



**大唐国际发电股份有限公司**

**DATANG INTERNATIONAL POWER GENERATION CO., LTD.**

*(a sino-foreign joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 991)**

## **ANNOUNCEMENT OF 2008 INTERIM RESULTS**

### **FINANCIAL HIGHLIGHTS**

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

### **I. RESULTS OF THE COMPANY**

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

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

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

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

## **II. MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

### **(A) Business Review**

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

#### **1. Maintained stable growth in power production**

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

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

damages to the above-mentioned production facilities occurred to the Company and its Subsidiaries during the course of power production. The equivalent availability factor of operational generating units stood at a relatively high level of 93.25%.

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

		(Unit: billion kWh)	
		Power Generation for the first half of 2008	Growth (%)
	Power Plant/Company Name		
1.	Gao Jing Thermal Power Plant	1.7534	-4.45
2.	Dou He Power Plant	5.4406	0.92
3.	Xia Hua Yuan Power Plant	0.7091	-45.95
4.	Zhang Jia Kou Power Plant	7.5100	-1.89
5.	Tianjin Datang International Panshan Power Generation Company Limited (“Panshan Power Company”)	3.4899	3.53
6.	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (“Tuoketuo Power Company”)	9.8743	0.23
7.	Shanxi Datang International Yungang Thermal Power Company Limited (“Yungang Thermal Power Company”)	1.4713	2.24
8.	Tangshan Thermal Power Company	2.3143	14.97
9.	Shanxi Datang International Shentou Power Generation Company Limited (“Shentou Power Company”)	3.1894	22.81
10.	Gansu Datang International Liancheng Power Generation Company Limited (“Liancheng Power Company”)	2.1554	5.50
11.	Hebei Datang International Wangtan Power Generation Company Limited (“Wangtan Power Company”)	3.7226	5.13
12.	Zhejiang Datang Wushashan Power Generation Company Limited (“Wushashan Power Company”)	6.3198	-1.24

		(Unit: billion kWh)	
		Power	
		Generation	
		for the first half	Growth
		of 2008	(%)
Power Plant/Company Name			
13.	Guangdong Datang International Chaozhou Power Generation Company Limited (“Chaozhou Power Company”)	3.4878	22.08
14.	Yunnan Datang International Honghe Power Generation Company Limited (“Honghe Power Company”)	2.0877	-5.92
15.	Fujian Datang International Ningde Power Generation Company Limited (“Ningde Power Company”)	3.5054	9.34
16.	Shanxi Datang International Yuncheng Power Generation Company Limited (“Yuncheng Power Company”)	2.2051	–
17.	Jiangxi Datang International Xinyu Power Generation Company Limited (“Xinyu Power Company”)	0.8735	–
18.	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited (“Hohhot Thermal Power Company”)	0.2092	–
19.	Hebei Datang International Huaze Hydropower Development Company Limited (“Huaze Hydropower Company”)	0.0088	-16.19
20.	Yunnan Datang International Nalan Hydropower Development Company Limited (“Nalan Hydropower Company”)	0.1726	-9.16
21.	Yunnan Datang International Lixianjiang Hydropower Development Company Limited (“Lixianjiang Hydropower Company”)	0.4571	311.80
22.	Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited (“Duolun Hydropower Company”)	0.003216	-21.04
23.	Chongqing Datang International Pengshui Hydropower Development Company Limited (“Pengshui Hydropower Company”)	1.0178	–
24.	Qinghai Zhenxing-Aiyisi Power Company Limited (“Qinghai Zhenxing Power Company”)	0.2258	–
25.	Inner Mongolia Datang International Zhuozi Windpower Company Limited (“Zhuozi Windpower Company”)	0.0488	–

**2. Achieved remarkable results in energy savings and consumption reduction**

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

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

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

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

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

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

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

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

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

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

## **(B) Major Financial Indicators and Analysis**

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

### **1. Operating revenue**

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

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

### **2. Operating costs**

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

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

### **3. Net financing costs**

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



#### **4. Profit before tax and net profit**

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

#### **5. Financial position**

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

#### **6. Liquidity**

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

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

As at 30 June 2008, short-term loans of the Company and its Subsidiaries amounted to approximately RMB34,946 million, bearing annual interest rates ranging from 3.08% to 9.71%. Long-term loans (excluding those due within 1 year) amounted to approximately RMB55,846 million and long-term loans due within 1 year amounted to approximately RMB3,441 million, at annual interest rates ranging from 3.06% to 7.83%, of which a loan equivalent to approximately RMB1,881 million was denominated in US dollar. The Company and its Subsidiaries paid close attention to foreign exchange market fluctuations and cautiously assessed foreign currency risks on a regular basis.

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

**(C) Outlook for the Second Half of 2008**

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

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

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

1. Strengthening production safety and management and ensuring stable operation of its generating units;
2. Implementing the power generation increment plan supported by a guaranteed fuel supply: The Company will increase revenues and reduce expenses at the same time with a view to boosting economic efficiency;
3. Fulfilling its social obligation of environmental protection by achieving its objectives of energy-saving and consumption reduction, as well as ensuring that the Company and its Subsidiaries achieve a 100% rate of desulphurisation facility installation for all coal-fired units, with the desulphurisation facility operation rate and desulphurisation efficiency both reaching 95%;
4. Promoting preliminary works in an orderly manner: The Company will have a proper control in different phases of its construction-in-progress to commence operation safely and successfully, by adhering to the principle of ensuring synchronised advancement in safety, quality, progress and production preparation;



5. Continuing the implementation of the Company's diversified development strategy, by actively pursuing the expansion of the Company in projects such as coal-fired power, hydropower, wind power and nuclear power as well as pursuing the development of power-related upstream and downstream projects such as coal mining, coal chemical and railway, so as to ensure the Company's sustainable development;
6. Actively expanding financing channels to secure fundings for the Company's development in scale.

### III. SHARE CAPITAL AND DIVIDENDS

#### 1. Share capital

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

#### 2. Shareholding of substantial shareholders

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

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

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

### **3. Dividends**

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

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

### **4. Shareholding of the directors and supervisors**

As at 30 June 2008, Mr. Fang Qinghai, a director of the Company, was interested in 24,000 A Shares of the Company. Save as disclosed above, none of the directors, supervisors and chief executives of the Company nor their associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of SFO) that were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) under the provisions of Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned in the SFO pursuant to section 352 or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

## **IV. SIGNIFICANT EVENTS**

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

## **V. PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

## **VI. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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

## **VII. COMPLIANCE WITH THE MODEL CODE**

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

## **VIII. AUDIT COMMITTEE**

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

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

By Order of the Board

**Zhai Ruoyu**

*Chairman*

Beijing, the PRC, 26 August 2008

*As at the date of this announcement, the directors of the Company are:*

*Zhai Ruoyu, Hu Shengmu, Cao Jingshan, Fang Qinghai, Zhou Gang, Liu Haixia, Guan Tiangang, Su Tiegang, Ye Yonghui, Li Gengsheng, Xie Songlin\*, Liu Chaoan\*, Yu Changchun\*, Xia Qing\* and Li Hengyuan\**

*\* Independent non-executive directors*

*Encl.: The unaudited condensed consolidated interim financial information*

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Unaudited)***As At 30 June 2008**(Amounts expressed in thousands of Renminbi ("Rmb"))*

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

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

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (Unaudited)***For the six months ended 30 June 2008**(Amounts expressed in thousands of Rmb, except per share data)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2008</b>	2007
Operating revenue	5	<b>17,651,951</b>	15,465,022
Operating costs	9(b)	<b>(15,674,724)</b>	(11,544,567)
Operating profit		<b>1,977,227</b>	3,920,455
Share of profit of associates		<b>128,010</b>	6,905
Interest income		<b>32,645</b>	31,121
Finance costs	9(b)	<b>(1,613,055)</b>	(973,005)
Profit before taxation		<b>524,827</b>	2,985,476
Taxation	6	<b>28,075</b>	(732,806)
Profit for the period		<b>552,902</b>	2,252,670
Attributable to:			
– Equity holders of the Company		<b>406,225</b>	1,807,257
– Minority interests		<b>146,677</b>	445,413
		<b>552,902</b>	2,252,670
Earnings per share for profit attributable to the equity holders of the Company during the period			
– basic (RMB)	7	<b>0.03</b>	0.16
– diluted (RMB)	7	<b>0.03</b>	0.16

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six months ended 30 June 2008

(Amounts expressed in thousands of Rmb)

		Attributable to equity holders of the Company									
		Reserves									
			Statutory	Discretionary		Currency					
Note	Share capital	Capital reserve	surplus reserve	surplus reserve	Restricted reserve	translation differences	Other reserve	Retained earnings	Total reserves	Minority interests	Total equity
Balance as at 1 January 2007	5,662,849	6,432,245	2,292,203	5,741,287	181,244	422	840,304	2,745,497	18,233,202	3,304,667	27,200,718
Fair value gains, net of tax: available-for-sale financial assets	–	–	–	–	–	–	912,354	–	912,354	–	912,354
Profit for the period	–	–	–	–	–	–	–	1,807,257	1,807,257	445,413	2,252,670
Currency translation differences	–	–	–	–	–	(2,426)	–	–	(2,426)	–	(2,426)
Total recognised income and expense for the period	–	–	–	–	–	(2,426)	912,354	1,807,257	2,717,185	445,413	3,162,598
Conversion of convertible bonds	170,230	796,394	–	–	–	–	(112,673)	–	683,721	–	853,951
Capital injection from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	1,006,010	1,006,010
Dividends declared	–	–	–	–	–	–	–	(1,348,714)	(1,348,714)	(176,771)	(1,525,485)
Release of restricted reserve	–	–	–	–	(34,162)	–	–	34,162	–	–	–
Transfer to discretionary surplus reserve	–	–	–	1,020,774	–	–	–	(1,020,774)	–	–	–
Balance as at 30 June 2007	<u>5,833,079</u>	<u>7,228,639</u>	<u>2,292,203</u>	<u>6,762,061</u>	<u>147,082</u>	<u>(2,004)</u>	<u>1,639,985</u>	<u>2,217,428</u>	<u>20,285,394</u>	<u>4,579,319</u>	<u>30,697,792</u>
Balance as at 1 January 2008	11,734,083	1,519,014	2,602,239	6,762,061	124,625	(2,844)	3,329,500	3,528,825	17,863,420	4,643,359	34,240,862
Fair value gains, net of tax available-for-sale financial assets	–	–	–	–	–	–	(1,742,229)	–	(1,742,229)	–	(1,742,229)
Profit for the period	–	–	–	–	–	–	–	406,225	406,225	146,677	552,902
Currency translation differences	–	–	–	–	–	25,828	–	–	25,828	–	25,828
Total recognised income and expense for the period	–	–	–	–	–	25,828	(1,742,229)	406,225	(1,310,176)	146,677	(1,163,499)
Government grant received in subsidiary	–	–	–	–	–	–	10,880	–	10,880	–	10,880
Impact of acquisition of minority interests	–	–	–	–	–	–	–	(5,552)	(5,552)	(57,038)	(62,590)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	781,143	781,143
Capital injection from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	96,520	96,520
Conversion of convertible bonds	9,272	14,979	–	–	–	–	(3,011)	–	11,968	–	21,240
Dividends declared	8	–	–	–	–	–	–	(1,408,582)	(1,408,582)	(812,733)	(2,221,315)
Release of restricted reserve	8	–	–	–	(20,553)	–	–	20,553	–	–	–
Profit appropriations	8	–	–	38,631	–	–	–	(38,631)	–	–	–
Balance as at 30 June 2008	<u>11,743,355</u>	<u>1,533,993</u>	<u>2,602,239</u>	<u>6,800,692</u>	<u>104,072</u>	<u>22,984</u>	<u>1,595,140</u>	<u>2,502,838</u>	<u>15,161,958</u>	<u>4,797,928</u>	<u>31,703,241</u>

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



**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (Unaudited)***For the six months ended 30 June 2008**(Amounts expressed in thousands of Rmb)*

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

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

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES

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

A significant portion of the Company and its Subsidiaries’ funding requirements for capital expenditure was satisfied by short-term borrowings. Consequently, as at 30 June 2008, the Company and its Subsidiaries had a negative working capital balance of approximately Rmb32,608 million (31 December 2007 – Rmb30,123 million). The Company and its Subsidiaries had undrawn borrowing facilities, subject to certain conditions, amounting to approximately Rmb51,402 million (31 December 2007 – Rmb55,069 million) and may refinance and/or restructure certain short-term loans into long-term loans and will also consider alternative sources of financing, where applicable. The directors of the Company are of the opinion that the Company and its Subsidiaries will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared these financial statements on a going concern basis.

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

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

## 2. ACCOUNTS RECEIVABLE

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

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

Ageing analysis of accounts receivable is as follows:

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

## 3. LOANS

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

#### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

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

#### 5. OPERATING REVENUE

	Six months ended 30 June 2008	2007
Sales of electricity	16,959,162	15,347,761
Heat supply	113,794	78,182
Sales of coal	379,636	–
Transportation service fees	84,990	–
Sales of material	72,378	26,005
Others	41,991	13,074
	<b>17,651,951</b>	<b>15,465,022</b>

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

#### 6. TAXATION

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

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

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

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

## 7. EARNINGS PER SHARE

### (i) Basic earnings per share

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

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

### (ii) Diluted earnings per share

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

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

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

## 8 PROFIT APPROPRIATIONS

### *Dividends*

In the general meeting held on 30 May 2008, the shareholders approved a cash dividend amounting to Rmb1,408,582,000 in respect of the year ended 31 December 2007. The amounts have been reflected as an appropriation of retained earnings for the six months ended 30 June 2008.

On 16 June 2008, the Company announced the payment of cash dividends of Rmb1,408,582,000, with reference to the total 11,738,183,947 outstanding ordinary shares as at 30 April 2008 representing the cash dividend per share of Rmb0.12.

### *Reserves*

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

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

## 9. SUPPLEMENTAL FINANCIAL INFORMATION

### *(a) Condensed consolidated balance sheet*

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

### *(b) Condensed consolidated income statement*

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

9. SUPPLEMENTAL FINANCIAL INFORMATION (Continued)

(c) Condensed consolidated cash flow statement

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

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

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

		Net assets	
		30 June	31 December
		2008	2007
	Notes		
Net assets under PRC GAAP		31,496,894	34,007,341
Impact of IFRS adjustments:			
Difference in the recognition policy on housing benefits to the employees	(a)	18,673	37,346
Difference in the commencement of depreciation of property, plant and equipment	(b)	(106,466)	(106,466)
Difference in accounting treatment on monetary housing benefits	(c)	208,586	223,598
Difference in negative goodwill arising from acquisition of Yuzhou Mining Company	(d)	57,957	57,957
Others		14,424	5,501
Applicable deferred tax impact of the above GAAP differences	(e)	13,173	15,585
Net assets under IFRS		31,703,241	34,240,862
		Net profit	
		For six months ended 30 June	
		2008	2007
Net profit under PRC GAAP		580,139	2,303,804
Impact of IFRS adjustments:			
Difference in the recognition policy on housing benefits to the employees	(a)	(18,673)	(18,673)
Difference in accounting treatment on monetary housing benefits	(c)	(15,075)	(30,525)
Others		8,923	—
Applicable deferred tax impact of the above GAAP differences	(e)	(2,412)	(1,936)
Net profit under IFRS		552,902	2,252,670



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

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

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

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

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

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

*(c) Difference in accounting treatment on monetary housing benefits*

Under PRC GAAP, the monetary housing benefits provided to employees who started work before 31 December 1998 were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company.

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

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

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

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

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

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