000**	2010 RMB'000
Property, plant and equipment		
Contracted but not provided for	**26,468,785**	15,800,987
Authorised but not contracted for	**16,553,592**	16,219,088
Equity investments		
Contracted but not provided for	**390,000**	1,024,710
Intangible assets		
Contracted but not provided for	**–**	3,251,100
	43,412,377	36,295,885

43. LEASE COMMITMENTS

At 31 December 2011 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011 **RMB'000**	2010 RMB'000
Within one year	**29,029**	26,158
In the second to fifth years inclusive	**41,446**	51,747
After five years	**21,230**	23,336
	91,705	101,241

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 respective subsidiaries

	2011 **RMB'000**	2010 RMB'000
China Datang Group		
Sales of electricity	**91,493**	–
Clean development mechanism income	**9,160**	–
Sales of coal	**214,980**	4,880
Receipt of coal ash disposal service	**57,890**	57,890
Purchases of materials and equipment	**410,765**	489,630
Purchases of fuel	**142,199**	25,763
Receipt of equipment purchase agency services	**–**	3,078
Operating lease expenses for buildings and facilities	**22,228**	22,228
Receipt of repairs and maintenance services	**16,270**	12,047
Provision of entrusted loans	**–**	24,000
Sales of pre-project assets	**–**	92,670
Provision of technical support services	**421**	420
Receipt of transportation services	**32,000**	–
Associates of the Group		
Purchases of fuel	**66,471**	61,121
Receipt of technical support services	**65,609**	66,929
Drawdown of loans	**9,051,500**	14,641,600
Interest expense on loans	**234,492**	193,121
Interest income on deposits	**44,296**	15,407
Subsidiary of an associate of the Group		
Purchases of fuel	**588,844**	497,909
Jointly controlled entities of the Group		
Purchases of fuel	**319,348**	318,359
Provision of entrusted loans	**364,500**	250,000
Interest income on entrusted loans	**7,970**	688

During the year, the Company set up a 35% owned associate with a subsidiary of China Datang for a capital injection of RMB7,000 thousand.

During the year, China Datang Group injected capital to three subsidiaries of the Company amounted to RMB874,036 thousand, RMB557,000 thousand and RMB332,540 thousand respectively.

44. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

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

	2011 RMB'000	2010 RMB'000
China Datang Group		
Long-term loans of the Group guaranteed by China Datang	**563,723**	1,348,176
Short-term loans of the Group guaranteed by a subsidiary of China Datang and secured by a charge over 358,680,000 H shares of the Company executed by that subsidiary in favour of the bank and counter-guaranteed by the Company	**562,619**	616,336
Associates of the Group		
Long-term loans of the associates guaranteed by the Company	**470,800**	170,000
Integrated credit facilities provided by an associate	**18,000,000**	4,500,000
Jointly controlled entities of the Group		
Long-term loans of jointly controlled entities guaranteed by the Company	**320,800**	389,500
Short-term loans of a jointly controlled entity guaranteed by the Company	**251,500**	225,000

(iii) Significant transactions with Government-Related Enterprises

During the years ended 31 December 2011 and 2010, the Group sold substantially all of its electricity to local government-related power grid companies. Please refer the details of information of power generation revenue to major power grid companies to note 8 to the financial statements. The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2011 and 2010, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

(iv) Compensation to key management personnel of the Group

	2011 RMB'000	2010 RMB'000
Basic salaries and allowances	**1,958**	1,965
Bonus	**2,973**	2,829
Retirement benefits	**276**	372
Other benefits	**279**	153
	5,486	5,319

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

44. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties

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

	2011 RMB'000	2010 RMB'000
China Datang Group		
Deposits paid for property, plant and equipment (included in property, plant and equipment)	–	109,616
Accounts and notes receivables	**77,853**	1,738
Prepayments and other receivables	**170,774**	64,518
Accounts payables and accrued liabilities	**575,679**	268,960
Associates of the Group		
Prepayments and other receivables	**6,168**	978
Accounts payables and accrued liabilities	**55,488**	41,795
Other non-current liabilities	**112,000**	–
Subsidiary of an associate of the Group		
Accounts payables and accrued liabilities	**58,853**	26,128
Jointly controlled entities of the Group		
Prepayments and other receivables	**3,309**	–
Accounts payables and accrued liabilities	**20,648**	18,214
Short-term entrusted loans	**365,198**	100,153

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

Terms of short-term entrusted loans are described in note 26 to the financial statements.

(ii) Significant balances with Government-Related Enterprises

At 31 December 2011, the long-term loans (including current portion) and short-term loans payable to Government-Related Enterprises included in long-term loans (including current portion) and short-term loans amounted to RMB129,549,155 thousand (2010: RMB121,682,226 thousand) and RMB19,644,010 thousand (2010: RMB16,651,488 thousand) respectively.

The balances with Government-Related Entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest-free and due within 12 months.

45. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2011 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	Indirect	Principal activities
Liaoning Datang International Wind Power Development Company Limited	PRC	670,012	100%	–	Wind power generation
Liaoning Datang International Changtu Wind Power Company Limited	PRC	117,170	–	100%	Wind power generation
Datang Hulunbei'er Fertilizer Company Limited	PRC	493,470	–	100%	Production and sales of chemical materials
Datang Zhangzhou Wind Power Company Limited	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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	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	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	647,020	100%	–	Power generation and heat supply
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	52.5%	–	Power generation
Fujian Datang International Ningde Power Generation Company Limited	PRC	370,000	51%	–	Power generation
Chongqing Datang International Pengshui Hydropower Development Company Limited	PRC	1,098,170	40%	24%	Hydropower generation
Chongqing Datang International Wulong Hydropower Development Company Limited	PRC	771,990	51%	24.5%	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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Datang International (Hong Kong) Limited	Hong Kong	USD2,900,000	100%	–	Import of power related fuel and equipment
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("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	143,330	70%	–	Power generation
Sichuan Datang International Ganzi Hydropower Development Company Limited	PRC	50,000	80%	–	Hydropower generation
Beijing Datang Fuel Company Limited	PRC	514,650	51%	–	Coal trading
Zhejiang Datang Wushashan Power Generation Company Limited	PRC	1,700,000	51%	–	Power generation
Inner Mongolia Datang International Xilinhaote Mining Company Limited	PRC	1,066,050	60%	–	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

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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
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	100,000	100%	–	Power generation
Liaoning Datang International Jinzhou Thermal Power Generation Limited	PRC	368,000	100%	–	Power generation and heat supply
Chongqing Datang International Wulongxingshun Wind Power Company Limited	PRC	93,880	100%	–	Wind power generation
Hebei Datang International Fengrun Thermal Power Company Limited	PRC	329,330	84%	–	Power generation and heat supply
Datang Energy and Chemical Company Limited	PRC	7,550,180	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

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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
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	168,000	–	100%	Silicon and aluminium smelting
Datang Inner Mongolia Duolun Coal Chemical Company Limited	PRC	4,050,000	–	60%	Coal chemical production
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
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	1,235,250	–	90%	Coal-based natural gas generation
Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited	PRC	3,921,570	–	51%	Coal-based natural gas generation
Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited	PRC	60,000	–	100%	Brown coal processing

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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Inner Mongolia Datang International Keshiketeng Dashimen Hydropower Development Company Limited	PRC	10,000	–	90%	Hydropower generation and water supply
Fuxin Qingyuan Sewage Disposal Company Limited	PRC	1,300	–	80%	Sewage disposal
Duolun County Huachuan Zhuoyue Plastic Products Company Limited	PRC	7,000	–	100%	Production of plastic products
Jiangsu Datang Shipping Company Limited	PRC	264,900	97.54%	–	Cargo shipping
Inner Mongolia Datang International Wind Power Development Company Limited	PRC	601,740	100%	–	Wind power generation
Fujian Datang International Wind Power Development Company Limited	PRC	314,670	100%	–	Wind power generation
Shanxi Datang International Linfen Thermal Power Company Limited	PRC	282,550	80%	–	Power generation and heat supply
Liaoning Datang International Fuxin Wind Power Company Limited	PRC	244,950	–	100%	Wind power generation
Xizang Datang International Nujiang Upstream Hydropower Development Company Limited	PRC	100,000	100%	–	Hydropower generation
Liaoning Datang International Zhuanghe Nuclear Power Company Limited	PRC	60,000	100%	–	Nuclear 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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Indirect	Principal activities
Datang Tongzhou Technology Company Limited	PRC	165,000	60.61%	–	Sales of coal ash and integrated application of solid wastes
Beijing Tongzhou High Voltage Environmental Protection Technology Company Limited	PRC	2,000	–	80%	Sales of ash
Zhejiang Datang Tongzhou Environmental Protection Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Tianjin Datang Tongzhou Tongxin Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Fujian Datang Tongzhou Yicai Environmental Protection Technology 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
Tangshan Haigang Datang Tongzhou Construction Materials Company Limited	PRC	15,000	–	52%	Trading of construction materials
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

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	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 Nalan Hydropower Development Company Limited	PRC	173,370	–	51%	Hydropower generation
Yunnan Datang International Lixianjiang Hydropower Development Company Limited	PRC	728,500	–	70%	Hydropower generation
Yunnan Datang International Wenshan Hydropower Development Company Limited	PRC	316,670	–	60%	Hydropower generation
Yunnan Datang International Hengjiang Hydropower Development Company Limited	PRC	58,000	–	70%	Hydropower generation
Yunnan Datang International Biyuhe Hydropower Development Company Limited	PRC	89,044	–	70%	Hydropower development
Yunnan Datang International Mengyejiang Hydropower Development Company Limited	PRC	57,270	–	100%	Hydropower development
Yunnan Datang International Deqin Hydropower Development Company Limited	PRC	Registered capital: 54,591; paid-in capital: 10,100	–	70%	Hydropower construction and operations
Hebei Datang International Wind Power Development Company Limited	PRC	624,970	100%	–	Wind power generation
Liaoning Datang International Wafangdian Thermal Power Company Limited	PRC	40,000	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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	60,450	100%	–	Water conservancy hub construction and management
Ningxia Datang International Qingtongxia Photovoltaic Power Generation Company Limited	PRC	33,890	100%	–	Solar power generation
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	PRC	60,000	51%	–	Power generation and heat supply
Jiangxi Datang International Xinyu Power Generation Company Limited	PRC	583,912	100%	–	Power generation
Inner Mongolia Datang International Zhunge'er Mining Company Limited	PRC	50,000	52%	–	Coal mining
Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company") (iv)	PRC	40,000	45%	–	Power generation
Hebei Datang International Qian'an Thermal Power Company Limited	PRC	33,334	57%	–	Power generation
Yuneng (Group) Company Limited	PRC	1,663,266	100%	–	Investment holding, power generation and property development
Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited	PRC	10,000	100%	–	Solar 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	Registered and paid up capital RMB'000 unless otherwise stated	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
Ningxia Datang International Qingtongxia Wind Power Company Limited	PRC	2,000	100%	–	Wind power generation
Chengdu Liguo Energy Company Limited	PRC	45,211	100%	–	Hydropower generation
Chengdu Qingjiangyuan Energy Company Limited	PRC	38,950	100%	–	Marketing planning
Chengdu Zhongfu Energy Company Limited	PRC	26,297	100%	–	Hydropower generation
Inner Mongolia Baoli Coal Company Limited	PRC	50,000	70%	–	Coal mining
Sichuan Jinkang Electricity Development Company Limited	PRC	195,000	–	54.44%	Hydropower generation

All the above subsidiaries are limited liability companies except that Zhiganglaka Company which is also a foreign investment enterprise.

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.

46. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2012, the Company entered into the Zhong Rong – Qiantai Energy Equity Interest Investment Single Trust Fund Agreement with Zhong Rong International Trust Company Limited ("Zhong Rong Trust"), pursuant to which the Company agreed to contribute RMB2 billion to invest in the specific trust scheme set up by Zhong Rong Trust for a term of three years. During the term of the specific trust scheme, Zhong Rong Trust agreed to use such trust fund to make capital contribution to the Inner Mongolia Qiantai Energy Investment Company Limited ("Project Company") under the name of the trustee for the purpose of integrating the relevant coal mines within Dalate Qi in Erdos City. Zhong Rong Trust will hold 50% equity interest in the Project Company on behalf of the Company upon completion of the increase in capital contribution by the specific trust scheme to the Project Company. Upon expiration of the term of the specific trust scheme and the completion of the integration of the relevant coal mines, Zhong Rong Trust will transfer 50% equity interest in the Project Company to the Company. The beneficiary and trustor of the specific trust scheme is the Company. The trustee is Zhong Rong Trust. The annual income to be generated from the specific trust scheme is expected to be RMB400 million.

47. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2012.

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 Enterprises ("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:

	Note	Net assets	
		2011	2010
		RMB'000	RMB'000
Net assets attributable to owners of the Company under IFRS		**38,940,692**	30,850,071
Impact of IFRS 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)	**(102,839)**	(132,530)
Difference in accounting treatment on mining funds	(c)	**(175,734)**	(82,095)
Applicable deferred tax impact of the above GAAP Differences		**715**	(3,641)
Non-controlling interests' impact of the above GAAP Differences after tax		**18,564**	(1,015)
Net assets attributable to owners of the Company under PRC GAAP		**38,787,864**	30,737,256

	Note	Net profit	
		2011	2010
		RMB'000	RMB'000
Profit for the year attributable to owners of the Company under IFRS		**1,971,200**	2,569,734
Impact of IFRS adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	**29,691**	30,854
Difference in accounting treatment on mining funds	(c)	**(86,838)**	(107,273)
Applicable deferred tax impact of the above GAAP Differences		**4,357**	(12,804)
Non-controlling interests' impact of the above GAAP Differences after tax		**(8,299)**	(6,827)
Net profit for the year attributable to owners of the Company under PRC GAAP		**1,910,111**	2,473,684

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.

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
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People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

LEGAL REPRESENTATIVE

Liu Shunda

AUTHORISED REPRESENTATIVES

Cao Jingshan
Zhou Gang

SECRETARY TO THE BOARD

Zhou Gang

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People's Republic of China

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as to Hong Kong law:

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21/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

LISTING INFORMATION

H Shares

The Stock Exchange of Hong Kong Limited
Code: 00991

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
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Available at:

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and

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979 King's Road
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Glossary of Terms

The following terms have the following meaning in this annual report, unless otherwise required by the context.

"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
"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
"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
"kWh"	A unit of power generation equivalent to the output generated by 1,000 watts of power in one hour
"MW"	1,000,000 watts (equivalent to 1,000 kW)
"MWh"	A unit of power generation equivalent to the output generated by 1,000,000 watts of power in one hour
"North China Power"	The power transmission network covering Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia Autonomous Region
"Total on-grid generation"	The amount of power transmitted to a power network from a power plant as measured by the grid meter
"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

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