



广东电力发展股份有限公司

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

2009 年年度报告

ANNUAL REPORT 2009

April 15, 2010

Important Notice

The Board of Directors , Supervisory Committee ,Directors, Supervisors and Senior Executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof. English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Director Li Zhuoxian, Director Zhong Weimin, Director Yang Xuanxing, Director Wu Bin and Director Wu Xu did not attend the meeting in person due to business, who respectively authorized Vice Board chairman Liu Qian, Director Hong Rongkun, Director General Manager Lin Shizhuang, Independent director Zhang Yao and Independent director Sha Qilin to attend the meeting and exercise voting right on their behalf.

PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. Has auditors' the Company's financial report and produced a standard unqualified audit report for the Company.

Chairman of the Board of Directors, Pan Li, General Manager, Lin Shizhuang ,and Financial Deputy General Manager, Li Xiaoqing and Financial Manager ,Liu Xuemao represent and warrant the financial and accounting report in the annual report is true and complete.

Contents

- I. Brief Introduction of the Company
- II. Highlights of Accounting Data and Business Data
- III. Particulars about Changes in Share Capital and Shareholders.
- IV. Directors, Supervisors, Senior Executives and Employees
- V. Corporate Governance Structure
- VI. Brief Introduction of Shareholders' General Meeting
- VII. Report of the Board of Directors
- VIII. Report of the Supervisory Committee
- IX. Important Events
- X. Financial Report
Auditor's report issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co.,Ltd. and financial statements
- XI. Other Accounting Date Statement
- XII. List of Documents Available for Inspection

I. Brief Introduction of the Company

(I) Statutory Chinese name of the Company: 广东电力发展股份有限公司

Statutory English name of the Company: GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD. [Abbreviation of English name: GED]

(II) Legal representative of the Company: Mr. Pan Li

(III) General manager: Mr. Lin Shizhuang

(IV) Secretary to the Board of Directors: Mr. Liu Wei

Contact Tel: (020)87570276

E-mail: liuwei@ged.com.cn

Securities affair representative: Mr. Liang Jiangyong

Contact Tel: (020)87570251

Fax: (020)85138084

E-mail: ljy@ged.com.cn

Contact address: 26/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou,

Zip code: 510630

(V) Registered address of Company: 23-26/F Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province

Business address of Company: 23-26/F Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province

Zip code: 510630

E-mail: ged@ged.com.cn

Website: www.ged.com.cn

(VI) Name of newspapers selected by the Company for information disclosure:

China Securities Daily, Securities Times and Hong Kong Commercial Daily (overseas newspaper for English version).

Internet website for publishing the annual report of the Company:

<http://www.cninfo.com.cn>

The place for preparing and placing the annual report of the Company:
Administration Dept. of the board of directors of the Company

(VII) The exchange for listing the stocks of the Company, stock abbreviation and stock code

The exchange for listing the stocks of the Company: Shenzhen Stock Exchange

Stock abbreviation: Yue Dian Li A, Yue Dian Li B

Stock code: 000539 , 200539

(VIII) Other information

1. The date of first registration of the Company: November 3, 1992

Registered address: 10/F, Baili Commercial Center, Guangfa Garden, 498 Huanshi Road East, Guangzhou

2. Date of change in registration of the Company: June 28, 2005

Registered address after change: 23-26/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province

3. Registration No. of Legal Entity Business License: Qi Gu Yue Zong Zi Di No. 003503

4. Tax registration number: Yue Guo Shui Zi 440102617419493

Yue Di Shui Zi 44010061741949-3

5. Organization Code: 61741949-3

6. Certified public accountants of the Company:

PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd.

Office Address: 11/F, PricewaterhouseCoopers Center, 202 Hubin Road , Shanghai

7. The legal adviser of the Company:

Guangdong Xinyang Law Office

Office address: Room 1209-1212, Daxin Building, 538 Dezheng Road North, Guangzhou

II. Highlights of Accounting Data and Business Data

(I) Main profit indicators of the report year

Unit: RMB

Operation profit	1,671,533,492.00
Total profit	1,661,334,787.00
Net profit attributable to shareholders of the listed company	1,165,352,428.00
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of the listed company	1,259,306,052.00
Cash flow generated by business operation , net	5,692,012,223.00

2. Items and amount of non-recurring gains and loss

Unit: RMB

Items of non-recurring gains and loss	Amount
The loss for disposal of non-current assets	8,376,144.00
Other item that conform to the definition of extraordinary profit and loss (Notes)	227,965,475.00
Entrusted loans	-22,708,930.00
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	-3,076,923.00
Single impairment test for impairment of receivables transferred back to preparation	-1,188,008.00
Net gain/loss of current term from consolidation of subsidiaries under common control from beginning of term to the consolidation date	-186,498.00
Net amount of non-operating income and expense except the aforesaid items	4,899,484.00
Other non-recurring Gains/loss items	-42,241,266.00
Amount of influence of minority interests	-77,885,854.00
Total	93,953,624.00

Notes: As 2 coal-fired generating units (2X0.125 million kw) were included by Guangdong Development and Reform Commission in the units to be shut down for supporting the coal-fired

generating unit project of Dapu Power Plant for "Constructing New Big Power Units While Closing Small Ones", Guangdong Yuejia Electric Power Co., Ltd. made provision of RMB 227,965,475 for the impairment of these two units.

3. Notes to the difference between audit of net profit for the report year by domestic and foreign certified public accountants:

Unit: RMB

	Net profit		Net assets	
	Amount of current period	Amount of previous period	Beginning balance	Ending balance
Pursuant to overseas accounting standards	1,149,255,428.00	12,885,240.00	9,385,201,984.00	8,988,316,919.00
Pursuant to Chinese accounting standards	1,165,352,428.00	28,981,240.00	9,271,838,984.00	8,858,856,919.00
Deferred housing reform loss amortization	-10,219,000.00	-10,218,000.00	0.00	10,219,000.00
Land use right amortization	-7,472,000.00	-7,472,000.00	23,388,000.00	30,860,000.00
The difference arising from recognition of goodwill after merger of enterprises under the same control	0.00	0.00	64,623,000.00	64,623,000.00
Difference arising from recognition of land use value after enterprise merger	-630,000.00	-630,000.00	23,270,000.00	23,900,000.00
Influence on minority interests	2,224,000.00	2,224,000.00	2,082,000.00	-142,000.00
Other	-16,097,000.00	-16,096,000.00	113,363,000.00	129,460,000.00
Pursuant to international accounting standards				
Notes to difference between Chinese and international accounting standards	<p>1. Deferred housing reform loss amortization According to relevant provisions of national policies, the Group set off the loss incurred by housing reform carried out in 2000 by undistributed profit for that year. According to IFRS, such loss should be amortized in the future length of service(10 years) of employees. Therefore, this difference will continue to exist.</p> <p>2. Land use right amortization</p>			

	<p>The difference formed by different period of land use right amortization.</p> <p>3. The difference arising from recognition of goodwill after merger of enterprises under the same control and recognition of land value after enterprise merger</p> <p>As required by new Chinese accounting standards, the goodwill formed by the merger of enterprises under the same control shall not be recognized and capital surplus shall be adjusted. Under IFRS, the goodwill formed by the merger of enterprises under the same control shall be recognized and equal to the difference between merger cost and share of fair value of recognizable net assets of the purchased party obtained in merger. Meanwhile, all assets of the purchased party obtained in merger shall be accounted for according to their fair value while such assets shall be accounted for according to their book value according to original Chinese accounting standards for business enterprises. Therefore, this difference will continue to exist.</p> <p>4. Influence on minority interests</p> <p>Housing reform loss occurred to the Company and some Holding subsidiaries. therefore, there's some influence on minority interests.</p>
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(II) Highlights of accounting data and financial indicators in the latest three years

1. Main Accounting data:

Unit: RMB

	2009	2008		Changed over last year (%)	2007	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating profit	12,234,717,490.00	11,617,673,253.00	11,617,673,253.00	5.31%	10,393,088,405.00	10,393,088,405.00
Total profit	1,661,334,787.00	-279,292,212.00	-279,292,212.00	-	1,226,378,337.00	1,226,378,337.00
Net profit attributable to the shareholders of the listed company	1,165,352,428.00	28,981,240.00	28,981,240.00	3,921.06%	658,877,844.00	658,877,844.00
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	1,259,306,052.00	20,003,313.00	20,003,313.00	5,295.49%	666,267,196.00	666,267,196.00

Cash flow generated by business operation, net	5,692,012,223.00	-594,156,132.00	-594,156,132.00	-	2,597,334,363.00	2,597,334,363.00
	End of 2009	End of 2008		Changed over last year (%)	End of 2007	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross Assets	30,163,552,152.00	24,629,209,772.00	27,843,563,755.00	8.33%	24,052,840,722.00	24,052,840,722.00
Shareholders' equity attributable to shareholders of the listed company	9,271,838,984.00	8,438,837,768.00	8,858,856,919.00	4.66%	9,144,451,954.00	9,144,451,954.00
Capital stock	2,659,404,000.00	2,659,404,000.00	2,659,404,000.00	0.00%	2,659,404,000.00	2,659,404,000.00

2 Major Financial indexes

Unit: RMB

	2009	2008		Changed over last year (%)	2007	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Basic gains per share (RMB/Share)	0.44	0.01	0.01	4,300.00%	0.25	0.25
Diluted gains per share(RMB/Share)	0.44	0.01	0.01	4,300.00%	0.25	0.25
Basic earning per share after deducting of non-recurring gains/losses(RMB/Share)	0.47	0.01	0.01	4,600.00%	0.25	0.25
Weighted average net asset earning ratio (%)	12.24%	0.31%	0.31%	11.93%	7.65%	7.65%
Net income on asset, weighted and deducted non-recurring gain/loss(%)	13.22%	0.23%	0.23%	12.99%	7.73%	7.73%
Net cash flow per share generated by	2.14	-0.22	-0.22	-	0.98	0.98

business operation (RMB/Share)						
	End of 2009	End of 2008		Changed over last year (%)	End of 2007	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Net asset per share attributable to shareholders of the listed company(RMB/Share)	3.49	3.17	3.33	4.80%	3.44	3.44

3. Return Ratio and Earnings per share

Unit: RMB

Profit in the report peirod	Return Ratio on Net asset, Weighted(%)	Earnings per share	
		Basic gains per share	Diluted gains per share
Net profit attributable to the shareholders of the parent Company	12.24%	0.44	0.44
Net profit after deducting non-recurring gains and losses attributable to the shareholders	13.22%	0.47	0.47

III. Particulars about Changes in Share Capital and Shareholders

(1) The changes in share capital

1. Statement of changes in shares

Unit: Shares

	Before this change		Increase or decrease this time (+/-)					After this change	
	Quantity	Proportion	Share allotment	Boards	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Share with conditional subscription	1,239,475,145	46.61%				-1,232,255,408	-1,232,255,408	7,219,737	0.27%
1. State-owned shares									
2. State-owned legal person shares	1,232,256,158	46.34%				-1,232,256,158	-1,232,256,158	0	0.00%
3. Other domestic shares	7,202,540	0.27%						7,202,540	0.27%

Of which: Non-state owned domestic legal person shares	7,137,656	0.27%				-1,110,446	-1,110,446	6,027,210	0.23%
Domestic natural person shares	64,884	0.00%				1,110,446	1,110,446	1,175,330	0.04%
4. Foreign shareholding									
Of which: Foreign legal person shares									
Foreign natural person shares									
5. Executive shares	16,447	0.00%				750	750	17,197	0.00%
II. Shares with unconditiona l	1,419,928 ,855	53.39 %				1,232,255, 408	1,232,255, 408	2,652,184, 263	99.73 %

subscription									
1. Common shares in RMB	754,602,355	28.37%				1,232,255,408	1,232,255,408	1,986,857,763	74.71%
2. Foreign shares in domestic market	665,326,500	25.02%						665,326,500	25.02%
3. Foreign shares in overseas market									
4. Other									
III. Total of capital shares	2,659,404,000	100.00%						2,659,404,000	100.00%

2. Changes of shares subject to moratorium Unit: shares

Name of shareholder	Shares subject to moratorium at the year-begin	Terminated in this year	Increase in this year	Shares subject to moratorium at the year-end	Conditional reason	Date of terminating
Guangdong	1,232,256	1,232,256	101,40	101,40	Commitment	March 30, 2009,

Yudean Group Co., Ltd.	,158	,158	5	5	of Share structure reform	the newly added 101, 405 shares, Unknown
Guangdong International Trust Investment Company	1,790,100	0	0	1,790,100	The prices paid in advance which are not repaid.	Unknown
Guangdong Rural Telephone Division	877,500	0	0	877,500	The prices paid in advance which are not repaid.	Unknown
Wang Lei (the former South China normal university Electronic research Engineering computer Room Engineering Department)	526,500	0	0	526,500	The prices paid in advance which are not repaid.	Unknown
Guangdong power grid company, Foshan Gaoming	487,890	0	-36,946	450,944	The prices paid in advance	March 1, 2010

Power Bureau Labour union Committee (the former Gaoming Power Bureau Labour union Committee)					which are not repaid.	
Huaneng International Electric Power Co., Ltd.Guangdong Branch (now most of the business is undertook by Zhan Hongsheng)	394,868	0	-29,238	365,630	The prices paid in advance which are not repaid.	Part of shares defrozen on March 1, 2010
Guangdong Prison administrative Bureau .Labour union Committee	351,000	0	0	351,000	The prices paid in advance which are not repaid.	Unknown
China North optical electron Company, Shenzhen Branch	263,250	0	0	263,250	The prices paid in advance which are not repaid.	Unknown

Dongguan Material Trade Center	175,500	0	0	175,500	The prices paid in advance which are not repaid.	Unknown
Nanhai Xinlian Security Equipment Plant	175,500	0	0	175,500	The prices paid in advance which are not repaid.	Unknown
Other	2,176,879	0	-34,471	2,142,408	The prices paid in advance which are not repaid./ Executive shares	Part of shares defrozen on March 1, 2010 / The defreezing time of remaining shares is unknown / The shares held by senior executive will be defrozen year by year.
Total	1,239,475,145	1,232,256,158	750	7,219,737	—	—

3.Share issuance and listing

The Company issued corporate bonds of RMB 2 billion with face interest rate of 5.5% on March 10, 2008. The corporate bonds were listed for trading at Shenzhen Stock Exchange on March 27, 2008. Stock code: 112001, Stock Abbreviation:08 Yudean Bond, and with the put provisions, The term of corporate bonds is 7 years. March 3, 2015 is transaction termination day (Subject to the final announcement of the Company).

The Company did not issue new shares and derived securities in the previous three years by the end of the report period.

At present , there are no employees' shares in the Company.

(II) Introduction to shareholders

(1) As of December 31, 2009, the Company had 145,562 shareholders in total including 88,434 shareholders of A shares and 57,128 shareholders of B shares.

(2) Introduction to the Company's top ten shareholders (As of December 31, 2009)

Unit: Shares

Name of shareholder (full name)	Increase or decrease in the year	Number of shares held at the end of year	Proportion (%)	Type of share (Negotiable or non-negotiable)	Quantity of pledged or frozen shares	Nature of shareholder
Guangdong Yudean Group Co., Ltd.	101,405	1,232,357,563	46.34%	101,405	0	State-owned legal person shares
Shenzhen Guangfa Electric Power Investment Co., Ltd.	0	101,777,185	3.83%	0	0	State-owned legal person shares
Guangdong Electric Power Development Company	0	78,639,451	2.96%	0	0	State-owned legal person shares
China Xinda Asset Management Company	-500	41,528,000	1.56%	0	0	State-owned legal person shares
ICBC—Penghua Grade stock securities Investment Fund(LOF)	34,965,012	37,956,847	1.43%	0	0	Non-state owned domestic legal person shares
Guangdong	-740,000	23,610,428	0.89%	0	0	Non-state owned

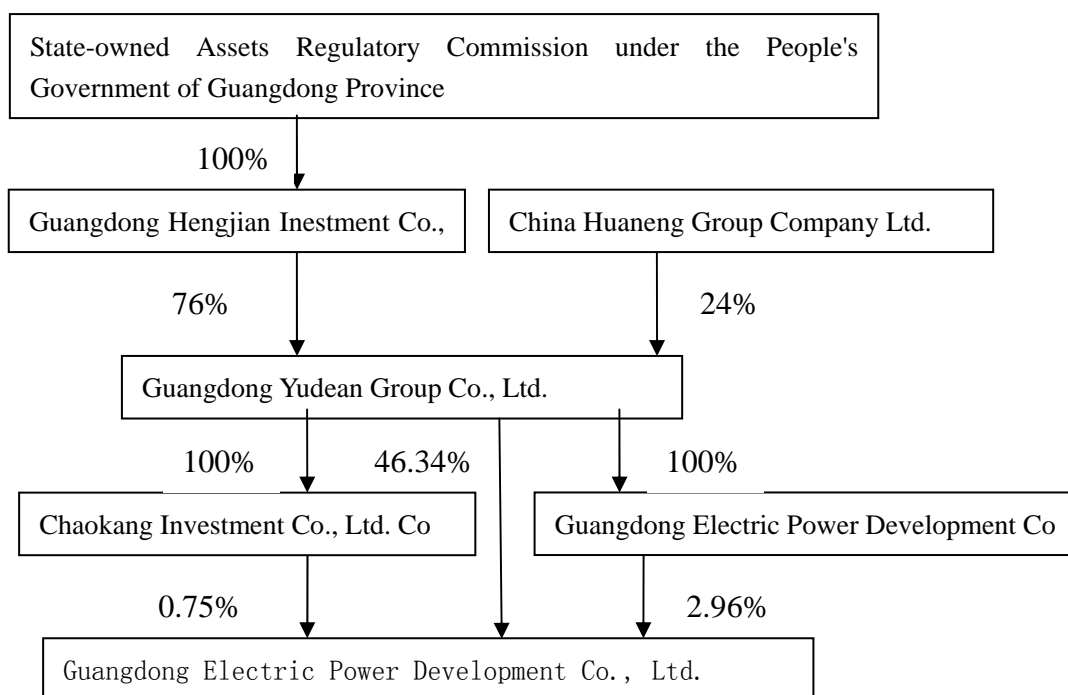
Guangkong Group Co., Ltd.						domestic legal person shares
China merchants Bank-Everbright Pramerica Securities Fund	6,044,906	17,480,483	0.66%	0	0	Non-state owned domestic legal person shares
SCHRODER INTL SELECTION FD-GREATER CN FD GTI 25287	9,147,600	17,176,623	0.65%	0	0	Foreign legal person
Natio Securities Co.,Ltd.	-416,500	12,874,524	0.48%	0	0	Foreign legal person
NORGES BANK	3,143,380	11,018,460	0.41%	0	0	Foreign legal person
Notes to the related relationship between the shareholders or their concerted action	Guangdong Electric Power Development Co., Ltd. the Third of the top 10 shareholders, is a subsidiary of Yudean Group, Which is the No.3 shareholder; its is unknown whether relationship exists between other shareholders.					

3.Information of holding Company

Yudean Group Co., Ltd. Holding 46.34% shares of the Company and is the major shareholder of the Company. State-owned Assets Regulatory Commission under the People's Government of Guangdong Province holds 76% equity of Guangdong Yudean Group Co., Ltd. and is the actual controller of the Company. According to the Business License of Incorporated Enterprise verified and issued by Guangdong Administration for Industry and Commerce, Yudean Group is a wholly Limited Liability Company. Its registered capital is RMB 20,000,000,000 and its registered address is 33-36/F Yudean Plaza, No.2 Tianhe Road East , Guangzhou,Guangdong Province. Its legal representative is Mr. Pan Li. Its is mainly engaged in management of power plants and power generation assets; construction of power plants; sales of electricity; repair and maintenance of electricity equipments; technology service on electricity industry; electricity investment; investment planning and consulting ; information consulting service; sales of production materials(Except for gold, silver, vehicle and dangerous chemistry materials).

The following chart is the shareholding relationship between the Company and its

Related control parties.



4.No other legal person shareholders who hold more than 10%(10% inclusive)of the Company's shares.

5. Top 10 holders of unconditional shares

Unit: Shares

Name of shareholder	Quantity of negotiable shares held	Type of share
Guangdong Yudean Group Co., Ltd.	1,232,256,158	RMB Common shares
Shenzhen Guangfa Electric Power Investment Co., Ltd.	101,777,185	RMB Common shares
Guangdong Electric Power Development Company	78,639,451	RMB Common shares
China Xinda Asset Management Company	41,528,000	RMB Common shares
ICBC—Penghua Grade stock securities Investment Fund(LOF)	37,956,847	RMB Common shares
Guangdong Guangkong Group Co., Ltd.	23,610,428	RMB Common shares
China merchants Bank-Everbright Pramerica Securities Fund	17,480,483	RMB Common shares
SCHRODER INTL SELECTION FD-GREATER CN FD GTI 25287	17,176,623	Foreign shares placed in domestic exchange
Natio Securities Co.,Ltd.	12,874,524	Foreign shares placed in domestic exchange

NORGES BANK	11,018,460	Foreign shares placed in domestic exchange
Notes to the related relationship between the shareholders or their concerted action	Guangdong Electric Power Development Co., Ltd. the Third of the top 10 shareholders, is a subsidiary of Yudean Group, Which is the No.3 shareholder; its is unknown whether relationship exists between other shareholders.	

6..The top 10 shareholders and the conditions for limit on sale

Unit: Shares

No	Name	Shares with conditioned subscription	Date when trading allowed	Newly added tradable shares	Conditions
1	Guangdong International Trust Investment Company	1,790,100	Unknown	0	The prices paid in advance which are not repaid.
2	Guangdong Rural Telephone Division	877,500	Unknown	0	The prices paid in advance which are not repaid.
3	Wanglei	526,500	Unknown	0	The prices paid in advance which are not repaid.
4	South China normal university Electronic research Engineering computer Room Engineering Department	450,944	March 1, 2010	0	The prices paid in advance which are not repaid.
5	Zhan Hongsheng	356,855	March 1, 2010	0	The prices paid in advance which are not repaid.
6	Guangdong Prison administrative Bureau .Labour union Committee	351,000	Unknown	0	The prices paid in advance which are not repaid.
7	China North optical electron Company, Shenzhen Branch	263,250	Unknown	0	The prices paid in advance which are not repaid.
8	Dongguan Material Trade Center	175,500	Unknown	0	The prices paid in advance which are not repaid.
9	Nanhai Xinlian Security Equipment Plant	175,500	Unknown	0	The prices paid in advance which are not repaid.
10	The handicapped Welfare Foundation of Guangdong Province	156,000	Unknown	0	The prices paid in advance which are not repaid.

7. Bond holding by top 10 corporate bond holders

Name	Number (shares)
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China Ping An Property Insurance Co., Ltd.-- niversal – Universal insurance Group	2,450,000
China People's Life Insurance Co., Ltd.	2,388,140
Xinhua Life Insurance Co., Ltd. – Universal – Deyi Management –018L–WN001Shen	2,200,000
Zhongying Life insurance Co., ltd.	2,114,775
China Post Office Saving Bank Co., Ltd.	2,000,000
China Ping An Life Insurance Co., Ltd.	1,600,000
Zhongyou Financial Co., Ltd	1,336,678
Taikang Life insurance Co., Ltd–Dividend Distribution–Group Dividends–019L–FH001Shen	1,000,000
Taikang Life insurance Co., Ltd–Universal--Universal individual insurance	1,000,000
China Ping An Insurance (Group) Co., Ltd.	800,000

IV. Directors, Supervisors, Senior Executives and Employees

(I) Basic information about directors, supervisors and senior executives

1. Basic information

Name	Position	Sex	Age	Beginning date of office term	Expiration date of office term	Shareholding at year-beginning	Shareholding at year-end	Reason of the change	Remuneration received from the company (in RMB'0000)	Whether Receive Remuneration from a shareholder or other related -parties
Pan Li	Board chairman	Male	55	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Liu Qian	Vice Board chairman	Male	55	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Deng An	Director	Male	60	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Li Zhuoxian	Director	Male	46	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Hong Rongkun	Director	Male	52	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Zhong	Director	Male	53	May 15,	May 15,	0	0	No	0.00	Yes

Weimin				2008	2011					
Gao Shiqiang	Director	Male	52	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Lin Shizhuang	Director, General Manager	Male	48	April 24, 2009	May 15, 2011	0	0	No	57.80	No
Yang Xuanxing	Director	Male	44	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Rao Subo	Director	Male	45	May 26, 2009	May 15, 2011	0	0	No	53.26	No
Wu Bin	Director	Male	45	May 15, 2008	May 15, 2011	5,300	5,300	No	0.00	Yes
Wu Xu	Director	Male	47	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Sha Qilin	Independent director	Male	49	May 15, 2008	May 15, 2011	0	0	No	7.33	No
Zhang Yao	Independent director	Male	61	May 15, 2008	May 15, 2011	0	0	No	7.46	No
Feng Xiaoming	Independent director	Female	54	May 15, 2008	May 15, 2011	0	0	No	6.73	No
Yang Zhishan	Independent director	Male	44	May 15, 2008	May 15, 2011	0	0	No	5.32	No
Zhu Weiping	Independent director	Male	52	May 15, 2008	May 15, 2011	0	0	No	4.17	No
Guo Yinhua	Independent director	Male	53	May 15, 2008	May 15, 2011	0	0	No	6.73	No
Qiu Jianyi	Chairman of the Supervisory Committee	Male	45	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Li Yuping	Supervisor	Male	46	May 15, 2008	May 15, 2011	0	0	No	0.00	Yes
Yang Songcai	Independent Supervisor	Male	47	May 15, 2008	May 15, 2011	0	0	No	4.28	No
Xiangying	Independent Supervisor	Female	56	May 15, 2008	May 15, 2011	0	0	No	4.29	No
Lin Weifeng	Employee supervisor	Male	41	May 15, 2008	May 15, 2011	3,930	3,930	No	30.28	No
Chen	Employee	Male	50	May 15,	May 15,	0	0	No	34.44	No

Chuyang	supervisor			2008	2011					
Luo Zhiheng	Secretary , Deputy GM	Male	42	October 29, 2009	May 15, 2011	1,000	1,000	No	15.39	No
Xu Peijin	Deputy GM	Male	54	May 15, 2008	May 15, 2011	0	0	No	65.03	No
Li Xiaqing	Deputy GM	Female	38	May 15, 2008	May 15, 2011	0	0	No	61.33	No
Liu Wei	Board secretary	Male	30	May 15, 2008	May 15, 2011	0	0	No	35.02	No
Liu Xuemo	Finance manager	Female	54	May 15, 2008	May 15, 2011	15,000	30,500	Purchase shares	45.21	No
Total	-	-	-	-	-	25,230	40,730	-	444.07	-

2. The main job experience of current directors, supervisors and senior executives and the posts or concurrent posts held by them at the units other than corporate shareholders

Mr. Pan Li: Male, born in June 1954, is a CPC member ,Han nationality, from Shunde Guangdong, bachelor's degree, Senior engineer. He had served as the technician in dispatching station of Guangzhou Power Supply Bureau, deputy section chief and Deputy president of Health and Technology Department, Deputy general manager in Guangdong Provincial Power Group Corporation and other positions, and currently, he serves as the Chairman and party secretary in Guangdong Power Group Co., Ltd. And baard Chairman of the Guangdong Electric Power Development Co., Ltd.

Mr. Liu Qian: Male ,born in October 1954, a CPC member ,Han nationality, from Zhongshan Guangdong , bachelor's degree, MBA and senior economist, Senior engineer. He had served as deputy section chief of Health and Technology Department ,assistant Manager of Business Dept ,Deputy general Manager of Huaneng Guangdong Power Company and general manager of Guangdong Development Co., Ltd. He now serves as director ,Deputy general Manager and member of CCP of Guangdong Yudean Group Co., Ltd. and vice board chairman of

Guangdong Electric Power Development Co., Ltd.

Mr. Deng An, Male, born in December 1949, a CPC member, Han nationality, from Xinhui Guangdong, bachelor's degree, Senior Economist. He had served as deputy superintendent of Comprehensive Workshop and deputy manager of Shaoguan Power Plant, manager of Yunfu Power Plant, manager of Huangpu Power Plant, Director, General Manager of Guangdong Yudean Group. He now serves as senior Counselor and Director of Guangdong Electric Power Development Co., Ltd.

Mr. Li Zhuoxian, Male, born in June 1963, a CPC member, Han nationality, from Meixian Guangdong, bachelor's degree, Senior engineer. He had served as the technician staff of the Chemical department, Deputy-department director, director, Deputy-Section Chief of the technique and production section, Vice-General Engineer, and Vice-factory director in the Shaoguan Electric Power Plant. He now serves as director, General Manager and vice secretary of CCP of Guangdong Yudean Group Co., Ltd. And director of the Guangdong Electric Power Development Co., Ltd.

Mr. Hong Rongkun, Male, born in September 1957, a CPC member, Han nationality, from Zhanjiang Guangdong, bachelor's degree, Senior engineer. He had served as the Party Branch Secretary for boiler department and Deputy director of the Maoming Thermal Power Co., Ltd., deputy director of Health and Technology Department and Vice General engineer for the Power industry Bureau. He now serves as director, Deputy General manager and member of CCP of Guangdong Yudean Group Co., Ltd. And director of the Guangdong Electric Development Co., Ltd.

Mr. Zhong Weimin: Male, born in August 1956, a CPC member, Han nationality, from Huadu Guangdong, bachelor's degree. He had served as deputy head of Cadre Appointment, Dismissal and Transfer Division of Organization Dept. of Guangdong Provincial Party Committee, acting mayor of Sanshui City and investigator of the same division and No. 1 Cadre Division of the same department. He now serves as director, deputy secretary of Party committee, secretary of Committee for Disciplinary inspection and Chairman of Labour union of Guangdong Yudean Group Co., Ltd. and director of Guangdong Electric Power Development Co., Ltd.

Mr. Gao Shiqiang: Male, born in December 1957, a CPC member, Han nationality,

from Dapu Guangdong, a postgraduate, A master's degree in engineering ,Senior engineer. He had served as deputy manager and deputy director of Lianping County Power Supply Company, deputy director and director of Engineering Dept. and deputy director general of Heyuan Power Industry Bureau, director general of Shanwei Power Industry Bureau, head of preparation team of Shanwei Power Plant and head of Cadre Division of Guangdong Electric Power Group Company. He now serves as director, deputy General manager ,member of CCP and Chief Counselor of Guangdong Yudean Group Co., Ltd. and director of Guangdong Electric Power Development Co., Ltd.

Mr. Yang Xuanxing, Male, born in November 1965, a CPC member ,Han nationality, from Shaoyang ,bachelor's degree, MBA and senior economist, Senior Auditors, International Registration of internal auditors, He had as Vice-Chief auditor of auditing department of Guangdong Power Bureau. He is now taking the position of the Financial Manager of the Guangdong Yudean Group Co., Ltd and director of Guangdong Electric Power Development Co., Ltd.

Mr. Rao Subo, Male, born in May 1964, a CPC member, Han nationality, from Chongqing, a postgraduate, Senior engineer (Professor) . He had served as Technician , Engineer, Deputy-department director , Vice General engineer of Shaoguan Power plant , deputy manager and deputy director of Lianping County Power Supply Company, Deputy-Section Chief of the technique and production security Dept of Guangdong Yudean Group Co., Ltd. He is now taking the position of the vice General Engineer of Guangdong Yudean Group Co., Ltd. Director of Guangdong Electric Power Group Co., Ltd. ,Manager of Shaojiao A plant.

Mr. Lin Shizhuang, Male, born in July 1961,a CPC member, Han nationality, form Haikou Haonan, bachelor's degree, Lin Shizhuang is an on-the-job postgraduate and senior engineer. He once served as maintenance supervisor and director of Maintenance Dept. of C Plant of Shajiao Central Plant, deputy general manager and

secretary of discipline committee of Shajiao Power Generation Branch of Guangdong Electric Power Group and manager and secretary of Party committee of Shajiao C Power Plant. He is a candidate for director and general manager of Guangdong Electric Power Development Co., Ltd. He now serves as director and general manager of Guangdong Electric Power Development Co., Ltd. and concurrently serves as board chairman of Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.

Mr. Wu Bin: Male, born in September 1964, a CPC member ,Han nationality, from Jinxian Jiangxi, bachelor's degree, Lawyer, Senior Economist . He had served as vice president of Zengcheng Sub-branch of Construction Bank of China Co., Ltd., deputy director of Monitoring Office and deputy chief of Legal Division of Guangzhou Branch, He now serves as deputy manager of Guangzhou Office of China Xinda Asset Management Company, and director of Guangdong Electric Power Development Co., Ltd.

Mr. Wu Xu, Male, born in August 1962, a CPC member ,Han nationality, from Guangdong, an engineer and economic engineer with master's degree. He once served as general manager of Communication Division and operation director of Guangzhou Development Industrial Holding Group Co., Ltd. He now serves as director, executive president and secretary of Party committee of Guangzhou Development Industrial Holding Group Co., Ltd. and concurrently serves as director of Guangdong Electric Power Development Co., Ltd.

Mr. Sha Qilin: Male, born in October 1960, a CPC member ,Han nationality, from Honghu Hubei, doctor's degree, Associate professor, A lawyer. He once served as associate professor of Automobile Engineering Dept. of Wuhan Engineering College (now named as Wuhan Science and Engineering University) and person in charge of Investment and Development Dept., deputy chief engineer and head of overseas listing leading team of China Huandao Group Company. He now serves as the lawyer of Nanguo Desai Lawyer Office and independent director of Guangdong Electric Power Development Co., Ltd.

Mr. Zhang Yao, Male, born in April 1948, a CPC member ,Han nationality, from

Lianjiang Guangdong, a Professor, a professor and doctorate tutor. He once served as director of Power Engineering Dept. of Tianjin University. He now serves as the professor of Electric Power School of South China Science and Engineering University and independent director of Guangdong Electric Power Development Co., Ltd. and concurrently serves as member of Expert Team of China South Power Grid Company, vice chairman of Guangdong Electrical Engineering Society, member of Directing Committee for teaching the subject of electronic information and electrical engineering under Ministry of Education, member of directing subcommittee for teaching the subject of electrical engineering under Ministry of Education and deputy director of teaching committee for teaching electrical engineering subject for national electrical power education.

Ms.Feng Xiaoming, Female, born in January 1955, a CPC member ,Han nationality, from Tieling Liaoning, master degree in International Finance, with professional title of economist. Feng was the office director of Bank of China Guangzhou Branch, general manager of Public Relationship Department of Yuexiu (Hong Kong) Group, vice general manager of Financial Department of Yuexiu Investment (listed) and finance team leader of Yuexiu Group. Now Feng is the director and chief auditor of Guangzhou Securities Co., Ltd. and independent director of Guangdong Electric Power Development Co., Ltd.

Mr.Yang Zhishan, Male, born in August 1965, ,Han nationality, from Qixian Shanxi , master degree in Economics and certified security analyst. Yang was the manager of Electric & Coal Research Department of China Southern Securities Institute, joint chief (director of research) of Research Department of Guosen Securities and chief analyst of electric industry. Now Yang is director-general of Research Department of Guosen Securities and chief analyst of electric industry. He now Yang is the Majordomo of CITIC securities Dept, Chief analyst of electric industry. and independent director of Guangdong Electric Power Development Co., Ltd.

Mr.Zhu Weiping, Male, born in May 1957, a CPC member ,Han nationality, from Yiyang Hunan, doctor degree in Economics, professor and tutor of Ph. D. students. Zhu was a professor of the Management College of Jinan University. Now he is the

executive dean of Industrial Economy Institute of Jinan University, executive member of Chinese Industrial Economic Association and Guangdong Economic Association, deputy secretary-general of Guangdong Non-state-owned Economic Association and executive member of Guangdong Young & Middle-aged Economic Association. and independent director of Guangdong Electric Power Development Co., Ltd.

Mr.Guo Yinhua, Male, born in January 1956, a CPC member ,Han nationality, from Changde Hunan, doctor degree in Economics, professor and tutor of master students. Guo was the vice dean of Economic Management Department of Hunan Textile Professional College, dean of Business Administration Department of Guangdong Institute of Economic and Management. Now Guo is the vice dean of Accounting College of Guangdong University of Business Studies. and independent director of Guangdong Electric Power Development Co., Ltd.

Mr. Qiu Jianyi: Male, born in March 1964, a CPC member ,Han nationality, from Xingning Guangdong, bachelor's degree, a engineer, He once served as chief of Appointment and Dismissal Section of Cadre Division of Guangdong Power Industry Bureau and deputy director of Human Resource Dept. of Guangdong Yudean Group Co., Ltd. He now serves as director of Audit & Supervision Dept. and deputy secretary of discipline committee of Guangdong Yudean Group Co., Ltd. and chairman of the supervisory committee of Guangdong Electric Power Development Co., Ltd.

Mr.Li Yuping, Male, born in November 1963, a CPC member ,Han nationality, from Jiangxi, doctor degree in Management Science. Li was the vice general manager of Clearing Center of China Construction Bank Hainan Branch, senior manager of Funds Financial Department and General Management Department of China Cinda Asset Management Corporation Haikou Office. Now Li is the senior manager of Funds Financial Department and Capital Office of China Cinda Asset Management Corporation, and supervisor of Guangdong Electric Power Development Co., Ltd.

Mr.Yang Songcai, Male, born in March 1962, Han nationality, from Hunan ,doctor degree in Law and an official scholar studied overseas. He once taught at Dongkou

County No. 1 Middle School, Hunan, took charge of legal affairs at Hunan Material Department and Hunan Metral Material Corporation and served as lawyer and partner of Hunan Tiandiren Law Office, lecturer of Law Department of Hunan Economics and Finance College and associate professor of law school of Hunan University. He now serves as deputy director and associate research fellow of Human Rights Research Center of Guangzhou University, associate professor of law school of Guangzhou University and independent supervisor of Guangdong Electric Power Development Co., Ltd.

Mr.Xiang Ying, Female, born in December 1953, a CPC member ,Han nationality, from Shanghai, certified public accountant. Xiang was a teaching fellow and deputy division chief of Hunan Political Law Administration College, division chief and deputy commissioner at Changsha, Guangzhou and Chengdu offices of National Audit Office. Now Xiang is the vice general manager of China Huarong Asset Management Corporation Guangzhou Office. and independent supervisor of Guangdong Electric Power Development Co., Ltd.

Mr. Lin Weifeng: Male, born in February 1968, a member of CCP , Han nationality , from Jiexi Guangdong, bachelor's degree, Senior Accountant, He once worked at Xinfengjiang Hydroelectric Power Plant and Shanjiao Power Plant and served as audit director of Shajiao General Power Plant and director of finance department of Shajiao A Power Plant. He now serves as employee supervisor of Guangdong Electric Power Development Co., Ltd. and deputy chief economic engineer of Shajiao A Power Plant.

Mr Chen Chuyang, Male, born in November 1959, Han nationality, from Hubei, a Secondary qualifications, Mr. Chen has took the position as Manager of Monetary and Securities department, He is currently taking the position as Employee supervisor and the person in charge of General Affairs of Board of Directors of Guangdong Electric Power Development Co., Ltd. And concurrently serves as director of Maoming Zhenneng Thermo Power Co., Ltd.

Mr. Luo Zhiheng, Male, born in July 1967, a member of CCP , Han nationality , from Guang zhou, Guangdong, bachelor's degree, Senior Accountant, with professional title of economist. He once served as merchandiser of Guanghua Industry Import and Export Company, merchandiser and deputy manager of Energy Investment Dept., manager assistant and manager of Enterprise Planning Dept. of Guangdong Electric Power Development Co., Ltd., deputy general manager of the Company and deputy director and director of Beijing Representative Office of Guangdong Yudean Group Co., Ltd. He now serves as secretary of Party branch and deputy general manager of Guangdong Electric Power Development Co., Ltd. and concurrently serves as board chairman of Guangdong Yudean Bohe Coal Power Co., Ltd.

Mr. Xu Peijin: Male, born in October 1955, a CPC member ,Han nationality, from Maoming Guangdong, A master's degree. A economic engineer. He once served as watch man, shift head, deputy director and director of electric workshop, deputy plant director and plant director of Maoming Thermal Power Plant. He now serves as deputy general manager of Guangdong Electric Power Development Co., Ltd. and concurrently serves as vice board chairman of Maoming Ruineng Thermal Power Co., Ltd.

Ms Li Xiaoqing, Female, born in September 1971, a CPC member ,Han nationality, from Chongqing, A master's degree, Senior Economist engineer . Ms. Li has took the position as person in charge being responsible to the General Manager of Guangdong Electric Power Development Co., Ltd, she is currently taking the position as Secretary of the Board of Directors and in charge manager for Board of Directors' Affairs ,and she is also the director of Shenzhen Guang qian electricity Co., Ltd.

Mr. Liu Wei: Male, born in April 1979, a CPC member ,Han nationality, from Wuhan Hubei, bachelor's degree, a Economist engineer. He once served as secretary of Supervises committee, securities affair representative and special responsible person of Board Affair Dept. of Guangdong Electric Power Development Co., Ltd. and Preparation Team of Guangdong Yudean Finance Co., Ltd. He now serves as board secretary and manager of Board Affair Dept. of

Guangdong Electric Power Development Co., Ltd. and concurrently serves as collector of Supervisory committee of Guangdong Yudean Shipping Co., Ltd.

Ms Liu Xuemao, Female, born in August 1955, Han nationality, from Shanxi, bachelor's degree, Senior Accountant, Ms. Liu has worked in Shaoguan Electric Power Co, Huang Pu Electric Co, Guangdong Power Testing Institute, She is currently taking the position as the person in charge of financial affairs , in charge manage of financial department of Guangdong Electric Power Development Co., Ltd, and concurrently serves as collector of Supervisory committee of Guangdong Yudean Zhaxi Energy Co., Ltd.

3. Particulars of Remunerations

The salary and welfare of directors, supervisors and senior management of the Company are determined by their position in the Company and are in accordance with the Company's principle on staff payroll and welfare. No additional salary and welfare are paid. Allowance of independent directors, independent supervisors are paid according to the standard approved by the General Shareholders' Meeting.

4. In the reporting period, there were no staff leave, employment, and election of directors, supervisors and senior Executives .

In the report peiod, Mr. Liu Luoshou no longer acted as director and general manager of the Company due to age and Mr. Yao Jiheng no longer acted as director of the Company due to work change. As approved by the 7th meeting of the sixth board of directors of the Company on April 24, 2009, Mr. Lin Shizhuang was appointed as general manager of the Company. Mr. Lin Shizhuang and Mr. Rao Shubo were elected as directors of the Company at 2008 annual shareholders' general meeting of the Company held on May 26, 2009. On October 29, 2009, For sake of work, the 10th meeting of the sixth board of directors appointed Mr. Luo Zhiheng as deputy general manager of the Company.

(2) Particulars of employees

At the end of 2009, the Company had 1,914 employees, including 376 technicians, 848 production workers, 22 finance staffs, 226 administrative and management staffs

and 409 retired staffs. Current employees consisted of 727 college graduates or above, 615 technical secondary school or high school graduates. Except for few staff working in headquarters of the Company(accounts for 2.5%), most of the staff work in Shajiao A Power Plant.

V. Corporate Governance Structure

(I) The status quo of corporate governance structure

Our company will strictly follow requirements of the Company Act, the Securities Law, and the Code of Corporate Governance for Listed Companies in China, the Stock Listing Rules, etc., and keep improving in governing the structure by the legal person, and enhance in regulating its operational level. Our company has instituted the Articles of Association, the Rules of Procedure of the Three Conferences, the board special committee work instruction, the general manager work instruction, etc., which are basically covering in all respects of the management which contains the financial management, the investment management, the information disclosure, the affiliated transaction, the provision of security to foreign parties, and the funds raising, etc., and then the institution can be executed better. During the reporting, the company based on the related regulations and has amended some items of the Articles of Association, and improved the profit sharing arrangements, the shareholder proposal, and the related cumulative voting regulation of director and supervisors election. It has instituted the Directors, Supervisors and Senior Managers Hold Shares of the Company and the Change Management System, and standardized the hold and purchase and sale of the related person.

The 11th meeting of the sixth board of directors of the Company examined and adopted the Regulations on Ascertaining Responsibilities for Material Errors in Annual Report Information Disclosure of Guangdong Electric Power Development Co., Ltd. on April 12, 2010. The Company will strictly implement these regulations.

Base on the requirements of the China Securities Regulatory Commission (CSRC), the company participated in the activity of the year of the Code of Corporate Governance for Listed Companies in China during the reporting. Concerning to the company and controlling shareholders engaged in the same business operation of the electricity production and sales, and electricity

development investment, etc., and the company is positive to communicate with the controlling shareholders, which according to the related policy and procedures to solve the issues has mentioned above.

(II) The independent director duty performance

Our company has instituted the Working System of Independent Directors in May 2008, and the said system is the protection to the qualification and procedures, responsibilities, executive authority of the independent director. In particular it has specified the independent director's responsibilities to its annual report and procedures. During the reporting, the 6th board meeting of the company has convened 6 times on-site meetings and 4 times communication conferences. The 6 independent directors can attend or authorize other directors to attend the meeting and to exercise the right for voting, and not to raise an objection to the board's consideration issues. In the procedure of editing the annual report, the independent directors hear the company management operating report, and communicate the annual auditing with accountants, and verify and confirm the annual report.

The independent directors of the Company earnestly performed the responsibilities and obligations assigned by laws and regulations and Articles of Association of the Company, cared for the Company's production and business and operation according to law, actively participated in the work of the board of directors, the supervisory committee and shareholders' general meeting, expressed independent opinions on the Company's operation and decision making and all related transactions, According to the regulation has been given the independent opinions to the executives' appointment and remove, the affiliated transaction, then enhance the company's scientific decision-making and standardize the governance level, and definitely ensure the lawful rights and interests of most shareholders.

(III).Separation of operation with the holding company

(a) Separation of human resource: the General Manager and all his subordinates, Secretary to the Board of Directors, Financial Manager are paid by the Company and

take no position in the holding company.

(b) Separation of assets: the Company has independent production system, supporting system and other facilities. The Company owns its intangible assets such as intellectual property rights, trademarks and non-patent technology, except that the procedures to apply land use right certificate of Shajiao A Power Plant are still in progress.

(c) Financial independence: the Company has an independent financial department and has established independent accounting system and financial management system. It opened independent bank accounts for its own operation.

(d) Separation of organization: the Company has established integrated operating institution of its own.

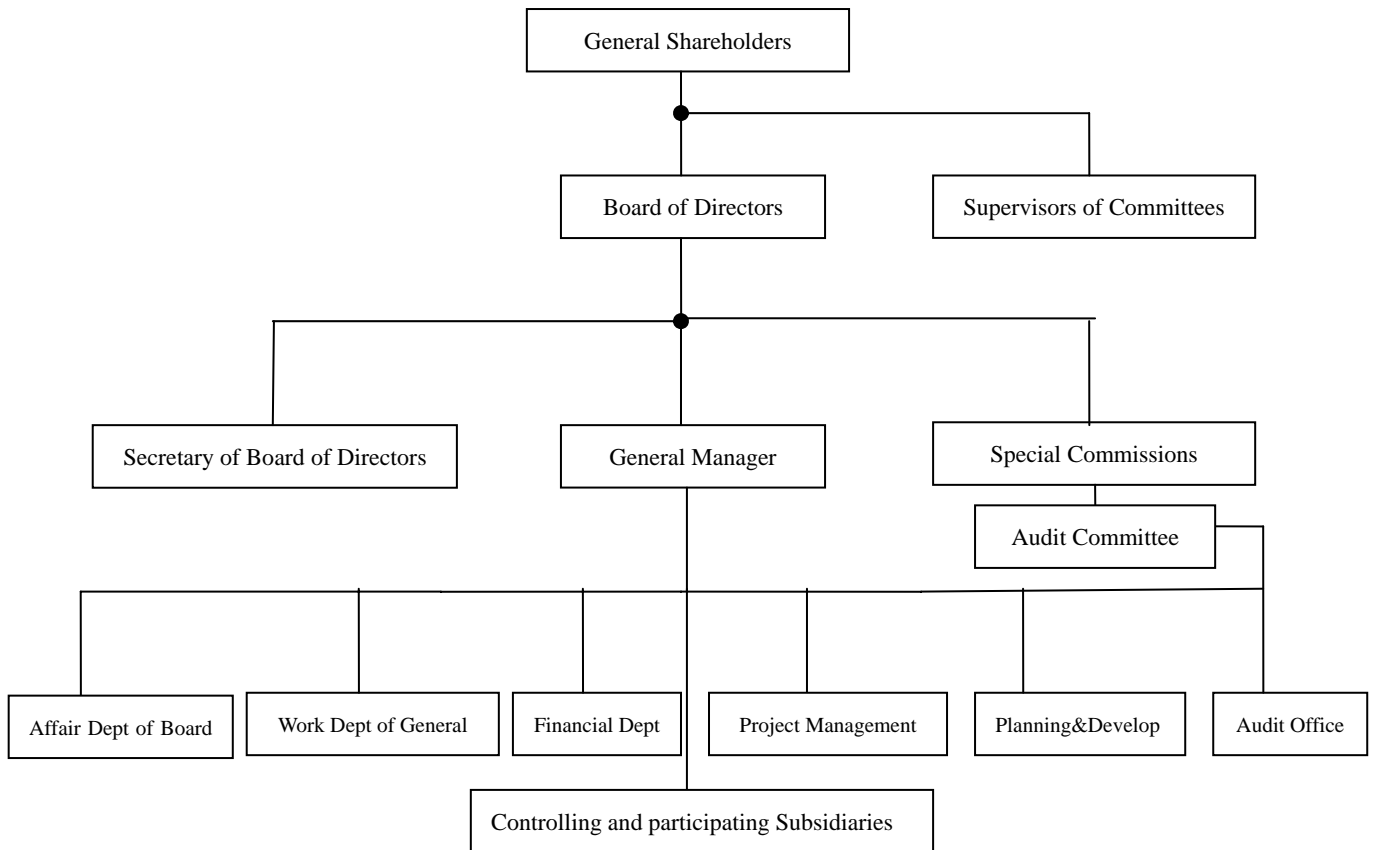
(e) Separation of operation: the Company is principally engaged in the electricity generation and sales to Guangdong Electric Power Holding Co. (“GPHC”) directly. The Company has subcontracted the subsidiary of Yudean, the holding company, to purchase the fuels, which is solely for the purpose of better utilization of large-scale purchase and cost control.

(IV) The integrity establishing situation of our internal control

The summary of the our internal control

We always focus on the internal control building, according to the Company Act, the Securities Law, and the Code of Corporate Governance for Listed Companies in China, the Shenzhen Stock Exchange Listing Rules, the Shenzhen Stock Exchange Listed Company Internal Control Guidelines, and the Basic Standard for Enterprise Internal Control, etc., then has integrated its own operating features and surroundings to institute the internal control system.

(1) The organization



(2). Construction of internal control systems

The internal control systems prepared by the Company are divided into company's internal control, internal control of financial management(Accounting system and budget , etc.), internal control of investment management, internal control of administrative management, internal control of personnel management, internal control of party work, internal control of information disclosure, internal control of external security, internal control of related transactions, internal control of funds raising, internal control of internal auditing, internal control of information systems, the 12 internal controls.

Furthermore, the subsidiaries and the sub-branches of company combine its own operating features, and set up the related internal control system to their business, which are involved with electricity selling, purchasing, producing, and inventory, etc.

(3)The supervision situation of the Audit Committee, the Budget Committee and

the Board of Supervisors

The board of the company sets up the Audit Committee, is mainly in charge of proposing or employing external audit authority, and is responsible for communicating between the internal auditing and the external auditing, and financial information and disclosure, and checks the company internal control system as well, and conducts the internal audit authority, etc. The Audit Committee has convened 5 times meetings during the reporting and had 10 review comments.

The company and its subsidiaries have set up the Board of Supervisors and the Budget Committee. The Board of Supervisors will have a check in every season and have a completed check yearly. It is mainly according to the Articles of Association to check the executives' duties performing, the financial status and the business performance, then find out the problem to propose the rectification suggestion. The Budget Committee takes the responsibility with auditing the financial budget project, the budget adjustments project, the budget implementation checking, and auditing the capital off-budget expenditure.

(4) The work and the staffing in the company internal audit department

The company has set up the independent audit office, and allocated two internal audit specialists. Every subsidiary has the full-time (or part-time) internal audit clerks. In 2009 the audit office has completed the effectiveness of self-evaluation of the 2008 annual internal audit control, and the auditing of financial revenues and expenditures in Yunnan subsidiary, and the economic accountability auditing of Guangdong Electric Power Maintenance and Installation Co., Ltd., etc. The internal audit clerks of subsidiaries are responsible to their company's business activities which have daily supervision and regular evaluation, and assist the audit office to carry out the audit project.

(5) The company has given the importance activities, work and effectiveness to set up and improve the internal control during the reporting.

The company has employed the international renowned professional consultant with the audit office to constitute the core work and self-evaluation team, and has given the evaluation to the internal control during the reporting. The team leader is taken by deputy general manager who is in charge of financial affairs, and the members are from every department and the related subsidiaries. According to the Basic Standard for Enterprise Internal Control and the matched internal control evaluation guidance to guide and set up the internal control self-evaluation system

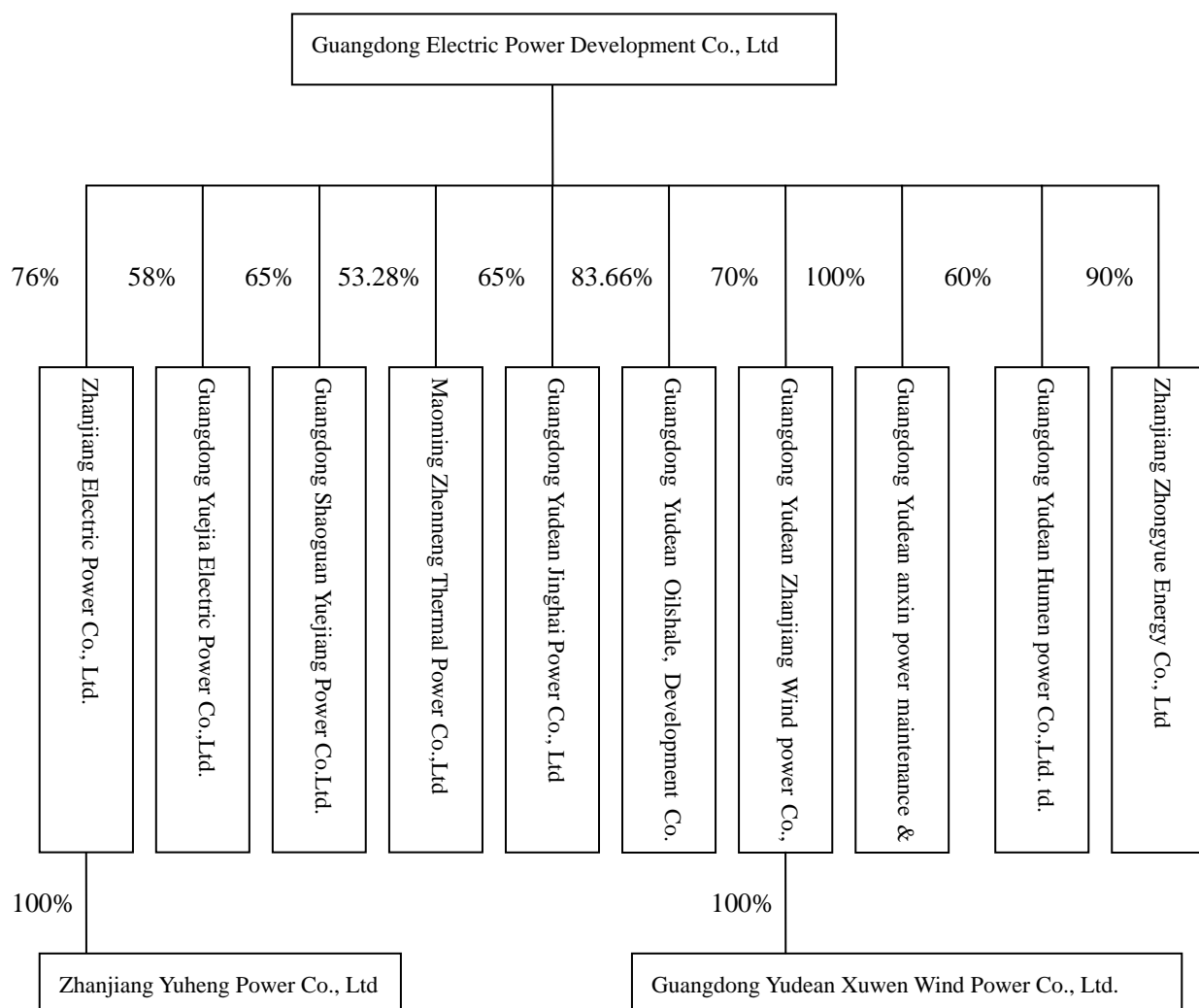
which matched the company itself. And it used the system to have the evaluating test in the company and some important subsidiaries during the reporting, and checked and approved the internal control system of the main business process in others subsidiaries, then proposed the further improvement and healthy direction. The work mentioned above has shaped the internal control self-assessment report and will give to the board meeting and the audit committee to pass by deliberated thinking.

(6) The general assessment of the internal control

The internal control conforms to the related laws and regulations of the state and the actual situation of the company. It has set up the internal control which can cover all sections in the company. It has not been found the great faults during the reporting, and general conforms to the requirements of the CSRC and the Shenzhen Stock Exchange. The company in future will base on the relevant requirements of the Basic Standard for Enterprise Internal Control, and further improve the internal control.

2. Control Actives on the Company's internal control

(1). Control structure of the controlling subsidiaries of the company and share proportion.



(2) The Company's internal control of controlled subsidiaries

The Company formulated regulations on Management and Control of Subsidiaries, realized effective management and control through appointing directors, supervisors and important senior executives to its controlled subsidiaries, monitored their operating activities through overall budget management and supervised their internal control through the inspection conducted by the supervisory committee and audit office of the Company. The Company also formulated regulations on Report of Internal Information, specified the content, time and form of report of significant information of controlled subsidiaries so as to guarantee the timeliness and effectiveness of internal information communication.

(3). The Company's internal control of related transactions

The Articles of Association of the Company have specified the examination and approval authority for related transactions, avoidance procedure and opinions of independent directors.

The company has instituted the Affiliated Transaction Management System, has a detailed standardization by referring to the recognition of the relevant laws and regulation, and the decision-making and the disclosure of the affiliated transaction. The main daily affiliated transaction will be implemented after reporting to and passing by the board and shareholders meetings. All affiliated transactions should follow the company's specified process to sign the contract agreement, and make the definite pricing and both Right and Duty, etc; it has been set up the affiliated transaction archives and ledgers, according to the List of the Listed Company and Controlling Shareholders and the Affiliated Parties, and has been recorded the relationship, the transaction details, the accounting subject, the transaction amount and balance, etc.

(4). The Company's internal control of external guarantees

The Articles of Association has been definite stipulated the provision of security to foreign parties, it should have the consideration of approval by the shareholders meeting. In addition, the company has set up the Provision of Security to Foreign Parties Management Institution, which is definite to ensure the object, scope, condition, process, guarantee limits and security prohibiting. When operating the guarantee business, the company legal clerks verify the guarantee contracts and give their legal propositions; the financial department will have the risk assessment to the business and financial situation of the secured object, and make clear about the capital and financial statement of the secured object. Furthermore, the finance department will set up the security ledger regularly, and check the implementation situation and effect of the guarantee policy. In the report period, All the Company's external guarantees were disclosed.

(5). The Company's internal control of use of IPO proceeds

The Company formulated the Regulations on Management of IPO Proceeds and

specified regulations on the deposit, use, investment, management and supervision of IPO proceeds. Before the important funds raising, it has been a feasibility analysis by the finance department and other functional departments. Thereinto, the feasibility analysis of stock and bond financing business should be deliberated by the board and the shareholders meeting. The raising funds strictly followed the funds raising project to use, and has the supervision in usage by the finance department. The company has not raised funds to the public.

(6). The Company's internal control of significant investment

The Articles of Association of the Company have specified the examination and approval authority for significant investment. All investment projects should have the feasibility analysis after initial screening by the undertaking department, and make the feasibility analysis deliberated by the company. It will have the track management to the investment project, master the financial situation and business of the investee, and according to the need to dispatch the director, supervisor and key executives. In the report period, All the Company's significant investments were disclosed.

(7). The Company's internal control of information disclosure

The Company formulated the Regulations on Management of Information Disclosure Affairs and Regulations on Management of Relationship with Investors, According to the related regulations have regulated the periodic reports and the provisional report which are disclosed the content, the range and the form. Moreover, the company has standardized the submitted information by the subsidiaries in which put the investment in time by the Internal Information Submitted Institution. The affairs department of the board is responsible to the information disclosure, plans and coordinates the information disclosure organizing, releasing, keeping, etc. All important events should be deliberated by the company corresponding decision-making bodies to disclose. In the report period, the Company did not disclose information in violation of regulations.

3. Existing internal control problems and rectification plan

The company internal control system and self-evaluating system should has a further improvement, and enhance the management control power of subsidiaries, strengthen the internal auditing function, and further standardize the internal control of the affiliation transaction, the specific rectification plan as below:

- (1) Keep enhancing the building of the internal control system and the evaluation supervising

Further to improve the internal control system, build the healthy internal control self-evaluating system, which according to the Basic Standard for Enterprise Internal Control and some related matched guiding requirements; and keep developing the company in a focused and logical way, and the internal control evaluation supervising work to the subsidiaries; and during the evaluating the found faults of the internal control or the perfectible internal control measures to have a rectification and improvement, and ensure the effective implementation to the internal control in the company main business field.

(2) Keep strengthening the management of the subsidiaries

Keep strengthening the management of the production, infrastructure, investment, guarantee and budget, control the risk in investment, and increase the income on investment. The company will appoint the special department to urge on the subsidiaries to keep improving its internal control system, and keep improving the standard operating level.

(3) Further to enhance the internal auditing function

To set up the internal audit constitution, to institute and adjust the audit plan from the risk perspective, and to supervise and audit the important business activities of the company, further to enhance the quality and efficiency of the internal auditing work. Meanwhile, enhancing the internal audit function power, and reinforcing the internal audit clerks' training, further to improve their familiarity about the company business and the auditing professional skills

(4) Strengthen the affiliate identification and the affiliated transaction control

Strengthen the training to the company's directors, supervisors, and executives which is about the aspects of the affiliate and the affiliated transaction, and intensify the requirements by a written statement per year to the affiliate and the affiliated transaction; establish the affiliated transaction identification mechanism, and follow the regulations to implement the affiliated transaction; establish the formal assessment mechanism of the affiliated transaction fair pricing, and record the assessment process by a written statement; enhance the work to check with the affiliate about the transaction amount and current account balance by a formal writing.

4. Views on self assessment of internal control by the board of supervisors of the company.

The board of supervisors of the company issued a self-evaluation report of internal control, and confirmed that self evaluation of internal control of the company was

comprehensive, true, accurate, and it reflected the actual situations of internal control of the company.

(6) Views on self assessment of internal control by independent directors of the company.

Independent directors of the company had made careful examination of the self-assessment report of internal control, and confirmed that the self assessment of internal control of the company was comprehensive, true, accurate, and it reflected the actual situations of internal control of the company.

(V) The implementation of the Company's evaluation and incentive system of senior management

The Company is in the process of establishing a fair, visible performance evaluation scheme and incentive system for directors, supervisors and management. The management is appointed openly and fairly to be compliant with laws and regulations.

VI. Brief Introduction of Shareholders' General Meeting

In the report period, the Company held 3 shareholders' general meetings in total: the shareholders' general meeting in 2008, the first provisional shareholders' general meeting in 2009 and the Second provisional shareholders' general meeting in 2009 were held on May 26, August 28 and November 18 respectively. The resolutions of the meetings were disclosed on China Securities Daily, Securities Times, Hong Kong Commercial Daily(overseas newspaper for English version)and www.cninfo.com.cn respectively on May 27, August 29 and November 19.

VII. Report of the Board of Directors

(I) Operating status of the Company in the report period

1. Summary of overall operation status of the Company

In 2009, Under the influence of unfavorable factors including international

financial crisis, the power demand of Guangdong Province was continuously small and power load suffered year-on-year negative growth for consecutive months in the first half year. With the recovery of national economy and continuous rising of local air temperature in the second half year, the power demand of the Province gradually recovered and power output realized growth for 7 consecutive months from June. In 2009, the uni-controlled maximum power load of the Province reached 63.61 million kw, a year-on-year increase of 3.34 million kw. Social power consumption of the Province was 360.94 billion kwh, a year-on-year increase of 2.9%. Affected by electricity transmission from west to east, the power output of the Province was 266.6 billion kwh, a year-on-year decrease of 0.6%.

In the report period, In terms of consolidated statements, the accumulative power output of the Company was 29.76 billion kwh, a year-on-year decrease of 0.81%. Its on-grid electricity volume was 27.502 billion kwh, a year-on-year decrease of 0.78%. 103.3% of the power generation plan for the year was fulfilled. On equity basis (including joint venture power plants), the power output and on-grid electricity volume of the Company were 28.328 billion kwh and 26.374 billion kwh, which respectively increased by 1.91% and 2% year on year.

Under the circumstance of year-on-year slight decrease of power output and year-on-year rise in electricity rate, the operating income of the Company for the report period was RMB 12.23472 billion, a year-on-year increase of 5.31%. Due to significant reduction of fuel cost resulting from price fall of coal and transportation, good control of other costs and expenses and apparent increase of income from investment in some projects, the earnings of the Company for the year increased by big margin. For the report period, the operating profit of the Company was RMB 1.67153 billion, a year-on-year increase of RMB 1.94313 billion. The net profit for the shareholders of the parent company was RMB 1.16535 billion, which increased by

RMB 1.13637 billion and 40 times year on year.

The Company accelerated the construction progress of the projects under construction and tried to make the projects start power generation as early as possible. The first air blower of Zhanjiang Yangqian wind power project (49.5MW) of which the Company holds 70% equity was put into trial run in June 2009. Lincang Xintangfang Hydroelectric Power Station (18 MW) of which the Company holds 49% equity started power generation in September 2009.

The Company continued to increase external investment, promote the expansion of scale of key business and relevant diversified development. In the report period, the Company carried out initial-stage work for the project of Guangdong Yudean Bohe Coal Distribution and Delivery Base and increased the capital of Guangdong Red Bay Power Generation Co., Ltd., Guangdong Yudean Holding West Investment Co., Ltd., Weixin Yuntou Yudean Zhaxi Energy Co., Ltd., Huaneng Shantou Wind Power Generation Co., Ltd., Lincang Yuntou Yudean Hydroelectric Development Co., Ltd., Guangdong Yudean Shipping Co., Ltd., Guangdong Yudean Finance Co., Ltd. and Shenzhen Innovation Investment Group Co., Ltd. In the report period, the Company respectively acquired 10% equity of Guangdong Yudean Jinghai Power Generation Co., Ltd. held by Guangdong Yudean Group Co., Ltd. and 51% equity of Zhanjiang Zhongyue Energy Co., Ltd. so that it respectively held 65% and 90% equity of the above-mentioned two companies.

In order to satisfy the capital need of the investment project, moderate control the indebtedness, optimize the company capital structure; company has reported to the CSRC about private issued A shares. This has been verified in the unconditional way by the CSRC in February 2010, and has got the formal approval in March 2010 and it is carrying out its specific work of issue listing.

(I) Operating status of the Company in the report period

(1) Main operating

The company business is the electric power investment, development and

management, electric power producing and selling, electric power technical advice and services. As of the end of the report period, the in-operation controllable installed generating capacity and installed capacity on equity basis were 6.69 million KW and 5.3 million KW respectively.

(2) Main operating income

Unit RMB'0000

Industry	Area	Operating Income	Operating cost	Gross Profit Ratio(%)	Increase /decrease of operating income (%)	Increase /decrease of operating cost (%)	Increase /decrease of Gross profit ratio (%)
Sales Electric Power	Giangdong	1,208,309.00	955,048.00	20.96%	6.26%	-11.95%	16.35
Heating	Guangdong	6,117.00	5,492.00	10.22%	-43.14%	-42.31%	-1.29
Provision services	Guangdong	7,411.00	5,931.00	19.97%	-34.68%	13.93%	-34.15
Total		1,221,837.00	966,471.00	20.90%	5.40%	-12.09%	15.74

In the report period, The company main business and its structure do not have a great change compared with the previous report, therefore owing to the price fall of the coal and transport, the profitability of the electric power business has significant growth.

Electricity rate

In the report period, To reflect the change of coal price for coal-fired power plants, the State lowered by on-grid electricity rate for coal-fired units (including cogeneration units) in Guangdong Province by RMB 0.8 (including tax) per kwh from November 20, 2009. After adjustment, the on-grid electricity rate (including tax) of the existing coal-fired units (including cogeneration units) of the Company is as follows:

Unit: RMB/ megawatt hour

Items	up-grid electricity price
Sha A plant	#1—#4 0.4962(Including desulfuration)
	#5 0.4964(Including desulfuration)
Zhanjiang Power plant	#1—#4 0.5158(Including desulfuration)

Yuejia Meixian Power plant	#3、#4	0.5047(Not including desulfuration)
	#5、#6	0.4962(Including desulfuration)
Yuejiang Shaoguan Power Plant	#10	0.5489(Including desulfuration)
	#11	0.5162(Including desulfuration)
Ruineng Maoming Power Plant #5		0.4962(Including desulfuration)
Zhenneng Maoming Power Plant #6		0.4962(Including desulfuration)
Jinghai Huilai Power Plant #1—#2		0.4962(Including desulfuration)
Red Bay Shanwei Power Plant #1—#2		0.4962(Including desulfuration)

The above-mentioned electricity rate adjustment decreased the Company's income from main operation by about RMB 23.05 million according to the Company's power output in the period from November 20, 2009 to the end of the year.

(4) Main suppliers and customers

In 2009, the Company's power products were all sold to Guangdong Power Grid Company of China South Power Grid Co., Ltd. The total amount of purchase from the top five suppliers accounted for about 97% of the total purchase amount of the year.

3. The capital structure

Unit: RMB

Items	December 31, 2009		December 31, 2008		Causes for major changes than in the same period last year
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Account receivables	1,328,275,383	4.40%	1,621,958,787	5.83%	No importance changes
Inventories	736,134,391	2.44%	933,438,517	3.35%	No importance changes

Investment real estates	13,376,477	0.04%	14,009,108	0.05%	No importance changes
Long-term equity investment	4,624,042,593	15.33%	3,482,010,653	12.51%	No importance changes
Fixed assets	12,021,342,945	39.85%	13,210,406,553	47.45%	No importance changes
Projects under construction	5,295,247,439	17.56%	3,465,860,415	12.45%	No importance changes
Short –term borrowings	3,816,991,742	12.65%	3,814,000,000	13.70%	No importance changes
Long-term borrowings	7,305,340,000	24.22%	7,778,560,000	27.94%	No importance changes

4 Management expenses, Financial expenses and income tax.

Unit: RMB

Items	2009	2008	Increase & Decrease rate	Causes for major changes than in the same period last year
Management expenses	563,368,182	604,994,645	-6.88%	No importance changes
Financial expenses—Net amount	512,407,457	586,477,608	-12.63%	In the report period, With the influence of the company interest capitalization and the continued dropping of the loan interest rates in the previous year of the state.
Income tax	297,532,887	-148,430,855	-	In the report period, With the substantial growth of the company business performance, the index compared in the same year has a great increase as well.

5. Analysis of relevant data of Cash Flow statement

Unit: RMB

Items	2009	2008	Increase	Causes for major changes than in the same period
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			& Decrease rate	last year
Net cash flow from operating activities	5,692,012,223	-594,156,132	-	In the report period, The revenue of the company main business has a great increase, the cost of the main business drops, and it leads to the index compared in the same year has a substantial growth.
Net cash flow from investing activities	-4,218,530,906	-1,990,647,286	111.92%	In the report period, The company has a great increase in the external investment, but has not got the benefit from the investment, and leads to further enlarge the negative value of the index.
Net cash flow from financing activities	-1,386,966,183	2,059,874,631	-	In the report period, The cash is paid by the company to repay debt is more than the cash received from borrowings, and leads the index compared in the same year substantially reduce.

6. The situation of the measurement attributes of the main assets using, adopting the fair value measurement project, the accounting restatement, and holding the foreign currency financial assets

(1) Besides the special explanation of the measurement attributes for adopting the fair value, net realizable value, and present value, etc., it generally adopts the historical cost measurement.

(2) Concerning to adopt the fair value measurement project

a. The company and the internal control system of the fair value measurement have been showed in the Internal Control Financial Management.

b. The company and the internal control system of the fair value measurement have been showed in the Internal Control Financial Management.

a. Investment in real estate is measured by cost, since obtaining fair value relies on assessment, and it is hard to acquire the price of the same or similar estate from market in a continuous and accurate manner. The real estate investment of the company involves leasing of office.

b. The available-for-sale financial assets of the company are measured by fair

value. Variations in fair value and book value are adjusted through capital reserve and do not affect profits for the period. The available-for-sale financial assets of the company include 7,000,000 shares of Shenzhen Energy Co., Ltd. and 37,021,500 shares of Shenergy Co., Ltd.

c.Items related to measurement of fair value

Unit : RMB

Item	Amount at the beginning of period	Gains and losses from change of fair value in current period	Accumulative change of fair value accounted for as rights and interests	Provision for impairment made in current period	Amount at the end of period
Financial assets					
Of which: 1. Financial assets calculated according to fair value whose change is accounted for as profits or losses for current period					
including: Derived financial asset					
2. Trading financial assets	278,668,785.00	237,555,885.00	264,496,054.00		516,224,670.00
Subtotal of financial assets	278,668,785.00	237,555,885.00	264,496,054.00		516,224,670.00
Financial liabilities					
Property investment					
Production physical assets					
Other					
Total	278,668,785.00	237,555,885.00	264,496,054.00		516,224,670.00

(3) Accounting restatement

Please see the financial report of “the 5th The corporation merger and the financial merger statement (2) the corporation merger under the same control”

(4) In the report period, the Company did not hold financial assets in foreign currency.

7. Subsidiaries of the Company.

(1)The Company's wholly-owned plant and subsidiaries

Shajiao A Power Plant, the Company's wholly-owned plant, achieved electricity generation volume of 7.506 billion KWH and on-grid electricity generation volume of 6.915 billion KWH, decreases by 4.69% and 4.82% respectively as compared to those of last year.

Zhanjiang Electric Power Co., Ltd. (“Zhanjiang Electric”), a 76% held subsidiary with a registered capital of RMB 2.87544 billion, is mainly engaged in power generation

and construction of power plant . For the end of report period, its total assets, net assets were RMB 4097.85 million, RMB4160.48million,RMB3875.55 million respectively. In the report,Its Main business income ,Main business profit and net profit were RMB 2868.5 million, RMB 695.52 million and RMB 397.08 million respectively. The Zhanjiang Power Plant owned by Zhanjiang Electric has achieved power generation of 6.891 billion KWH and on-grid electricity of 6.421 billion KWH, increases by 3.72% and 4.03% respectively compared to those of last year.

Guangdong Yuejia Electric Power Co., Ltd. (“Yuejia Electric”), a 58% held subsidiary, with a registered capital of RMB 1200 million, is mainly engaged in power generation. For the end of report period, its total assets and net assets were RMB1343.74 million, RMB1152.08 respectively. In the report period, Its Main business income, Main business profit and net profit were RMB 1035.7 million , RMB 156.94 million and RMB -121.86 million respectively.The Meixian Power Plant owned by Guangdong Yuejia Electric has achieved power generation of 2.616 billion KWH and on-grid electricity volume of 2.381 billion KWH, increased by 0.35 % and 1.06% respectively compared to those of last year.

Guangdong Shaoguan Yuejiang Power Generation Co., Ltd. ("Yuejiang Electric Power") of which the Company holds 65% equity has registered capital of RMB 770 million.It is mainly engaged in power generation. For the end of report period, its total assets and net assets were RMB2536.38 million and RMB 708.5 million respectively.In the report period, Its main business income ,main business profit and Net profit were RMB 1435.96 million , RMB 196.19 million and RMB 52.81 million respectively.The power output and on-grid electricity volume of #10 and #11 unit of subsidiary Shaoguan Power Plant were 3.448 billion kwh and 3.122 billion kwh, a respective increases of 10.41% and 10.08 % year on year.

In the report period, The Maoming Zhenneng Thermal Power Co., Ltd. which our company has 54.85% of its original holding has the merger of the Maoming Zhen Rui Neng Thermal Power Co., Ltd. (MZRN) which our company has 51% of its original holding, our company will hold 53.28% of MZRN after the merger, the registered capital of MZRN is RMB 542.16 million and mainly engaged in power

generation. For the end of report period, its total assets was RMB 1957.21 million. In the report period, Its net assets , main business income ,main business profit and Net profit were RMB613.3 million, RMB 767.61 million , RMB 159.54 million and RMB 65.91 million respectively. The power output and on-grid electricity volume of #5 and #6 unit of subsidiary Maoming Ruineng Thermal Power Plant were 3.049 billion kwh and 2.791 billion kwh, a respective decreases of 4.69% and 4.84 % year on year.

Guangdong Yudean Jinghai Power Co., Ltd. , a 65% held subsidiary with a registered capital of RMB 1550 million. It is mainly engaged in power generation. For the end of report period, its total assets and net assets were RMB 8431.12 million and RMB 1732.82 million respectively. In the report period, Its Main business income, Main business profit and net profit were RMB 2528.21 million , RMB 617.82 million and RMB 256.51 million respectively. Huilai Power Plant owned by Yudean Jinghai Electric Power has achieved power generation of 6.249 billion KWH and on-grid electricity volume of 5.871 billion KWH, decreases by 4.65 % and 4.61% respectively compared to those of last year.

Guangdong Yudean Anxin Electric Inspection & Installation Co., Ltd., a wholly-owned subsidiary of the Company, registered capital of RMB 20 million. It is mainly engaged in undertaking the installation and maintenance of electric power facilities. For the end of report period, its total assets and net assets were RMB 52.55 million and RMB 33.22 million respectively. In the report period, its Main business income ,main business profit and net profit were RMB 79.18 million , RMB 15.46 million and RMB 6.02 million respectively.

The registered capital is 172.92 million yuan of Guangdong Yudean Zhanjiang Wind Power Co., Ltd. which our company has 70% of its original holding, the main business is new energy development and power production. For the end of report period, its total assets and net assets were RMB 510.58 million and RMB 167.05 million respectively. In the report period, Its Main business income, Main business profit and net profit were RMB 0.87 million , RMB 0.56 million and RMB 1.49 million respectively. With its accessorial Yang Qian Wind Farm has fulfilled the electric energy production for 1 million kilowatt-hour and the on-grid energy for 1 million kilowatt-hour.

The registered capital is RMB 10 billion of Zhanjiang Zhongyue Energy Co.,

Ltd. which our company has 90% of its original holding. For the end of report period, its total assets and net assets were RMB 3300.1 million and RMB 823.75 million respectively. This company is still in the “oil changes coal” building and transformation period, the work will put into operation in the first half of the year in 2011, and the net profit is RMB 0.19 million during the report.

The registered capital is RMB 23.5 million of Guangdong Yue Dian Oil Shale Power Co., Ltd. which our company has 90% of its original holding. Its main business is oil shale resources exploitation and power generation. For the end of report period, its total assets and net assets were RMB 225.53 million and RMB 220.64million respectively. This company is still in the early development of the oil shale exploitation. and the net profit is RMB -4.71 million during the report.

The registered capital is RMB 15 million of Guangdong Yudean Humen Power Co., Ltd. which our company has 90% of its original holding, its main business is power generation and business. For the end of report period, its total assets and net assets were RMB 150.55 million and RMB 148.58million respectively. This company is still in the early development of the third stage in the Saojiao A power plant. and the net profit is RMB -1.42 million during the report.

(2) The business performance of the subsidiary shares

Please see the financial report of “the 6th The financial merger statements with annotation (9) to the investment on associates”

(II) Prospects

1. Situation and Measures

With the continued recovery of national economies, the demand for electric power will increase gradually. In 2010, the consumption of electricity in Guangdong province will increase by about 7% to 385,000 million KWH. However, the electricity generation of existing generators in the province will be limited because of the increase of the additional installed capacity and expansion of channels for delivering electricity from the west to the east. This will adversely affect the using hours of the generators of power plants. Under this situation, the Company continues to optimize the operation mode of generators and explore the generation ability of existing generators to maximize the generation efficiency. The Company also develops thermal power projects of high capacity and parameters, and other projects of the alternative power.

In the second half of 2009, prices of coal and freight were seen an increased

trend driven by the demand of economic rebound and limitation of the transport ability. However, China regulates the prices of grid electricity of thermal generators down. Policies of the linkage between coal and electricity are difficult to put into place timely. As a result, operation costs of thermal power plants are great. Under this situation, the Company will pay close attention to fuel prices to adjust fuel procurement strategies timely, improve the scheduling and management of fuel constantly, and control fuel costs. In addition, the Company will continue to invest in the upstream coal and transport industries to strengthen the cost control and overall risk-resistant abilities.

Power supply projects are difficult to be approved because: (1) China strengthens its macro-control policies; (2) Structural adjustment policies are launched; (3) Administrative departments of planning, land, environmental protection, and marine have more stringent policies on approval. Some of the large power supply projects of the Company have not been approved. In addition, China has launched policies to develop low-carbon economies featuring low power consumption and carbon emission, strengthened the environmental protection supervision and law enforcement, and propose higher requirements on energy saving and emission reduction during the production and operation. The Company has a number of small-capacity generators, which increase the environmental protection costs and risks of thermal power plants. Especially in some mountainous areas, small thermal power plants have lower priority in energy-saving scheduling. As a result, the situation of the Company is worse. To solve these problems, the Company will adapt to the adjustment of policies, improve the development planning, and promote the approval of newly-established projects and large projects. Meanwhile, the Company will engage in capital operations to seek the low-cost expansion opportunities, promote the sizable growth of main businesses and structure optimization, thus improving the core competitiveness and bringing new profits for the Company.

2. Production and Operation Plan of 2010

(1) Production plan: In 2010, the Company plans to produce grid power of 25.778 billion KWH, decreased by 1.724 billion KWH compared with that of 2009.

(2) Investment plan: In 2010, the Company plans to make an investment of 2298.31 million Yuan in projects. The planned investment amount is estimated according to the required capital of total investment of projects. The actual investment amount is adjusted according to the project approval and construction

schedule. The funds will be raised by the company's own reserves and bank loans.

(3) Strengthening the management, exploring the potential and improving the efficiency: strengthening the safe production of power plants to ensure the continuous and stable operation of generators; tracing market changes to control the procurement price of fuel; implementing energy saving and power consumption reduction to reduce fuel costs; strengthening the budget management to control the expenditure on costs and fees; optimizing the finance management to improve the fund raising and using plans and thus reduce capital costs.

(III Investment of the Company in the report period

1. Nor those raised in previous periods whose use continued in the report period.

In the report period, Therefore, no operation profit was obtained in the report period.

2. Investment with non-IPO proceeds and its progress and income

In the report period, The Company plans to invest RMB1,861.9 million in the projects shown in the following table.

Unit : RMB

Name	Amount	Project progress	Income from project
Guangdong Yudean Jinghai Power Co., Ltd.	18,884.00	This company is operating the #1 and #2 generators (2 x 600 MW) of Huilai power plant and implementing the preparatory work for constructing the #3 and #4 generators (2 x 100 MW) of Huilai power plant.	This company receives the proceeds of RMB166.73 million based on the equity conversion period.
Zhanjiang Zhongyue Energy Co., Ltd.	73,371.00	This company is implementing the coal-for-oil project (2 x 600 MW) for the Aoli oil project.	This company receives the proceeds of RMB 0.17 million based on the equity conversion period.
Lincang Yuntou Yudean Hydroelectricity Development Co., Ltd.	882.00	The Xintangfang hydropower station (18 MW) has been put into operation in September 2009. This company is implementing the preparatory work for constructing the Dayakou hydropower station.	This company receives the proceeds of RMB 0.4 million based on the equity conversion period.
Huaneng Shantou Wind Power Co., Ltd	499.00	This company is operating the Nan'ao wind power project (53 x 850 KW) and constructing the Dongdao wind power project (15 MW).	This company receives the proceeds of RMB3.45 million based on the equity conversion period.

Guangdong Yudean Shipping Co., Ltd.	49,000.00	As of March 31, 2010, This company has the shipping capacity of 650,000 DWT. The company is implementing the preparatory work for constructing 630,000 DWT bulk carrier.	This company receives the proceeds of RMB 0.34 million based on the equity conversion period.
Guangdong Yudean Finance Co.,Ltd.	5,000.00	As of the end of the report, this company receives RMB11,700 million deposits and launches RMB9,900 million loans.	This company receives the proceeds of RMB 33.03 million based on the equity conversion period.
Shenzhen Chuangxin Investment Group Co., Ltd.	6,250.00	This company is participating in the projects worth of investment.	This company receives the dividend of RMB 5 million based on the cost method.
Preparatory work	32,304.00	The company is implementing the preparatory work	No operation profit was obtained.
Total	186,190.00	-	-

(IV) Matters Related to Audit

1. PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. Has auditors' the Company's financial report and produced a standard unqualified audit report for the Company.
2. For details about the difference between onshore accounting principles and offshore accounting principles described by the board of directors, see section 2 "Accounting Data and Business Data".

(V) Routine work of the board of directors

1. Board meetings and resolutions in the report period

In the report period, the Company held 6 board Locale meetings and 4 board Communication meetings in total. 5th-10th meetings of the sixth board of directors were held on March 12, 2009, April 16 , April 24, June 29, August 11 and October 29 respectively. The resolutions of the meetings were disclosed on China Securities Daily, Securities Times, ,Hong Kong Commercial Daily (overseas newspaper for English version) and www.cninfo.com.cn respectively on March 13, April 20, April 29, July 1, August 13 and October 31. 1st and 4th(from 1 to 4) communication meetings of the sixth board of directors were held on August 28, September

27, December 4 and December 24 respectively. The resolutions of the meetings were disclosed on China Securities Daily, Securities Times, ,Hong Kong Commercial Daily (overseas newspaper for English version) and www.cninfo.com.cn respectively on August 29, September 29, December 9 and December 25.

2. Implementation by the board of directors of the resolutions of the shareholders' general meeting

2008 annual shareholders' general meeting held on May 26, 2009 examined and adopted the Company's Plan for Profit and Dividend Distribution for 2008. The resolution concerning dividend distribution plan is as follows: RMB 0.6 is to be paid for every 10 A shares (Including tax) RMB 0.6 is to be paid for every 10 B shares. The said dividend distribution was completed in July 2009 except that part of original shareholders holding non-negotiable shares did not receive dividends. The stock right registration date for dividend distribution for A shares is July 21 2009. The last trading day for B shares is July 21, 2009. Ex-dividend date is July 22, 2009.

Refer to the foregoing (III) The Company's investment in the report period for the details of the status of implementation by the board of directors of the resolutions of the shareholders' general meeting concerning investment. Refer to the following "IX. Important Matters--(VIII) Significant Contracts and Status of Their Performance --2. Significant Guarantee" for the details of the implementation status of the resolutions on matters concerning external guarantee. Refer to "IX. Important Matters--(VII) Significant Related Transactions" for the details of implementation status of the resolutions on related transactions.

3. Annual statement working procedure and performance summary of audit committee

(1) Annual statement working procedure of audit committee

The company has added the annual statement working procedure of audit committee into the Working Rules of Board Audit Committee, resolved and approved by the board of directors. Annual statement working procedure of audit committee – The committee shall negotiate with accountant to agree upon a schedule for the audit of annual financial statement; push the accountant to submit the audit report within time limit, and log the manner, times and result of pushing in writing as well as the

signature approval by the responsible person. Audit committee shall review the financial statements of the company before the certified public accountant (CPA) and form a written comment. Once the auditing CPA has started to work, the audit committee shall strengthen communication with CPA and review the statements again once the CPA has submitted the preliminary audit opinions and form a written comment. The audit committee shall vote on the annual financial statements and submit the resolution to the board of directors for approval. Meanwhile, the committee shall submit a performance report of the CPA to directors along with the resolution of extension or change of the CPA's appointment for the next year. The abovementioned documents formed by audit committee shall be disclosed in the annual Report.

2. Summary report of duty performance of audit commission.

On November 18, 2009, The Audit Committee of the Sixth Board of Directors (the "Audit Committee") held the eighth conference, heard the accounting office's *Reporting on the Schedule of Financial Report Audit of the Company in 2009*, and conducted the communication on the financial pre-audit of the Company in 2009. The conference reached the following opinions: The Audit Committee approved the audit schedule of the financial report of the Company in 2009, communicated with the accounting office on the risks of auditing/accounting during the audit, required the Company to work with the accounting office to solve the related problems, and required the accounting office to complete the audit according to the schedule and issue a true and correct audit report.

On January 28, 2010, The Audit Committee held the ninth conference, viewed the financial report of the Company in 2009 and the related statements (unaudited) as well as the internal audit plan of the Company in 2010. The conference reached the following opinions: The financial report of the Company in 2009 and the related statements (unaudited) truly and correctly reflected the actual financial situation of the Company. The Audit Committee approved the internal audit plan of the Company in 2010 and provided the related suggestions on improvement. The Audit Committee together with independent directors of the Company planned to visit some power plants after the accounting office issues the initial audit opinions.

Audit commission would strengthen communication with the accounting firm, and urge the accounting firm to submit audit report within agreed deadline.

On March 26, 2010, The Audit Committee held the tenth conference, viewed the financial statement containing an initial audit opinion of the accounting office. The conference reached the following opinions: The financial statement of the Company in 2009 is prepared truly and correctly, complies with the requirements of regulations, and is found no material errors and omissions. The financial statement fairly reflected the financial position and operating results in all material respects of the Company in 2009. In addition, the conference reached the following resolutions through voting: (1) The Audit Committee approved the financial statement of the Company in 2009. The financial statement of the Company in 2009 is prepared truly and correctly, complies with the requirements of regulations, and is found no material errors and omissions. The Audit Committee consented to submit the financial statement of the Company to the board of directors for review; (2) The Audit Committee approved the financial statement of the Company in 2009. The financial statement fairly reflected the financial position and operating results of the Company in 2009. The Audit Committee consented to submit the financial statement to the board of directors for review; (3) The Audit Committee approved the *Summary Report on Accounting Office's Audit* and considered that the CPAs conducted their audit in accordance with the *Independent Auditing Standards for Certified Public Accountants*. The audit time is sufficient. The CPAs are arranged reasonably and qualified for the work. The audit report issued is appropriate and contains fair audit opinions, complying with the actual position of the Company. (4) It agreed to recommend PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. to continue its responsibility for audit of the Company in 2010. (5) It agreed to the Self-evaluation Report on Internal Control issued by the Company and held the opinion that the self-evaluation of the Company's internal control fully, truly and accurately reflected the actual conditions of the Company's internal control and agreed to submit it to the board of directors of the Company for examination.

4. Summary report of the performance of Salary and Examination Commission.

On April 1, 2010, The Compensation and Examination Committee of the Sixth Board of Directors (the "Compensation and Examination Committee") held the first conference and reviewed the compensation of directors, supervisors, and senior management staff disclosed in the annual report. The Compensation and Examination Committee considered that the disclosure is true. The conference approved the *Motion of Purchasing Directors', Supervisors', and Senior Management Staff's Liability* and the *Motion of Extracting Incentives from the Operating Results of 2009*.

(VI) The preplan for profit distribution and capitalization of capital surplus for 2009

In accordance with the audit result obtained by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. according to Chinese accounting standards and international accounting standards, the principle of distributing

dividends based on the lower of two results of net profit, the suggested profit distribution plan is as follows:

The distributable profit for the report year is RMB 758.923 million and the undistributed profit carried forward from previous year is RMB 601.06 million. the total amount of the profit available for distribution to shareholders for current year is RMB 1359.98. million. According to corporate articles, 10% of the statutory surplus reserve is extracted, that is RMB 75.89 million , and 25% of the discretionary surplus reserve is extracted, that is RMB 189.73 million in the current year. Total profits for distribution to shareholders are RMB 1094.36 million in the current year. The preplan for dividend distribution suggested by the board of directors is as follows: According to the arrangement concerning distribution of accumulated profit in the Company's scheme for private issue of A shares in 2009, new and old shareholders will share the accumulated profit before the completion of this issue. It is suggested that the total share capital after private issue should be the base. Dividend of RMB 2.00 (including tax) is to be distributed for every 10 A shares. Dividend of RMB 2.00(including tax) is to be distributed for every 10 B shares.

Particulars about the cash bonus of the Company in previous three years

Unit: RMB

Year for bonus distribution	Amount of cash bonus(Included Tax)	Net profit attributable to shareholders of listed company in consolidated statement of bonus year	Ratio of net profit attributable to shareholders of listed company in consolidated statement	Distributable profit during the year
2008	159,564,240.00	28,981,240.00	550.58%	291,198,800.00
2007	319,128,480.00	658,877,844.00	48.44%	597,442,300.00
2006	478,692,720.00	745,181,226.00	64.24%	913,407,200.00
The proportion of accumulative cash bonus during recent three years in latest annual average net profit (%)				200.42%

(VII). Other reported events

1. The 11th meeting of the sixth board of directors of the Company examined and adopted the Regulations on Management of Information Disclosure of Guangdong Electric Power Development Co., Ltd. to External Agencies on April 12, 2010. The

Company will strictly implement these regulations.

2. The situations of company accumulation and external guarantee in the current period of the independent directors and the implementation of company has secured external current situation and the special description and independent views for implementation of the Notice on Regulating Capital Exchanges between the Company and Related Parties and Issues on External Guarantee of Listed Company (Zhengjianfa [2003] 56). and the Notice on regulation Capital Exchanges and Issues on External Guarantee of listed Company(Zhengjianfa [2005] 120).

According to the spirit of the Notice on Regulating Capital Exchanges between the Company and Related Parties and Issues on External Guarantee of Listed Company (Zhengjianfa [2003] 56) and the Notice on regulation Capital Exchanges and Issues on External Guarantee of listed Company(Zhengjianfa [2005] 120). , the independent directors made verification on the capital exchanges between the company and the related parties and the situation of external guarantee, and believed that:

By the end of the reporting period, the company did not illegally provide capital to the related parties, the company did not provide guarantee for the controlling shareholders, and other related parties, and did not provide guarantee illegally.

Chairman of the board of directors: Pan Li

VIII. Report of the Supervisory Committee

(I) Work of the supervisory committee in 2009

In 2009, the members of the supervisory committee attended 6 board meetings as non-voting delegates, Cleck and approed the relevant data of 4 communication meeting of the board of directors, attended 3 shareholders' general meetings and held 4 locale meetings of the supervisory committee, and one communication meeting of the committees of supervisors., Main situations of each meeting of the committees of supervisors are as follows:

The 1st meeting was held in Dongguan on April 16, 2009. The meeting examined and

adopted the Proposal Concerning Work Report of the General Manager for 2008, the Proposal Concerning Financial Report for 2008, the Proposal Concerning Preplan for Profit Distribution and Dividend Distribution for 2008, the Proposal Concerning Work Report of the Supervisory Committee for 2008, the Proposal Concerning 2008 Annual Report and Summary of 2008 Annual Report, The Proposal Concerning Regulations of the Company on Management of Company Shares Held by Directors, Supervisors and Senior Executives and the Change Thereof. the Proposal the report on self-evaluation of the Company's internal control. the proposal Concerning the Company's Report on Social Responsibility for 2008.

The 2nd meeting was held in Guangzhou on April 24, 2009. The meeting examined and adopted the Proposal Concerning Work Report of the General Manager for the First Quarter of 2009, the Proposal Concerning Financial Report for the First Quarter of 2009 and the Proposal Concerning Full Text of Report for the First Quarter of 2009 and Text of Quarterly Report.

The 3rd meeting was held in Guangzhou on August 11, 2009. The meeting examined and adopted the Proposal Concerning Semiannual Work Report of the General Manager for 2009, the Proposal Concerning Semiannual Financial Report for 2009 and the Proposal Concerning 2008 Semiannual Report and Summary of 2009 Semiannual Annual Report.

The 4th meeting was held in Guangzhou on October 29, 2009. The meeting examined and adopted the Proposal Concerning Work Report of the General Manager for the Third Quarter of 2009, the Proposal Concerning Financial Report for the Third Quarter of 2009 and the Proposal Concerning Full Text of Report for the Third Quarter of 2009 and Text of Quarterly Report.

In addition, the supervisory committee combined supervision with internal audit, strengthened daily supervision and management, improved internal control system and promoted the further improvement of financial work.

(II) The independent opinions of the supervisory committee on the following matters

1. The supervisory committee effectively supervised the holding procedure and resolutions of board meetings and shareholders' general meetings, the status of implementation of the resolutions of shareholders' general meetings by the board of directors, the duty performance of senior executives of the Company and the management system of the Company according to relevant laws and regulations and Articles of Association of the Company. In its opinion, the Company followed the

principle of honest and standardized operation, operated according to law, made decisions according to legal procedure and established sound internal control system in the report period. No act of directors and managers of the Company that violated laws and regulations and the Articles of Association of the Company or harmed the interests of the Company and shareholders was found when they performed their duties.

2. In the opinion of the supervisory committee, the financial affairs of the Company were handled strictly according to the financial management and internal control system of the Company. The standard unqualified audit opinions on the Company issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. were objective and fair and the financial report truly reflected the Company's financial position and operating results.

3. In the three years by the end of 2009, no insider transactions were found and it did not damage the interests of shareholders .

4. The supervisory committee held the opinion that the Company's asset acquisition in 2009, which was carried out at reasonable price, contributed to the Company's continuous development. no insider transactions were found and it did not damage the interests of shareholders .

5. In the opinion of the supervisory committee, the related transactions occurred in 2009 were fair and reasonable, the decision making and information disclosure procedure was standardized and no act harmed the interests of the Company.

Chairman of the Supervisory
Committee

Qiu Jianyi

IX. Important Events

(I) Matters Related to Corporate Bonds

China Construction Bank authorized its Guangdong branch to provide the full amount, unconditional, and irrevocable joint and several liability guarantee for the principal and interests payment of corporate bonds issued by the Company. In the report period, The guarantor makes profits continuously. Assets of the guarantor grow and credit conditions of the guarantor are not adversely changed.

In the report period, The credit standing of the Company is not adversely

changed. As of the end of the report, the asset-liability ratio of the Company is 60.04%. On March 10, 2009 and March 10, 2010, the Company has paid for the interests of corporate bonds for the first and the second interest periods respectively. In the future, the Company will continue to develop businesses as the guarantee to pay for the interests of corporate bonds.

China International Capital Corporation Limited, as a custodian of corporate bonds, will announce a bond custody report before June 30, 2010. The report will include the Company's operation, assets, use of proceeds from corporate bonds, and corporate bond tracing and rating.

I. The Company has no significant lawsuits or arbitrations during the reporting period.

(II). Shareholdings of other listed companies

Unit: RMB

Stock Code	Stock abbreviation:	Investment amount at the beginning	Proportion of shareholding	Book Value at the end of report	Profit & loss in the report period	Change of owner's equity in the report period	Subject of accounting calculation	Resource of share
000027	Shen Energy A	16,949,674.00	0.32%	94,920,001.00	700,000.00	38,010,000.00	Financial assets available for sale	Initiated
600642	SHENERGY	235,837,987.50	1.28%	421,304,669.00	3,700,000.00	199,545,885.00	Financial assets available for sale	Transferee
Total		252,787,661.50	-	516,224,670.00	4,400,000.00	237,555,885.00	-	-

(III) Equity of non-listed financial enterprises and companies to be listed held by the Company

Unit: RMB

Name of object	Amount of initial investment	Amount of shares held	Proportion in equity	Book value at period-end	Profits or losses	Change of owners	Subject of account	Resource of share
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			of the Compa ny	d	in the report period	' equity in the report period	ing calculat ion	
Guangdong Guangji Internation al Bid Co., Ltd.	3,600,000. 00	1,800,000	3.07%	3,600,000 .00	0.00	0.00	Long-te rm investm ent on stocks	strata gems urch as
Sun Property Insurance Co., Ltd.	356,000,00 0.00	350,000,0 00	9.46%	356,000,0 00.00	0.00	0.00	Long-te rm investm ent on stocks	Initia ted establ ishme nt
Total	359,600,00 0.00	351,800,0 00	-	359,600,0 00.00	0.00	0.00	-	-

(V). Trading the stocks of other listed companies

In the report period, our company didnt trade the stocks of other listed companies

(VI). Matters related to purchasing assets during the reporting period

The other party of the	Asset sold out or purcha sed in	Date of purchas e	Price	Net profit contribu ted to	Net profit contribu ted to the	If it was a relat ed	Prici ng poli cies	Ass ets righ ts con	Cre dit and liab ility	The relat ed relat
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trade or ultimate dominator				the Company since acquisition to the end of the report term	Company from the beginning of year to the end of the report term (Applicable for merger of firms under same ownership)	transaction (state pricing basis if yes)		cerned transferred ownership fully or not	concerned shifted fully or not	ionship
Guangdong Yudean Group Co., Ltd.	Guangdong Yudean Jinghai Power Co., Ltd. 10% shareholding	April 28, 2009	18,884.00	0.00		Yes	confirmed overestimated value	Yes	Yes	controlling shareholder

Guangdong Yudean Group Co., Ltd.	Zhanjiang Zhongyue Energy Co., Ltd. 51% shareholding	December 18, 2009	73,371.00	0.00		Yes	confirmed overestimated value	Yes	Yes	controlling shareholder
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The Company's acquisition of 10% equity of Guangdong Yudean Jinghai Power Generation Co., Ltd. and 51% equity of Zhanjiang Zhongyue Energy Co., Ltd. does not affect its business continuity and management stability and contributes to further enlarging the scale of its key business and enhancing the competitiveness of its key business.

(VII) Major related transactions

1. Related-party transactions relating to daily operations

For details about the related-party transactions relating to daily operations, see No. (5) “Related-Party Transaction” in section 8 “Relations of Related Parties and Their Transactions”.

Related-party transactions between the Company and the related parties are caused by features of the electric power industry and historical reasons. Due to the characteristics of power industry and historic reasons, the power plants of the Company have close connection with related parties in production and operating activities. It is hard to avoid the said related transactions and they satisfy the actual demand of operation and management of the Company and are necessary daily transactions. The said transactions have occurred continuously for a long time, which guarantee the Company's normal production and operating activities. This kind of transactions are expected to continue.

As Guangdong Yudean Group Co., Ltd. has great advantage in respect of fuel purchase, production technology and management of power plants and relationship with related parties has been formed by objective factors, the occurrence of the said related transactions meets the actual conditions of the Company and helps the Company utilize advantageous resources, save cost and enhance efficiency.

The said related transactions were agreed upon and followed the principle of fairness, openness and impartiality. Related parties enjoyed rights and performed obligations as agreed and did not harm the interests of the Company. This kind of related transactions have no adverse influence on the Company's financial position and operating results in current period and in the future.

The Company is much dependent on the controlling shareholder in respect of fuel purchasing. However, the said related transactions have no significant adverse influence on the

independence of the Company's key business.

.2. Related-party transactions caused by acquisitions and sales of assets.

Unit : RMB'0000

The other party of the trade or ultimate dominator	Asset sold out or purchased in	Date of purchase	Price	Net profit contributed to the Company since acquisition to the end of the report term	Net profit contributed to the Company from the beginning of year to the end of the report term (Applicable for merger of firms under same ownership)	Pricing policies	Assets rights concerned transferred ownership fully or not	Credit and liability concerned shifted fully or not
Guangdong Yudean Group Co., Ltd.	Guangdong Yudean Jinghai Power Co., Ltd. 10% shareholding	April 28, 2009	18,884.00	0.00		confirmed over estimated Audit value	Yes	Yes
Guangdong Yudean Group Co., Ltd.	Zhanjiang Zhongyue Energy Co., Ltd. 51% shareholding	December 18, 2009	73,371.00	0.00		confirmed over estimated Audit value	No	Yes

3. The Company conducts investment with related parties.

In the report period, The Company and its controller Guangdong Yudean Group Co., Ltd increased capital to the jointly-controlled company Guangdong Honghaiwan Power Co., Ltd.. The Company increased RMB125 million capital based on 25% of total equity held by the Company in Guangdong Honghaiwan Power Co., Ltd.. The operation scope of Guangdong Honghaiwan Power Co., Ltd. includes the construction and operation of power plants, and sales of electric power. As of the end of the report, Guangdong Honghaiwan Power Co., Ltd. has the registered capital of RMB2,549.75 million, total assets of RMB8,075.01 million, net assets of RMB2,674.76 million, and

net profits of RMB . Guangdong Honghaiwan Power Co., Ltd. is operating the #1 and #2 generators (2 x 600 MW) of Shanwei power plant, and implementing the preparatory work for constructing the #3 and #4 generators (2 x 660 MW) of Shanwei power plant.

In the report period, The Company and its controller Guangdong Yudean Group Co., Ltd increased capital to the jointly-controlled company Guangdong Yudean Controlling West Investment Co., Ltd.. The Company increased RMB79.04 million capital based on 26% of total equity held by the Company in Guangdong Yudean Controlling West Investment Co., Ltd.. Among RMB79.04 million capital, RMB64.74 million was entrusted loan receivable. The operation scope of Guangdong Yudean Controlling West Investment Co., Ltd. includes investment in electric power projects and other projects related to electric power, and energy projects. As of the end of the report, Guangdong Yudean Controlling West Investment Co., Ltd. has the registered capital of RMB577.4 million, total assets of RMB9,322.87 million, net assets of RMB1,351.56 million, and net profits of RMB . Guizhou Yueqian Power Co., Ltd. invested by Guangdong Yudean Controlling West Investment Co., Ltd. is operating the projects of Pannan power plant.

In the report period, The Company and its controller Guangdong Yudean Group Co., Ltd increased capital to the jointly-controlled company Guangdong Yudean Shipping Co., Ltd.. The Company increased RMB490 million capital based on 35% of total equity held by the Company in Guangdong Yudean Shipping Co., Ltd.. The operation scope of Guangdong Yudean Shipping Co., Ltd. includes transport of general cargo for domestic coastal lines, transport of general cargo for international shipping lines, domestic commerce, supply and sales of materials (excluding franchise, special control, and specialty goods), and port tug business (with the relevant permit). As of the end of the report, Guangdong Yudean Shipping Co., Ltd. has the registered capital of RMB1,600 million, total assets of RMB4,937.88 million, net assets of RMB1,660.64 million, and net profits of RMB . As of March 31, 2010, Guangdong Yudean Shipping Co., Ltd. has the shipping capacity of 650,000 DWT, and is constructing 630,000 DWT bulk carrier.

In the report period, The Company and its controller Guangdong Yudean Group Co., Ltd increased capital to the jointly-controlled company Guangdong Yudean Finance Co., Ltd.. The Company increased RMB50 million capital based on 25% of total equity held by the Company in Guangdong Yudean Finance Co., Ltd.. According

to the approval for the business scope of Guangdong Yudean Finance Co., Ltd. by China Banking Regulatory Commission [No. (2006) 398], Guangdong Yudean Finance Co., Ltd. can operate the following businesses: providing finance and fundraising consultancy for member units, credit verification and related consulting and agency business; assisting the member units in the receipt and payment of transaction funds; providing guarantee for member units; processing the bill acceptance and discount for member units; handling the internal transfer settlement and corresponding settlement between member units, and preparing clearance program; absorbing deposits from member units; processing loans and financing lease for member units; processing interbank lending. As of the end of the report, Guangdong Yudean Finance Co., Ltd. has the registered capital of RMB1,000 million, total assets of RMB12,908.51 million, net assets of RMB1,148.82 million, and net profits of RMB . As of the end of the report, Guangdong Yudean Finance Co., Ltd. absorbed deposit balance of RMB11,700 million and launched loan balance of RMB9,900 million.

4. Related parties Debts and guarantee

Unit: RMB'0000

Name of related party	Selling products and offering labor service to related parties		Purchasing product and accepting labor service from related parties	
	Transaction amount	Proportion%	Transaction amount	Proportion%
Guangdong Yudean Finance Co., Ltd	0.00	0.00	112,503.00	292,900.00
Zhanjiang Zhongyue Energy Co., Ltd.	15,342.00	15,342.00	0.00	0.00
Guangdong Yudean Holding West Investment Co., Ltd.	0.00	9,048.00	0.00	0.00
合计	15,342.00	24,390.00	112,503.00	292,900.00

For details about providing guarantee for related parties, see No. 2 “Material Guarantee” in section (8) “Material Contracts and Implementation”.

The credit and debt occurred between the Company and the related parties, and the guarantee provided by the Company for the related parties, are activities according to the requirements of the Company’s operation and project development of the related parties. These activities play a positive role in promoting the development of the Company and driving the progress of invested projects. These activities do not damage the interests of the Company.

(VII).Significant contracts and implementation

(1) The Company is not involved in trustee, sub-contract or lease with other companies in the reporting period.

(2) Significant guarantee:

Unit RMB'0000

External Guarantee (Exclude controlled subsidiaries)						
Name	Date of contract	Amount guaranteed	Type guarantee	Term	Completed or not	Related party or not
Lincang Yuntou Yudean Hydroelectricity Development Co., Ltd.	December 25, 2006	3,430.00	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 30, 2007	2,900.00	Guaranteeing of joint liabilities.	14 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 30, 2007	1,305.00	Guaranteeing of joint liabilities.	11 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 30, 2007	1,450.00	Guaranteeing of joint liabilities.	8 years	No	No
Yunnan Baoshan Binlangjiang	December 19, 2007	4,350.00	Guaranteeing of	17 years	No	No

Hydroelectricity Development Co., Ltd.			joint liabilities.			
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	December 25, 2007	4,350.00	Guaranteeing of joint liabilities.	15 years	No	No
Guangdong Yudean Shipping Co., Ltd.	September 26, 2007	2,514.61	Guaranteeing of joint liabilities.	6 years	No	Yes
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	March 18, 2008	12,000.00	Guaranteeing of joint liabilities.	20 years	No	No
Lincang Yuntou Yudean Hydroelectricity Development Co., Ltd.	July 29, 2008	1,372.00	Guaranteeing of joint liabilities.	12 years	No	No
Guangdong Yudean Shipping Co.,	September 27, 2008	20,785.80	Guaranteeing of joint	5 years	No	Yes

Ltd.			liabilities.			
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	October 31, 2008	5,800.00	Guaranteeing of joint liabilities.	17 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 14, 2008	7,250.00	Guaranteeing of joint liabilities.	12 years	No	No
Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	March 19, 2009	8,800.00	Guaranteeing of joint liabilities.	3 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27, 2009	7,250.00	Guaranteeing of joint liabilities.	14 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development	June 22, 2009	9,367.00	Guaranteeing of joint liabilities	20 years	No	No

Co., Ltd.			ies.			
Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	September 22, 2009	20,000. 00	Guarante eing of joint liabilit ies.	5 years	No	No
Total occurred in the report term		45,417.00				
Total of balance of guarantee at the end of report term (A)		112,924.41				
Guarantee provided to controlled subsidiaries						
Total of guarantee provide to controlled subsidiaries in the report term		0.00				
Total of balance of guarantee provide to controlled subsidiaries in the report term (B)		0.00				
Total of guarantee (Including provided to controlled subsidiaries)						
Total Guarantees (A+B)		112,924.41				
Proportion of the total guarantee in the net assets of the Company		12.18%				
Including:						
Guarantee provided to shareholders, substantial		23,300.41				

controller and their related parties (C)	
Amount of guarantee provided to objects with over 70% of liability /assets ratio, directly or indirectly (D)	84,822.00
Amount of guarantee exceeded the 50% party of the net assets (E)	0.00
Total of the above 3* (C+D+E)	108,122.41
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees	No

The said guarantees were examined and approved at the shareholders' general meeting of the Company.

(3) In the reporting period, there were no events of entrusting others to conduct cash management and no events happened in previous reporting period and extended to this reporting period.

(IX) Compared with the most recent annual report, specific description of changes in the consolidation scope

On December 31, 2009, The Company holds 54.85% equity of Maoming Zhenneng Thermal Power Co., Ltd. (the “Zhenneng Thermal Power”) and 51% equity of Maoming Ruineng Thermal Power Co., Ltd. (the “Ruineng Thermal Power”). Ruineng Thermal Power was merged by Zhenneng Thermal Power. After the merger, the Company holds 53.28% equity of Zhenneng Thermal Power, and Ruineng Thermal Power will not be consolidated into the financial statement separately.

On December 18, 2009, The Company acquired 51% equity of Zhanjiang Zhongyue Energy Co., Ltd held by Guangdong Yudean Group Co., Ltd. After the acquisition, the Company held 90% (increased from 39%) equity of Zhanjiang Zhongyue Energy Co., Ltd. For the subsidiary acquired by the Company under the control of the same holder, the subsidiary will be consolidated into the Company since the date when the subsidiary and the Company were under the control of the same holder. Therefore, Zhanjiang Zhongyue Energy Co., Ltd. was consolidated into the Company since the year of 2008. The Company restated the financial statement of 2008.

(十) The situation of controlling shareholder and the occupancy and repayment in related parties' non-operating fund.

In the report period, it's not appear that the situation of controlling shareholder and the occupancy and repayment in related parties' non-operating fund. PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. made a special explanation on the situation of controlling shareholder and the occupancy and repayment in related parties' non-operating fund.

(XI) The commitments of the Company or shareholders holding over 5% equity of the Company in the report period

Items	Name	Content	Status of fulfillment of commitment
Commitment of Share structure reform	Guangdong Yudean Group Co., Ltd.	<p>Company Yudean Group made the following commitments:</p> <p>(1) The shares of the Company held by Yudean Group will not be listed, traded or assigned within 3 years from the date of obtaining the right of listing and negotiation. The shares purchased by Yudean Group when implementing the plan for share purchase will not be restricted by this commitment. (2) To make the following proposal for dividend distribution to the shareholders' general meeting of the Company: Not lower than 50% of the distributable profit for the current year</p>	<p>(1) The shares of the Company held by Yudean Group have been frozen since January 19, 2006, which will be unfrozen and can be traded and transferred from March 30, 2009. (2) The Company held 2005, 2006 and 2007 shareholders' general meeting, at which the Plan for Profit Distribution and Dividend Distribution for 2005, 2006 and 2007 was respectively examined and adopted. The cash dividend mentioned in this plan is more than the</p>

	<p>will be distributed as cash dividends in 2005 - 2007. It also guarantees to cast affirmative vote to this proposal at the time of voting at the shareholders' general meeting. (3) Under the premise of obtaining the exemption of tender offer obligation given by CSRC, if the P/E of the Company (market price divided by the audited earnings per share for the previous year) is not higher than 13 times, it will have the right to purchase the A shares of the Company with the cash dividends distributed by the Company to Yudean Group in 2005 to 2007 within 3 months after cash dividends are available for use each year (the balance of funds after purchase will be carried forward for use). The total quantity of A shares</p>	<p>distributable profit made in 2007 by 50%. Besides, Yudean Group cast affirmative vote on this plan at the shareholders' general meeting. The resolution concerning dividend distribution plan is as follows: The resolution concerning dividend distribution plan is as follows: RMB 1.8 is to be paid for every 10 shares, RMB 1.2 is to be paid for every 10 A shares , RMB 1.2 is to be paid for every 10 B shares . Cash bonus proportion was 78% , 71% , and 53% respectively. The cash dividend mentioned in this plan is more than the distributable profit made in 2007 by 50%. Besides, Yudean Group</p>
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	<p>thus purchased will not exceed 10% of the total shares of the Company. Within 6 months after the completion of share purchase plan each time, Yudean Group will not sell the shares purchased and will perform relevant information disclosure obligation. (4) To bear all expenses relating to this share holding structure reform. (5) To advance the consideration to be paid for obtaining the right of listing and negotiation of the non-negotiable shares held by the shareholders holding non-negotiable shares who do not expressly agree to participate in this share holding structure reform one day before the holding of relevant shareholders' meeting for this share holding structure reform and</p>	<p>cast affirmative vote on this plan at the shareholders' general meeting. (3) Within 3 months since our company has distributed the cash bonus to the Yue Dian Li for 2005,2006 and 2007, the P/E (market price divided by the audited earnings per share for the previous year) of Yue Dian Li was higher than 13 times (4) Yudean Group has borne all expenses of the Company's share holding structure reform as promised. (5) Yudean Group has, as promised, advanced the consideration to be paid for obtaining the right of listing and negotiation of the non-negotiable</p>
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		<p>those who are unable to make the arrangement of consideration payment due to dispute over title, pledge or freezing of equity.</p>	<p>shares held by the shareholders holding non-negotiable shares who do not expressly agree to participate in this share holding structure reform one day before the holding of relevant shareholders' meeting for this share holding structure reform and those who are unable to make the arrangement of consideration payment due to dispute over title, pledge or freezing of equity.. (6) Yudean Group has actively promoted the research of equity stimulation to the management of the Company.</p>
<p>Commitment of Share conditional subscription</p>	<p>Guangdong Yudean Group</p>	<p>The company issued No. 2008-46 Announcement of purchase of the Company's</p>	<p>Under fulfillment</p>

	Co., Ltd.	Shares by the Controlling Shareholder and its persons Taking concerted action on September 19, 2008. couldn't reduce the shareholding of our company during the implementation and legal term.	
Commitments made in Acquisition Report or Reports on Change in interests	No	No	No
Commitments made in Material assets Reorganization	No	No	No
Commitments made in issuing	No	No	No
Other commitments (Including: supplementary commitments)	No	No	No

(XII) The Company's acceptance of investigation and research and interview

1. In the report period, the Company received 15 institutional investors for investigation and research, held 1 telephone conference and attended one communication meeting organized by a third party mainly for the purpose of communication in respect of the Company's production and operation status in current period and future development plan. The Company did not provide written materials to the visitors. The Company and relevant information disclosure obligors strictly followed the principle of fair information disclosure, neither implemented discriminatory policy, nor disclosed or divulged non-public significant information to specific objects selectively and privately. They disclosed information according to the principle of timeliness and did not intentionally choose the time point of disclosure or lighten the effect of information disclosure so as to cause actual unfairness.

2. The registration form of acceptance of investigation, communication and interview in the

Date	Place	Mode	Visitor	Content of discussion and materials provided
February 19, 2009	Office of the Company	Onsite investigation	Guangzhou securities	Current operation and progress of under construction projects
February 25, 2009	Office of the Company	Onsite investigation	Shenyin & Wanguo securities	Current operation and progress of under construction projects
March 3, 2009	Office of the Company	Onsite investigation	United securities	Current operation and progress of under construction projects
March 31, 2009	Office of the Company	Onsite investigation	Clients of Zhongjin	Current operation and progress of under construction projects
June 3, 2009	Office of the Company	Onsite investigation	Huatai Securities	Current operation and progress of under construction projects
July 17, 2009	Office of the Company	Onsite investigation	Guangfa Securities, Boshi Fund	Current operation and progress of under construction projects

October 16, 2009	Office of the Company	Onsite investigation	Guangfa Securities, 、 China Mercmants Fund, Minsheng Royal fund	Current operation and progress of under construction projects
October 22, 2009	Office of the Company	Onsite investigation	Taikang Assets	Current operation and progress of under construction projects
October 27, 2009	Office of the Company	Onsite investigation	United securities, Penghua fund	Current operation and progress of under construction projects
November 3, 2009	Office of the Company	Onsite investigation	Guangfa Securities, Bank of communication s Schroder fund	Current operation and progress of under construction projects
November 9, 2009	Office of the Company	Onsite investigation	Clients of CITIC securities	Current operation and progress of under construction projects
November 11, 2009	Office of the Company	Onsite investigation	Galaxy Securities	Current operation and progress of under construction projects
November 27, 2009	Office of the Company	Onsite investigation	Mitsubishi UFJ Securities	Current operation and progress of under

				construction projects
December 2, 2009	Office of the Company	Onsite investigation	Xinda securities	Current operation and progress of under construction projects
December 11, 2009	Kunming	Participate in meeting	Investors and analyzers	Current operation and progress of under construction projects
December 18, 2009	Office of the Company	Onsite investigation	Fortune SGAM Fund	Current operation and progress of under construction projects

(XIII) Engagement and removal of certified public accountants' firm

In the report period, the Company engaged PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. as its domestic and foreign auditing bodies. In 2009, the Company paid domestic and foreign audit fees of RMB 2.15 million. Up to the present, PricewaterhouseCoopers Zhongtian Certified Public Accountants has provided audit services to the Company for 9 consecutive years.

X. Financial Report

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

[English Translation for Reference Only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

14963/VVE

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2009**
[English translation for reference only]

Contents	Page
Financial Statements and Report of the Auditors for the year ended 31 December 2009	
Report of the auditors	1 - 2
Consolidated and Company's balance sheets	3 - 4
Consolidated and Company's income statements	5
Consolidated and Company's cash flow statements	6
Consolidated statement of changes in owners' equity	7
Company's statement of changes in owners' equity	8
Notes to financial statements	9 - 101
Supplementary information	102 - 106

Report of the Auditors

PwC ZT SZ Shen Zi (2010) No. 10029

(Page 1 of 2)

**TO THE SHAREHOLDERS OF
GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.**

We have audited the accompanying financial statements of Guangdong Electric Power Development Co., Ltd. ("Guangdong Electric Company") which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in equity for the year then ended and notes to these financial statements.

Management's responsibility for the financial statements

The management of Guangdong Electric Company is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Guangdong Electric Company as of 31 December 2008, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Shanghai, the People's Republic of China

12 April 2010

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2009

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note(s)	31 December 2009 consolidated	31 December 2008 consolidated Note 5(2)	31 December 2009 company	31 December 2008 company
Current assets					
Cash at bank and on hand	6(1)	1,738,834,186	1,652,319,052	287,691,522	271,387,003
Accounts receivable	6(2), 14(1)	1,328,275,383	1,621,958,787	361,710,774	443,213,194
Advances to suppliers	6(4)	795,193,073	619,138,141	178,040,453	169,853,974
Interest receivable		786,250	1,092,000	-	-
Dividends receivable		-	-	9,155,096	9,155,095
Other receivables	6(3), 14(2)	561,044,511	1,015,052,760	546,865,973	405,426,809
Inventory	6(5)	736,134,391	933,438,517	179,038,694	192,106,448
Non-current assets maturing within one year	6(7)	-	60,304,244	-	60,304,244
Total current assets		5,160,267,794	5,903,303,501	1,562,502,512	1,551,446,767
Non-current Assets					
Available-for-sale investments	6(6)	516,224,670	278,668,785	516,224,670	278,668,785
Long-term receivable	6(7)	20,619,671	-	20,619,671	-
Long-term equity investments	6(8), 14(3)	4,624,042,593	3,482,010,653	10,473,349,226	8,757,852,222
Investment properties	6(10)	13,376,477	14,009,108	13,376,477	14,009,108
Fixed assets	6(11)	12,021,342,945	13,210,406,553	1,375,315,512	1,544,905,591
Construction in progress	6(12)	5,295,247,439	3,465,860,415	45,469,174	71,695,662
Construction materials	6(13)	1,938,313,797	825,281,469	-	-
Intangible assets	6(14)	373,775,735	386,645,378	114,799,984	118,278,771
Deferred tax assets	6(26)	200,341,031	277,377,893	-	31,405,319
Total non-current assets		25,003,284,358	21,940,260,254	12,559,154,714	10,816,815,458
Total assets		30,163,552,152	27,843,563,755	14,121,657,226	12,368,262,225

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2009 (CONTINUED)**

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2009	31 December 2008	31 December 2009	31 December 2008
		consolidated	consolidated Note 5(2)	company	company
Current liabilities					
Short-term borrowings	6(15)	3,816,991,742	3,814,000,000	2,550,000,000	1,849,000,000
Notes payable	6(16)	2,261,920,109	-	432,686,450	-
Accounts payable	6(17)	1,010,215,163	1,018,102,645	245,740,456	182,127,929
Advances from customers		185,003	171,415	-	-
Employee benefits payable	6(18)	228,548,750	254,300,617	79,392,279	89,059,740
Taxes payable	6(19)	189,248,629	42,741,962	95,941,976	33,683,163
Interest payable	6(20)	99,710,964	101,807,498	97,576,494	93,045,000
Dividends payable	6(21)	12,589,226	45,682,843	7,659,560	7,429,962
Other payables	6(22)	820,171,127	925,523,399	113,088,577	116,732,935
Current portion of non-current liabilities	6(23)	309,220,000	220,660,000	-	-
Total current liabilities		8,748,800,713	6,422,990,379	3,622,085,792	2,371,078,729
Long-term liabilities					
Long-term borrowings	6(24)	7,305,340,000	7,778,560,000	-	-
Debentures payable	6(25)	1,986,037,444	1,983,335,013	1,986,037,444	1,983,335,013
Deferred tax Liabilities	6(26)	38,862,020	-	38,830,457	-
Other long-term liabilities	6(28)	29,692,308	32,769,231	27,692,308	30,769,231
Total long-term liabilities		9,359,931,772	9,794,664,244	2,052,560,209	2,014,104,244
Total liabilities		18,108,732,485	16,217,654,623	5,674,646,001	4,385,182,973
Owners' equity					
Share capital	6(29)	2,659,404,000	2,659,404,000	2,659,404,000	2,659,404,000
Capital surplus	6(30)	1,334,874,325	1,927,680,448	1,268,004,970	1,403,431,891
Surplus reserve	6(31)	3,159,617,944	3,159,617,944	3,159,617,944	3,159,617,944
Undistributed profits	6(32)	2,117,942,715	1,112,154,527	1,359,984,311	760,625,417
Total capital and reserves attributable to equity holders of the Company		9,271,838,984	8,858,856,919	8,447,011,225	7,983,079,252
Minority interest	6(33)	2,782,980,683	2,767,052,213	-	-
Total owners' equity		12,054,819,667	11,625,909,132	8,447,011,225	7,983,079,252
Total liabilities and owners' equity		30,163,552,152	27,843,563,755	14,121,657,226	12,368,262,225

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

	Note(s)	2009 Consolidated	2008 Consolidated	2009 Company	2008 Company
Operating revenue	6(34), 14(4)	12,234,717,490	11,617,673,253	3,018,212,056	2,943,476,479
Less: Operating costs	6(34), 14(4)	(9,665,576,263)	(10,995,011,456)	(2,374,310,539)	(2,613,591,285)
Taxes and surcharges	6(35)	(69,556,182)	(4,199,007)	(15,752,759)	43,186,774
General and administrative expenses		(563,368,182)	(604,994,645)	(149,214,889)	(200,789,431)
Finance expenses – net	6(36)	(512,407,457)	(586,477,608)	(208,047,429)	(190,631,298)
Asset impairment losses	6(37)	(254,047,864)	4,343,847	(46,152,742)	1,954,807
Add: Investment income	6(38), 14(5)	501,771,950	297,064,034	602,164,684	492,065,306
Including: Share of profit of associates	6(38)	466,909,808	256,895,528	466,982,542	256,895,528
Operating profit / (loss)		1,671,533,492	(271,601,582)	826,898,382	475,671,352
Add: Non-operating income	6(39)(a)	49,093,874	4,510,837	3,891,122	3,641,489
Less: Non-operating expenses	6(39)(b)	(59,292,579)	(12,201,467)	(9,262,809)	(3,111,289)
Including: Losses on disposal of non-current assets		(51,678,947)	(9,275,333)	(2,647,316)	(1,702,275)
Total profit / (loss)		1,661,334,787	(279,292,212)	821,526,695	476,201,552
Income tax expenses	6(40)	(297,532,887)	148,430,855	(62,603,561)	6,110,058
Net profit / (loss)		1,363,801,900	(130,861,357)	758,923,134	482,311,610
其中: 同一控制下企业合并中被合并方在合并前实现的净利润	5(2)	186,498	-	-	-
Attributable to:					
Equity holders of the Company		1,165,352,428	28,981,240	758,923,134	482,311,610
Minority interest		198,449,472	(159,842,597)	-	-
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic earnings per share	6(41)(a)	0.44	0.01	NA	NA
Diluted earnings per share	6(41)(b)	0.44	0.01	NA	NA
Other comprehensive income	6(42)	178,166,914	(415,466,946)	178,166,914	(415,466,946)
Total comprehensive income		1,541,968,814	(546,328,303)	937,090,048	66,844,664
Attributable to equity holders of the					
Company		1,343,519,342	(386,485,706)	NA	NA
Minority interest		198,449,472	(159,842,597)	NA	NA

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

	Note	2009 Consolidated	2008 Consolidated Note 5(2)	2009 Company	2008 Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		14,580,569,289	12,718,895,375	3,608,442,167	2,943,476,478
Cash received relating to other operating activities	6(43)(a)	616,786,480	59,940,400	21,612,935	15,034,244
Sub-total of cash inflows		15,197,355,769	12,778,835,775	3,630,055,102	2,958,510,722
Cash paid for goods and services		(7,321,844,163)	(11,031,635,196)	(1,730,624,865)	(2,703,496,742)
Cash paid to and on behalf of employees		(920,860,827)	(909,710,703)	(300,589,271)	(307,331,224)
Payments of taxes and levies		(1,030,874,885)	(1,127,505,333)	(242,884,301)	(345,926,974)
Cash paid relating to other operating activities	6(43)(b)	(231,763,671)	(304,140,675)	(77,039,089)	(87,296,660)
Sub-total of cash outflows		(9,505,343,546)	(13,372,991,907)	(2,351,137,526)	(3,444,051,600)
Net cash flows from operating activities	6(44)(a), 14(6)(a)	5,692,012,223	(594,156,132)	1,278,917,576	(485,540,878)
Cash flows from investing activities					
Cash received from disposal of investments		860,249	116,702,736	860,249	116,702,736
Cash received from returns on investments		290,962,122	131,150,948	391,282,122	316,997,225
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,310,178	613,961	35,000	50,958
Net cash received from acquisition of subsidiaries	6(44)(b)	-	171,214,109	-	-
Cash received relating to other investing activities		-	-	36,371,480	-
Sub-total of cash inflows		306,132,549	419,681,754	428,548,851	433,750,919
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,553,629,602)	(1,720,292,699)	(59,299,935)	(88,349,448)
Net cash paid for acquisition of subsidiaries	6(44)(b)	(733,708,100)	-	(733,708,100)	-
Cash paid to acquire investments		(1,237,325,753)	(662,068,435)	(1,237,325,753)	(761,112,435)
Cash paid relating to other investing activities		-	(27,967,906)	-	(27,567,283)
Sub-total of cash outflows		(4,524,663,455)	(2,410,329,040)	(2,030,333,788)	(877,029,166)
Net cash flows from investing activities		(4,218,530,906)	(1,990,647,286)	(1,601,784,937)	(443,278,247)
Cash flows from financing activities					
Cash received from capital contributions		-	63,876,000	-	-
Include : Capital contribution from minority shareholders		-	63,876,000	-	-
Cash received from borrowings		7,793,854,190	9,402,000,000	3,890,000,000	5,547,000,000
Proceeds from issue of long term debts		-	1,981,082,988	-	1,981,082,988
Cash received relating to other financing activities		2,734,463	4,863,912	2,734,463	5,229,943
Sub-total of cash inflows		7,796,588,653	11,451,822,900	3,892,734,463	7,533,312,931
Cash repayments of amounts borrowed		(8,175,522,448)	(8,468,660,000)	(3,189,000,000)	(6,248,000,000)
Cash payments for interest expenses and distribution of dividends or profits		(1,008,032,388)	(923,288,269)	(364,562,583)	(429,902,479)
Include: Dividends paid to minority interest		(31,679,998)	(90,031,613)	-	-
Cash payments relating to other financing activities		-	-	-	-
Sub-total of cash outflows		(9,183,554,836)	(9,391,948,269)	(3,553,562,583)	(6,677,902,479)
Net cash flows from financing activities		(1,386,966,183)	2,059,874,631	339,171,880	855,410,452
Effect of foreign exchange rate changes on cash and cash equivalents					
		-	-	-	-
Net increase in cash and cash equivalents		86,515,134	(524,928,787)	16,304,519	(73,408,673)
Add: Cash and cash equivalents at beginning of year	14(6)(b) 6(1)	1,652,319,052	2,177,247,839	271,387,003	344,795,676
Cash and cash equivalents at end of year	6(1)	1,738,834,186	1,652,319,052	287,691,522	271,387,003

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

	Note	Attributable to equity holders of the Company					Total owners' equity
		Paid-in capital	Capital Reserves	Surplus Reserves	Undistributed profits	Minority interest	
Balances at 1 January 2008		2,659,404,000	1,833,147,394	3,719,044,866	932,855,694	2,870,693,827	12,015,145,781
Movement for the year ended 31 December 2008							
Net profit		-	-	-	28,981,240	(159,842,597)	(130,861,357)
Other comprehensive income/(loss)	6(42)	-	(415,466,946)	-	-	-	(415,466,946)
Shareholder investment and reducing capital		-	-	-	-	63,876,000	63,876,000
Shareholder add capital		-	-	-	-	63,876,000	63,876,000
Profit distribution		-	-	66,382,476	(385,510,956)	(90,031,713)	(409,160,193)
Appropriation to surplus reserves		-	-	66,382,476	(66,382,476)	(90,031,713)	(90,031,713)
Profit distribution to equity owners		-	-	-	(319,128,480)	-	(319,128,480)
Internal equity carried forward		-	-	(625,809,398)	625,809,398	-	-
Surplus reserves used to offset accumulated losses		-	-	(625,809,398)	625,809,398	-	-
Balances at 31 December 2008		2,659,404,000	1,417,680,448	3,159,617,944	1,202,135,376	2,684,695,517	11,123,533,285
Business combination under common control	5(2)	-	510,000,000	-	(89,980,849)	82,356,696	502,375,847
Balances at 1 January 2009		2,659,404,000	1,927,680,448	3,159,617,944	1,112,154,527	2,767,052,213	11,625,909,132
Movement for the year ended 31 December 2009							
Net profit		-	-	-	1,165,352,428	198,449,472	1,363,801,900
Other comprehensive income/(loss)	6(42)	-	178,166,914	-	-	-	178,166,914
Business combination under common control	5(2)	-	(733,708,099)	-	-	-	(733,708,099)
Shareholder investment and reducing capital		-	(37,264,938)	-	-	(150,841,004)	(188,105,942)
Purchase of minority shares	6(30)	-	(37,819,738)	-	-	(151,016,204)	(188,835,942)
Others	6(30)	-	554,800	-	-	175,200	730,000
Profit distribution		-	-	-	(159,564,240)	(31,679,998)	(191,244,238)
Appropriation to surplus reserves	6(31)	-	-	-	-	-	-
Profit distribution to equity owners	6(32)	-	-	-	(159,564,240)	(31,679,998)	(191,244,238)
Balances at 31 December 2009		2,659,404,000	1,334,874,325	3,159,617,944	2,117,942,715	2,782,980,683	12,054,819,667

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb Yuan unless otherwise stated)

[English translation for reference only]

	NOTE	Paid-in capital	Capital Reserves	Surplus Reserves	Undistributed profits	Total owners' equity
Balances at 1 January 2008		2,659,404,000	1,818,898,837	3,719,044,866	38,015,365	8,235,363,068
Movement for the year ended 31 December 2008						
Net profit		-	-	-	482,311,610	482,311,610
Other comprehensive income/(loss)	6(42)	-	(415,466,946)	-	-	(415,466,946)
Profit distribution		-	-	66,382,476	(385,510,956)	(319,128,480)
Appropriation to surplus reserves		-	-	66,382,476	(66,382,476)	-
Profit distribution to equity owners		-	-	-	(319,128,480)	(319,128,480)
Internal equity carried forward		-	-	(625,809,398)	625,809,398	-
Surplus reserves used to offset accumulated losses		-	-	(625,809,398)	625,809,398	-
Balances at 31 December 2008		2,659,404,000	1,403,431,891	3,159,617,944	760,625,417	7,983,079,252
Balances at 1 January 2009		2,659,404,000	1,403,431,891	3,159,617,944	760,625,417	7,983,079,252
Movement for the year ended 31 December 2009						
Net profit		-	-	-	758,923,134	758,923,134
Other comprehensive income	6(42)	-	178,166,914	-	-	178,166,914
Profit distribution	5(2)	-	(313,593,835)	-	-	(313,593,835)
Appropriation to surplus reserves		-	-	-	(159,564,240)	(159,564,240)
Profit distribution to equity owners	6(31)	-	-	-	-	-
Net profit	6(32)	-	-	-	(159,564,240)	(159,564,240)
Balances at 31 December 2009		2,659,404,000	1,268,004,970	3,159,617,944	1,359,984,311	8,447,011,225

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

1 General Information

Guangdong Electric Power Development Co., Ltd. (the "Company") is joint stock limited company incorporated by Guangdong Electric Power Holding Co. ("GPHC"), China Construction Bank, Guangdong Trust and Investment Corporation, Guangdong Province Electric Power Development Co., Ltd., Guangdong International Trust and Investment Corporation and Guangdong Province Guangkong Group Ltd. (formerly Guangdong Development Bank). The ordinary share capital was 356,250,000 when the Company was incorporated art Renminbi ("Rmb") 1 per share.

The Company issued 44,000,000 Rmb Denominated Domestic Shares ("A Shares") and Demestically Listed Foreign Shares ("B Shares") on Shenzhen Stock Exchange on 26 November 1993 and 28 June 1995 respectively. After this issuance, the share capital of the Company increased to Rmb505,250,000.

In 2001, pursuant to the Approval on the Implementation Plan of Guangdong Province's Reform of Power Industry Structure Relating to Restructuring of Generation and Transmission Assets, a document issued by Guangdong Provincial Government and referred to as Yue Fu Han 2001 No. 252, GPHC, the former major shareholder of the Company, was split into two separate companies, namely, Guangdong Power Grid Corporation ("GPGC", formerly Guangdong Guangdian Group Co., Ltd.) and Guangdong Yudean Group Co., Ltd. ("Yudean", formerly Guangdong Yuedian Assets Management Co., Ltd.). After restructuring, the electricity transmission and distribution in Guangdong Province, the PRC, were controlled and managed by GPGC, while Yudean concentrated in the investment and management of power plants. According to the Reply to Issues in the Restructuring of Provincial Power Companies Assets with a document number of Yue Cai Qi [2001] No. 247, the Company's 50.15% equity interest formerly held by GPHC was transferred to Yudean on 1 August 2001.

Pursuant to the Approval on the Share Reform Scheme of the Company, a document issued by the State-owned Assets Supervision and Administration Commission of Guangdong and referred to as Yue Guo Zi Han2005 No. 452, the Company carried out the non-tradable share reform on 18 January 2006. The non-tradable shareholders paid 3.1 shares per 10 shares to the tradable A share shareholders, who are registered on the date for the equity change registration (18 January 2006), and then a total amount of 121,357,577 shares of legal shares are paid. Since 19 January 2006, all the legal shares can be traded on Shenzhen Stock Exchange, although the restricted stock trade periods are settled ranging from 1 to 3 years. Due to these restricted conditions, by 31 December, 2009, there were still 5,885,259 shares of legal shares not traded which were originally held by the non-tradable shareholders. After the non-tradable share reform, the stock shares which were owned by Yudean. reduced from 50.15% to 46.34%.

The Company and its subsidiaries (the "Group") are principally engaged in the business of developing electric power plants in Guangdong Province, the PRC. The Company's registered address is 23rd to 26th floor, Yuedian Plaza, 2 Tianhe East Road, Guangzhou City, Guangdong Province, the PRC.

The financial statements have been approved for issue by the Board of Directors on 12 April 2010.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates

(1) Basis of Preparation

The Group adopted the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standard for Business Enterprises” or “CAS”).

The Group had net current liabilities of approximately Rmb 3,588,532,919 as of 31 December 2009. It is mainly due to the fact that certain capital expenditures of the Group are financed by short-term borrowings.

Notwithstanding the foregoing, the directors have adopted the going concern basis in the preparation of the financial statements based on the following assessment:

- (a) The Group has been maintained long-term good relationships with various financial institutions, allowing the Group to obtain sufficient financing facility. As at 31 December 2009, the unused bank facility of the Group approximately amounted to Rmb7,940,950,000, including long-term bank facility approximately amounted to Rmb6,610,880,000;
- (b) As disclosed in Note 11(a), the Group intends to make a private placement to Yudean for 138,047,138 A shares at an issuance price of Rmb5.94 per share, and the total financed funds approximately amounted to Rmb820 million.
- (c) With the decreasing influence of the international financial crisis, both producing electricity and residential electricity are increasing, and the price of coal is stabilizing gradually. Management expects that the Group will maintain a good level of profitability and also acquire a stable cash flow from future operations; and
- (d) As at 31 December 2009, the Group has capital commitments approximately amounted to Rmb12,391,000,000 (Note 10(1),(3)). These capital expenditures will be mainly used for the construction of new power plants and the purchase of new generator sets. The construction cycle of the power plant is generally very long, and it usually takes 3 to 5 years to build the large generator sets, therefore, the management predicts that these capital commitments will happen in the next 3 to 5 years. However, with the supporting of the funds generated from the producing activities of the existing generator sets and the bank borrowings, these commitments will not have significant adverse effects on the Group's cash flows in the coming year.

In light of the above, the directors considered that the Group will have sufficient working capital to finance its operations and remain as a going concern in the coming 12 months. Therefore, the directors believe that the going concern basis adoption for the Company and the Group's financial statements is appropriate.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2009 truly and completely present the financial position as of 31 December 2009 and the operating results, cash flows and other information for the year then ended of the Group and Company in compliance with the Accounting Standards for Business Enterprises.

(3) Accounting period

Accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The recording currency of the Company is the Renminbi (Rmb).

(5) Business Combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus. If the capital surplus is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at the fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period.

Costs directly attributable to the combination are included in the cost of combination.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are fully consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, came under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognized as minority interests and presented separately in the consolidated balance sheet within equity and net profits respectively.

(7) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with bank and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(8) Foreign currency translation

Foreign currency transactions are translated into Rmb using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currency are translated into Rmb using the spot exchange rate on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated at the balance sheet date using the spot exchange rate at the date of the transaction. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instrument

(a) Financial assets

(i) Classification

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During 2009, other than receivables and available-for-sale financial assets, the Group did not hold any financial assets in other categories.

Receivables

Receivables, including accounts receivable and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets in the balance sheet if management intends to dispose of them within 12 months of the balance sheet date.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instrument (Cont'd)

(a) Financial assets (Cont'd)

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For receivables and available-for-sale financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

A gain or loss arising from a change in fair value of an available-for-sale financial asset is recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from the translation of monetary financial assets. When such financial asset is derecognised, the cumulative gain or loss previously recognised in equity is recognised in profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income in profit or loss.

(iii) Impairment of financial assets

The Group assesses the carrying amount of a financial asset other than that at fair value through profit or loss at each balance sheet date. If there is objective evidence that the financial asset is impaired, the Group shall determine the amount of any impairment loss.

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instrument (Cont'd)

(a) Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

In the case of a significant or prolonged decline in the fair value of an available-for-sale financial asset, the cumulative loss arising from the decline in fair value that had been recognised directly in equity is removed from equity and recognised in impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed and recognised in profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed and directly recognised in equity.

(iv) Derecognition of financial assets

Financial assets are derecognised when: i) the contractual rights to receive the cash flows from the financial assets have expired; or ii) all substantial risks and rewards of ownership of the financial assets have been transferred; or iii) the control over the financial asset has been waived even if the Group does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of the changes of fair value originally recorded in the owner's equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: the financial liabilities at fair value through profit or loss and other financial liabilities. During 2009, the financial liabilities in the Group mainly comprise other financial liabilities, including payables and borrowings.

Payables comprise accounts payable and other payables, which are recognised initially at fair value and measured subsequently at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instrument (Cont'd)

(b) Financial liabilities (Cont'd)

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised costs using the effective interest method. Borrowings are classified as the short-term borrowings if they mature within one year (one year included); others are classified as long-term borrowings; long-term borrowings due for repayment within one year since the balance sheet day are classified as current portion of non-current liabilities.

A financial liability (or a part of financial liability) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. The difference between the carrying amount of a financial liability (or a part of financial liability) extinguished and the consideration paid is recognised in profit or loss.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument for which the market is not active is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable, willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis. When a valuation technique is used to establish the fair value of a financial instrument, use market data as much as possible and avoid use of data that is particularly related to the Group.

(10) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyer.

(a) Bad debt recognition and measurement method

— Bad debt recognition criterion

For all receivables, separately perform impairment testing. When objective evidence indicates the Group can't receive money according original terms, provision for bad debts recognized

— Bad debt provision method

The bad debt will be recognized when the present value of estimated future cash flow below their book value

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Receivables (Cont'd)

- (b) When the Group transfers the accounts receivable to financial institutions without recourse, the difference between proceeds derived from the transaction, net of the carrying amounts of the accounts receivable and relevant taxes is recognised in profit or loss for the current period.

(11) Inventory

- (a) Classification

Inventories mainly include fuel and spare parts, and are presented at the lower of cost and net realisable value.

- (b) The valuation method of inventories

Cost is determined using the weighted average method.

- (c) The method of determination of net realizable value of inventory and impairment

Provisions for declines in the value of inventories are determined at the carrying value of the inventories net of their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and relevant taxes.

- (d) The group adopts perpetual inventory system.

(12) Long-term Equity Investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its associates as well as the long-term equity investments where the Group does not have control, joint control or significant influence over the investees, and which are not quoted in an active market and whose fair value cannot be reliably measured.

Subsidiaries are all investees over which the Company is able to control; Associates are all investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted using the equity method when preparing the consolidated financial statements; Investments in associates are accounted for using the equity method; Other long-term equity investments where the Group does not have control, joint control or significant influence over the investee, and which are not quoted in an active market and whose fair value cannot be reliably measured are accounted for using the cost method.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(12) Long-term Equity Investments (Cont'd)

(a) Determining initial investment cost

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted accordingly.

(b) Subsequent accounting and recognition of profit or loss

For long-term equity investments accounted for using the cost method, investment income is recognised in profit or loss for the cash dividends or profit declared by the investee.

When using the equity method of accounting, the Group recognised the investment income based on its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the conditions on recognition of provision are satisfied in accordance with the accounting standards on contingencies, the Group continues to recognise the investment losses and the provision. For changes in owner's equity of the investee other than those arising from its net profit or loss, the Group record directly in capital surplus its proportion, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions between the Group and its investees are eliminated to the extent of the Group's interest in the investees, on the basis of which the investment gain or losses are recognised. The loss on the intra-group transaction between the Group and its investees, of which the nature is asset impairment, is recognised in full amount, and the relevant unrealised gain or loss is not allowed to be eliminated.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(12) Long-term Equity Investments (Cont'd)

(c) Determining control, joint control, significant influence over investees

Control means that the investor has the power to govern the financial and operating policies so as to obtain benefits from their operating activities. The existence and effect of potential voting rights (including that derived from the convertible bonds and warrants that are currently convertible or exercisable) are considered to determine whether the Group has control over the investee.

Joint control means that the investor has contractual obligation to control a certain economic activity, while such control only exists when the significant financial and operating policies relating to that activity are agreed upon by all investors sharing that control.

Significant influence means that the investor has the right to participate in the determination of the investee's financial and operating policies, but cannot control or joint control with other parties on the determination of these policies.

(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note 2(18)). When the long term investments which are not quoted in an active market and whose fair value cannot be reliably measured have impairment, the impairment loss is recognised at the differences between carrying amounts and the present value of future cash flow discounted using the prevailing market return rate on similar financial assets. Once the impairment loss is recognised, it is not allowed to be reversed for the value recovered in the subsequent periods.

(13) Investment property

Investment property, including buildings that held for the purpose of lease, is measured initially at cost. Subsequent expenditures incurred for an investment property is included in the cost of the investment property when it is probable that economic benefits associated with the investment property will flow to the Group and its cost can be reliably measured, otherwise the expenditure is recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of the investment property. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of the investment properties are as follows:

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Investment property (Cont'd)

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	30 years	5%	3.17%

When an investment property is changed to an owner-occupied property, it is transferred to fixed asset at the date of the change. When an owner-occupied property is changed to be held to earn rentals or for capital appreciation, the fixed asset is transferred to investment property at the date of the change at the carrying amount of the property.

The estimated useful life, net residual value of the investment property and the depreciation method applied are reviewed, and adjusted as appropriate at each financial year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

When the recoverable amount of investment real estate less than its carrying value, book value is reduced to its recoverable amount (note 2 (18)).

(14) Fixed assets

(a) Initial recognition and measurement

Fixed assets comprise buildings, electric utilities in service, motor vehicles and other equipments.

A fixed asset is recongnized when it is probable that the economic benefits associated with the fixed assets will flow to the Group and its cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. Fixed assets contributed by the State-owned shareholders at the incorporation of a limited company are initially recorded at the valuation amount recognized by the State-owned assets supervision and administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the economic benefits associated with the fixed asset will flow to the Group and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognized and all the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(14) Fixed assets (Cont'd)

(b) Depreciation method

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	22-30 years	5%	3.17% to 4.32%
Electric utilities in service	8-18 years	5%	5.28% to 11.88%
Motor vehicles	10 years	5%	9.5%
Other equipment	13 years	5%	7.31%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each financial year-end.

(c) When the recoverable amount of investment real estate less than its carrying value, book value is reduced to its recoverable amount (note 2 (18)).

(d) Fixed assets disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation cost, borrowing costs that are eligible for capitalization and other costs necessary to bring the the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (note 2(18)).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(16) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing specific for the acquisition, construction or production activities for preparing an asset eligible for capitalisation, the to-be-capitalised borrowing costs shall be determined according to the actual borrowing costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

For the other borrowings related to acquisition, construction and production of a qualifying asset, the amount of to-be-capitalised borrowing costs shall be the lower of the actual borrowing costs incurred and the amount of qualifying asset not financed by specific borrowings multiplying capitalisation rate. The capitalisation rate is the weighted average interest rate of these borrowings.

(17) Intangible assets

Intangible assets including land use rights, sea use rights, software and associated projects for electricity transmission and transformation are measured at cost. Intangible assets contributed by the state-owned shareholders at the incorporation of a limited company are initially recorded at the valuation amount recognized by the state-owned assets supervision and administration department.

(a) Land use rights ("LUR") and sea use rights

LUR acquired are amortized on the straight-line basis over 20 to 50 years. If the purchase costs of LUR and attached buildings cannot be reliably allocated between the LUR and buildings, for the purchase costs are recognised as fixed assets.

Sea use rights acquired are amortized on the straight-line basis in 50 years.

(b) Other Intangible assets

Other intangible assets acquired except for LUR and sea use rights are amortized on the straight-line basis over 2 to 20 years according to their estimated useful lives.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Intangible assets (Cont'd)

(c) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review and adjustment on useful life and amortization method are performed at each year-end.

(d) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (note 2(18)).

(18) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. A provision for asset impairment is determined and recognised on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Separately recognised goodwill is tested at least annually for impairment, irrespective of whether there is any indication that the asset may be impaired. During the test, the carrying value of goodwill is allocated to the related asset group or groups of asset group which is expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or groups of asset group including the goodwill allocated is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill allocated to the asset group or groups of asset group, and then deducted from the carrying amount of the remaining assets of the asset group or groups of asset group pro rata with goodwill.

Once the asset impairment loss mentioned above is recognised, it is not allowed to be reversed for the value recovered in the subsequent periods.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(19) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

If the Group terminates the labor relationship with any employee prior to the expiration of the relevant labor contract or makes a severance package proposal with the purpose of enticing the employees to willingly accept such a termination, and the following conditions are concurrently satisfied, the Group shall recognize the liabilities to be incurred due to severance pay, and shall at the same time record them in the profit and loss of the current period.

Except for the compensation for termination of labor relationship, employee benefits are recognised as a liability in the accounting period in which an employee has rendered service, and as costs of assets or expenses to whichever the employee service is attributable.

(20) Profit distribution

Proposed profit distribution is recognised as a liability in the period in which it is approved by the shareholders' meeting.

(21) Provisions

Provisions for product warranties, onerous contracts are recognised when the Group has a present obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency such as the risks, uncertainties and the time value of money are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(22) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the relevant revenue can be reliably measured and specific revenue recognition criteria have been met for each of the Group's activities as described below:

(a) Sale of electricity and heat energy

Revenue is recognised upon transmission of electricity or heat energy.

(b) Rendering of services

The Group provides service to external parties and determines the stage of completion based on proportion of costs incurred to date to the estimated total costs. Revenue is recognised using the percentage of completion method.

(c) Transfer of asset use rights

Interest income is recognised on a time-proportion basis, the cash at bank and on hand of the Group used by other parties, using the effective interest method.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

(23) Government subsidies

Government subsidy means the monetary or non-monetary assets obtained freely by an enterprise from the government, including tax returns, financial subsidies.

Government subsidy is recognized unless the additional condition can be met and the subsidy can be received by the corporation. If the government subsidy is a monetary asset, it will be measured in the light of the received or receivable amount, if the government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it will be measured at its nominal amount.

The government subsidies pertinent to assets will be recognized as other non-current debt-deferred income, equally amortized within the useful lives of the relevant assets and recognized as profit and loss at the same time. The government subsidies measured at their nominal amounts will be directly recognized as profit and loss in the current period.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(23) Government subsidies (Cont'd)

The government subsidies pertinent to incomes, those subsidies used for compensating related future expenses or losses will be recognized as deferred income and recognized as profit and loss during the period when the relevant expenses are recognized; those subsidies used for compensating related expenses or losses already existed will be directly recognized as income or cost in the current period.

(24) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax base of assets and liabilities and their carrying amount (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax law. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss) At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset and presented on net basis when:

- (a) The deferred taxes are relate to the same tax payer within the group and same fiscal authority, and;
- (b) That tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(25) Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease. Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

(26) Segment information

The Group identify operating segments based on the internal organization structure, management requirement and internal reporting, then disclose segment information of reportable segment which is based on operating segment.

An operating segment is the component of the Group that all of the following conditions are satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, and (3) for which the information of financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

(27) Exchange of non-monetary assets

The "exchange of non-monetary assets" refers to the exchange of non-monetary assets between two parties that includes the transactions of inventories, fixed assets, intangible assets, or long-term equity investments. Such an exchange involves no or few monetary assets (i.e. boot).

When the exchange of a non-monetary asset concurrently satisfies the following conditions, the cost of the received asset shall be its fair value including the relevant applicable taxes; any difference between the fair value and the book value of the relinquished asset shall be recorded as profit or loss for the current period:

- (a) The exchange is commercial in nature;
- (b) The fair value of the received or relinquished asset can be reliably measured;

Where an exchange of non-monetary assets does not concurrently meet the above conditions, the book value of the relinquished asset including all relevant applicable taxes shall be the cost of the received asset, and no profits or losses shall be recorded.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(28) Changes in significant accounting policies

Content and reason of change	Approval procedures	Financial statement item effected	Effectd amount
<p>(a) Segment information</p> <p>Before 1 January 2009, the Group disclosed segment information based on business segments and geographical segments, and used business segments as the primary reporting format and geographical segments as the secondary reporting format.</p> <p>In accordance with the requirements for improving segment reporting in the CAS Interpretation No. 3 issued by the MOF on 11 June 2009, from 1 January 2009, the Group no longer discloses segment information by using business segments as the primary reporting format and geographical segments as the secondary reporting format; instead, the Group identifies operating segments based on the internal organisation structure, management requirements and the internal reporting system, and discloses the segment information of reportable segments identified on the basis of operating segments.</p> <p>The segment information of 2008 has been restated in accordance with the above requirements.</p>	<p>The change is made according to the requirement of the segment information reporting improvement in the CAS Interpretation No. 3 issued by the MOF, therefore, do not need to perform the Group's internal approval procedures.</p>	<p>None</p>	<p>-</p>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) The estimates of the depreciable lives of property, plant and equipments

The estimate of depreciable lives of property, plant and equipments was made by the directors with reference to the practice of industry, their expected physical wear and tear, and the durability assessment performed. The evaluation of estimated useful lives is assessed by the directors annually.

Change of estimated useful lives may cause significant impact on the Group's net profit.

(b) Estimated impairment of other long-term assets

As disclosed in note 2(18), the Group's long-term assets, such as fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments, are tested for impairment if there is any indication that an asset may be impaired at the balance date.

In determining whether there is any indication of potential asset impairment, management mainly evaluate and analyze from the following aspects: (1) whether the issues affecting the asset impairment have occurred; (2) whether the present value of cash flows, which is expected to receive for the sustained use of the asset or disposal of the asset, is less than the net book value; and (3) whether the key assumptions used for the present value of projected future cash flow is appropriate.

The relevant assumptions used to determine asset impairment, such as the discount rate used in present value of future cash flow method, the variation of the growth rate assumptions and so on, may have a significant impact on the present value which is employed in the impairment testing, resulting the impairment of long-term assets of the Group.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Critical accounting estimates and judgments (Cont'd)

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. The Group recognises income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3 Financial risk management

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

(1) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale

(2) Cash flow and fair value Interest rate risk

The Group's interest bearing assets are mainly cash at banks and entrusted loans granted to related parties. The Group earns interest income from cash at banks at floating rates published by the banks from time to time. Any change in the interest rate published by the banks is not considered to have significant impact to the Group. The Group's interest income from entrusted loans bear fixed interest rates (note 6(3), (7)).

The Group's interest rate risk which affects its income and operating cash flows mainly arises from bank borrowings and long term debts. The related interest rate and repayment information are disclosed in note 6(15), (23), (24) and (25).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

3 Financial risk management (Cont'd)

(3) Credit risk

The carrying amount of cash and cash equivalents and receivables, represent the Group's maximum exposure to credit risk. Bank balances of the Group are deposited with reputable financial institutions in the PRC. The majority of the Group's accounts receivable relates to sales of electricity to GPGC. Due to the business corporation history with GPGC and the good receivable collecting status, the directors are of the opinion that the related credit risk is minimal.

No other financial assets carry a significant exposure to credit risk.

(4) Liquidity risk

As disclosed in note 2(1), the Group reported net current liabilities of approximately Rmb3,588,532,919 as at 31 December 2009. Certain liquidity risk exists. Based on the following relevant measures which will be adopted by management, the directors are of the opinion that liquidity risk is still manageable:

- a. Derive profits and stable cash inflow from operating activities;
- b. Closely monitor and control the capital expenditure payment amount and payment schedule for the new power station construction and purchase of new equipments;
- c. Use the unutilised borrowing facilities and the capital from A share private placement to repay the Group's liabilities in the coming year and fulfil the requirement of the Group's capital expenditure.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

4 Taxation

- (1) The types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Enterprise income tax	Taxable income	0%, 20% or 25%
Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	17%
Business tax	Taxable turnover	5%
City maintenance and construction tax	Value added tax and Business tax amount	0%, 5% or 7%
Surcharge for education	Value added tax and Business tax amount	0% or 3%

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. Except for the two subsidiaries, Guangdong Yuejia Electric Power Co., Ltd. ("Yuejia Electric") and Guangdong Yudean Zhanjiang Wind Power Co., Ltd. ("Zhanjiang Wind Power") (as disclosed in the following notes), the enterprise income tax rate applicable to the Group is 25%.

- (2) Tax preferential and approval

According to the approval of the Guangzhou Municipal Office of State Administration of Taxation Foreign Tax Center Guoshuifa [1997] No. 185 and the Guangzhou Municipal Office of State Administration of Taxation Foreign Tax Center Waifa [1998] No. 045, the corporate income tax rate of YueJia Electric is 15%. Based on the new CIT law, the corporate income tax rate of YueJia Electric will apply from 2008 to 2012 as period of 5 years and gradual transition to 25%. The enterprise income tax rate of the YueJia Electric is 20% for 2009.

According to the approval of the Zhanjiang Municipal Office of State Administration of Taxation Direct Taxation Office Zhangguoshui [2007] No. 15, the enterprise income tax rate of Zhanjiang Wind Power is 15%, and from the profit-making year, the first and second year exemption from enterprise income tax, the third to fifth year business income tax reduced by half. In 2008, Zhanjiang Wind Power has not profitable. Under the provisions of the new CIT Law, which will continue to apply the preferential policies, but was identified 2008 as the first profitable year. Therefore, Zhanjiang Wind Power will continue to apply exemption from corporate income tax.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

5 Business combination and consolidation

(1) Subsidiaries

(a) Subsidiaries acquired through business combination under common control

	Type of subsidiaries	Place of registration	Nature of business	of Registered capital	Scope of business	Business type	Legal Representative	Organization code
Zhanjiang Electric Power Co., Ltd. ("Zhanjiang Electric")	Direct	Zhanjiang	Electric	2,875,440,000	Generation of Electricity, power plant operating	Limited liability company	Liu Qian	23210093-2
Yuejia Electric	Direct	Meizhou	Electric	1,200,000,000	Generation of Electricity, power plant operating	Foreign-funded enterprise	Lin Shizhuang	61741361-4
Guangdong Shaoguan Yuejiang Electric Power Co., Ltd. ("Yuejiang Electric")	Direct	Shaoguan	Electric	770,000,000	Generation of Electricity, power plant operating	Limited liability company	Lin Shizhuang	70752208-0
Zhanjiang Zhongyue Energy Co. ("Zhongyue Energy") (Note 5(2))	Direct	Zhanjiang	Electric	1,000,000,000	Generation of Electricity, power plant operating	Limited liability company	Liu Qian	74367331-0

	The actual amounts of capital in the year end	Essentially constitute a subsidiary investment in other projects	the balance of the net % interest held	% voting rights	Whether consolidate the financial statements or not	Minority interest
Zhanjiang Electric	2,240,844,400	-	76%	76%	Yes	930,132,067
Yuejia Electric	702,968,698	-	58%	58%	Yes	483,872,968
Yuejiang Electric	573,285,000	-	65%	65%	Yes	247,976,382
Zhongyue Energy	1,123,708,100	-	90%	90%	Yes	82,375,346
	<u>4,640,806,198</u>	<u>-</u>				<u>1,744,356,763</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

5 Business combination and consolidation (Cont'd)

(1) Subsidiaries (Cont'd)

(b) Subsidiaries established or invested by the Group

	Type of subsidiaries	Place of registration	Nature of business	Registered capital	Scope of business	Business type	Legal Representative	Organization code
Maoming Zhenneng Thermoelectric Power Co., Ltd. ("Maoming Zhenneng") (i)	Direct	Maoming	Electric	542,157,500	Generation of Electricity	Limited liability company	Hu Xiaolei	76656459-8
Guangdong Yudean Jinghai Electric Power Development Co., Ltd. ("Jinghai Electric")	Direct	Jieyang	Electric	1,550,000,000	Generation of Electricity	Limited liability company	Wang Jia	77307022-X
Zhanjiang Wind Power	Direct	Zhanjiang	Electric	172,920,000	Generation of Electricity	Foreign-funded enterprise	Lin Shizhuang	79295197-0
Guangdong Oil Shale Power Generation Co., Ltd. ("Oil Shale Power")	Direct	Maoming	Electric	235,000,000	Generation of Electricity	Limited liability company	Lin Shizhuang	78488120-4
Guangdong Yudean Anxin electric power maintenance and installation Co., Ltd. ("Anxin")	Direct	Dongguan	Electric	20,000,000	Providing repair and maintenance service	Limited liability company	Rao Subo	66498489-0
Guangdong Yudean Humen Electric Power Co., Ltd. ("Humen Electric")	Direct	Dongguan	Electric	150,000,000	Generation of Electricity	Limited liability company	Lin Shizhuang	68056908-0
Zhanjiang Yuheng Power Repair Co., Ltd. ("Zhanjiang Yuheng")	Indirect	Zhanjiang	Electric	20,000,000	Providing repair and maintenance service	Limited liability company	Shen Mingde	78942832-9
Guangdong Xuwen Wind Electric Power Co.,Ltd ("Xuwen Wind")	Indirect	Zhanjiang	Electric	20,000,000	Generation of Electricity	Limited liability company	Lin Shizhuang	69473177-1

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

5 Business combination and consolidation (Cont'd)

(1) Subsidiaries (Cont'd)

(b) Subsidiaries established or invested by the Group

	The actual amounts of capital in the year end	Essentially constitute a subsidiary the balance of the net		% interest held	% voting rights	Whether consolidate the financial statements or not	Minority interest
		investment in other projects					
Maoming Zhenneng	288,561,587	-		53.28%	53.28%	Yes	286,536,356
Jinghai Electric	1,040,368,810	-		65%	65%	Yes	606,488,270
Zhanjiang Wind Power	121,044,000	-		70%	70%	Yes	50,114,580
Oil Shale Power	196,398,200	-		83.66%	83.66%	Yes	36,054,348
Anxin	20,000,000	-		100%	100%	Yes	-
Humen Electric	90,000,000	-		60%	60%	Yes	59,430,366
Zhanjiang Yuheng	15,200,000	-		100%	100%	Yes	-
Xuwen Wind	14,000,000	-		100%	100%	Yes	-
	<u>1,785,572,597</u>	-					<u>1,038,623,920</u>

[The English names of all companies listed above are direct translations of their registered name in Chinese.]

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

5 Business combination and consolidation (Cont'd)

(1) Subsidiaries (Cont'd)

(b) Subsidiaries established or invested by the Group (Cont'd)

- (i) As at 31 December 2009, Maoming Zhenneng conducted a combination by absorption of the Company's subsidiary - Maoming Ruineng Thermal Power Co., Ltd. ("Maoming Ruineng", the Company owns its 51% equity). Based on this absorption combination agreement, shareholders of both companies determine their equity ratios in this new combined company, and these ratios were equal to the assessed value of the net assets of the original companies, which were computed on the basis of the proportions of equity held by the shareholders of their respective companies, divided by the assessed value of the net assets of the combined company on the base date for assessment (31 December 2008). As for the gains or losses of both merging parties arising during the period from the base date for self-assessment to the completion date of the change of business registration, will not result in any adjustment of the equity proportion. After this combination, the equity ratio of the Company on Maoming Zhenneng changes from 54.85% to 53.28%.

By the approval date of these financial statements, Maoming Ruineng has completed the registration of the business license cancellation, and Maoming Zhenneng will afford Maoming Ruineng's debt. The procedures of the business registration change related with this combination are still in progress.

(2) Business combination under common control

	Judgement basis of the business combination under common control	Actual controller of the common control	From the opening date of the year the combination occurred to the combination date		
			Revenue	Net profit	Cash flow from operating activities
Zhongyue Energy	The Company and Zhongyue Energy are both controlled by Yudean before and after this combination, and this control is not temporary.	Yudean	-	186,498	595,255,747

Before the acquisition, Zhongyue Energy is an associate of the Company, the Company owned its 39% equity interests. At 18 December 2009, the Company acquired 51% equity interests of Zhongyue Energy from Yudean. After this transaction, the Company owns 90% of Zhongyue Energy's equity interests. The combination date was 18 December 2009, which is the actual date the Company could control Zhongyue Energy.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

5 Business combination and consolidation (Cont'd)

(2) Business combination under common control (Cont'd)

The subsidiary acquired through business combination under common control should be treated as an entity, which should be consolidated by the Company from the date, on which both the subsidiary and the Company are under the common control of the ultimate controlling party. The actual date that Yudean started control Zhongyue Energy was 15 December 2008. Therefore, the Company's 2008 comparative figures in consolidated financial statements have been restated in accordance with relevant provisions

- (i) The combination cost and carrying amount of net assets acquired of the above business combination are listed as follows:

Company:

	18 December 2009 Combination date
Combination cost -	
Paid in Cash	733,708,100
Carrying amount of non-cash assets transfer	321,263,850
Total combination cost	<u>1,054,971,950</u>
Less: carrying amount of net assets acquired	<u>(741,378,115)</u>
Capital surplus reduction	<u>313,593,835</u>

Consolidation:

	Combination date	31 December 2008
Combination cost -		
Paid in Cash	733,708,100	-
Carrying amount of non-cash assets transfer	321,263,850	321,191,116
Total combination cost	<u>1,054,971,950</u>	<u>321,191,116</u>
Less: carrying amount of net assets acquired	<u>(741,378,115)</u>	<u>(741,210,267)</u>
Reduce / (increase) attributable to equity shareholders of the Company	313,593,835	(420,019,151)
Less: retained earnings of merged party realized prior to the combination those should belong to the merging party	95,113	(89,980,849)
Add: reversal of previous years carried forward	420,019,151	-
Capital surplus reduction / (increase)	<u>733,708,099</u>	<u>(510,000,000)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

5 Business combination and consolidation (Cont'd)

(2) Business combination under common control (Cont'd)

(ii) Carrying amount of assets and liabilities, acquisition related cash flow of Zhongyue Energy as at combination date are listed as follows:

	Combination date Carrying amount	31 December 2008 Carrying amount
Cash and cash equivalents	101,815,134	171,214,109
Other current assets	197,300,931	674,666,388
Fixed assets	37,869,091	32,925,370
Constraction in process	2,906,962,091	2,632,197,061
Other non-current assets	56,152,865	52,234,692
Less: Loan	(2,400,000,000)	(2,600,000,000)
Accounts payable	(67,524,029)	(31,728,155)
Payroll Payable	(314,663)	(471,287)
Other Liabilities	(8,507,959)	(107,471,215)
Net Assets	<u>823,753,461</u>	<u>823,566,963</u>
Less: Minority interests	(82,375,346)	(82,356,696)
Net assets acquired	<u>741,378,115</u>	<u>741,210,267</u>

(iii) Revenue, net profit and cashflow for the period from 1 January 2009 to combination date and 2008 of Zhongyue Engery are listed as follows:

	From 1 January 2009 to combination date	2008
Revenue	-	-
Net Profit	186,498	74,802,398
Cash generated from operating activities	595,255,747	527,077,235
Net Cash Flow	<u>(69,398,975)</u>	<u>6,457,786</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2009			31 December 2008		
	Foreign currency amount	Exchange rate	Rmb equivalent	Foreign currency amount	Exchange rate	Rmb equivalent
Cash on hand -						
Rmb			67,168			52,825
Cash at bank -						
Rmb			613,716,511			784,457,064
USD	1,076	6.83	7,349	1,069	6.83	7,306
HKD	12,868	0.8805	11,330	12,866	1.067	13,709
Cash at Guangdong Yudean Finance Co., Ltd. ("Yudean Finance") (Note 8(5)(k))						
Rmb			1,125,031,828			867,788,148
			<u>1,738,834,186</u>			<u>1,652,319,052</u>

It is the same as cash listed in the cashflow statement.

(2) Accounts receivable

	31 December 2009	31 December 2008
Accounts receivable	1,328,275,383	1,623,142,633
Less: provision for bad debts	-	(1,183,846)
	<u>1,328,275,383</u>	<u>1,621,958,787</u>

(a) As at 31 December 2009 and 31 December 2008, the ageing of accounts receivable are all within 1 year.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(2) Accounts receivable (Cont'd)

(b) Accounts receivable are analysed by customers categories as follows:

	31 December 2009				31 December 2008			
	Amount	% of total balance	Provision for bad debts	% of withdrawing	Amount	% of total balance	Provision for bad debts	% of withdrawing
				bad debts				bad debts
Individual material	1,327,123,192	99.91%	.	-	1,621,065,876	99.87%	(1,183,846)	0.07%
Others	1,152,191	0.09%	.	-	2,076,757	0.13%	-	-
	<u>1,328,275,383</u>	<u>100%</u>	<u>.</u>	<u>-</u>	<u>1,623,142,633</u>	<u>100%</u>	<u>(1,183,846)</u>	<u>0.07%</u>

(c) As at 31 December 2009, no balances included in above accounts receivable are due from the shareholders of the Company who hold over 5% (including 5%) shares with voting rights (31 December 2008: Nil).

(d) As at 31 December 31 2009, the Group's five largest accounts receivable balances are analysed as follows:

	Relation with our group	Amount	Period	Ratio of Total Account Receivable
GPGC	Third Party	1,301,926,755	Less than 1 Year	98.02%
Shajiao Power Plant C ("Shajiao C")	Related Party	16,086,515	Less than 1 Year	1.21%
Zhanjiang branch of GPGC	Related Party	5,844,931	Less than 1 Year	0.44%
Maoming branch of China Petroleum & Chemical Corporation	Related Party	3,264,991	Less than 1 Year	0.25%
Guangdong TianNeng investment Ltd.	Related Party	960,000	Less than 1 Year	0.07%
		<u>1,328,083,192</u>		<u>99.99%</u>

(e) As at 31 December 2009, accounts receivable with carrying amount of Rmb 275,811,000 (31 December 2008: Rmb 245,172,000) is pledged as collateral for the Group's long-term borrowings of Rmb 2,164,560,000 (including the current portion) (31 December 2008: Rmb 2,438,220,000) (Note 6(23), (24)).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(2) Accounts receivable (Cont'd)

(f) Accounts receivable de from related parties are analysed as follows:

Relationship with the Group	31 December 2009			31 December 2008		
	amount	(%)Ratio of Total Accaounts Receivable	provision for bad debts	amount	(%)Ratio of Total Accaounts Receivable	provision for bad debts
Shajiao C Shenzhen Guang Qian Power Limited Company ("Shenzhen Guang Qian")	16,086,515	1.21%	-	19,258,755	1.19%	-
The Group's associate and Controlled by Yudean	-	-	-	4,394,800	0.27%	-
Other (Note 8(5)(k)) Controlled by Yudean	83,308	0.01%	-	761,258	0.04%	-
	<u>16,169,823</u>	<u>1.22%</u>	<u>-</u>	<u>24,414,813</u>	<u>1.50%</u>	<u>-</u>

(g) As at 31 December 2009 and 31 December 2008, no accounts receivable balances are dominated in foreign currencies.

(3) Other receivables

	31 December 2008		31 December 2009
Compensation of Petrochina Fuel Oil Company Limited (i)	600,000,000		-
Entrust loans (a)	355,658,044		504,741,009
Advance for construction suppliers	57,019,954		54,085,181
Petty cash	4,662,745		6,871,292
Others	3,612,283		12,892,265
	<u>1,020,953,026</u>		<u>578,589,747</u>
		Current year addition	Current year reversal
Less: provision for bad debts	(5,900,266)	(11,649,132)	4,162
	<u>1,015,052,760</u>		<u>(17,545,236)</u>
			<u>561,044,511</u>

(i) The Company's subsidiary - Zhongyue Energy got the compensation of Rmb 1.09 billion from the State of Venezuela due to breach of contract. Rmb409,000,000 has been received in December of 2008, and all of other part amounted to Rmb600,000,000 has been received in 2009.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(3) Other receivables (Cont'd)

(a) The entrust loans, which the Group provides for associates through the trustee, are listed as follows:

Trustee	Borrower	Principal	Annual interest rate	Due date	Annual interest	31 December 2009	Accumulative accrued interest	Provision for bad debts
Industrial Co.,Ltd	Bank Weixin Yuntou Zhaxi Energy Co., Ltd. ("Weixin Yuntou")	260,000,000	5.40%	03/12/2010	14,673,100	260,406,900	406,900	-
Industrial Co.,Ltd	Bank Shanxi Yudean Energy Co., Ltd. ("Shanxi Energy")	153,200,000	4.78%	25/05/2010	4,261,682	153,423,710	223,710	-
China Bank	Construction Guangdong Holding Investment Co., Ltd. ("Yudean Western")	70,282,900	4.78%	28/08/2010	3,591,157	90,480,274	20,197,374	-
GPGC Finance	Yangshan Zhongxinkeng Electric Power Co., Ltd. ("Zhongxinkeng")	430,125	7.56%	25/12/2008	76,819	430,125	-	-
		<u>483,913,025</u>			<u>22,602,758</u>	<u>504,741,009</u>	<u>20,827,984</u>	<u>-</u>

(b) The ageing of other receivables are analyzed as follows:

	31 December 2009	31 December 2008
Within 1 year	514,698,712	898,044,225
Between 1 and 2 years	16,890,450	30,615,934
Between 2 and 3 years	16,492,750	66,665,371
Between 3 and 4 years	8,500,000	15,282,399
Between 4 and 5 years	3,164,599	3,475,250
Over 5 years	1,298,000	969,581
	<u>561,044,511</u>	<u>1,015,052,760</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(3) Other receivables (Cont'd)

(c) Other receivables are analysed by customers categories as follows:

	31 December 2009			31 December 2008			
	Amount	% of total	% of	Amount	% of total	% of	
		balance	withdrawing		balance	withdrawing	
		Provision for bad debts	bad debts		Provision for bad debts	bad debts	
Individual material	548,296,358	(10,594,866)	1.93%	1,004,730,761	98	(5,500,144)	0.55%
Others	30,293,389	(6,950,370)	22.94%	16,222,265	1	(400,122)	2.47%
	<u>578,589,747</u>	<u>(17,545,236)</u>	3.03%	<u>1,020,953,026</u>	<u>100</u>	<u>(5,900,266)</u>	0.58%

(d) As at 31 December 31 2009, individual material balances of other receivables and related bad debt provision are analysed as follows

	Balance	Bad Debt Provision	Accrual ratio	Reason
Due from Maoming BoHe (i)	43,555,349	(10,594,866)	24.33%	(i)
Entrusted Loan(Notes 6.3(a))	504,741,009	-		
	<u>548,296,358</u>	<u>(10,594,866)</u>		

(i) This amount is the advance to the project cost and pre-operation expenses for Maoming BoHe. Maoming bohe is intends to invest project of the Group, the project is still under construction in 2009, have not yet obtained business license. Management believes that the advance to the project has resulted in substantial loss of the Group and therefore provided full provision for the pre-operation expenses.

(e) As at 31 December 2009, no balances included in above other receivables are due from the shareholders of the Company who hold over 5% (including 5%) shares with voting rights (31 December 2008: Nil).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(3) Other receivables (Cont'd)

(f) As at 31 December 2009, the Group's five largest other receivables balances are as follows:

	Relationship with Yudean Group	Amount	Period	% of total other receivables
Weixin Yuntou	Related parties	260,406,900	Less than 1 Year	45.01%
Shanxi Energy	Related parties	153,423,710	Less than 1 Year	26.52%
Yudean Western	Related parties	90,480,274	Less than 1 Year	15.64%
Maoming BoHe	Planned investment project	43,555,349	Less than 1 Year	7.53%
		1,298,000	Between 5 and 6 years	
		3,164,599	Between 4 and 5 years	
		8,500,000	Between 3 and 4 years	
		16,492,750	Between 2 and 3 years	
		7,100,000	Between 1 and 2 years	
		7,000,000	Less than 1 Year	
Shajiao C	Related parties	3,387,831	Less than 1 Year	0.58%
		<u>551,254,064</u>		<u>95.28%</u>

(g) Other receivables due from related parties are as follows:

	Relationship with Yudean Group	31 December 2009			31 December 2008		
		Amount	Ratio of Total		Amount	Ratio of Total	
			Receivable	Provision		Receivable	Provision
Weixin Yuntou	Associates	260,406,900	45.01%	-	260,443,300	25.51%	-
Shanxi Energy	Associates	153,423,710	26.52%	-	-	-	-
Yudean Western	The Group's associate and Controlled by Yudean	90,480,274	15.64%	-	93,924,370	9.20%	-
Shajiao C	Controlled by Yudean	3,387,831	0.59%	-	866,896	0.08%	-
Zhongxinkeng	Associates	430,125	0.07%	-	1,290,374	0.13%	-
Others: (Note 8(5)(k))	Controlled by Yudean	766,098	0.13%	-	634,300	0.06%	-
		<u>508,894,938</u>	<u>87.96%</u>	<u>-</u>	<u>357,159,240</u>	<u>34.98%</u>	<u>-</u>

(h) As at 31 December 2009 and 31 December 2008, no other receivables balances are dominated in foreign currencies.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(4) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

	31 December 2009		31 December 2008	
	amount	%of total balance	amount	%of total balance
Within 1 year	692,520,240	87.09%	597,638,422	96.53%
1-2 years	101,874,247	12.81%	21,259,719	3.43%
2-3 years	648,586	0.08%	60,000	0.01%
Over 3 years	150,000	0.02%	180,000	0.03%
	<u>795,193,073</u>	<u>100%</u>	<u>619,138,141</u>	<u>100%</u>

The balances with ageing over one year represent the prepayment or deposits paid to construction and equipment suppliers.

(b) As at December 31 2009, the Group's largest five advances to suppliers balances are as follow:

	Relationship with the Group	Amount	% of total	Prepaid year	Reasons for unsettling
Guangdong Fuel Supply Co., Ltd ("Fuel Supply")	Electric Related party	477,688,698	60.07%	2009	Purchase deposits, has not expired according to the contract
Dongfang Boiler Co., Ltd	Group Third party	184,275,930	23.17%	2008 and 2009	Purchase deposits for the equipments
The Bureau of Land Resources Maoming	Land Third party	21,087,722	2.65%	2008	Prepayment for the land, and the Company has not obtained the land use right certificate.
Dongfang Turbine Co., Ltd	Third party	19,721,000	2.48%	2009	Purchase deposits for the equipments
Hunan Thermal Power Construction Co.	Provincial Third party	15,394,000	1.94%	2009	Ddeposits prepaid to the construction vendors
		<u>718,167,350</u>	<u>90.31%</u>		

(c) At 31 December 2009, no prepaid in prepayments of our company hold above 5% (including 5%) voting shares' Shareholders funds: (31 December 2008: Nil)

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(4) Advances to suppliers (Cont'd)

(d) Prepayments to related parties as follows:

Relationship with the Group	31 December 2009			31 December 2008		
	Amount	% of total	Provi sion	Amount	% of total	Provi sion
Fuel Supply						
Associate and under common control by Yudean	477,688,698	60.07%	-	506,042,797	81.73%	-
Maoming						
Under common control by Yudean						
Thermal Power Plant ("Maoming Thermal")	-	-	-	160,388	0.02%	-
	<u>477,688,698</u>	<u>60.07%</u>	<u>-</u>	<u>506,203,185</u>	<u>81.75%</u>	<u>-</u>

(e) As at 31 December 2009 and 31 December 2008, no prepayments balances are dominated in foreign currencies.

(5) Inventory

(a) Inventory categories are listed as follows:

	31 December 2009			31 December 2008		
	Original cost	Provision for inventory	Book value	Original cost	Provision for inventory	Book value
Fuel	499,478,147	-	499,478,147	681,951,504	-	681,951,504
Spare parts	242,653,497	(6,902,651)	235,750,846	249,719,073	-	249,719,073
Others	905,398	-	905,398	1,767,940	-	1,767,940
	<u>743,037,042</u>	<u>(6,902,651)</u>	<u>736,134,391</u>	<u>933,438,517</u>	<u>-</u>	<u>933,438,517</u>

(b) Movement of inventory provision is as follows:

	31 December 2008	Addition	Reduction		31 December 2009
			Reversal	Write off	
Spare parts	-	(6,902,651)	-	-	(6,902,651)

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(5) Inventory (Cont'd)

(c) Inventory provision is analysed as follows:

Reason of accrual	Inventory reversal during year	provision during the year	% of accounting for year end total balance	of reversal for year end total balance
Spare parts	The difference of the net realizable value lower than the carrying amount	-	-	-

(6) Available-for-sale financial assets

	31 December 2008	Sold in 2009	Change of fair value Note 8.26	31 December 2009
Available-for-sale financial assets				
Investment in Shenzhen Energy Investment Co., Ltd. ("Shenzhen Energy") (i)	56,910,001	-	38,010,000	94,920,001
Investment in Shenergy Co. Ltd. ("Shenergy") (ii)	221,758,784	-	199,545,885	421,304,669
	<u>278,668,785</u>	<u>-</u>	<u>237,555,885</u>	<u>516,224,670</u>

(i) As at 31 December 2009, the Company hold Shenzhen Energy A share amounted to 7,000,000, and the investment cost is Rmb15,890,628. The Company state this investment at fair value determined by reference to the quoted price in an active market. During the year, a fair value gain of approximately Rmb38,010,000 (2008: loss of Rmb123,766,099), was recognized in equity.

(ii) The Company purchased 37,021,500 shares of Shenergy on 11 June 2007, with the investment cost of Rmb235,837,988. As of 31 December 2009, this investment was stated at fair value determined by reference to the quoted price in an active market. A fair value gain of Rmb199,545,885 (2008: loss of Rmb430,189,830) was recognised in equity.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(7) Long-term receivable and non-current assets maturing within one year

	31 December 2009	31 December 2008
Long-term receivable	20,619,671	60,304,244
Less: Non-current assets maturing within one year	-	(60,304,244)
	<u>20,619,671</u>	<u>-</u>

The long-term receivable balances are all entrust loans that the Group provides to associates, details are listed as follows:

Trustee	Borrower	Principal	Annual interest rate	Due date	Annual interest	31 December 2009	Accumulative interest	Provision
China Bank	Construction Lincang Yuntou Yudean Water Power Co., Ltd. ("Lincang Yuntou")	10,780,000	5.76%	27/10/2014	110,576	10,800,780	20,780	-
China Bank	Construction Lincang Yuntou	<u>9,800,000</u>	5.76%	29/11/2014	49,489	9,818,891	18,891	-
		<u>20,580,000</u>			<u>160,065</u>	<u>20,619,671</u>	<u>39,671</u>	<u>-</u>

(8) Long-term equity investment

	31 December 2009	31 December 2008
Associates (a)	4,141,938,886	3,062,406,946
Other long-term equity investments (b)	<u>482,103,707</u>	<u>419,603,707</u>
	4,624,042,593	3,482,010,653
Less: Provision for impairment of long-term equity investments	-	-
	<u>4,624,042,593</u>	<u>3,482,010,653</u>

The long-term investments of the Group are not subject to restriction on conversion into cash or restriction on remittance of investment income.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(8) Long-term equity investment (Cont'd)

(a) Associates

	Accounting method	Original investment cost	31 December 2008	Movement				31 December 2009	interest held	voting rights held	impairment provision	Current year accrual impairment provision
				Addition or reduction	Net profit adjusting by equity method (Note 6(38))	Cash dividends declared this year	Other equity movement					
Shenzhen Guang Qian	Equity Method	414,882,600	527,144,542	-	158,032,460	(95,859,745)	-	589,317,257	40%	40%	-	-
Shanxi Energy	Equity Method	80,000,000	399,766,568	-	14,249,233	-	-	414,015,801	40%	40%	-	-
Guangdong Red Gulf Electric Power Co., Ltd. ("Red Gulf")	Equity Method	387,437,500	450,028,520	125,000,000	78,195,672	-	-	653,224,192	25%	25%	-	-
Guangdong Huizhou LNG Power Co., Ltd. ("Huizhou LNG")	Equity Method	308,160,000	373,863,901	-	110,173,159	(55,717,870)	-	428,319,190	32%	32%	-	-
Fuel Supply	Equity Method	339,234,300	379,680,496	-	33,767,605	(37,016,304)	-	376,431,797	35%	35%	-	-
Yudean Finance	Equity Method	75,000,000	248,434,084	50,000,000	33,034,988	(30,945,657)	-	300,523,415	25%	25%	-	-
Yunnan Baoshan Binglang River Hydroelectric Power Co., Ltd. ("Binglang River")	Equity Method	133,088,100	194,913,442	-	194,133	-	-	195,107,575	29%	29%	-	-
Guangdong Yudean Shipping Co., Ltd. ("Yudean Shipping")	Equity Method	60,000,000	122,213,745	490,000,000	341,529	(31,303,040)	-	581,252,234	35%	35%	-	-
Yudean Western	Equity Method	71,084,000	41,444,529	79,040,000	30,398,379	-	-	150,882,908	26%	26%	-	-
Guangdong Yudean Shibeishan Wind Power Co., Ltd. ("Shibeishan")	Equity Method	69,510,000	68,051,358	-	3,750,706	-	-	71,802,064	30%	30%	-	-
Weixin Yuntou	Equity Method	16,000,000	148,960,000	112,000,000	-	-	-	260,960,000	40%	40%	-	-
Huaneng Shantou Wind Power Co., Ltd. ("Shantou Wind Power")	Equity Method	5,411,250	42,359,225	4,989,000	3,445,786	(5,650,000)	-	45,144,011	25%	25%	-	-
Lincang Yuntou	Equity Method	25,480,000	53,049,328	8,820,000	404,055	-	-	62,273,383	49%	49%	-	-
Yangshan Jiangkeng Hydroelectric Station ("Jiangkeng")	Equity Method	5,000,000	5,367,182	-	347,170	-	-	5,714,352	25%	25%	-	-
Zhongxinkeng	Equity Method	6,060,000	7,130,026	-	574,933	(734,252)	-	6,970,707	40%	40%	-	-
			<u>3,062,406,946</u>	<u>869,849,000</u>	<u>466,909,808</u>	<u>(257,226,868)</u>	<u>-</u>	<u>4,141,938,886</u>			<u>-</u>	<u>-</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(8) Long-term equity investment (Cont'd)

(b) Other long-term equity investments

	Accounting method	Original investment cost	31 December 2008	Current year movement	31 December 2009	interest held	voting rights held	impairment provision	Current year accrual impairment provision	Cash dividends declared this year, (Note 6(38))
Sunshine Insurance Group Corporation Limited	Cost method	150,000,000	356,000,000	-	356,000,000	9.46%	9.46%	-	-	-
Shenzhen Capital Group Co., Ltd ("Shenzhen Capital")	Cost method	52,500,000	52,500,000	62,500,000	115,000,000	4.92%	4.92%	-	-	5,000,000
Maoming Energy-saving Coral Water Mixture Co.,Ltd ("Maoming Energy-saving")	Cost method	3,600,000	3,600,000	-	3,600,000	19.00%	19.00%	-	-	874,800
Maoming Electric Water Supply Co., Ltd ("Maoming Electric Water Supply")	Cost method	3,903,707	3,903,707	-	3,903,707	15.00%	15.00%	-	-	600,000
GMG Internatinal Tendering Co., Ltd ("GMG")	Cost method	3,600,000	3,600,000	-	3,600,000	3.07%	3.07%	-	-	417,600
			<u>419,603,707</u>	<u>62,500,000</u>	<u>482,103,707</u>			<u>-</u>	<u>-</u>	<u>6,892,400</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(9) Investment in associates

	Type of corporation	Place of registration	Legal Representative	Organization code	Principle activities	%			31 December 2009			Year 2009	
						Registered capital	hold interest	voting rights	Total Assets	Total Liabilities	Net Assets	Revenue	Net Profit
Shenzhen Guang Qian	State-holding	Shenzhen	Lu Ningxian	70842633-0	Electricity	1,030,292,500	40%	40%	3,255,397,684	1,785,379,371	1,470,018,313	1,742,076,485	395,081,150
Shanxi Energy	State-holding	Taiyuan	Liang Jian	790216374	Coal	1,000,000,000	40%	40%	1,575,200,522	477,399,982	1,097,800,540	-	35,623,083
Red Gulf	State-holding	Shanwei	Wen Lianhe	76061818-8	Electricity	2,549,750,000	25%	25%	8,075,010,317	5,400,251,745	2,674,758,572	2,677,597,127	312,782,689
Huizhou LNG	State-holding	Huizhou	Gao Shiqiang	76380066-3	Electricity	963,000,000	32%	32%	3,404,980,721	2,066,975,781	1,338,004,940	1,902,150,444	344,291,121
Fuel Supply	State-holding	Guangzhou	Zhu Dejun	190326035	Fuel	630,000,000	35%	35%	2,820,584,369	1,957,478,997	863,105,372	15,778,906,424	96,478,870
Yudean Finance	State-holding	Guangzhou	Yang Xuanxing	71226867-0	Finance	1,000,000,000	25%	25%	12,908,512,746	11,759,688,385	1,148,824,361	444,611,728	132,139,951
Binglang River	State-holding	Baoshan	Liu Yibin	75066253-X	Electricity	613,000,000	29%	29%	2,804,909,425	2,187,319,771	617,589,654	30,176,533	669,425
Yudean Shipping	State-holding	Guangzhou	Liang Jian	775555474	Shipping	1,600,000,000	35%	35%	4,937,879,982	3,277,240,261	1,660,639,721	640,217,789	975,797
Yudean Western	State-holding	Guangzhou	Li Zhuoxian	75285691-X	Electricity	577,400,000	26%	26%	9,322,872,969	7,971,317,484	1,351,555,485	3,345,258,243	116,916,843
Shibeishan	State-holding	Guangzhou	Li Chengjun	763848720	Electricity	231,700,000	30%	30%	594,021,576	353,718,274	240,303,302	85,771,456	12,502,353
Weixin Yuntou	State-holding	Shaotou	Chen Yixun	77859169-X	Electricity	602,400,000	40%	40%	2,452,368,670	1,849,968,670	602,400,000	-	-
Shantou Wind Power	State-holding	Shantou	Yang Qing	783853842	Electricity	159,267,000	25%	25%	440,644,733	265,057,691	175,587,042	54,618,299	13,783,143
Lincang Yuntou	State-holding	Lincang	Yang Guowen	77048814-5	Electricity	126,600,000	49%	49%	391,614,200	264,757,246	126,856,954	8,796,720	824,603
Jiangkeng	State-holding	Qingyuan	Li Guansheng	61806551-9	Electricity	22,839,076	25%	25%	31,144,625	8,305,549	22,839,076	6,264,235	1,388,680
Zhongxinkeng	State-holding	Qingyuan	Lin Yang	70760320-0	Electricity	15,150,000	40%	40%	32,996,026	14,185,579	18,810,447	287,661	1,437,332

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(10) Investment properties

	31 December 2008	Current year addition	Current year reduction	31 December 2009
Cost				
– Buildings	20,135,165	-	-	20,135,165
Accumulated depreciation				
– Buildings	<u>(6,126,057)</u>	<u>(632,631)</u>	<u>-</u>	<u>(6,758,688)</u>
Net book value				
– Buildings	<u>14,009,108</u>	<u>(632,631)</u>	<u>-</u>	<u>13,376,477</u>

As at 31 December 2009, directors of the Group considered that no need to provide provision for impairment for investment properties (31 December 2008: Nil).

For the year 2009, the accumulated depreciation of investing properties is Rmb632,631 (2008: Rmb 632,630).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(11) Fixed assets

	31 December 2008	Current year addition	Transfer to Intangible Assets	Other current year deduction	31 December 2009
Book Value	22,079,468,618	314,996,166	(6,341,390)	(67,383,864)	22,320,739,530
Buildings	5,863,110,463	58,488,987	(6,341,390)	-	5,915,258,060
Electric utilities in service	15,765,307,816	230,214,611	-	(56,296,709)	15,939,225,718
Motor vehicle	294,837,912	11,675,967	-	(6,995,800)	299,518,079
Other equipment	156,212,427	14,616,601	-	(4,091,355)	166,737,673
Accumulated depreciation	(8,862,047,706)	(1,247,740,814)	2,026,010	45,050,014	(10,062,712,496)
Buildings	(1,723,582,060)	(216,773,655)	2,026,010	-	(1,938,329,705)
Electric utilities in service	(6,905,042,223)	(985,640,227)	-	34,321,124	(7,856,361,326)
Motor vehicle	(133,820,429)	(26,072,049)	-	6,741,404	(153,151,074)
Other equipment	(99,602,994)	(19,254,883)	-	3,987,486	(114,870,391)
Net Value	13,217,420,912	(932,744,648)	(4,315,380)	(22,333,850)	12,258,027,034
Buildings	4,139,528,403	(158,284,668)	(4,315,380)	-	3,976,928,355
Electric utilities in service	8,860,265,593	(755,425,616)	-	(21,975,585)	8,082,864,392
Motor vehicle	161,017,483	(14,396,082)	-	(254,396)	146,367,005
Other equipmen	56,609,433	(4,638,282)	-	(103,869)	51,867,282
Provision for impairment loss	(7,014,359)	(236,684,089)	-	7,014,359	(236,684,089)
Buildings	-	(88,403,169)	-	-	(88,403,169)
Electric utilities in service	(7,014,359)	(144,522,312)	-	7,014,359	(144,522,312)
Motor vehicle	-	(2,245,506)	-	-	(2,245,506)
Other equipment	-	(1,513,102)	-	-	(1,513,102)
Net book value	13,210,406,553	(1,169,428,737)	(4,315,380)	(15,319,491)	12,021,342,945
Buildings	4,139,528,403	(246,687,837)	(4,315,380)	-	3,888,525,186
Electric utilities in service	8,853,251,234	(899,947,928)	-	(14,961,226)	7,938,342,080
Motor vehicle	161,017,483	(16,641,588)	-	(254,396)	144,121,499
Other equipment	56,609,433	(6,151,384)	-	(103,869)	50,354,180

Depreciation of fixed assets charged in 2009 amounted to Rmb 1,247,740,814 (2008: Rmb 1,247,511,223 yuan), and original cost of fixed assets transferred from the construction in progress is Rmb 247,764,996 (2008: Rmb 166,105,540).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(11) Fixed assets (Cont'd)

- (a) As at 31 December, 2009, electric utilities with a net book value of approximately Rmb1,518,242,000 (cost of Rmb2,734,013,000) (31 December 2008: net book value of approximately Rmb402,077,000) have been pledged as collateral for short-term borrowings of Rmb 350,000,000 and long-term borrowings of Rmb118,000,000 (31 December 2008: short-term borrowings of Rmb175,000,000 and long-term borrowings of Rmb 243,000,000 (including current portion)) (Note 6 (15), (23) and (24)).
- (b) In 2009, the amount of depreciation expense charged to operating costs, general and administrative expenses and construction in progress were Rmb1,206,482,067, Rmb25,865,143 and Rmb15,393,604 (2008: Rmb1,223,393,851, Rmb23,077,593 and Rmb1,039,779 respectively).
- (c) As two sets 125,000 kilowatts coal-fired generating units of Yuejia Electric have been included in the Guangdong Provincial Development and Reform Commission as the Taepo power plants, "use large and dispose small" coal-fired generating units shut down to supporting the project. Therefore, Yuejia Electric under the two generating units of the shutdown plan, set aside for depreciation in 2010, and to consider the removal of buildings and equipment expenses, in accordance with net book value of fixed assets, full provision for impairment of Rmb227,965,475.

(12) Constuction in progress ("CIP")

	31 December 2009			31 December 2008		
	Book value	Provison for Impairment	Net book value	Book value	Provison for Impairment	Net book value
Zhongyue Energy project	2,904,378,851	-	2,904,378,851	2,632,197,061	-	2,632,197,061
Jinhai 3#,4# generate sets	1,233,634,419	-	1,233,634,419	76,417,943	-	76,417,943
Xuwen Yangqian Wind Power	307,878,908	-	307,878,908	240,761,214	-	240,761,214
2x600MW upgrade project	181,938,198	-	181,938,198	83,662,065	-	83,662,065
Dapu project	144,053,474	-	144,053,474	114,013,068	-	114,013,068
Technology improvement	131,871,645	-	131,871,645	72,376,819	-	72,376,819
Humen project	116,451,673	-	116,451,673	58,854,564	-	58,854,564
Oil Shale Power project	85,256,375	-	85,256,375	71,693,422	-	71,693,422
Coal mixture project	70,849,378	-	70,849,378	49,237,978	-	49,237,978
Zhenneng 30MW#7 set	52,498,676	-	52,498,676	9,377,159	-	9,377,159
Crossroad project	17,609,516	-	17,609,516	7,455,489	-	7,455,489
Xuwen Yongshi Wind Power	10,896,085	-	10,896,085	5,798,030	-	5,798,030
Others	37,930,241	-	37,930,241	44,015,603	-	44,015,603
	<u>5,295,247,439</u>	<u>-</u>	<u>5,295,247,439</u>	<u>3,465,860,415</u>	<u>-</u>	<u>3,465,860,415</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(12) Constuction in progress (Cont'd)

(a) Movement of major CIP projects

Name of projects	Budget	31 December 2008	Current year addition	Transfer to fixed assets during the current year	31 December 2009	Ratio of investment to budget	Progress of Construction (b)	Accumulated capitalised borrowing costs	Including: current year capitalised borrowing costs (Note 6(36))	Ratio of current year capitalised borrowing costs	Sources of funds
Zhongyue Energy project	6,100,000,000	2,632,197,061	277,668,656	(5,486,866)	2,904,378,851	48%	12%	310,276,801	138,503,475	5.61%	Borrowing
Jinhai 3#,4# generate sets	500,000,000	240,761,214	191,353,238	(124,235,544)	307,878,908	86%	96%	12,974,365	12,271,307	5.26%	Borrowing, own capital
Xuwen Yangqian Wind								10,350,888	5,391,638		Borrowing
Power	5,000,000,000	114,013,068	30,040,406	-	144,053,474	3%	0%			4.78%	
2x600MW upgrade project	4,850,000,000	83,662,065	98,276,133	-	181,938,198	4%	0%	6,947,064	6,947,064	4.23%	Borrowing
Dapu project	6,848,360,000	76,417,943	1,178,779,681	(21,563,205)	1,233,634,419	18%	18%	124,360,180	96,301,817	5.17%	Borrowing
Technology improvement	172,784,450	72,376,819	146,033,536	(86,538,710)	131,871,645	NA	NA	-	-	-	Own capital
Humen project	3,300,000,000	71,693,422	13,562,953	-	85,256,375	3%	0%	-	-	-	Own capital
Oil Shale Power project	8,342,280,000	58,854,564	57,597,109	-	116,451,673	1.4%	1.4%	-	-	-	Own capital
Coal mixture project	90,450,000	49,237,978	21,611,400	-	70,849,378	78%	93%	-	-	-	Own capital
Zhenneng 30MW#7 set	895,000,000	9,377,159	43,121,517	-	52,498,676	6%	0%	629,828	629,828	4.85%	Borrowing, own capital
Crossroad project	25,000,000	7,455,489	10,154,027	-	17,609,516	70%	62%	-	-	-	Own capital
Xuwen Yongshi Wind								-	-		Own capital
Power	494,830,000	5,798,030	5,098,055	-	10,896,085	2%	0%			-	
Others	216,000,000	44,015,603	3,855,309	(9,940,671)	37,930,241	NA	NA	-	-		
		<u>3,465,860,415</u>	<u>2,077,152,020</u>	<u>(247,764,996)</u>	<u>5,295,247,439</u>			<u>465,539,126</u>	<u>260,045,289,963,739</u>		

(b) As at 31 December 2009, the progress of the major CIP projects are assessed based on their actual completion status.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(13) Construction materials

	31 December 2008	Current year addition	Current year reduction	31 December 2009
Special equipment	816,519,597	1,217,588,401	(104,199,952)	1,929,908,046
Tools	8,761,872	16,892,512	(17,248,633)	8,405,751
	<u>825,281,469</u>	<u>1,234,480,913</u>	<u>(121,448,585)</u>	<u>1,938,313,797</u>

(14) Intangible assets

	31	Current year addition	Transfer from fixe	Current year reduction	31 Decembe 2009
Book Value	798,645,955	5,120,111	6,341,390	-	810,107,456
Electric transmission projects	437,565,782	1,798,500	-	-	439,364,282
Land use rights	294,148,006	2,431,610	6,341,390	-	302,921,006
Sea use right	26,849,101	-	-	-	26,849,101
Transportation project	22,468,672	-	-	-	22,468,672
Softwares	17,614,394	890,001	-	-	18,504,395
Accumulated depreciation	(412,000,577)	(22,305,134)	(2,026,010)	-	(436,331,721)
Electric transmission projects	(352,275,376)	(10,826,246)	-	-	(363,101,622)
Land use rights	(29,469,527)	(8,007,615)	(2,026,010)	-	(39,503,152)
Sea use right	(1,075,560)	(536,982)	-	-	(1,612,542)
Transportation project	(19,488,380)	(364,934)	-	-	(19,853,314)
Softwares	(9,691,734)	(2,569,357)	-	-	(12,261,091)
Net Value	386,645,378	(17,185,023)	4,315,380	-	373,775,735
Electric transmission projects	85,290,406	(9,027,746)	-	-	76,262,660
Land use rights	264,678,479	(5,576,005)	4,315,380	-	263,417,854
Sea use right	25,773,541	(536,982)	-	-	25,236,559
Transportation project	2,980,292	(364,934)	-	-	2,615,358
Softwares	7,922,660	(1,679,356)	-	-	6,243,304

In 2009, the amortization expense is Rmb22,305,134 (2008: Rmb46,272,216).

As at 31 December 2009, directors of the Group considered that no need to provide provision for impairment of intangible assets (31 December 2008: Nil).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(15) Short-term borrowings

	31 December 2009	31 December 2008
Unsecured loans(a)	3,466,991,742	3,639,000,000
Secured loans(b)	350,000,000	175,000,000
	<u>3,816,991,742</u>	<u>3,814,000,000</u>

As at 31 December 2009, there are no overdue short-term borrowings.

(a) As at 31 December 2009, unsecured borrowings amounted to Rmb1,969,000,000 is from Yudean Finance (31 December 2008: Rmb2,319,000,000) (Note 8(5)(k))

(b) Together with the long-term borrowing of Rmb 118,000,000 (31 December 2008: Rmb243,000,000(including current portion))(Note (6)(23)(24)) is pledged by electric utilities in service at net book value of approximately Rmb1,518,242,000 (31 December 2008: Rmb402,077,000)(Note 6(11)).

In 2009, the weighted average interest rate of short-term borrowings is 4.47 % per annum (2008: 5.57%).

(16) Note Payable

	31 December 2009	31 December 2008
Bank acceptance notes	894,384,813	-
Commercial acceptance notes	1,367,535,296	-
	<u>2,261,920,109</u>	<u>-</u>

As at 31 December 2009, the balance will due within one year is Rmb2,261,920,109 (31 December 2008: Nil).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(17) Accounts payable

	31 December 2009	31 December 2008
Fuel payable	536,540,099	677,627,654
Construction and equipment payable	383,374,931	281,842,692
Materials payable	85,633,134	54,693,344
Others	4,666,999	3,938,955
	<u>1,010,215,163</u>	<u>1,018,102,645</u>

(a) As at 31 December 2009, no balances included in above accounts payable are due to the shareholders of the Company who hold over 5% (including 5%) shares with voting rights (31 December 2008: Nil).

(b) Accounts payable due to related parties:

	31 December 2009	31 December 2008
Fuel Supply	607,562,245	663,748,098
Maoming Thermal	52,675,188	12,498,849
Yudean Shipping	1,815,000	-
Guangdong Yudean Electricity and Water Maintenance and Fixing Co. ("Yudean Electricity and Water")	166,182	932,489
	<u>662,218,615</u>	<u>677,179,436</u>

(c) As at 31 December 2009, the balance with ageing over than one year is Rmb258,218,764 (31 December 2008: Rmb266,866,914), and it is mainly represent payables to construction, equipment suppliers. Because these projects have not been completed / accepted of completion, such balances have not been finally settled.

(d) As at 31 December 2009 and 31 December 2008, no accounts payable balances are denominated in foreign currencies.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(18) Employee benefits payable

	31 December 2008	Current year addition	Current year reduction	31 December 2009
Wages and salaries, bonuses, allowances and subsidies	183,644,004	591,605,984	(616,688,971)	158,561,017
Staff welfare	11,016,578	70,431,196	(70,431,196)	11,016,578
Social security contributions	756,796	69,145,957	(68,793,456)	1,109,297
Including: Medical insurance	745,873	12,269,267	(11,919,061)	1,096,079
Basic pensions,	7,515	52,528,164	(52,526,134)	9,545
Unemployment insurance	3,408	1,583,714	(1,583,449)	3,673
Work injury insurance	-	1,615,120	(1,615,120)	-
Maternity insurance	-	1,149,692	(1,149,692)	-
Housing funds	2,805,757	99,854,823	(98,816,963)	3,843,617
Labor union funds and employee education funds	22,975,444	25,603,462	(23,309,430)	25,269,476
Early retirement obligation	32,798,265	7,857,507	(12,209,805)	28,445,967
Others	303,773	4,047,444	(4,048,419)	302,798
	<u>254,300,617</u>	<u>868,546,373</u>	<u>(894,298,240)</u>	<u>228,548,750</u>

As at 31 December 2009, there are no payables in default in Employee benefits payable, and the balances is expected to be all distributed and used by 2012.

(19) Tax payable

	31 December 2009	31 December 2008
Enterprise income tax payable/(prepaid)	99,849,579	(40,226,599)
Value-added-tax payable	33,927,221	50,859,461
City maintenance and construction tax payable	12,131,326	2,890,182
Educational surcharge payable	7,052,795	1,434,355
Individual Income tax payable	21,289,113	18,434,104
House tax payable	3,305,122	3,573,179
Business tax payable	1,115,207	765,460
Others	10,578,266	5,011,820
	<u>189,248,629</u>	<u>42,741,962</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(20) Interest Payable

	31 December 2009	31 December 2008
Interest payable for short-term borrowings	2,227,863	1,989,286
Interest payable for long-term borrowings that interest are payable by installment and principal at maturity	7,038,657	9,068,212
Interest payable for corporate bond (Note 6(25))	90,444,444	90,750,000
	<u>99,710,964</u>	<u>101,807,498</u>

(21) Dividends payable

	31 December 2009	31 December 2008
Yudean Investment Co., Ltd. ("Yudean Investment")	-	33,323,214
Non-tradable shareholders payable	7,659,560	7,429,962
Shaoguan Power Plant D Co., Ltd. ("Shaoguan Plant D")	3,521,190	3,521,191
Qujiang Electric	1,408,476	1,408,476
	<u>12,589,226</u>	<u>45,682,843</u>

(22) Other payables

	31 December 2009	31 December 2008
Performance guarantee deposits from construction and equipment suppliers	289,815,967	387,497,929
Construction and equipment payable	182,385,465	189,230,680
Advance from Shaoguan Electric Power Plant	297,033,465	320,812,480
Rent fee for Shaoguan Plant D payable	1,750,737	2,897,949
Others	49,185,493	25,084,361
	<u>820,171,127</u>	<u>925,523,399</u>

- (a) As at 31 December 2009, no balances included in above other payables are due to the shareholders of the Company who hold over 5% (including 5%) shares with voting rights (31 December 2008: Nil).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(22) Other payables (Cont'd)

(b) Other payables due to related parties are as follows:

	31 December 2009	31 December 2008
Shaoguan Electric Power Plant	297,033,465	320,812,480
Shaoguan Plant D	1,750,737	2,897,949
Gangdong Yudian Environment Protection Co.	1,316,483	-
Maoming Thermal	1,112,382	-
Yudean Shipping	-	4,052,000
Others (Note 8(5)(k))	7,111	-
	<u>301,220,178</u>	<u>327,762,429</u>

(c) As at 31 December 2009, the balances with ageing over one year amounted to Rmb238,982,804 (31 December 2008: Rmb271,656,466) are mainly represent the performance guarantee deposits from construction and equipment suppliers, and they have not been settled.

(d) As at 31 December 2009 and 31 December 2008, no other payables balances are denominated in foreign currencies.

(23) Current portion of non-current liabilities

	31 December 2009	31 December 2008
Impawned borrowings (a)	204,060,000	143,660,000
Pledged borrowings (Note (24)(b))	-	65,000,000
Unsecured borrowings	105,160,000	12,000,000
	<u>309,220,000</u>	<u>220,660,000</u>

(a) As at 31 December 2009, the long-term borrowing was impawned by the future revenue from power generation and the related trade receivables of Yuejiang Electric and Zhongyue Energy (Note 6(2)(e)) as follows:

	31 December 2009	31 December 2008
Yuejiang Electric	104,060,000	114,060,000
Maoming Zhenneng	-	29,600,000
Zhongyue Energy	100,000,000	-
	<u>204,060,000</u>	<u>143,660,000</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(23) Current portion of non-current liabilities (Cont'd)

(b) The largest five current portion balances of long-term borrowings:

	Beginning date	Expiring date	Currency	Interest Rate	Balance at 31 December 2009	Balance at 31 December 2008
Agricultural Bank Of China	2006-01-13	2010-06-21	Rmb	5.35%	100,000,000	-
China Construction Bank	2006-04-24	2010-12-21	Rmb	5.35%	90,000,000	-
Industrial and Commercial Bank of China	1998-06-30	2010-12-31	Rmb	5.94%	47,740,000	47,740,000
Yudean Finance (Note 8(5)(k))	2004-03-31	2010-12-31	Rmb	5.94%	39,360,000	39,360,000
China Construction Bank	2004-03-31	2010-12-31	Rmb	5.94%	26,960,000	26,960,000
					<u>304,060,000</u>	<u>114,060,000</u>

(24) Loan-term borrowings

	Currency	31 December 2009	31 December 2008
Impaired borrowings(a)	Rmb	1,960,500,000	2,294,560,000
Pledged borrowings(b)	Rmb	118,000,000	178,000,000
Unsecured borrowings	Rmb	5,226,840,000	5,306,000,000
		<u>7,305,340,000</u>	<u>7,778,560,000</u>

(a) As at 31 December 2009, the long-term borrowing was impaired by the future revenue from power generation and the related trade receivables (Note 6(2)(e)) as follows:

	31 December 2009	31 December 2008
Yuejiang Electric	619,700,000	733,760,000
Manming Zhenneng	330,800,000	360,800,000
Zhongyue Energy	1,010,000,000	1,200,000,000
	<u>1,960,500,000</u>	<u>2,294,560,000</u>

(b) Together with the short-term borrowing of Rmb350,000,000 (31 December 2008: Rmb175,000,000 short-term borrowing and Rmb65,000,000 current portion of long-term borrowing)(Note (6)(15)(23)) is pledged by electric utilities in service at net book value of approximately Rmb1,518,242,000 (31 December 2008: Rmb402,077,000)(Note 6(11)).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(24) Loan-term borrowings (Cont'd)

(c) The top five of long-term borrowings

	Beginning date	Expiring date	Currency	Interest Rate	31 December 2009	31 December 2008
Agricultural Bank Of China	2008-09-27	2025-12-03	Rmb	5.35%	2,550,000,000	2,550,000,000
China Construction Bank	2006-01-13	2021-01-12	Rmb	5.35%	1,200,000,000	1,400,000,000
Industrial and Commercial Bank of China	2006-04-24	2022-04-23	Rmb	5.35%	1,010,000,000	1,200,000,000
Yudean Finance (Note 8(5)(k))	2008-07-18	2025-12-05	Rmb	5.35%	1,000,000,000	1,000,000,000
China Construction Bank	2009-01-20	2020-02-17	Rmb	5.35%	330,800,000	360,800,000
					<u>6,090,800,000</u>	<u>6,510,800,000</u>

(d) The maturity of the non-current borrowings is as follows:

	31 December 2009	31 December 2008
Between 1 and 2 years	309,220,000	234,660,000
Between 2 and 5 years	927,660,000	625,980,000
Over 5 years	6,068,460,000	6,917,920,000
	<u>7,305,340,000</u>	<u>7,778,560,000</u>

The weighted average interest rate of long-term borrowings is 5.40 % per annum (2008: 5.97%).

(25) Debentures payable

	31 December 2008	Current year addition	Current year deduction	31 December 2009
Company bonds	<u>1,983,335,013</u>	<u>2,702,431</u>	<u>-</u>	<u>1,986,037,444</u>

On 10 March 2008 after CSRC's approval, the Company successfully issued long term debts with an aggregate principal amount of Rmb2,000,000,000. The term of long term debts is 7 years, deducted by the issuance related expenses amounted to Rmb18,917,012, the total fund financed amounted to Rmb1,981,082,988. Interest is calculated from 10 March 2008 with annual interest rate of 5.5%.

As at 31 December 2009, the debentures payable is measured at amortised cost using the effective interest method. The effective interest rate is 5.67%, and the amortised cost is Rmb1,986,037,444.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(25) Debentures payable (Cont'd)

Interest payable of the debentures is analysed as below:

	31 December 2008	Interest accrued	Interest Paid	31 December 2009
Interest payable (Note 6(20))	<u>90,750,000</u>	<u>109,694,444</u>	<u>(110,000,000)</u>	<u>90,444,444</u>

(26) Deferred tax assets and liabilities

(a) Deferred tax assets before offsetting:

	31 December 2009		31 December 2008	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Tax deductible losses	108,962,295	441,040,923	214,676,478	862,897,787
Provision for assets impairment	56,388,825	252,838,704	2,779,177	12,039,533
Employee benefits payable	37,629,366	154,593,593	44,363,680	182,444,011
Amortization of pre-operating expenses	13,608,792	58,538,136	15,642,817	66,528,434
Government grants related to assets	6,923,077	27,692,308	7,692,308	30,769,231
Net income from test run included in CIP	5,502,392	24,127,417	-	-
Amortization of LUR	1,904,318	7,617,273	1,961,920	7,847,678
Accrued expenses	515,376	2,061,510	1,229,185	4,137,834
	<u>231,434,441</u>	<u>968,509,864</u>	<u>288,345,565</u>	<u>1,166,664,508</u>

(b) Deferred tax liabilities before offsetting:

	31 December 2009		31 December 2008	
	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference
Available-for-sales investments (6.30)	66,124,012	264,496,054	6,735,041	26,940,169
Capitalised interest expenses	3,799,855	16,108,055	4,232,631	18,798,576
Interest income of time deposits	31,563	126,250	-	-
	<u>69,955,430</u>	<u>280,730,359</u>	<u>10,967,672</u>	<u>45,738,745</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(26) Deferred tax assets and liabilities (Cont'd)

(c) Offsetting amount of deferred tax assets and deferred tax liabilities,

	31 December 2009	31 December 2008
Deferred tax assets	31,093,410	10,967,672
Deferred tax liabilities	<u>31,093,410</u>	<u>10,967,672</u>

(d) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2009	31 December 2008
Net value of deferred tax assets	200,341,031	277,377,893
Net value of deductible temporary difference	<u>38,862,020</u>	<u>-</u>

Balances of deferred tax assets and deferred tax liabilities of 31 December 2008 have been disclosed as above at net value.

(27) Provision for asset impairment

	31 December 2008	Current year additions	<u>Current year reductions</u>		31 December 2009
			Reversal	Write-off	
Provision for bad debts	7,084,112	11,649,132	(1,188,008)	-	17,545,236
Including:					
accounts receivable	1,183,846	-	(1,183,846)	-	-
other receivables	5,900,266	11,649,132	(4,162)	-	17,545,236
Provision for declines in the value of inventories	-	6,902,651	-	-	6,902,651
Provision for impairment of fixed assets	<u>7,014,359</u>	<u>236,684,089</u>	<u>-</u>	<u>(7,014,359)</u>	<u>236,684,089</u>
	<u>14,098,471</u>	<u>255,235,872</u>	<u>(1,188,008)</u>	<u>(7,014,359)</u>	<u>261,131,976</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(28) Other long-term liabilities

	31 December 2009	31 December 2008
Government grants related with assets -		
Desulfurization project for 5# set (i)	27,692,308	30,769,231
Water-freshing project (ii)	2,000,000	2,000,000
	<u>29,692,308</u>	<u>32,769,231</u>

(i) This represents the government subsidy granted for the 5# generation set desulfurization project of Shajiao Power Plant A ("Shajiao A"), which is a branch of the Company in 2005. It is amortized over the useful lives, 13 years, of related assets.

(ii) This represents the government subsidy granted for water-freshing project of Zhongyue Energy. Until to the approval of these financial statements, this project has not been finished, no amortization accordingly.

(29) Share capital

	31 December 2008	Current year additions	Current year reduces	31 December 2009
Shares subject to sale restrictions:-				
Shares held by state-own Companies	1,232,256,158	-	(1,232,114,207)	141,951
Shares held by non-state-own other compar	7,218,987	1,111,196	(1,252,397)	7,077,786
Including: Shares held by legal persons	7,137,656	-	(1,252,397)	5,885,259
Shares held by individual persons	81,331	1,111,196	-	1,192,527
	<u>1,239,475,145</u>	<u>1,111,196</u>	<u>(1,233,366,604)</u>	<u>7,219,737</u>
Shares subject to no sale restrictions: -				
A shares	754,602,355	1,232,255,408	-	1,986,857,763
B shares	665,326,500	-	-	665,326,500
	<u>1,419,928,855</u>	<u>1,232,255,408</u>	<u>-</u>	<u>2,652,184,263</u>
	<u>2,659,404,000</u>	<u>1,233,366,604</u>	<u>(1,233,366,604)</u>	<u>2,659,404,000</u>

With the implementation of the share reform scheme on 17 January 2006, the formerly legal person shares were converted into A shares but subject to restrictions of one to three years in their sales. Until 31 December 2009, there are 7,077,786 shares are non-tradable, including the formerly non-tradable shares of 5,885,259 before the share reform scheme, shares of 1,192,527 held by the key management. Except for the above, all other legal oerson shares can be traded in the capital market.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(29) Share capital (Cont'd)

	31 December 2007	Current year additions	Current year decreases	31 December 2008
Shares subject to sale restrictions:-				
Shares held by state-own Companies	1,232,077,947	178,211	-	1,232,256,158
Shares held by non-state-own other companies	9,513,904	(178,211)	(2,116,706)	7,218,987
Including: Shares held by legal persons	9,324,026	(178,211)	(2,008,159)	7,137,656
Shares held by individual persons	189,878	-	(108,547)	81,331
	<u>1,241,591,851</u>	<u>-</u>	<u>(2,116,706)</u>	<u>1,239,475,145</u>
Shares subject to no sale restrictions: -				
A shares	752,489,399	-	2,112,956	754,602,355
B shares	665,322,750	-	3,750	665,326,500
	<u>1,417,812,149</u>	<u>-</u>	<u>2,116,706</u>	<u>1,419,928,855</u>
	<u>2,659,404,000</u>	<u>-</u>	<u>-</u>	<u>2,659,404,000</u>

(30) Capital surplus

	31 December 2008	Current year movement	31 December 2009
Capital premium (a)	1,767,407,010	(771,527,837)	995,879,173
Revaluation reserves	119,593,718	-	119,593,718
Other capital surplus -			
Change in fair value of available-for-sale financial assets (Note6(6))	26,940,169	237,555,885	264,496,054
Tax on change in fair value of available-for-sale (Note6 (26))	(6,735,041)	(59,388,971)	(66,124,012)
Transfer from the balance of capital surplus recognised under previous accounting system	20,474,592	-	20,474,592
Others (b)	-	554,800	554,800
	<u>1,927,680,448</u>	<u>(592,806,123)</u>	<u>1,334,874,325</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(30) Capital surplus (Cont'd)

	31 December 2007	Current year movement	31 December 2008
Capital premium (a)	1,257,407,010	510,000,000	1,767,407,010
Revaluation reserves	119,593,718	-	119,593,718
Other capital surplus—			
Change in fair value of available-for-sale financial assets	580,896,098	(553,955,929)	26,940,169
Tax on change in fair value of available-for-sale	(145,224,024)	138,488,983	(6,735,041)
Transfer from the balance of capital surplus recognised under previous accounting system	20,474,592	-	20,474,592
	<u>1,833,147,394</u>	<u>94,533,054</u>	<u>1,927,680,448</u>

(a) Capital surplus of year 2008 was increased Rmb510,000,000 due to the business combination under common control in 2009, and capital surplus of year 2009 was decreased Rmb733,708,099 accordingly (Note 5(2)(i)); In 2009, the Group's purchased equity interest of Jinghai Electric from the minority shareholders with a premium of 10%, resulting in reduction of capital surplus amounted to Rmb38,011,957; In addition, in current year Zhenneng Electric absorbing combined Ruineng Electric (Note 5(1)), and this caused the increase of capital surplus amounted to Rmb192,219.

(b) Yudean granted Zhanjiang Electric subsidy for technology improvement amounted to Rmb730,000, and the Group shared this in accordance with the ratio of investment.

(31) Supplus reserve

	Statutory surplus reserve	Discretionary surplus reserve	Total
31 December 2007	1,309,397,911	2,409,646,955	3,719,044,866
Current year additions	66,382,476	-	66,382,476
Current year utilised	-	(625,809,398)	(625,809,398)
31 December 2008	<u>1,375,780,387</u>	<u>1,783,837,557</u>	<u>3,159,617,944</u>
Current year additions	-	-	-
Current year utilised	-	-	-
31 December 2009	<u>1,375,780,387</u>	<u>1,783,837,557</u>	<u>3,159,617,944</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(31) Supplus reserve (Cont'd)

In accordance with the "Company Law" and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The Company appropriates discretionary surplus reserve after shareholders' meeting approves the Board of Director's proposal. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval.

According to the resolution at the shareholders meeting on 26 May 2009, since the statutory surplus reserve has accumulated to more than 50% of the registered capital, the Company decided not to appropriate statutory surplus reserve and discretionary surplus reserve for year 2008.

(32) Undistributed profits

	2009		2008	
	Amount	Extraction and allocation ratio	Amount	Extraction and allocation ratio
Beginning balance of undistributed profits (before adjustment)	1,112,154,527		932,855,694	
Adjustment (a)	-		(89,980,849)	
Ending balance of undistributed profits (after adjustment)	1,112,154,527		842,874,845	
Add: net profit attributable to the stockholders of the parent company	1,165,352,428		28,981,240	
Less: appropriation to surplus reserves	-	0%	(66,382,476)	10%
Surplus reserves used to offset accumulated losses	-		625,809,398	
Commonstock dividends payable (b)	(159,564,240)	6%	(319,128,480)	12%
Ending balance of undistributed profits	<u>2,117,942,715</u>		<u>1,112,154,527</u>	

(a) In 2009, opening balance of retained earnings decreased Rmb89,980,849 due to the business combination under common control (Note5(2)(i)).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(32) Undistributed profits (Cont'd)

- (b) According to the resolution at the shareholders meeting on 26 May 2009, the Company declared cash dividend to all shareholders at Rmb0.06 per share. Calculated based on the total issued shares amounted to 2,659,404,000, the Company declared cash dividend at amount of Rmb159,564,240 as a total.

According to the resolution at the Board of Director meeting on 12 April 2010, Board of Director proposed to appropriate 10% of net profit for the year, amounted to Rmb75,892,313, to the statutory surplus reserve, and appropriate 25% of net profit for the year, amounted to Rmb189,730,784, to discretionary surplus reserve; And proposed cash dividend at Rmb2 per 10 shares to all shareholders, calculated based on total shares at 2,797,451,138 after private placement to Yudean, total cash dividend proposed amounted to Rmb559,490,228. The above proposal needs to be approved by shareholders meeting.

- (c) As at 31 December 2009, included in the undistributed profits, the amount of Rmb766,352,709 is subsidiaries' surplus reserve attributable to the Company (31 December 2008: Rmb721,952,008), among which Rmb44,400,701 is appropriated for the current year (2008: Rmb114,927).

(33) Minority interest in equity

	31 December 2009		31 December 2008	
	Interests	Owners' equity	Interest held	Owners' equity
Zhanjiang Electric	24%	930,132,067	24%	866,336,601
Yuejia Electric	42%	483,872,968	42%	535,055,671
Yuejiang Electric	35%	247,976,382	35%	229,494,380
Zhongyue Energy	10%	82,375,346	10%	82,356,696
Maoming Ruineng	-	-	49%	110,827,924
Maoming Zhenneng	46.72%	286,536,356	45.15%	132,133,512
Jinghai Electric	35%	606,488,270	45%	664,341,888
Zhanjiang Wind Power	30%	50,114,580	30%	49,682,301
Oil Shale Power	16.34%	36,054,348	16.34%	36,823,240
Humen Electric	40%	59,430,366	40%	60,000,000
		<u>2,782,980,683</u>		<u>2,767,052,213</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(34) Operating revenue and operating cost

	Year 2009	Year 2008
Main operating revenue	12,218,374,328	11,592,350,674
Other operating revenue	16,343,162	25,322,579
	<u>12,234,717,490</u>	<u>11,617,673,253</u>
	Year 2009	Year 2008
Main operating cost	(9,664,708,540)	(10,994,310,976)
Other operating cost	(867,723)	(700,480)
	<u>(9,665,576,263)</u>	<u>(10,995,011,456)</u>

(a) Revenue and cost from main operations

Analysis by products is as follows:

	2009		2008	
	Main operating revenue	Main operating cost	Main operating revenue	Main operating cost
Electricity income	12,083,094,777	(9,550,481,183)	11,371,307,490	(10,847,044,490)
Steam income	61,165,303	(54,919,861)	107,583,653	(95,204,104)
Service income	74,114,248	(59,307,496)	113,459,531	(52,062,382)
	<u>12,218,374,328</u>	<u>(9,664,708,540)</u>	<u>11,592,350,674</u>	<u>(10,994,310,976)</u>

The electricity transmission and distribution in Guangdong Province, the PRC, were controlled and managed by GPGC. GPGC is the solitary customer of the electricity generated by the Group, and the Group entered into electric sales contracts with GPGC.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(34) Operating revenue and operating cost (Cont'd)

(a) Revenue and cost from main operations (Cont'd)

Electricity prices of the Group's individual entity were approved by the Price Bureau of Guangdong Province. In 2009, the volume of electricity purchased by GPGC and the corresponding unit selling prices were summarised as follows:

	Electricity volume		Unit electricity prices Rmb per MWH				
	Million KWH		Before 20		Before 30	After 30	After 20
	2009	2008	November	November	June 2008	June 2008	August 2008
The Company -							
Shajiao A							
- No. 1 and 2 Generators	2,429	2,492	430.94	423.93	370.43	409.57	430.94
- No. 3 and 4 Generators	2,836	3,151	430.94	423.93	370.43	409.57	430.94
- No. 5 Generator	1,649	1,623	431.11	423.93	387.52	409.74	431.11
Zhanjiang Electric							
- No. 1, 3 and 4 Generators	4,856	4,687	447.69	441.03	391.28	413.50	447.69
- No. 2 Generator	1,565	1,484	447.69	441.03	404.10	426.32	447.69
Yuejia Electric							
- No. 3 and 4 Generators	1,317	1,384	438.21	431.37	394.62	416.84	446.75
- No. 5 and 6 Generators	1,065	972	430.94	424.10	387.44	409.57	439.49
Yuejiang Electric							
- No. 10 Generator	1,452	1,401	475.98	469.15	419.57	441.79	471.71
- No. 11 Generator	1,670	1,435	448.03	441.20	387.35	409.57	443.76
Ruineng Electric	-	1,287	-	-	374.62	396.75	430.94
Zhenneng Electric	2,792	1,646	430.94	424.10	374.53	396.75	418.12
Jinghai Electric	5,871	6,155	504.00	496.00	453.20	479.20	-
Zhanjiang Wind Power	45	-	-	588.88	-	-	-

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(34) Operating revenue and operating cost (Cont'd)

(b) Revenue and cost from other operations

	2009		2008	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Rental income	5,158,049	(178,500)	16,228,318	(76,011)
Coal ash income	3,595,468	(13,967)	2,381,047	-
Sale of material	1,322,491	-	4,057,626	(88,310)
Others	6,267,154	(675,256)	2,655,588	(536,159)
	<u>16,343,162</u>	<u>(867,723)</u>	<u>25,322,579</u>	<u>(700,480)</u>

(c) Particulars of revenue from the top five customers of the Group

Revenue from the top five customers with aggregate amount of Rmb12,144,260,080 (2008: Rmb11,478,891,143) accounted for 99.26% (2008: 99.02%) of the Group's total revenue in 2009. Details are as follows:

	Revenue	% of total revenue of the Group
GPGC	12,083,094,777	98.76%
Dongguan Jining Electricity Power Plant	31,999,461	0.26%
China Petroleum and Chemical Corporation		
Maoming Branch	23,090,605	0.19%
Maoming Thermal	4,561,441	0.04%
Dongguan Yangtai Industry Co., Ltd	1,513,796	0.01%
	<u>12,144,260,080</u>	<u>99.26%</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(35) Tax and surcharges

	2009	2008	Accrual basis
City maintenance and construction tax	45,097,925	(2,249,076)	Note 4
Surcharge for education	22,495,277	2,136,559	Note 4
Business tax	1,962,980	4,311,524	Note 4
	<u>69,556,182</u>	<u>4,199,007</u>	

According to "About Guangdong Electric Power Development Co., Ltd. Shajiao A management issues" issued by the Local Tax Bureau, Dongguan, on 28 April 2008, the Company's branch Shajiao A has been identified as Hong Kong invested enterprise branch offices, for foreign-invested enterprises in all aspects of local tax policy. According to [1994] No. 038, the provisions of temporary foreign-invested enterprises do not need to pay city maintenance and construction tax and surcharge for education. Accordingly, Shajiao A reversed the provisions for the city maintenance and construction tax and surcharge for education with aggregate amount of Rmb43,199,000 in 2008.

In 2009, since Shajiao A did not obtained the identification documents from local tax bureau, they accrued the city maintenance and construction tax and surcharge for education with aggregate amount of Rmb15,752,759 according to relevant tax regulations.

(36) Financial expense

	2009	2008
Interest expenses of debts	109,694,444	90,750,000
Interest expenses of borrowings	671,903,561	543,370,795
Less: interest capitalized in CIP (Note 6(12))	<u>(260,045,129)</u>	<u>(33,720,671)</u>
Interest expenses	521,552,876	600,400,124
Long term debts amortization	2,702,431	2,252,025
Less: interest income	(12,847,362)	(16,376,707)
Net exchange loss	5,144	(128,424)
Bank charges and others	994,368	330,590
	<u>512,407,457</u>	<u>586,477,608</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(37) Impairment losses

	2009	2008
Impairment losses / (reversal)	10,461,124	(2,389,040)
Reversal of write-off bad debt	-	(1,954,807)
Inventory provision	6,902,651	-
Provison for impairment of fixed assets	236,684,089	-
	<u>254,047,864</u>	<u>(4,343,847)</u>

(38) Investment income

	2009	2008
Share of profit of investees under equity method of accounting (a)	466,909,808	256,895,528
Profit/cash dividends declared by investees under cost method of accounting (b)	6,892,400	8,596,375
Entrusted Loan interest income	22,708,930	11,140,114
Income from available-for-sale financial assets	5,260,812	17,518,328
Income from disposal of available-for-sale financial assets	-	2,913,689
	<u>501,771,950</u>	<u>297,064,034</u>

There is no significant restriction on the remittance of investment income to the Group.

(a) Share of profit of investees under equity method of accounting

The top five companies invested, from which investment income accounted for the highest proportion of total profits, are set out as follows:

	20	20	Reasons for changes from last year
Shenzhen Guang Qian	158,032,460	106,510,830	Increase in electricity generation volume
Huizhou LNG	110,173,159	62,043,602	Normal operation of generating unit
Red Gulf	78,195,672	(40,422,391)	Decrease of coal prices
Fuel Supply	33,767,605	40,446,196	Decrease in coal purchasing amount of each plant
Yudean Finance	33,034,988	34,770,401	No significant change
	<u>413,203,884</u>	<u>203,348,638</u>	

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(38) Investment income (Cont'd)

(b) Share of profit of investees under cost method of accounting

The top five companies invested, from which investment income accounted for the highest proportion of total profits, are set out as follows:

	20	20	Reasons for changes from last year
Shenzhen Capital	5,000,000	4,000,000	Increase in dividend declared
Maoming Energy-saving	874,800	1,749,600	Decrease in dividend declared
Maoming Electric Water Supply	600,000	1,065,327	Decrease in dividend declared
GMG	417,6		Increase in dividend declared
	<u>6,892,4</u>	<u>6,814,9</u>	

(39) Non-operating income and expenses

(a) Non-operating income

	2009	2008
Gain on disposal of aoliyou machine set	41,192,308	-
Government subsidy amortization	3,076,923	3,076,923
Gain on disposal of fixed assets	2,110,495	18,566
Others	2,714,148	1,415,348
	<u>49,093,874</u>	<u>4,510,837</u>

(b) Non-operating expenses

	2009	2008
Loss on disposal of aoliyou machine set	38,437,552	-
Loss on disposal of fixed assets	13,241,395	9,275,333
Penalty and late fee	4,057,398	-
Others	3,556,234	2,926,134
	<u>59,292,579</u>	<u>12,201,467</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(40) Income tax expenses

	2009	2008
Current income tax	241,022,976	2,088,300
Reversal of the income tax provision for previous years	-	(6,496,226)
Deferred income tax (Note 6(26))	56,509,911	(144,022,929)
	<u>297,532,887</u>	<u>(148,430,855)</u>

The reconciliation from income tax calculated based on applicable tax rate and total profit/(loss) presented in the consolidated financial statements to the income tax expenses is as follows:

	2009	2008
Total profit / (loss)	<u>1,661,334,787</u>	<u>(279,292,212)</u>
Income tax expenses calculated at 25%	415,333,697	(69,823,053)
Impact from subsidiaries' tax preferential	(2,967,386)	4,050,410
Reversal of the income tax provision for previous years	-	(6,496,226)
Non taxable income	(118,844,952)	(79,316,517)
Expenses not deductible for tax purposes	3,274,428	3,154,531
Utilisation of previously unrecognised tax losses	737,100	-
Income tax expenses	<u>297,532,887</u>	<u>(148,430,855)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(41) Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the current net profits belonging to the shareholders of ordinary shares by the weighted average number of ordinary shares issued to the public.

	2009	2008
Net profits belonging to the shareholders of ordinary shares	1,165,352,428	28,981,240
Weighted average number of ordinary shares issued to the public.	<u>2,659,404,000</u>	<u>2,659,404,000</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the current net profits belonging to the shareholders of ordinary shares by the weighted average number of ordinary shares and diluted potential ordinary shares issued to the public. In 2009, the Group has no diluted potential ordinary shares (2008: Nil), and basic earnings per share is the same with Diluted earnings per share.

(42) Other comprehensive income

	2009	2008
Profits/(losses) arising from available-for-sale financial assets	237,555,885	(553,955,929)
Less: Income tax relating to available-for-sale financial assets	<u>(59,388,971)</u>	<u>138,488,983</u>
	<u>178,166,914</u>	<u>(415,466,946)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(43) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2009	2008
Compensation from PetroChina Fuel Oil Company Limited	600,000,000	-
Interest income	13,153,112	20,515,147
Receipt of coal purchase deposits	-	30,522,040
Others	3,633,368	8,903,213
	<u>616,786,480</u>	<u>59,940,400</u>

(b) Cash paid relating to other operating activities

	2009	2008
Insurance expenses	(43,191,803)	(47,965,649)
Charges for disposing pollutants	(42,656,225)	(42,751,563)
Insurance expenses	(19,959,077)	(29,484,490)
Traffic expense;	(18,060,336)	(21,239,732)
Research and developing expense	(12,858,307)	(6,234,278)
Entertainment expenses	(12,458,380)	(12,546,512)
Agency fee	(12,144,715)	(8,323,159)
Bank Protection Fee	(11,132,954)	(7,475,825)
Rental expenses	(8,678,470)	(7,143,301)
Travel expenses	(7,900,881)	(7,950,335)
Labor union funds	(6,250,461)	(5,282,430)
Fire safty expenses	(5,986,123)	(6,319,623)
Meeting expenses	(3,991,428)	(4,234,468)
Others	(26,494,511)	(97,189,310)
	<u>(231,763,671)</u>	<u>(304,140,675)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

6 Notes to the consolidated financial statements (Cont'd)

(44) Supplementary information of cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	2009	2008
Net profit/(loss)	1,363,801,900	(130,861,357)
Add: Provisions/(reversal) for assets impairment	254,047,864	(4,343,847)
Depreciation of fixed assets and Amortisation of intangible assets	1,232,979,841	1,248,143,853
Losses on scrapping of fixed assets	22,305,134	46,272,216
Financial expenses	8,376,144	9,256,767
Investment losses	524,255,307	600,400,124
Increase/(Decrease) in deferred tax assets	(501,771,950)	(297,064,934)
Increase in inventories	56,509,911	(144,022,929)
Increase in operating receivables	190,401,474	(330,527,657)
Increase/(Decrease) in operating payables	1,037,492,593	(583,493,288)
Net cash flows from operating activities	<u>1,503,614,005</u>	<u>(1,007,915,080)</u>
	<u>5,692,012,223</u>	<u>(594,156,132)</u>

(b) Acquisition of the subsidiaries

	2009	2008
Consideration settled in cash	733,708,100	-
Less: cash and cash equivalents in the subsidiaries acquired (i)	-	(171,214,109)
Net cash outflow/(inflow) on acquisition of the subsidiaries	<u>733,708,100</u>	<u>(171,214,109)</u>

(i) This is retrospective adjustment for business combination under common control, and this resulted the Group's acquisition of cash amounted to Rmb171,214,109 from Zhongyue Energy as at 31 December 2008.

Acquisition of the net assets of subsidiaries

	2009	2008
Current assets	299,116,065	845,880,497
Non-current assets	3,000,984,047	2,717,357,123
Current liabilities	(264,346,651)	(137,670,657)
Non-current liabilities	(2,212,000,000)	(2,602,000,000)
	<u>823,753,461</u>	<u>823,566,963</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

7 Segment information

The management of the Company assesses the operating performance of parent company and subsidiaries. Inter-segment transfers are measured by making reference to the sales to 3rd parties.

(a) Segment information as at and for the year ended 31 December 2009 is as follows:

	Company	Zhanjiang Electric	Yuejiang Electric	Yuejia Electric	Zhongyue Energy	Zhengneng Electric	Ruineng Electric	Jinghai Electric	Other	Elimination	Total
Revenue	3,018,212,056	2,908,377,917	1,437,247,004	1,036,326,653	-	768,214,126	499,279,262	2,529,057,233	80,049,825	(42,046,586)	12,234,717,490
Including: revenue from external customers	3,017,796,557	2,908,377,917	1,437,247,004	1,036,326,653	-	768,214,126	499,279,262	2,529,057,233	38,418,738	-	12,234,717,490
Inter-segment revenue	415,499	-	-	-	-	-	-	-	41,631,087	(42,046,586)	-
Operating expenses	(2,793,478,358)	(2,375,121,627)	(1,359,008,532)	(1,196,504,615)	(4,744,253)	(678,995,253)	(460,535,314)	(2,188,532,878)	(83,684,670)	75,649,552	(11,064,955,948)
investment income	602,164,684	-	-	-	-	-	-	-	-	(100,392,734)	501,771,950
Operating profit	826,898,382	533,256,290	78,238,472	(160,177,962)	(4,744,253)	89,218,873	38,743,948	340,524,355	(3,634,845)	(66,789,768)	1,671,533,492
Assets	14,121,657,226	4,160,483,655	2,536,383,687	1,343,735,544	3,300,100,112	1,294,041,990	663,163,066	8,431,123,779	939,212,772	(6,626,349,679)	30,163,552,152
Liabilities	(5,674,646,001)	(284,932,959)	(1,827,879,740)	(191,657,049)	(2,476,346,651)	(935,473,087)	(408,427,953)	(6,698,300,153)	(369,727,620)	758,658,728	(18,108,732,485)
Depreciation and amortisation	(215,992,599)	(277,928,372)	(176,782,037)	(123,174,671)	(102,245)	(72,610,831)	(48,736,425)	(334,870,279)	(5,087,516)	-	(1,255,284,975)
Loss on asset impairment	46,152,742	12,501,350	(1,150,202)	227,961,314	-	4,114,011	26,526	-	-	(35,557,877)	254,047,864
Capital expenditures	50,762,640	114,154,567	152,939,851	43,861,657	270,994,303	50,022,215	1,546,269	1,209,504,457	312,915,174	-	2,206,701,133
Other non-cash expenditures other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

7 Segment information (Cont'd)

(b) Segment information as at and for the year ended 31 December 2008 is as follows:

	Company	Zhanjiang Electric	Yuejiang Electric	Yuejia Electric	Zhongyue Energy	Zhengneng Electric	Ruineng Electric	Jinghai Electric	Other	Elimination	Total
Revenue	2,943,476,479	2,669,395,198	1,270,402,085	974,778,146	-	666,454,018	548,560,231	2,504,673,927	86,676,132	(46,742,963)	11,617,673,253
Including: revenue from external customers	2,943,476,479	2,669,395,198	1,270,402,085	974,778,146	-	666,454,018	548,560,231	2,504,673,927	39,933,169	-	11,617,673,253
Inter-segment revenue	-	-	-	-	-	-	-	-	46,742,963	(46,742,963)	-
Operating expenses	(2,959,870,433)	(2,742,413,396)	(1,496,694,438)	(1,095,769,030)	-	(685,767,162)	(556,569,652)	(2,609,979,617)	(86,646,434)	47,371,293	(12,186,338,869)
investment income	492,065,306	-	-	-	-	-	-	-	-	(195,001,272)	297,064,034
Operating profit	475,671,352	(73,018,198)	(226,292,353)	(120,990,884)	-	(19,313,144)	(8,009,421)	(105,305,690)	29,698	(194,372,942)	(271,601,582)
Assets	12,368,262,223	4,097,851,435	2,344,346,861	1,708,720,334	3,563,237,620	1,211,236,207	715,995,175	6,574,736,894	796,560,152	(5,537,383,146)	27,843,563,755
Liabilities	(4,385,182,971)	(488,115,599)	(1,688,648,633)	(434,778,265)	(2,739,670,657)	(918,578,943)	(489,815,736)	(5,098,421,585)	(228,443,871)	254,001,637	(16,217,654,623)
Depreciation and amortisation	(201,448,074)	(325,263,428)	(177,847,664)	(123,410,716)	-	(71,177,314)	(48,637,057)	(342,875,352)	(3,756,464)	-	(1,294,416,069)
Loss on asset impairment	(1,954,807)	(1,583,760)	407,528	(577,444)	-	(579)	276,035	(910,820)	-	-	(4,343,847)
Capital expenditures	72,454,382	119,452,963	109,466,558	115,376,231	-	72,291,520	5,626,475	76,620,420	288,605,941	-	859,894,490
Other non-cash expenditures other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-

The group's main operation income largely comes from power plants in China engaged in the development and operation, and all of the assets are in China.

In 2009, the group's plants generated Rmb12,083,094,777 revenue from Guangdong Power Grid (2008: Rmb11,371,307,490), accounting for the Group's revenues 98.76% (2008: 98.09%).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions

(1) Parent company

(a) General information of the parent company

	Form business	of Place registration	of Legal Representative	Nature of business	Organization code
Yudean	State-owned enterprise	Guangzhou	Panli	Power plant operating,electricity assets management, electricity generation	73048602-2

(b) Registered capital and changes in registered capital of the parent company

	31 December 2008	Current year addition	Current year reduction	31 December 2009
Yudean	20,000,000,000	-	-	20,000,000,000

(c) The proportion of interests and voting rights in the Company held by the parent company

	31 December 2009		31 December 2008	
	% interest held	% voting rights	% interest held	% voting rights
Yudean	46.34%	46.34%	46.34%	46.34%

(2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 5(1).

(3) Information of associates

The general information and other related information of the associates is set out in Note 6(9).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(4) Information of other related parties

Name of entity	Relationship with the Company	Organization code
Maoming Thermal	Controlled by the parent company	19492436-6
Shaoguan Electric Power Plant	Controlled by the parent company	61744590-7
Shaoguan Plant D	Controlled by the parent company	61744707-2
Shajiao C	Controlled by the parent company	74369834-X
Guangdong Yudean Real Estate Investment Co., Ltd. ("Real Estate Investmen")	Controlled by the parent company	73987209-3
Yudean Electricity and Water	Controlled by the parent company	75209911-1
Guangdong Yuedean Zhanjiang Biomass Electric Power Plant Co., Ltd. ("Biomass Electric Power")	Controlled by the parent company	680565944
Yudean Zhuhai Electric Power Plant ("Zhuhai Electric")	Controlled by the parent company	70812907-X
Guangdong Yudean Property Management Co., Ltd ("Property Management")	Controlled by the parent company	74706406-1
Guangdong Yudean Yufu Electric Co., Ltd (" Yunfu Electric")	Controlled by the parent company	19577353-9
Guangdong Yudean Environment Protection Co. ("Yudean Environment Protection")	Controlled by the parent company	69643858-7
Fuel Supply	The Group's associate and Controlled by the parent companyYudean	190326035
Shenzhen Guang Qian	The Group's associate and Controlled by the parent companyYudean	70842633-0
Yudean Western	The Group's associate and Controlled by the parent companyYudean	75285691-X
Yudean Finance	The Group's associate and Controlled by the parent companyYudean	71226867-0
Yudean Shipping	The Group's associate and Controlled by the parent companyYudean	775555474
Shanxi Energy	The Group's associate and Controlled by the parent companyYudean	790216374
Huizhou LNG	The Group's associate	76380066-3
Jiangkeng	The Group's associate	61806551-9
Zhongxinkeng	The Group's associate	70760320-0
Binglang River	The Group's associate	75066253-X
Lincang Yuntou	The Group's associate	77048814-5
Weixin Yuntou	The Group's associate	77859169-X

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)
[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions

(a) Purchase and sale of goods, providing and receiving services

Related parties	Type of related-party transaction	Content of related-party transaction	Pricing policy and decision-making process	2009		2008	
				Amount	(%)Ratio of the same related-parties transaction	Amount	(%)Ratio of the same Related-parties transaction
Maoming Thermal	Sale of goods	Steam sales	Agreement Price	4,561,441	7.46%	8,439,763	8.01%
Fuel Supply	Purchase of goods	Fuel purchase	Agreement Price	6,281,958,649	83.05%	7,257,135,292	66.42%
Shaoguan Electric Power Plant	Purchase of goods	Fuel purchase	Agreement Price	1,024,933,979	13.55%	1,026,250,682	9.39%
Yudean Environment Protection	Purchase of goods	Fuel purchase	Agreement Price	3,095,510	0.04%	-	0.00%
Shaoguan Electric Power Plant	Providing services	Providing maintenance services	Agreement Price	36,876,919	49.76%	30,368,731	73.52%
Zhuhai Electric	Providing services	Providing maintenance services	Agreement Price	623,920	0.84%	-	-
Shenzhen Guang Qian	Providing services	Providing maintenance services	Agreement Price	-	-	7,465,759	18.07%
Huizhou LNG	Providing services	Providing maintenance services	Agreement Price	-	-	1,197,614	2.90%
Shaoguan Electric Power Plant (i)	Receiving services	Acceptance of management services	Agreement Price	144,601,136	70.02%	217,224,258	78.02%
Maoming Thermal (ii)	Receiving services	Acceptance of management services	Agreement Price	56,976,299	27.59%	56,573,554	20.32%
Yudean Shipping	Receiving services	Acceptance of tugboat services	Agreement Price	12,619,333	12.42%	13,390,000	18.65%
Yudean Electricity and Water.	Receiving services	Acceptance of management services	Agreement Price	1,854,628	1.83%	1,834,042	2.55%

- (i) Pursuant to the related agreement, Shaoguan Electric Power Plant allocated the general administrative expenses with Yuejiang Electric. The allocation basis is the percentage of Yuejiang Electric's installed capacity accounting for the the total capacity those Shaoguan Electric Power Plant managed with certain adjustment.
- (ii) The 5# generation set of Maoming Ruineng is managed by Maoming Thermal. According to the written agreement, the management fee for the whole year is Rmb20,360,000, and an additional charge for other fluctuated expenses at Rmb4 for each kkwH electricity generated; In addition, the 6# generation set of Maoming Zhenneng is also managed by Maoming Thermal. According to the written agreement, the management fee for the

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

whole year is Rmb25,556,300, with additional charge at Rmb4 for each kkw electricity generated for other fluctuated expenses.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(b) Rental expense

	2009	2008
Maoming Thermal	520,267	520,266
Shaoguan Plant D	1,750,737	2,897,949
Guangdong Yudean Real Estate Investment Ltd.	4,345,249	3,400,320
	<u>6,616,253</u>	<u>6,818,535</u>
Percentage	76.24%	95.45%

(c) Common expense allocation

The Company's branches Shajiao A and Shajiao C agreed to allocate certain common expenses according to agreed allocation basis. For the year ended 31 December 2009, the expense reimbursement received from Shajiao C amounted to approximately Rmb 4,946,449 (2008: Rmb4,612,843).

(d) Guarantee

Gurantor	Guarantee	Amount	The starting date	The maturity date	Whether fulfilled the guarantee or not
The company	Lincang Yuntou	34,300,000	25/12/2006	25/12/2021	No
The company	Lincang Yuntou	13,720,000	29/07/2008	29/07/2020	No
The company	Weixin Yuntou	88,000,000	19/03/2008	19/03/2012	No
The company	Weixin Yuntou	200,000,000	22/09/2009	22/09/2014	No
The company	Binglang River	29,000,000	30/11/2007	30/11/2021	No
The company	Binglang River	13,050,000	30/11/2007	30/11/2018	No
The company	Binglang River	14,500,000	30/11/2007	30/11/2015	No
The company	Binglang River	43,500,000	25/12/2007	25/12/2022	No
The company	Binglang River	43,500,000	19/12/2007	18/12/2024	No
The company	Binglang River	120,000,000	18/03/2008	18/03/2028	No
The company	Binglang River	58,000,000	31/10/2008	30/10/2025	No
The company	Binglang River	72,500,000	14/11/2008	14/11/2020	No
The company	Binglang River	72,500,000	27/05/2009	27/05/2023	No
The company	Binglang River	93,670,000	22/06/2009	22/06/2029	No
The company	Yudean Shipping	25,146,100	26/09/2008	26/09/2014	No
The company	Yudean Shipping	207,858,000	27/09/2008	(ii)	No

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(d) Guarantee (Cont'd)

(i) The period of validity of this ship manufacturing payment deposits will be expired at the first when the ship is received and accepted by buyer, or all the payment for second, third, fourth contracts and related late fee have been settled.

(e) Transfer of assets

		Type of related	2009	2008
Related party	Nature of related party transaction	party transaction		
Yudean	Sold 51% of Zhongyue Energy's equity to the Company	Shares transfer, Note (5)(2)	Agreement price	
Yudean	Sold 10% of Jinghai Electric's equity to the Company	Shares transfer	Agreement price	

(f) Loan of capital

In 2009, considering the actual capital requirement, Yudean Finance lent the Group borrowings with aggregate amounted to Rmb 3,900,000,000 (2008: Rmb6,377,000,000), the Group paid interest for such borrowing at Rmb177,293,187 (2008: Rmb183,405,507 元)(Note 8(5)(h))。

(g) Interest income

	2009	2008
Interest income from cash in Yudean Finance	14,466,291	10,666,757
Weixin Yuntou (Note 6(3)(a))	14,673,100	1,128,400
Yudean Western (Note 6(3)(a))	3,591,157	7,693,628
Lincang Yuntou (Note 6(7))	106,172	-
Zhongxinkeng (Note 6(3)(a))	76,819	219,617
Shanxi Energy (Note 6(3)(a))	4,261,682	-
	<u>37,175,221</u>	<u>19,708,402</u>
Percentage	72.76%	50.15%

The interest rate of cash in Yudean Finance is the same as the interest rate of cash in bank for the same period.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(h) Interest expense

	2009	2008
Interest paid to Yudean for the entrust loan	-	4,711,500
Interest paid to Yudean Finance for borrowing	177,293,187	183,405,507
	<u>177,293,187</u>	<u>188,117,007</u>
Percentage	32.78%	30.06%

In 2009, the weighted average interest rate of the borrowings from Yudean Finance is 4.78% (2008: 5.87%).

(i) Joint investments

As at 31 December 2009, the Group invested in the following subsidiaries and associates jointly with Yudean:

	Attributable equity interest owned by Yudean (%)
Yudean Finance	65%
Fuel Supply	65%
Shanxi Energy	60%
Shenzhen Guang Qian	60%
Shibeishan	40%
Red Gulf	40%
Yudean Western	35%
Yudean Shipping	45%
Huizhou LNG	35%

(j) Emoluments of key management

	2009	2008
Emoluments of key management	4,440,658	3,310,700

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(k) Receivables from and payables to related parties

		31 December 2009	31 December 2008
Cash and cash equivalent	Yudean Finance	<u>1,125,031,828</u>	<u>867,788,148</u>
Accounts Receivable	Shajiao C	16,086,515	19,258,755
	Shenzhen Guang Qian	-	4,394,800
	Huizhou LNG	66,808	761,258
	Zhuhai Electric	16,500	-
		<u>16,169,823</u>	<u>24,414,813</u>
Other receivables	Weixin Yuntou	260,406,900	260,443,300
	Shanxi Energy	153,423,710	-
	Yudean Investment	90,480,274	93,924,370
	Shajiao C	3,387,831	866,896
	Yudean Property	566,720	-
	Zhongxinkeng	430,125	1,290,374
	Property Management	180,320	-
	Yunfu Electric	19,058	-
	Biomass Electric Power	-	634,300
		<u>508,894,938</u>	<u>357,159,240</u>
Advances to suppliers	Fuel Supply	477,688,698	506,042,797
	Maoming Thermal	-	160,388
		<u>477,688,698</u>	<u>506,203,185</u>
Current portion non-current assets	of Yudean Western	<u>-</u>	<u>60,304,244</u>
Long-term receivable	Lincang Yuntou	<u>20,619,670</u>	<u>-</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

8 Related party relationships and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(k) Receivables from and payables to related parties (Cont'd)

		31 December 2009	31 December 2008
Account payable	Fuel Supply	607,562,245	663,748,098
	Maoming Thermal	52,675,188	12,498,849
	Yudean Shipping	1,815,000	-
	Guangdong Yudean hydro power maintenance & construction Co., Ltd.	166,182	932,489
		<u>662,218,615</u>	<u>677,179,436</u>
Other payables	Shaoguan Electric Power Plant	297,033,465	320,812,480
	Shaoguan Plant D	1,750,737	2,897,949
	Yudean Environment Protection	1,316,483	-
	Maoming Thermal	1,112,382	-
	Real Estate Investmen	7,000	-
	Biomass Electric Power	111	-
	Yudean Shipping	-	4,052,000
		<u>301,220,178</u>	<u>327,762,429</u>
Interest payable	Yudean Finance	-	2,934,113
Dividends payable	Yudean Investment	-	33,323,214
	Shaoguan Plant D	3,521,191	3,521,191
		<u>3,521,191</u>	<u>36,844,405</u>
Short-term borrowings	Yudean Finance	<u>1,969,000,000</u>	<u>2,319,000,000</u>
Current portion of non-current liabilities	of Yudean Finance	<u>39,360,000</u>	<u>39,360,000</u>
Long-term borrowings	Yudean Finance	<u>1,000,000,000</u>	<u>1,000,000,000</u>

9 Contingent liability

As disclosed in Note 8(5)(d), as at 31 December 2009, the group provided a guarantee for accounts payable of Yudean Shipping amounted to Rmb233,004,100; and provides joint and several liability guarantee for bank borrowings amounted to Rmb560,220,000, Rmb48,020,000 and

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

Rmb288,000,000, which belong to Binglang River, Lincang Yuntou and Weixin Yuntou respectively.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

10 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

	31 December 2009	31 December 2008
Buildings and equipments	<u>11,986,010,391</u>	<u>4,947,170,782</u>

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarized as follows:

	31 December 2009	31 December 2008
Within 1 year	1,478,309	1,507,144
1-2 years	694,194	1,004,878
2-3 years	480,111	331,178
Over 3 years	<u>8,768,330</u>	<u>5,729,458</u>
	<u>11,420,944</u>	<u>8,572,658</u>

(3) Investment commitments

- (a) A proposal of capital injection to Red Gulf was approved in the board meeting of the Company held on 24 April 2009. According to this proposal, the Company will inject capital funds amounted to Rmb175,000,000 to Red Gulf based on the same shareholding percentage at 25%. After such transaction, the shareholding percentage of the Company would not change. Until 31 December 2009, the Company has injected fund amounted to Rmb125,000,000.
- (b) A capital injection to Shantou Wind Power for involving in the wind power project construction in Nanao East Island is approved in the board meeting of the Company held on 29 June 2009. According to the approval, the Company will inject capital fund of Rmb35,000,000 by stage of the project progress at the same shareholding percentage of 25%. Until 31 December 2009, the Company has injected fund amounted to Rmb4,989,000.
- (c) A capital injection of Rmb325,000,000, which is at a shareholding percentage of 65%, to Jinghai Electric was approved in the boarding meeting of the Company held on 11 August 2009. After such injection, the shareholding percentage of the Company to Jinghai Electric will not change.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

10 Commitments (Cont'd)

(4) Implementation of the prior commitments

A proposal on capital injection to Yudean Western was approved in the board meeting of the Company held on 22 December 2008. According to this approval, the Company would inject capital fund amounted to Rmb79,040,000 to Yudean Western at a shareholding percentage of 26%, including an injection by cash at Rmb14,300,000, and a transfer from entrust loan of Rmb64,740,000 to share capital. After such investment, the Company's shareholding percentage to Yudean Western will not change.

On 27 March 2009, the Company paid Rmb14,300,000 by cash as the capital injection, and on 31 May 2009, the Company transferred to entrusted loan of Rmb64,740,000 to Yudean Western's share capital.

11 Subsequent events

- (a) Pursuant to the Approval on Private Placement of the Company, a document issued by CSRC and referred to as Zheng Jian Xu Ke [2010] No. 376, the Company intends to issue 138,047,138 A shares to specific investor ("Yudean") at an issuance price of Rmb5.94 per share, and the total funds financed approximately amounted to Rmb820 million. In addition, Yudean has obtained the approval from CSRC on the obligation exemption of such tender offer on 31 March 2010.
- (b) For the proposal of profit distribution for year 2009, please refer to Note 6(32)(b).

12 Business Combination

Please refer to Note 5(2).

13 Assets and liabilities measured at fair value

	31 December 2008	Current year fair value changes in profit or loss	Current year fair value changes in equity	Impairment provision made during the year	31 December 2009
Financial assets -					
Available-for-sale financial assets	278,668,785	237,555,885	264,496,054	-	516,224,670

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements

(1) Accounts receivable

	31 December 2009	31 December 2008
Account receivable	<u>361,710,774</u>	<u>443,213,194</u>
Less: provision for bad debt	<u>-</u>	<u>-</u>
	<u>361,710,774</u>	<u>443,213,194</u>

(a) As at 31 December 2009 and 31 December 2008, all the ageings of accounts receivables balances are within one year.

(b) Accounts receivable are analysed by categories as follows:

	31 December 2009				31 December 2008			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of withdrawing bad debts	Amount	% of total balance	Amount	% of withdrawing bad debts
Individual material	361,710,774	100%	-	-	443,213,194	100%	-	-
Others	-	-	-	-	-	-	-	-
	<u>361,710,774</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>443,213,194</u>	<u>100%</u>	<u>-</u>	<u>-</u>

GPGC is the sole customer of the Company. The balances of accounts receivable are all due from GPGC.

(c) As at 31 December 2009 and 31 December 2008, no accounts receivable balances are dominated in foreign currencies.

(2) Other receivables

	31 December 2008		31 December 2009
Entrust loans (Note 6(3)(a))	355,658,044		504,741,009
Advance	47,523,703		50,084,578
Petty cash	1,574,273		1,477,791
Others	<u>670,789</u>		<u>1,157,461</u>
	405,426,809		557,460,839
		Current year addition	Current year reversal
Less: provision for bad debt	<u>-</u>	<u>(10,594,866)</u>	<u>(10,594,866)</u>
	<u>405,426,809</u>		<u>546,865,973</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(2) Other receivables (Cont'd)

(d) The ageing of other receivables are analyzed below:

	31 December 2009	31 December 2008
Within 1 year	512,264,356	373,849,603
1-2 years	16,890,450	30,358,789
2-3 years	16,492,750	9,263
3-4 years	1,218,417	1,209,154
	<u>546,865,973</u>	<u>405,426,809</u>

(e) Other receivables are analysed by categories as follows:

	31 December 2009				31 December 2008			
	Amount	% of total balance	Provision for bad debts	% of withdrawing bad debts	Amount	% of total balance	Provision for bad debts	% of withdrawing bad debts
Individual material	548,296,358	98.35%	(10,594,866)	1.93%	402,107,918	99%	-	-
Others	9,164,481	1.65%	-	-	3,318,891	1%	-	-
	<u>557,460,839</u>	100%	<u>(10,594,866)</u>	1.93%	<u>405,426,809</u>	100%	-	-

(f) As at 31 december 2009, bad debt provision provided for individual material other receivables balances is as follows

	Balance	Bad debt Provision	Accrual ratio	Reason
Receivables for Maoming BoHe	43,555,349	(10,594,866)	24.33%	(i)
Entrusted Loan (Note 6(3)(a))	504,741,009	-		
	<u>548,296,358</u>	<u>(10,594,866)</u>		

(i) This amount is the advance to the project cost and pre-operation expenses for Maoming BoHe. Maoming bohe is intends to invest project of the Group, the project is still under construction, have not yet obtained business license. Management believes that the advance to the project has resulted in substantial loss of the Group and therefore provided full provision for the pre-operation expenses.

(g) As at 31 December 2009, no balances included in above other receivables are due from the shareholders of the Company who hold over 5% (including 5%) shares with voting rights (31 December 2008: Nil).

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(2) Other receivable (Cont'd)

(h) As at 31 December 2009, the Company's five largest other receivables balances are as follows:

	Relationship with the Group	Amount	Period	% of total other receivables
Weixin Yuntou	Related parties	260,406,900	Less than 1 Year	46.71%
Shanxi Energy	Related parties	153,423,710	Less than 1 Year	27.52%
Yudean Investment	Related parties	90,480,274	Less than 1 Year	16.23%
Maoming BoHe	Planned investment project	43,555,349		7.81%
		1,298,000	Between 5 and 6 years	
		3,164,599	Between 4 and 5 years	
		8,500,000	Between 3 and 4 years	
		16,492,750	Between 2 and 3 years	
		7,100,000	Between 1 and 2 years	
		7,000,000	Less than 1 Year	
Shajiao C	Related parties	3,387,831	Less than 1 Year	0.61%
		<u>551,254,064</u>		<u>98.88%</u>

(i) Other receivables due from related parties are as follows

Group	Relation with Yudean	31 December 2009		31 December 2008	
		Amount	% of total balance	Amount	% of total balance
Weixin Yuntou	Associates	260,406,900	46.71%	-	-
Shanxi Energy	Associates	153,423,710	27.52%	-	-
Yudean Western	The Group's associate and Controlled by Yudean	90,480,274	16.23%	93,924,370	23.17%
Shajiao C	Controlled by Yudean	3,387,831	0.61%	866,896	0.21%
Zhongxinkeng	Associates	430,125	0.08%	1,290,374	0.32%
		<u>508,128,840</u>	<u>91.15%</u>	<u>356,524,940</u>	<u>87.94%</u>

(j) As at 31 December 2009 and 31 December 2008, no other receivables balances are dominated in foreign currencies.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(3) Long-term equity investments

	31 December 2009	31 December 2008
Subsidiaries (b)	5,884,864,510	4,954,650,453
Associates	4,141,938,886	3,383,598,062
Other long-term equity investments	482,103,707	419,603,707
	<u>10,508,907,103</u>	<u>8,757,852,222</u>
Less: Provision for impairment of long-term equity investments (a)	<u>(35,557,877)</u>	-
	<u>10,473,349,226</u>	<u>8,757,852,222</u>

(a) Impairment of long-term equity investments

	31 December 2008	Current year addition	Current year deduction	31 December 2009
Investments in Subsidiaries				
— Yuejia Electric	-	<u>(35,557,877)</u>	-	<u>(35,557,877)</u>

As disclosed in Note 6(11)(c), Yuejia Electric plan to shut down two of their generation sets in the begin of 2011, and this caused the impairment indicator existed for the Company's long-term equity investments. After the assessment by the Company's management, the Company provided provision of impairment according to the variance of the Company's equity holding percentage in Yuejia Electric and the Company's original investment cost.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(3) Long-term equity investments (Cont'd)

(b) Subsidiaries

	Accounting method	Original investment cost	31 December 2008	Current year movement	31 December 2009	interest held	Voting rights held	impairment provision	Current year accrual impairment provision	Cash dividends declared this year
Zhanjiang Electric	Cost method	2,185,334,400	2,185,334,400	-	2,185,334,400	76%	76%	-	-	100,320,000
Yuejia Electric	Cost method	701,279,338	701,279,338	-	701,279,338	58%	58%	(35,557,877)	(35,557,877)	-
Yuejiang Electric	Cost method	500,500,000	500,500,000	-	500,500,000	65%	65%	-	-	-
Maoming Ruineng	Cost method	110,750,325	110,750,325	(110,750,325)	-	0%	0%	-	-	-
Maoming Zhenneng	Cost method	102,000,000	177,811,262	110,750,325	288,561,587	53.28%	53.28%	-	-	-
Jinghai Electric	Cost method	102,000,000	851,532,928	188,835,942	1,040,368,870	65%	65%	-	-	-
Oil Shale Power	Cost method	66,100,000	196,398,200	-	196,398,200	83.66%	83.66%	-	-	-
Zhanjiang Wind Power	Cost method	112,000,000	121,044,000	-	121,044,000	70%	70%	-	-	-
Anxin	Cost method	20,000,000	20,000,000	-	20,000,000	100%	100%	-	-	-
Humen Electric	Cost method	90,000,000	90,000,000	-	90,000,000	60%	60%	-	-	-
Zhongyue Energy	Cost method	390,000,000	-	741,378,115	741,378,115	90%	90%	-	-	-
			<u>4,954,650,453</u>	<u>930,214,057</u>	<u>5,884,864,510</u>			<u>(35,557,877)</u>	<u>(35,557,877)</u>	<u>100,320,000</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(4) Operating revenue and operating cost

	2009	2008
Main operating revenue	3,008,597,203	2,937,480,170
Other operating revenue	9,614,853	5,996,309
	<u>3,018,212,056</u>	<u>2,943,476,479</u>
Main operating cost	(2,374,128,039)	(2,613,018,196)
Other operating cost	(182,500)	(573,089)
	<u>(2,374,310,539)</u>	<u>(2,613,591,285)</u>

(a) Revenue and cost from main operation

Analysis by products is as follows:

	2009		2008	
	Main operating revenue	Main operating cost	Main operating revenue	Main operating cost
Electricity income	2,975,083,946	(2,342,588,068)	2,896,505,777	(2,575,897,273)
Steam income	33,513,257	(31,539,971)	40,974,393	(37,120,923)
	<u>3,008,597,203</u>	<u>(2,374,128,039)</u>	<u>2,937,480,170</u>	<u>(2,613,018,196)</u>

(b) Revenue and cost from other operation

	2009		2008	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Retal income	2,632,002	(168,533)	2,164,482	(52,604)
Coal ash income	1,860,543	(13,967)	1,055,405	(19,509)
Others	5,122,308	-	2,776,422	(500,976)
	<u>9,614,853</u>	<u>(182,500)</u>	<u>5,996,309</u>	<u>(573,089)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(4) Operating revenue and operating cost (Cont'd)

(c) Particulars of revenue from the top two customers of the Company

Revenue from the top two customers with aggregate amount of Rmb3,007,083,407 (2008: Rmb2,937,480,170) accounted for 99.63% (2008: 99.80%) of the Company's total revenue in 2009. Details are as follows:

	Revenue	% of total revenue of the Company
GPGC	2,975,083,946	98.57%
Dongguan Jining Electricity Power Plant	31,999,461	1.06%
	<u>3,007,083,407</u>	<u>99.63%</u>

(5) Investment Income

	2009	2008
Share of profit of investees under equity method of accounting (a)	466,982,542	256,895,528
Profit/ cash dividends declared by investees under cost method of accounting (b)	107,212,400	203,597,647
Entrusted Loan interest income	22,708,930	11,140,114
Income from available-for-sale financial assets	5,260,812	17,518,328
Income from disposal of available-for-sale financial assets	-	2,913,689
	<u>602,164,684</u>	<u>492,065,306</u>

No significant restriction on the receipt of the Company's investment income.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(5) Investment Income (Cont'd)

(a) Share of profit of investees under equity method of accounting

The top five companies invested, from which investment income accounted for the highest proportion of total profits, are set out as follows:

	2009	2008	Reasons for changes from 2008 to 2009
Shenzhen Guang Qian	158,032,460	106,510,830	Increase in electricity generation
Huizhou LNG	110,173,159	62,043,602	Normal operation of generating unit
Red Gulf	78,195,672	(40,422,391)	Decrease of coal prices
Fuel Supply	33,767,605	40,446,196	Decrease in coal purchasing amount of each plant
Yudean Finance	33,034,988	34,770,401	No significant change
	<u>413,203,884</u>	<u>203,348,638</u>	

(b) Share of profit of investes under cost method of accounting

The top five companies invested, from which investment income accounted for the highest proportion of total profits, are set out as follows:

	2009	2008	Reasons for changes from 2008 to 2009
Zhanjiang Electric	100,320,000	129,297,734	Increase of dividends declared by investees
Shenzhen Chuangtou	5,000,000	4,000,000	Increase of dividends declared by investees
Jieneng Co.	874,800	1,749,600	Decrease of dividends declared by investees
Maoming Water Supply	600,000	1,065,327	Decrease of dividends declared by investees
Guangji International Bid	417,600	-	Increase of dividends declared by investees
	<u>107,212,400</u>	<u>136,112,661</u>	

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

(All amounts in Rmb unless otherwise stated)

[English translation for reference only]

14 Notes to the Company's financial statements (Cont'd)

(6) Supplemental information of cash flow statements

(a) Reconciliation from the net profit to the cash flow operating activities

	2009	2008
Net profit	758,923,134	482,311,610
Add: Provisions for assets impairment	46,152,743	(1,954,807)
Depreciation of fixed assets and Amortisation of intangible assets	212,513,812	197,883,891
Losses on scrapping of fixed assets	3,478,787	3,478,787
Financial expenses	2,715,838	702,940
Investment losses	212,464,541	190,631,298
Decrease in deferred tax	(602,164,684)	(492,065,306)
Increase/(Decrease) in inventories	10,846,805	132,378,923
Decrease/(Increase) in operating receivables	13,067,754	(52,889,445)
Increase/(Decrease) in operating payables	174,844,911	(112,724,273)
Net cash flows from operating activities	<u>446,073,935</u>	<u>(833,294,496)</u>
	<u>1,278,917,576</u>	<u>(485,540,878)</u>

(b) Net changes of Cash and cash equivalent

	2009	2008
Cash at end of year	287,691,522	271,387,003
Less: Cash at beginning of year	<u>(271,387,003)</u>	<u>(344,795,676)</u>
Net increase/(decrease) in cash	<u>16,304,519</u>	<u>(73,408,673)</u>

1 Breakdown of extraordinary gains and losses

	2009	2008
Net gain on disposal of non-current assets	8,376,144	9,256,767
Provision for impairment of fixed assets caused by enterprise restructuring (a)	227,965,475	-
Capital occupation fee received from non-finance institutions those charged to profit and loss for the current year.	(22,708,930)	(11,140,114)
Government grants in current year profit	(3,076,923)	(3,076,923)
Receivables impairment reversal by individual assessment	(1,188,008)	(4,343,847)
Net profit from the year beginning date to the combination date of subsidiaries acquired from business combination under common control	(186,498)	-
Investment income from available-for-sales financial assets, except for the Group's normal business related futures hedging	-	(2,913,689)
Other non-operating (expenses)/income, net	4,899,484	1,510,786
	<u>214,080,744</u>	<u>(10,707,020)</u>
Tax effects	(42,241,266)	2,636,438
Minority interests effects (after tax)	(77,885,854)	907,345
	<u>93,953,624</u>	<u>(7,163,237)</u>

- (a) As two sets 125,000 kilowatts coal-fired generating units of Yuejia Electric have been included in the Guangdong Provincial Development and Reform Commission as the Taepo power plants, "use large and dispose small" coal-fired generating units shut down to supporting the project. Therefore, Yuejia Electric under the two generating units of the shutdown plan, set aside for depreciation in 2010, and to consider the removal of buildings and equipment expenses, in accordance with net book value of fixed assets, full provision for impairment of Rmb227,965,475.

The basis of preparation of net profit before extraordinary gains and losses reconciliation

According to the Interpretation Bulletin on Information Disclosure by Public Companies No [2008] 1 – Extraordinary gains and losses, extraordinary gain and losses are the gain and losses resulted from the transactions/events which are not incurred by the operation of the entity, or, though incurred by the operation, the nature, amounts or the frequency of such transactions/events will lead to a misleading presentation of the normal performance and profitability of the operation of the entity.

2 Return on equity and earnings per share

	Weighted average return on		Earnings per share			
	equity (%)		Basic earnings per share		Diluted earnings per share	
	2009	2008	2009	2008	2009	2008
Consolidated net profit attributable to shareholders of the Company	12.24%	0.31%	0.44	0.01	0.44	0.01
Consolidated net profit excluding non-routine items attributable to shareholders of the Company	13.22%	0.23%	0.47	0.01	0.47	0.01

3 Notes for significant fluctuation of major accounts in financial statements

The following represents analysis to financial statements line items with a fluctuation above 30% (inclusive), or take up 5% of total assets as at balance sheet date (inclusive) or 10% of net profit for the reported period (inclusive), financial statements items those are not specified by CAS, financial statements items for those the names reflect different contents:

		31 December 2009	31 December 2008	
		Consolidation	Consolidation (a)	In. /De.(%)
Other receivables	1	561,044,511	1,015,052,760	(45%)
Current portion of non-current assets	2	-	60,304,244	(100%)
Available-for-sale financial assets	3	516,224,670	278,668,785	85%
Long-term receivables	4	20,619,671	-	N/A
Long-term equity investments	5	4,624,042,593	3,482,010,653	33%
CIP	6	5,295,247,439	3,465,860,415	53%
Construction materials	7	1,938,313,797	825,281,469	
Notes payable	8	2,261,920,109	-	
Dividends payable	9	12,589,226	45,682,843	(72%)
Taxes payable	10	189,248,629	42,741,962	343%
Current portion of non-current liabilities	11	309,220,000	220,660,000	40%
Deferred tax liabilities	12	38,862,020	-	N/A
Capital surplus	13	1,334,874,325	1,927,680,448	
Undistributed profits	14	2,117,942,715	1,112,154,527	90%
		31 December 2009	31 December 2008	
		Consolidation	Consolidation (a)	In. /De.(%)
Taxes and surcharges	15	(69,556,182)	(4,199,007)	1556%
Asset impairment losses	16	(254,047,864)	4,343,847	(5948%)
Investment income	17	501,771,950	297,064,034	69%
Operating profit/(loss)	18	1,671,533,492	(271,601,582)	(715%)
Non-operating income	19	49,093,874	4,510,837	988%
Non-operating expenses	20	(59,292,579)	(12,201,467)	386%
Income tax expenses	21	(297,532,887)	148,430,855	(300%)
Minority interest	18	(198,449,472)	159,842,597	(224%)
Net profit/(loss)	18	1,363,801,900	(130,861,357)	1142%
Attributable to equity holders of the Company	18	1,165,352,428	28,981,240	3921%
Other comprehensive income	22	178,166,914	(415,466,946)	

(a) Due to the business combination under common control, the company's 2008 consolidated financial statements have been restated in accordance with relevant provisions.

3 Notes for significant fluctuation of major accounts in financial statements (continued)

1. Other receivables: compensation, amounted to Rmb 600 million, paid by Petrochina Fuel Oil Company Limited to Zhonyue Energy.
2. Current portion of non-current assets: entrust loans granted to Yudean Western. The period of this entrust loan has been extended, and transferred into other receivables.
3. Available-for-sales financial assets: the fair value gain from Shenzhen Energy A share and Shenergy A share amounted to Rmb237,555,885.
4. Long-term receivable: new entrust loan to Lincang Yuntou granted by the Group.
5. Long-term equity investment: the addition of this year mainly contains 1) new investment of Rmb932,349,000; 2) increase of Rmb209,682,940 in investment in associates due to equity method accounting.
6. CIP: new capital expenditures for the year is approximately Rmb2,077,152,000, and projects with value of approximately Rmb247,765,000 have been completed and begin to be used in this year.
7. Construction materials: the addition of this year mainly represents the prepayment for equipment purchase paid by Jinghai Electric amounted to approximately Rmb1,216,047,000.
8. Notes payable: to reduce the capital cost, the Group used more notes payable to settle as a way of financing.
9. Dividend payable: the dividend for investment in Yudean Investment Co., Ltd amounted to 33,323,214 was paid during the year.
10. Tax payable: Enerprise income tax payable increased of Rmb1.4 million, which is caused by the significant increasing of the profit.
11. Current portion of non-current liabilities: long-term borrowings amountd to Rmb220,660,000 were expired and repaid during this year, and amounted to Rmb309,220,000 long-term borrowings would be expired in 2010 and reclassified in this item.
12. Deferred tax liabilities: the deferred tax liabilities and its increase caused by the temporary difference from the change of available-for-sales financial assets' fair value fluctuation.
13. Capital surplus: the decrease of capital surplus of this year mainly caused by 1) share premium decreased Rmb734 million due to the business combination under common control for Zhongyue Energy; 2) the fair value fluctuation of available-for-sales financial assets resulted an increase of Rmb178 million in capital surplus.
14. Undistributed profit: it increased mainly due to the benefits from price of coal dropping in this year, the profit attributable to the shareholders of the Company increased Rmb1,118,999,598 comparing with last year's figure.
15. Taxed and surcharges: pursuant to the regulation issued as Guo Sui Fa [1994] No. 038 document, Shajiao A, which is the branch of the Company, reversed the provisions for the city maintenance and construction tax and surcharge for education with aggregate amount of Rmb43,199,000 in 2008. In 2009, since Shajiao A did not obtained the approval from local tax bureau, they accrued the city maintenance and construction tax and surcharge for education with aggregate amount of Rmb15,752,759 according to relavent tax regulations.

3 Notes for significant fluctuation of major accounts in financial statements (continued)

16. Assets impairment losses: as required by Guangdong Provincial Development and Reform Commission, Yuejia Electric shut down the 3# and 4# generation sets, and provided provision for impairment for them at Rmb227,965,475.
17. Investment income: performances of all the associates turned good during the year, and the Group's investment income from associates increased Rmb210,014,280 comparing with last year's figure.
18. Operating profit / minority interest / net profit / profit attributable to the equity holders of the Company: profit of the year increased significantly mainly due to the following reasons: 1) price of coal decreased a lot this year, comparing with last year's figure, it decreased 17%, and as a result the cost decreased significantly; 2) the price of electricity was raised during the year, and revenue increased accordingly; 3) investment income from associates increased a lot.
19. Non operating income: disposal gains from oliyou machines is Rmb41,192,308.
20. Non operating expense: disposal loss from oliyou machines is Rmb38,437,552.
21. Income tax expenses: the Group's electricity power plants' profit increased Rmb1,900 million comparing with last year's figure, and this results in the significant increase in income tax expenses.
22. Other comprehensive income: it is the gains from fluctuation of available-for-sales financial assets' fair value combined with the related income tax impact.

XI.Other Financial Data

Schedule of Asset Depreciation Reserve

Prepared by:: Guangdong Electric Power Development Co., Ltd.

Unit: RMB

Items	Book balance in year-begin	Increased amount in this period	Decrease in this period		Book balance in period-end
			Transfer-in	Transfer-out	
I.Provision for bad debts	7,084,112.00	11,649,132.00	1,188,008.00		17,545,236.00
II.Provision for falling price of inventory		6,902,651.00			6,902,651.00
III.Provision for devaluation offinancial asset available for sales					
IV.Provision for devaluation of held-to maturity investment					
V.Provision for devaluation of long-term equity investment					
VI.Provision for devaluation ofinvesting property					
VII.Provision for devaluation offixed assets	7,014,359.00	236,684,089.0 0		7,014,359.00	236,684,089.0 0
VIII.Provision for devaluation of engineering materials					
IX.Provision for devaluation ofcontruction in progress					
X.Provision for devaluation of productive biological assets					
Including: Provision for devaluation of mature productive biological assets					
XI.Provision for devaluation of oil assets					
XII.Provision for devaluation of intangible assets					
XIII.Provision for devaluation ofgoodwill					
XIV.Other					
Total	14,098,471.00	255,235,872.0 0	1,188,008.00	7,014,359.00	261,131,976.0 0

XII. List of Documents Available for Inspection

1. Financial statements bearing the seal and signature of legal representative, financial controller and the person in charge of the accounting organ.
2. The original of the auditor's report bearing the seal of the certified public accountants and the signature of C.P.A.
3. All original copies of official documents and notices, which were disclosed in Securities Times, China Securities and Hong Kong Commercial Daily (overseas newspaper for English version).
4. Annual reports in Chinese version.

The documents mentioned above are kept in office, and are ready for reference at any time (except public holidays, Saturday and Sunday).

The Board of Directors of Guangdong Electric Power Development Co., Ltd.

Chairman of the board of directors: Pan Li

April 15, 2010