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 ANNUAL RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS:

- Operating revenue amounted to approximately RMB 36,836 million, representing an increase of 12.43% over 2007.
- Net profit attributable to equity holders of the Company amounted to approximately RMB 761 million, representing a decrease of 78.64% over 2007.
- Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB 0.06, representing a decrease of approximately RMB 0.25 per share over 2007.
- The Board has recommended the distribution of proposed dividend of RMB 0.11 per share (tax included) for the year of 2008.

I. COMPANY RESULTS

The board of directors (the "Board") of Datang International Power Generation Co., Ltd. (the "Company") hereby announces the audited consolidated operating results of the Company and its subsidiaries prepared in conformity with the International Financial Reporting Standards ("IFRS") for the year ended 31 December 2008 (the "Year"), together with the audited consolidated operating results of the year of 2007 (the "Previous Year") for comparison. Such operating results have been reviewed and confirmed by the Company's audit committee (the "Audit Committee").

Operating revenue of the Company and its subsidiaries for the Year was approximately RMB 36,836 million, representing an increase of 12.43% as compared to the Previous Year. Net profit attributable to equity holders of the Company was approximately RMB 761 million, representing a decrease of approximately 78.64% as compared to the Previous Year. Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB 0.06, representing a decrease of approximately RMB 0.25 per share as compared to the Previous Year.

In view of the operating results of the Company during the Year, the Board has recommended the distribution of proposed dividend of RMB 0.11 per share (tax included) for the Year (For details, please refer to item numbered 3 under section III set out below).

Please refer to the audited financial statements set out in the Appendix for details of the consolidated operating results.

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 31 December 2008, the Company managed a total installed capacity of 25,096.7MW. The power generation businesses of the Company and its subsidiaries are 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 Year, the PRC's economy maintained steady rapid growth, with a 9% Gross Domestic Product (GDP) growth reported, representing a decrease of 4 percentage-points as compared to the Previous Year. Although the power industry in the PRC experienced various tests including natural disasters and assuring sufficient power supply for the Olympic Games, it continued to maintain growth in new power generation capacity. However, as a result of the global financial crisis, the growth of demand for power consumption slowed, thereby leading to significant decreases in the growth of power generation and power consumption. According to relevant information, during the Year, approximately 91,000MW of installed capacity was added nationwide. The social power consumption increased by 5.23% over the Previous Year, while the nationwide power generation increased by approximately 5.18% over the Previous Year. During the Year, the imbalance between the demand and supply of thermal coal was further aggravated and thermal coal prices continued to rise at high levels with a marked deterioration in quality, thereby severely undermining the profitability of power generation companies.

(A) Business Review

During the Year, the Company was confronted with unprecedented challenges in its operation and development under a grim operating environment. Facing such enormous operating pressure, the Company 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 safe and stable growth in power production

During the Year, total power generation of the Company and its subsidiaries amounted to 126.689 billion kWh, representing an increase of 7.12% when compared to the Previous Year. Total on-grid power generation amounted to 119.106 billion kWh, representing an increase of 6.97% over the Previous Year.

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

(1) Comparing to the Previous Year, the Company and its subsidiaries' newly installed capacity increased by 5,162MW. Given the shutdown of a 200MW generating unit at Xia Hua Yuan Power Plant, the Company and its subsidiaries had a net capacity increase of 4,962MW.

(2) During the Year, no casualties or material damage to the production facilities occurred to the Company and its subsidiaries during the course of power production. The equivalent availability factor of operational generating units amounted to 95.64%, representing an increase of 1.02 percentage-points as compared to the Previous Year.

Details of the power generation of the Company and its subsidiaries for the year of 2008 (Unit: billion kWh)

No.	Power Plant/Company Name	Power Generation for 2008	Growth (%)
1	Gao Jing Thermal Power Plant	3.6085	4.17
2	Dou He Power Plant	9.0000	-19.67
3	Xia Hua Yuan Power Plant	1.4706	-42.48
4	Zhang Jia Kou Power Plant	13.8252	-8.72
5	Tianjin Datang International Panshan Power Generation Company Limited ("Panshan Power Company")	6.5812	-7.79
6	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	19.8900	-8.29
7	Shanxi Datang International Yungang Thermal Power Company Limited ("Yungang Thermal Power Company")	2.7603	-3.67
8	Hebei Datang International Tangshan Thermal Power Company Limited ("Tangshan Thermal Power Company")	4.2266	11.32
9	Shanxi Datang International Shentou Power Generation Company Limited ("Shentou Power Company")	5.6071	-2.39
10	Gansu Datang International Liancheng Power Generation Company Limited ("Liancheng Power Company")	3.8333	-6.73
11	Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Company")	7.5838	0.09
12	Zhejiang Datang International Wushashan Power Generation Company Limited ("Wushashan Power Company")	14.2222	0.41
13	Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company")	7.0537	17.49
14	Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	6.9480	-2.25
15	Yunnan Datang International Honghe Power Generation Company Limited ("Honghe Power Company")	3.0725	-21.64

No.	Power Plant/Company Name	Power Generation for 2008	Growth (%)
16	Shanxi Datang International Yuncheng Power Generation Company Limited ("Yuncheng Power Company")	4.6386	Not Applicable
17	Jiangxi Datang International Xinyu Power Generation Company Limited ("Xinyu Power Company")	1.8444	299.65
18	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited ("Hohhot Thermal Power Company")	1.1393	Not Applicable
19	Hebei Datang International Huaze Hydropower Development Company Limited ("Huaze Hydropower Company")	0.0260	14.04
20	Yunnan Datang International Nalan Hydropower Development Company Limited ("Nalan Hydropower Company")	0.6350	4.94
21	Yunnan Datang International Lixianjiang Hydropower Development Company Limited ("Lixianjiang Hydropower Company")	2.0368	195.40
22	Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited ("Duolun Hydropower Company")	0.0079	1.28
23	Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	3.4580	Not Applicable
24	Qinghai Datang International Zhiganglaka Hydropower Generation Development Company Limited ("Zhiganglaka Hydropower Company")	0.5288	Not Applicable
25	Inner Mongolia Datang International Zhuozi Windpower Company Limited ("Zhuozi Windpower Company")	0.0917	Not Applicable
26	Tuoketuo Power Plant Phase IV	2.5995	Not Applicable
	Total	126.6890	7.12

2. Achieved remarkable results in energy savings and emissions reduction

During the Year, while striving to increase power generation, the Company proactively responded to the State's appeal for environmental protection, energy savings and emissions reduction by pushing forward environmental management and implementing "Green Operation". During the Year, the Company established an environmental protection online supervision system in order to obtain timely data related to environmental protection of the enterprises belonging to the Company. Meanwhile, the Company endeavoured to commence technology innovation to enhance the operational mode of the generating units so as to raise their energy efficiency. During the Year, the coal consumption of the Company decreased by approximately 4.87g/kWh over the Previous Year, while the consolidated electricity consumption rate of power plants was 6.01%.

Since 2004, the Company has successively invested RMB 2.7 billion in environmental protection works for its power plants. As at the end of 2008, the coal-fired generating units of the Company and its subsidiaries achieved a desulphurisation installation rate of 100%. The emission rates of smoke ash, sulphur dioxide, nitrogen oxides and waste water decreased by 24.74, 62.72, 20.82 and 1.11 percentage-points, respectively, over the Previous Year, which are substantially lower than the national average levels.

The Company also focused on strengthening the management of water saving in coal-fired power plants and proactively promoted the application of new technologies, new techniques, new systems and new equipment on water saving. As at the end of 2008, eight air-cooling generating units and ten seawater-cooling generating units commenced operation, thereby leading to a decrease of 37.8% in water consumption per unit power generation of the Company. The Company valued the recycling of water resources and carried out treatment and recycling of industrial waste water. Ten of its enterprises including Xia Hua Yuan Power Plant and Gao Jing Thermal Power Plant realised "zero emission" of industrial waste water.

The Company took an active role in the development of a recyclable economy, emphasing the strengthening of recycled and integrated use of pulversied fuel ash, desulphurised gypsum and waste water, as well as the development and the use of high-aluminium pulverised fuel ash. In 2008, the Company's integrated use of pulverised fuel ash amounted to 11.54 million tonnes with an integrated use rate of 65.7%.

3. **Implemented turn-around and profit increasing measures to realise profits for the Company**

During the Year, impacted by unfavourable factors such as a surge in fuel coal prices, a decrease in power demand, limited increases in tariffs and difficulties in financing for companies, the Company witnessed a sharp decline in its profitability. Faced with such tough operating environment, the Company kept abreast of the trends of the market while taking initiatives in planning budgets, strengthening internal management and at the same time creating a favourable external environment, thereby rigorously enhancing production and operation:

(1) stepped up efforts in pressing delivery and transport of fuel coal, expanded procurement channels, and effectively controlled fuel costs;

(2) conscientiously coordinated and reasonably realigned the operation method of generating units, thereby achieving "every watt counts";

(3) adjusted priority of power generation with higher profit margins and optimised the power generation structure, with a view to maximising economic efficiency;

(4) increased revenue through measures including implementing the fuel-tariff pass-through mechanism, proactively seeking adjustments in thermal prices and ensuring the securing of satisfactory desulphurisation tariff rates. In particular, two implementations of fuel-tariff pass-through mechanisms have increased revenue by approximately RMB 1,500 million; the increases of thermal prices of certain power plants have increased revenue by RMB 48 million; and the desulphurisation tariff rates secured have increased revenue by RMB 500 million;

(5) strengthened daily profit analysis, and implemented cash management and control measures in order to enhance funds usage efficiency.

Through thorough organisation and conscientious work, profit for the Company has been ensured. During the Year, the Company and its subsidiaries realised net profit attributable to equity holders of the Company of approximately RMB 761 million, representing a decrease of approximately 78.64% compared to the Previous Year.

4. **Achieved new breakthroughs in basic construction works**

During the Year, the Company's preliminary works in coal-fired, hydropower, nuclear power and wind power proceeded smoothly with sixteen projects being approved by the State. Of these approved projects, five were coal-fired power projects with a total capacity of 3,600MW; two were hydropower projects with a total capacity of 700MW; and eight were wind power projects with a total capacity of 391.3MW. Meanwhile, Phase 1 of the Fujian Ningde Nuclear Power Project with a total capacity of 4,000MW was approved and officially commenced construction. On non-power business, Phase 1 of the Unit 2 coal mine located east of Shengli Coal Mine, Baihao Railway and Phase 2 of Hufeng Railway were approved. The details are as follows:

Coal-fired power projects: Two 600MW generating units at Phase 4 of Tuoketuo Power Generation Project; two 300MW generating units at the Jinzhou Thermal Power Project; two 300MW generating units at Phase 2 of the Yungang Thermal Power Project; two 300MW generating units at the Zhang Jia Kou Thermal Power Project; and two 300MW generating units at the Fengrun Thermal Power Project.

Hydropower projects: Yinpan Hydropower Project with a generating capacity of 600MW; and Dandahe Hydropower Project with a generating capacity of 100MW.

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; Phase 1 of the Inner Mongolia Hongmu Wind Power Project with a generating capacity of 49.5MW; Batou Wind Power Project with a generating capacity of 48MW; Chongqing Siyanping Wind Power Project with a generating capacity of 49.3MW; Phase 3 of Zhuozi Wind Power Project with a generating capacity of 48MW; and Dahexi Wind Power Project with a generating capacity of 49.5MW.

Coal mine projects: Phase 1 of Unit 2 coal mine located east of Shengli Coal Mine (with an annual production capacity of 10 million tonnes).

Railway projects: Baihao Railway (73km), and Phase 2 of Hufeng Railway (48km).

During the Year, the staff of the Company and its subsidiaries overcame various challenges, such as frequent natural disasters, difficulties in securing delivery of generation facilities and in carrying out construction works. Through carrying out conscientious organisation and coordination work, the Company managed to keep its schedule of construction-in-progress basically under control. During the Year, generating units with a total capacity of 5,162MW successfully commenced operation. Duolun Coal Chemical Project entered into the trial run stage, while Unit 2 coal mine located east of Shengli Coal Mine commenced production of coal, among which:

– 3,220MW of capacity was added to coal-fired power projects, including: two 600MW generating units at Yuncheng Power Company; two 600MW generating units at Phase 4 of Tuoketuo Power Generation Project; two 300MW generating units at Hohhot Thermal Power Company; and one 220MW generating unit at Qian'an Datang Thermal Power Generation Company Limited.

– 1,902MW of capacity was added to hydropower projects, including: 1,750MW generating units at Pengshui Hydropower Company and 152MW generating units at the newly acquired Qinghai Zhiganglaka Hydropower Project. Among which, five generating units were commissioned within a year at Pengshui Hydropower Project, setting a new record for the construction of large-scale hydropower projects in China.

– 40MW of capacity was added to wind power projects: generating units with a total capacity of 40MW at Phase 1 of Zhuozi Wind Power Project located at the Inner Mongolia Autonomous Region commenced commercial operation during the Year.

As at the end of 2008, the generation capacities of coal-fired power, hydropower and wind power accounted for 89.29%, 10.55%, and 0.16% of the Company's installed capacity, respectively. As compared to the Previous Year, the ratio of coal-fired power decreased by 7.03%, while the ratios of hydropower and wind power increased by 6.87% and 0.16%, respectively. The Company's power generation structure was further optimised.

5. Innovative technology led to fruitful result

During the Year, targeting various kinds of technical difficulties, the Company reinforced efforts on developing various innovative technologies and conducted scientific research. Accordingly, remarkable results were achieved. Of these results, Honghe Power Company, the controlling subsidiary of the Company, was awarded the second prize of the National Scientific and Technological Advancement Awards for its Demonstration Project for Circulating Fluidised Bed Generating Units and its Domestic Production Project (循環硫化床機組示範工程及國產化項目). The industrial test for silicon, aluminum and titanium led by Renewable Energy Resource Company, the controlling subsidiary of the Company, succeeded and passed the result accreditation of the Science and Technology Department of the Inner Mongolia Autonomous Region. Such technology was a pioneer among similar technologies in China and overseas, signalling a big step forward in the integrated use of powder coal ash technology of which the PRC owns the proprietary intellectual property rights.

(B) Major Financial Indicators and Analysis

During the Year, the Company and its subsidiaries realised RMB 36,836 million in operating revenue, representing a 12.43% increase over the Previous Year. Net profit attributable to equity holders of the Company amounted to RMB 761 million, representing a 78.64% decrease over the Previous Year. Basic earnings per share attributable to equity holders of the Company was approximately RMB 0.06, representing a decrease of RMB 0.25 per share over the Previous 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 Year, the Company and its subsidiaries achieved an operating revenue of RMB 36,836 million, representing an increase of 12.43% over the Previous Year. Of the operating revenue, revenue from electricity sales increased by RMB 3,443 million.

2. Operating costs

During the Year, the total operating costs of the Company and its subsidiaries amounted to RMB 33,906 million, representing an increase of approximately RMB 9,066 million or approximately 36.50% over the Previous Year.

During the Year, the fuel costs accounted for 66.38% of the operating costs of the Company and its subsidiaries. As a result of the increase in the commencement of operation of the 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 RMB 7,249 million or approximately 47.51% over the Previous Year, exceeding the growth rate of operating revenue.

3. **Net financing costs**

During the Year, the financing costs of the Company and its subsidiaries amounted to RMB 3,665 million, representing an increase of approximately RMB 1,603 million or 77.71% over the Previous Year. The significant 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 the amount of borrowings during the Year.

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

During the Year, the Company and its subsidiaries reported a profit before tax amounting to RMB 612 million, representing a decrease of 89.90% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB 761 million, representing a decrease of 78.64% over the Previous Year. The decrease in profit of the Company and its subsidiaries was mainly attributable to the substantial increase in fuel cost.

5. **Financial position**

As at 31 December 2008, the total assets of the Company and its subsidiaries amounted to approximately RMB 157.392 billion, representing an increase of approximately RMB 37,603 million as compared to the end of 2007. The increase in total assets mainly resulted from the implementation of the expansion strategy by the Company and its subsidiaries which led to a corresponding increase in investments in construction-in-progress.

The total liabilities of the Company and its subsidiaries amounted to approximately RMB 126.747 billion, representing an increase of approximately RMB 41,313 million over the end of 2007. Of the total liabilities, long-term liabilities increased by approximately RMB 28,033 million over the end of 2007. Equity attributable to equity holders of the Company amounted to approximately RMB 25,990 million, representing a decrease of approximately RMB 3,766 million over the end of 2007. Net asset value per share attributable to equity holders of the Company amounted to RMB 2.21, representing a decrease of RMB 0.35 per share over the end of 2007.

Asset-to-liability ratio of the Company and its subsidiaries was 80.53%, representing an increase of approximately 9.21 percentage-points comparing to that of 71.32% over the end of 2007, which was mainly attributable to appropriate debt financing carried out by the Company for its development needs.

6. **Liquidity**

As at 31 December 2008, the asset-to-liability ratio for the Company and its subsidiaries was approximately 80.53%. The net debt-to-equity ratio (i.e. (loans + convertible bonds – cash and cash equivalents –bank deposits–marketable securities)/total equity) was approximately 334.70%.

As at 31 December 2008, the cash and cash equivalents of the Company and its subsidiaries amounted to approximately RMB 4,978 million and bank deposits with a maturity of over 3 months amounted to approximately RMB 30 million, while other restricted monetary funds amounted to approximately RMB 460 million, of which the deposits equivalent to approximately RMB 121 million were foreign currency deposits. The Company and its subsidiaries had no entrusted deposits or overdue fixed deposits during the Year.

As at 31 December 2008, the short-term loans of the Company and its subsidiaries amounted to approximately RMB 29,584 million, bearing annual interest rates ranging from 4.78% to 7.74%. Long-term loans (excluding those due within 1 year) amounted to approximately RMB 68,130 million and long-term loans due within 1 year amounted to approximately RMB 6,462 million. All long-term loans at annual interest rates ranging from 3.29% to 7.83%, of which a loan equivalent to approximately RMB 1,162 million was denominated in US dollar and HK dollar. The Company and its subsidiaries paid close attention to foreign exchange market fluctuations constantly and cautiously assessed foreign currency risks.

As at 31 December 2008, the Company did not provide any guarantee in whatever forms for any other company apart from its subsidiaries, jointly controlled entities, associates.

(C) Outlook for 2009

Year 2009 is a critical year for implementing the State's "Eleventh Five-year Plan" and expanding domestic demand to maintain economic growth. The power industry was valued and supported by the government at various levels as it is a foundation industry for a sustainable development of the nation's economy. This has provided room for the Company's further development. However, impacted by a slowdown of the macro-economy which will in turn lead to a decrease in growth of power demand, together with a hard-to-change circumstance of high coal prices and low tariffs, profitability in power generation is severely restricted. Faced with a complex and ever-changing situation, after prudent and repeated research, the Company re-rationalised and formulated an overall strategy that focuses on pursuing the power generation business as its core development whilst complementing with synergistic diversifications. In other words, the Company will focus on the power generation business whilst deploying diversifications; and the Company will strive for profitability as a priority whilst seeking synergistic developments. The Company will aim at developing 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.

Based on its strategic positioning of "focusing on pursuing the power generation business as its core development whilst complementing with synergistic diversifications", the Company will do its utmost to achieve the production and operation targets for 2009 in view of the opportunities and challenges with a persistent focus on economic benefits and safe production. In particular, it will strive to achieve power generation of 150 billion kWh and an increase of over 20% in operating revenue over the Previous Year. The Company will strive to dedicate efforts to the following areas of work in 2009:

1. Enhancing the long-standing mechanism for safety management to ensure safe and stable production on a continuous basis. With the implementation of a safe production accountability system as its main course of action, the Company will push ahead a systematic, regulated and standardised management of safe production. Meanwhile, it will strengthen the management of major accidents sources; enhance facilities maintenance and management; uplift the quality of inspection and repair; and maintain a stable operation of new generating units, thereby fully raising the safe operation level of generating units.

2. Continuously pushing the works on energy conservation and emissions reduction ahead in order to fulfill the Company's social responsibility on environmental protection and to promote clean production: Based on the fact that the Company achieved a 100% installation rate of desulphurisation facilities for all its coal-fired units, the Company will ensure the generating units' desulphurisation facilities will also operate at a 100% rate and the desulphurisation efficiency rate reaches over 90%, and that the emissions of pollutants, such as smoke ash, sulphur dioxide and nitrogen oxides will be continuously reduced.

3. Expanding income sources and reducing expenditure, and increasing revenue and reducing expenses, thereby enhancing the Company's profitability.

4. Exercising proper control on different phases of its construction-in-progress, aiming at commencing operation safely and with high quality.

5. 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 scale expansion.

7. Strengthening various basic management work of the Company to enhance its risk control capability.

III. SHARE CAPITAL AND DIVIDENDS

1. Share Capital

As at 31 December 2008, the total share capital of the Company amounted to 11,780,037,578 shares, divided into 11,780,037,578 shares carrying a nominal value of RMB 1.00 each.

2. Shareholding of Substantial Shareholders

So far as the directors of the Company are aware, as at 31 December 2008, the persons below 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 Laws 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	33.61	46.77	–
	H shares	234,680,000(L)	1.99(L)	–	7.08(L)
Beijing Energy Investment (Group) Company Limited	A shares	1,343,584,800	11.41	15.87	–
Hebei Construction Investment Company	A shares	1,303,878,100	11.07	15.40	–
Tianjin Jinneng Investment Company	A shares	1,212,012,600	10.29	14.18	–
Barclays PLC	H shares	254,348,802(L) 16,153,168(S)	2.16(L) 0.14(S)	– –	7.67(L) 0.49(S)

(L) means Long position (S) means Short position (P) means lending pool

3. Dividends

The Board recommends the proposed distribution of cash dividends totalling approximately RMB 1,295,804,000. Based on the total of 11,780,037,578 shares of the Company as at 31 December 2008, the proposed distribution of cash dividends will be approximately RMB 0.11 per share (tax included).

4. Shareholding of the directors and supervisors

As at 31 December 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 Part XV of the 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 resolution passed at the 2007 annual general meeting of the Company held on 30 May 2008, the Company distributed a 2007 cash dividend of RMB 0.12 per share to all shareholders on the basis of the total share capital of 11,738,183,947 shares as at 30 April 2008.

2. Pursuant to the resolution passed at the 2007 annual general meeting of the Company held on 30 May 2008, Mr. Li Hengyuan was appointed as an independent non-executive director, Mr. Cao Jingshan was appointed as an executive director, and Mr. Zhang Xiaoxu was appointed as a supervisor of the Company for a term from 30 May 2008 to 30 June 2010. Mr. Zhang Yi ceased to be a director of the Company. Mr. Zhang Wantuo ceased to be a supervisor of the Company.

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

During the Year, 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 all the code provisions under the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the Year.

VII. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Upon specific enquiries made to all the directors of the Company and in accordance with the information provided, the Board confirmed that all directors of the Company have complied with the provisions under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the Year.

VIII. AUDIT COMMITTEE

In accordance with the Listing Rules, the Company has set up an Audit Committee, comprising 3 independent non-executive directors and 2 non-executive directors. The committee is responsible for, among other things, reviewing the Company's financial reporting procedures and internal controls.

The Audit Committee has reviewed the accounting principles and methods adopted by the Company and its subsidiaries with the management of the Company. They have also discussed matters regarding internal controls and the annual financial statements, including the review of the financial statements for the 12 months ended 31 December 2008.

The Audit Committee considers that the 2008 annual financial statements of the Company and its subsidiaries have complied with the applicable accounting standards, and that the Company has made appropriate disclosure thereof.

By Order of the Board
Zhai Ruoyu
Chairman

Beijing, the PRC, 30 March 2009

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*

A. FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS PREPARED UNDER IFRS (All amounts expressed in thousands of Rmb, except per share data)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**2008**	2007
			(Restated) *(Note 3)*
Operating revenue	*4*	**36,835,761**	32,762,789
Operating costs			
Local government surcharges		**(317,509)**	(341,363)
Fuel		**(22,506,680)**	(15,257,655)
Depreciation		**(6,158,729)**	(4,912,604)
Repairs and maintenance		**(976,485)**	(999,245)
Wages and staff welfare		**(1,776,793)**	(1,585,620)
Others		**(2,170,065)**	(1,743,728)
Total operating costs		**(33,906,261)**	(24,840,215)
Operating profit		**2,929,500**	7,922,574
Share of results of jointly controlled entities		**(57,278)**	(32,672)
Share of results of associates		**427,796**	168,834
Gain from investment securities		**893,522**	–
Interest income		**83,395**	66,765
Finance costs	*5*	**(3,664,750)**	(2,062,154)
Profit before income tax		**612,185**	6,063,347
Taxation	*6*	**(71,811)**	(1,497,550)
Profit for the year		**540,374**	4,565,797
Attributable to:			
– Equity holders of the Company		**761,335**	3,564,406
– Minority interests		**(220,961)**	1,001,391
		540,374	4,565,797
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic (Rmb)	*8*	**0.06**	0.31
– diluted (Rmb)	*8*	**0.06**	0.31
Dividends	*7*	**1,295,804**	1,408,582

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	**31 December 2008**	31 December 2007
			(Restated) *(Note 3)*
ASSETS			
Non-current assets			
Property, plant and equipment		**133,827,482**	99,967,852
Investment in jointly controlled entities		**1,302,097**	988,795
Investments in associates		**2,050,393**	1,402,347
Available-for-sale investments		**675,849**	4,733,764
Land use rights		**1,231,322**	806,705
Deferred housing benefits		**193,469**	260,945
Intangible assets		**2,031,158**	190,512
Long-term entrusted loans to associates		**50,104**	–
Other long-term assets		**79,350**	90,000
Deferred income tax assets		**710,559**	156,792
		142,151,783	108,597,712
Current assets			
Short-term entrusted loans to associates		**–**	47,751
Inventories		**2,142,761**	992,983
Prepayments and other receivables		**2,335,552**	997,925
Accounts receivable	*9*	**3,906,684**	4,937,342
Notes receivable		**394,523**	743,747
Short-term bank deposits over three months		**30,000**	25,000
Other restricted monetary assets		**460,477**	–
Cash and cash equivalents		**4,977,691**	3,446,362
Assets of disposal group classified as held for sale		**992,146**	–
		15,239,834	11,191,110
Total assets		**157,391,617**	119,788,822
EQUITY AND LIABILITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**11,780,038**	11,734,083
Reserves	*7*	**11,510,935**	14,353,306
Retained earnings	*7*		
– Proposed final dividend		**1,295,804**	1,408,582
– Others		**1,403,228**	2,259,705
		25,990,005	29,755,676
Minority interests		**4,654,462**	4,599,081
Total equity		**30,644,467**	34,354,757
Non-current liabilities			
Long-term loans		**68,130,422**	43,550,915
Deferred income		**475,212**	386,566
Deferred income tax liabilities		**395,539**	1,101,977
Other long term liabilities		**4,170,097**	98,667
		73,171,270	45,138,125
Current liabilities			
Accounts payable and accrued liabilities	*10*	**13,144,818**	9,847,849
Taxes payable		**381,272**	985,958
Dividend payable		**145**	1,536
Short-term loans		**29,584,108**	22,164,529
Short-term bonds		**3,500,000**	3,000,000
Current portion of long-term loans and bonds		**6,821,589**	4,296,068
Liabilities of disposal group classified as held for sale		**143,948**	–
		53,575,880	40,295,940
Total liabilities		**126,747,150**	85,434,065
Total equity and liabilities		**157,391,617**	119,788,822

Notes:

1. BASIS OF PREPARATION

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

A significant portion of the Company and its subsidiaries' funding requirements for capital expenditure was satisfied by short-term borrowings. Consequently, as at 31 December 2008, the Company and its subsidiaries had a negative working capital balance of approximately Rmb 38,336 million (31 December 2007: Rmb 29,105 million). The Company and its subsidiaries had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately Rmb 38,163 million (31 December 2007: Rmb 55,069 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 and its subsidiaries are of the opinion that the Company and its subsidiaries will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared these consolidated financial statements on a going concern basis.

2. ACCOUNTING POLICIES

Except for the following change of accounting policy disclosed in note 3, the principle accounting policies adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2007.

3. CHANGE OF ACCOUNTING POLICIES AND CORRECTION OF PRIOR YEAR ERRORS

(a) Change of Accounting Policies

In 2007, the Company and its subsidiaries accounted for investments in jointly controlled entities under proportionate consolidation method, which is consistent with the accounting policy under PRC GAAP. In 2008, according to the CAS Interpretation No.2 issued by the Ministry of Finance of the PRC, jointly controlled entity are no longer allowed to be proportionately consolidated and only equity method is allowed when preparing consolidated financial statements. Since the Company is listed in both the PRC and Hong Kong and publishes financial statements under both PRC GAAP and IFRS simultaneously, to keep the comparability of the financial information produced under PRC GAAP and IFRS, the directors changed the accounting policy of jointly controlled entity from proportionate consolidation into equity method, which has been retrospectively applied.

Details of the effect of this change of accounting policies on the Company and its subsidiaries' consolidated financial statements for the year ended 31 December 2008 and 2007 are as follows:

	As at 31 December	
	2008	2007
Reduction in non-current assets	(2,389,885)	(1,709,887)
Reduction in current assets	(959,620)	(317,649)
Reduction in total assets	(3,349,505)	(2,027,536)
Reduction in non-current liabilities	(968,176)	(762,426)
Reduction in current liabilities	(2,372,487)	(1,206,768)
Reduction in total liabilities	(3,340,663)	(1,969,194)
Reduction in minority interest	(8,842)	(58,342)
Reduction in total equity	(8,842)	(58,342)

	2008	2007
Reduction in operating revenue	(809,271)	(66,516)
Reduction in operating cost	(551,822)	(84,346)
Reduction in cash and cash equivalents	(138,527)	(198,471)

(b) Correction of Prior Year Errors

(i) In year 2008, an error was discovered in relating to the calculation and approval of certain provision of supplemental staff pension, which has been therefore reversed. Details of the effect of this correction of prior year error are as follows:

	31 December 2007	
	Company and its subsidiaries	Company
Assets		
Reduction of plant, property and equipment	(17,458)	(7,012)
Equity and Liabilities		
Addition of taxes payable	52,704	38,952
Reduction of accounts payable and accrued liabilities	(181,958)	(110,552)
Addition of reserve	6,459	6,459
Addition of retained earnings	91,273	58,129
Addition of minority interests	14,064	–

	2007	
	Company and its subsidiaries	Company
Deduction of operating costs	(164,500)	(103,540)
Addition of taxation	52,704	38,952
Addition of profit for the year	111,796	64,588
Addition of profit (attributable to minority interest)	14,064	–
Addition of transfer to statutory surplus	6,459	6,459
Addition of earnings per share		
– Basic (Rmb)	0.01	0.01
– Diluted (Rmb)	0.01	0.01

(ii) During the year ended 31 December 2008, an error was discovered whereby an associate engaged in the coal mining business accrued in 2007 certain provisions that did not meet the definition of liability under IFRS. This resulted in an under-statement of the share in the profit of this associate byRMB60,441,000 in the Company and its subsidiaries' consolidated financial statements for the year ended 31 December 2007. This error was corrected in 2008, and the 2007 comparative figures were retrospectively adjusted. As a result of correcting this error, the balance of investment in associates and the Company and its subsidiaries' retained earnings as at 31 December 2007, together with the Company and its subsidiaries' net profit after tax for the year then ended, have increased by approximately Rmb60,441,000 with no material impact on the earnings per share for the year.

4. OPERATING REVENUE

	2008	2007
Sales of electricity	**35,926,106**	32,483,179
Heat supply	**220,368**	145,452
Sales of coal	**384,797**	94,032
Transportation service fees	**30,923**	–
Sales of material	**12,171**	7,848
Sales of equipments	**199,626**	12,739
Others	**61,770**	19,539
	36,835,761	32,762,789

5. FINANCE COSTS

	2008	2007
Interest expense on:		
Short-term bank loans	**1,908,965**	702,494
Other short-term loans	**452,001**	37,074
Long-term bank loans		
– wholly repayable within five years	**1,829,860**	1,829,746
– repayable beyond five years	**1,871,818**	877,763
Other long-term loans		
– wholly repayable within five years	**108,388**	121,333
– repayable beyond five years	**4,699**	7,210
Convertible bonds	**3,420**	21,321
Short-term bonds	**44,080**	55,846
Discount interest of notes payable	**46,476**	43,038
Interest of financial lease	**213,547**	–
	6,483,254	3,695,825
Less: amount capitalised in property, plant and equipment	**(2,763,578)**	(1,512,950)
	3,719,676	2,182,875
Exchange gain, net	**(145,953)**	(188,093)
Fair value loss on an interest rate swap *	**8,551**	36,018
Commitment charge of facility	**47,735**	–
Underwriting fees of short-term bonds	**14,000**	12,000
Other	**20,741**	19,354
	3,664,750	2,062,154

* To hedge against its interest rate risk on long-term loans, Inner Mongolia Datang International Tuoketuo Power Generation Company Limited has entered into an interest rate swap, which is carried at fair value. However, since the swap does not qualify as an effective hedge under IAS 39, the variance in its fair value is included in the consolidated income statement. The interest rate swap contract was terminated by Tuoketuo Power Company in year 2008.

6. TAXATION

	2008	2007
Current income tax	**592,345**	1,562,023
Deferred income tax	**(520,534)**	(64,473)
Tax charge	**71,811**	1,497,550

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

The taxation of the Company and its subsidiaries differs from the theoretical amount that would arise by the statutory tax rate in the PRC. The reconciliation is shown as follows:

	2008	2007
Profit before taxation	**612,185**	6,063,347
Tax calculated at the statutory tax rate	**153,046**	2,000,905
Tax effects of:		
Preferential tax rate impact on the income of subsidiaries	**(185,136)**	(532,568)
Expense not deductible for tax purpose	**10,738**	32,536
Tax losses for which no deferred income tax asset was recognised	**237,909**	17,368
Associate results and other investment income not subject to tax	**(108,511)**	(59,675)
Remeasurement of deferred tax – change in PRC tax rate	**–**	14,591
Other deductible items which have been recognised as deferred tax before	**(36,235)**	24,393
Tax charge	**71,811**	1,497,550

7. PROFIT APPROPRIATION

Dividends

On 30 March 2009, the Board of Directors proposed a dividend per share of Rmb 0.11 based on the total number of shares as at 31 December 2008, the proposed dividends approximate Rmb 1,295,804,000.

In the general meeting held on 30 May 2008, the shareholders approved a cash dividend amounting to approximate Rmb 1,408,582,000 in respect of the year ended 31 December 2007.

On 23 July 2007, the Company announced a bonus issue of 10 shares outstanding, with reference to the total 5,844,884,580 outstanding ordinary shares as at 18 July 2007. The increase in the number of ordinary shares will result in an increase in share capital of the Company by Rmb 5,844,884,580 with a corresponding amount of reduction in capital reserve.

Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the Company and its subsidiaries' articles of association, the Company and its subsidiaries are required to appropriate 10% of its net profit, 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.

Discretionary surplus reserve

Pursuant to the Company and its subsidiaries' articles of association, 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.

On 30 March 2009, the Board of Directors proposed to appropriate all the residual amount of the profit attributable to the equity holders of the Company for the year ended 31 December 2008, after the aforementioned appropriate of statutory surplus reserve and dividends, to the discretionary surplus reserve. The proposed profit appropriation is subject to the shareholders' approval in their next general meeting.

On 26 March 2008, the Board of Directors proposed an appropriation of profit of approximately Rmb 38,631,000 to the discretionary surplus reserve for the year ended 31 December 2007. The proposed profit appropriation was approved by the shareholders in their general meeting dated on 30 May 2008.

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.

Restricted reserve

According to related regulations and guidance issued by the Ministry of Finance of the PRC, certain deferred housing benefits are charged to equity directly when incurred under PRC GAAP. To reflect the undistributable retained earnings in these financial statements prepared under IFRS, a restricted reserve is set up to reduce the balance of retained earnings with an amount equals to the residual balance of deferred housing benefits, net of tax. For the year ended 31 December 2008, approximately Rmb41,107,000 (2007: approximately Rmb56,619,000) had been transferred from restricted reserve to retained earnings.

Pursuant to relevant PRC regulations, the Company and its subsidiaries are required to set aside an amount to a fund for future development and work safety which is transferred from retained earnings to restricted reserve. The fund can be used for future development and work safety of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditure and improvements of safety, an equivalent amount is transferred from restricted reserve to retained earnings. For the year ended 31 December 2008, approximately Rmb32,138,000 had been transferred from retained earnings to restricted reserve. (2007: nil)

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2008 was based on the profit attributable to equity holders of the Company of approximately Rmb 761,335,000 (2007 – Rmb 3,564,406,000) and on the weighted average number of 11,749,253,000 shares (2007 – 11,612,449,000 shares).

In 2007, 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 bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expenses less the tax effect.

	2008	2007
Profit attributable to equity holders of Company	**761,335**	3,564,406
Interest expense on convertible bonds (net of tax)	**–**	3,915
Profit used to determine diluted earnings per share	**761,335**	3,568,321
Weighted average number of ordinary shares in issue (shares in thousand)	**11,749,253**	11,612,449
Adjustments for assumed conversion of convertible bonds (shares in thousand)	**–**	45,087
Weighted average number of ordinary shares for diluted earnings per share (shares in thousand)	**11,749,253**	11,657,536
Diluted earnings per share (Rmb)	**0.06**	0.31

9. ACCOUNTS RECEIVABLE

Accounts receivable of the Company and its subsidiaries primarily represent receivables from regional or provincial grid companies for tariff revenue. These receivables are unsecured and non-interest bearing. As at 31 December 2008 and 2007, all tariff revenues receivables from grid companies were aged within three months, and no doubtful debts were considered necessary.

10. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are detailed as follows:

As at 31 December 2008

	Company and its subsidiaries				
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Construction costs and deposits payable to contractors	**5,955,542**	**1,585,557**	**414,070**	**52,052**	**8,007,221**
Fuel and material costs payable	**3,693,115**	**225,658**	**53,384**	**6,276**	**3,978,433**
Salary and welfare payable	**41,533**	**–**	**–**	**–**	**41,533**
Interest payable	**421,878**	**–**	**–**	**–**	**421,878**
Assets acquisition payable	**126,768**	**–**	**–**	**–**	**126,768**
Others	**465,032**	**36,991**	**36,168**	**30,794**	**568,985**
	10,703,868	**1,848,206**	**503,622**	**89,122**	**13,144,818**

As at 31 December 2007

	Company and its subsidiaries				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Construction costs and deposits payable to contractors	4,953,901	791,964	109,664	74,229	5,929,758
Fuel and material costs payable	2,814,060	87,274	26,352	2,880	2,930,566
Salary and welfare payable	92,023	–	–	–	92,023
Interest rate swap liability	51,970	–	–	–	51,970
Interest payable	246,877	–	–	–	246,877
Assets acquisition payable	280,522	–	–	–	280,522
Others	312,514	2,774	428	417	316,133
	8,751,867	882,012	136,444	77,526	9,847,849

11. SUPPLEMENTAL FINANCIAL INFORMATION

(a) Condensed consolidated balance sheet

	As at 31 December	
	2008	2007
Net current liabilities	**38,336,046**	29,104,830
Total assets less current liabilities	**103,815,737**	79,492,882

(b) Condensed consolidated income statement

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

	2008	2007
(Gains) Losses on disposals of property, plant and equipment	**(37,936)**	60,594
Personnel expenses		
– Wages	**1,194,713**	1,100,386
– Retirement benefits	**179,116**	150,064
– Staff housing benefits	**174,726**	192,844
– Other staff costs	**228,238**	142,326
Depreciation		
– Capitalised as construction-in-progress	**30,723**	23,318
– Included as operating expenses	**6,158,729**	4,912,604
Auditors' remuneration	**13,180**	11,860
Cost of inventories		
– Fuel	**22,506,680**	15,257,655
– Spare parts and consumable supplies	**482,629**	295,438
Operating lease		
– Buildings	**12,774**	8,888
Dividend income		
– From listed investments	**50,229**	50,229
– From unlisted investments	**48,408**	1,670
Donation	**3,001**	4,481

B. FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS PREPARED UNDER PRC ACCOUNTING STANDARDS

(All amounts expressed in thousands of Rmb, except per share data)

1. FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS

	Year End of 2008	Year End of 2007 (Restated)	**Variance (%)**
Revenue from operations	**36,835,761**	32,762,789	12.43%
Profit before taxation and minority interests	**677,736**	6,131,184	-88.95%
Net profit (attributable to equity holders of the company)	**822,769**	3,633,120	-77.35%
Net profit (attributable to equity holders of the company and excluding non-recurring items)	**54,643**	3,692,259	-98.52%
Earnings per share (weighted average)	**0.07**	0.31	-77.42%
Earnings per share (fully diluted)	**0.07**	0.31	-77.42%
Earnings per share calculated based on net profit attributable to equity holders of the Company and excluding non-recurring items (weighted average)	**0.005**	0.32	-98.44%
Return on net assets (fully diluted)	**3.18%**	12.27%	-74.08%
Return on net assets (weighted average)	**2.96%**	13.77%	-78.50%
Return on net assets calculated based on net profit attributable to equity holders of the Company and excluding non-recurring items (fully diluted)	**0.21%**	12.47%	-98.32%
Return on net assets calculated based on net profit attributable to equity holders of the Company and excluding non-recurring items (weighted average)	**0.20%**	14.00%	-98.57%
Net cash flow from operating activities	**7,164,326**	10,524,215	-31.93%
Net cash flow from operating activities per share	**0.61**	0.90	-32.22%

	31 December 2008	31 December 2008 (Restated)	Variance (%)
Total assets	**157,280,757**	119,602,905	31.50%
Shareholders' equity (including minority interests)	**30,550,780**	34,185,042	-10.63%
Net assets (attributable to equity holders of the Company) per share	**2.21**	2.52	-12.70%

2. PROFIT AND LOSS ACCOUNTS

	2008	2007 (Restated)
Revenue	**36,835,761**	32,762,789
Less: Cost	**(32,443,375)**	(23,412,606)
Tax and levies on principal operation	**(333,526)**	(348,242)
Selling expense	**(2,453)**	(315)
General and administration expense	**(1,263,473)**	(1,029,549)
Finance cost, net	**(3,572,804)**	(1,959,371)
Asset impairment	**(21,120)**	–
Add: Fair value losses	**(8,551)**	(36,018)
Investment income	**1,327,568**	187,714
Operating profit	**518,027**	6,164,402
Add: Non-operating income	**172,004**	58,909
Less: Non-operating expense	**(12,295)**	(92,127)
Profit before taxation and minority interests	**677,736**	6,131,184
Less: Income tax	**(61,331)**	(1,483,078)
Net profit	**616,405**	4,648,106

3. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with China Accounting Standards ("CAS"), Application Guidance of the Accounting Standards, CAS Interpretation promulgated by Ministry of Finance of the PRC and other related regulations.

4. **NET ASSETS AND NET PROFIT RECONCILIATION BETWEEN PRC GAAP AND IFRS**

The consolidated financial statements prepared by the Company and its subsidiaries in conformity with the Accounting Standards for Business Enterprises ("PRC GAAP"), is different from that prepared in accordance with International Financial Reporting Standards ("IFRS") in certain respects. Impact of IFRS adjustments on net assets and net profit in financial statements of the Company and its subsidiaries are summarized as follow:

		Net assets	
	Notes	**31 December 2008**	31 December 2007
			(Restated)
Net assets under PRC GAAP		**30,550,780**	34,185,042
Impact of IFRS adjustments:			
Difference in the recognition policy on housing benefits to the employees	*(a)*	**–**	37,346
Difference in the commencement of depreciation of fixed assets	*(b)*	**(106,466)**	(106,466)
Difference in accounting treatment on monetary housing benefits	*(c)*	**193,468**	223,598
Others		–	(1,722)
Applicable deferred tax impact of the above GAAP differences	*(d)*	**6,685**	16,959
Net assets under IFRS		**30,644,467**	34,354,757

		Net profit	
	Notes	**2008**	2007
			(Restated)
Net profit under PRC GAAP		**616,405**	4,648,106
Impact of IFRS adjustments:			
Difference in the recognition policy on housing benefits to the employees	*(a)*	**(37,346)**	(37,346)
Difference in accounting treatment on monetary housing benefits	*(c)*	**(30,130)**	(45,815)
Others		**1,722**	15,528
Applicable deferred tax impact of the above GAAP differences	*(d)*	**(10,277)**	(14,676)
Net assets under IFRS		**540,374**	4,565,797

(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 as housing benefits 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 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 fixed assets

This represents the depreciation difference arose from the difference timings of the start of depreciation charge in previous years.

(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 retained earnings and statutory public welfare fund after approved by the Shareholders 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 service lives of relevant employees.

(d) Applicable deferred tax impact of the above GAAP differences

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