

2015 Interim Report



龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00916

*For Identification Purpose Only

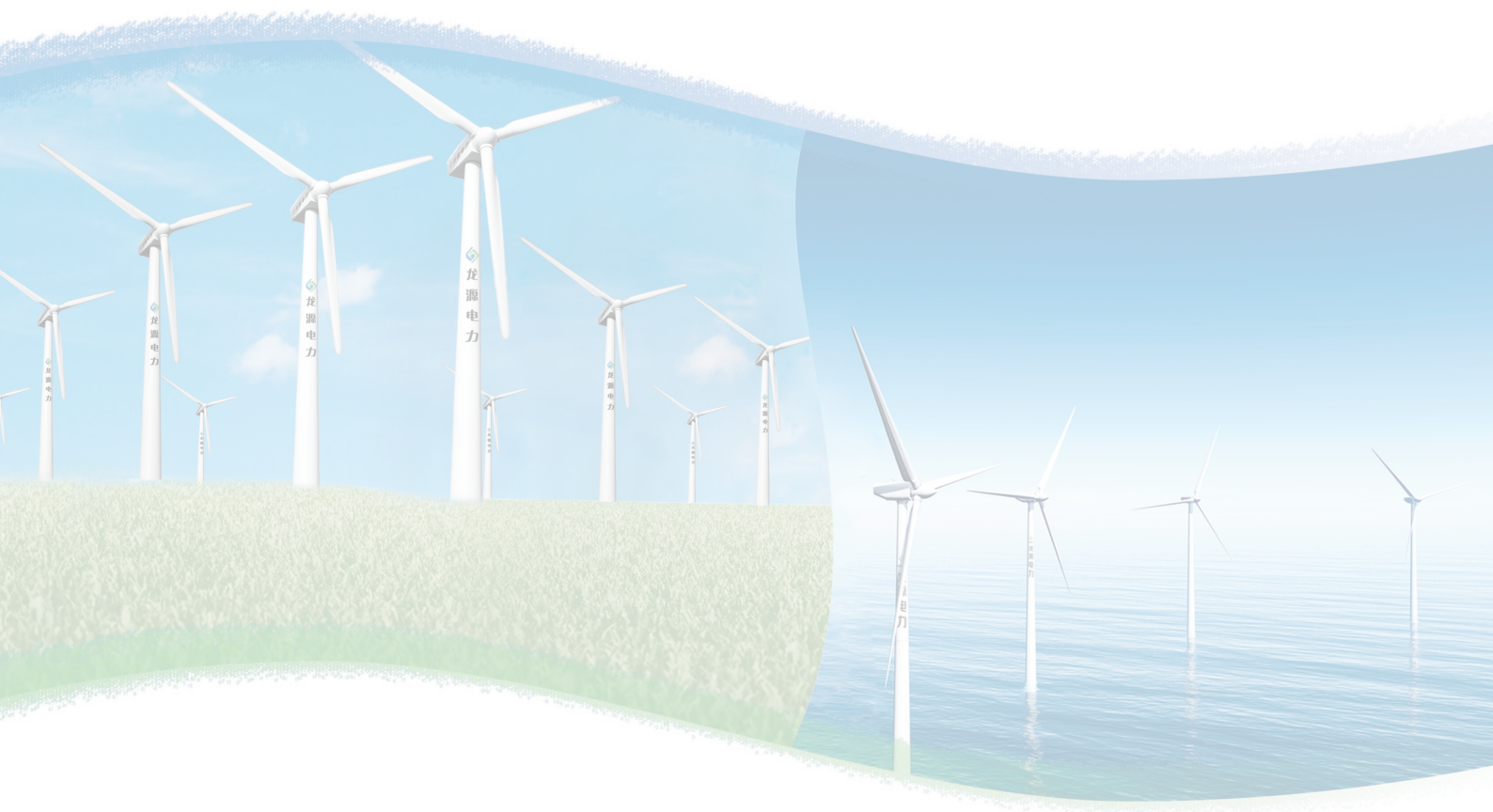
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INTERIM RESULTS AND FINANCIAL DATA

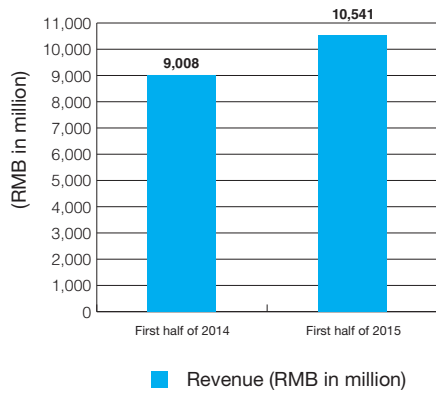
The Board of China Longyuan Power Group Corporation Limited* hereby announced the unaudited operating results for the six months ended 30 June 2015 and a comparison with the operating results for the six months ended 30 June 2014 (the “corresponding period of 2014”). For the six months ended 30 June 2015, the Group recorded consolidated operating revenue of RMB10,541 million, representing an increase of 17.0% over RMB9,008 million for the corresponding period of 2014. Profit before taxation amounted to RMB3,238 million, representing an increase of 48.7% over RMB2,178 million for the corresponding period of 2014. Net profit attributable to shareholders of the Company amounted to RMB2,207 million, representing an increase of 61.6% from RMB1,366 million for the corresponding period of 2014. Basic earnings per share attributable to shareholders of the Company amounted to RMB0.2746, representing an increase of RMB0.1046 from RMB0.1700 for the corresponding period of 2014. As of 30 June 2015, net assets per share (excluding non-controlling interests) amounted to RMB4.32.



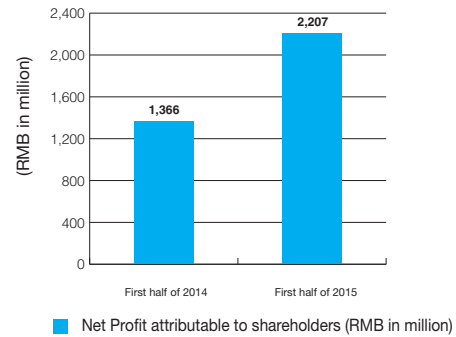
* For identification purpose only



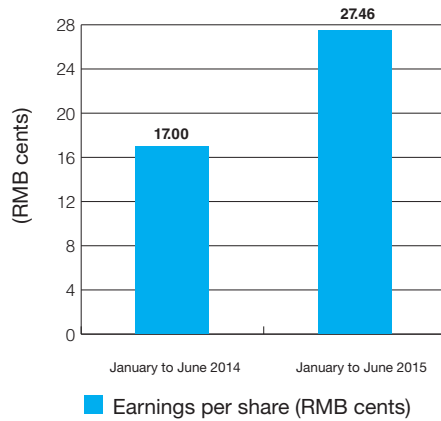
1. Revenue



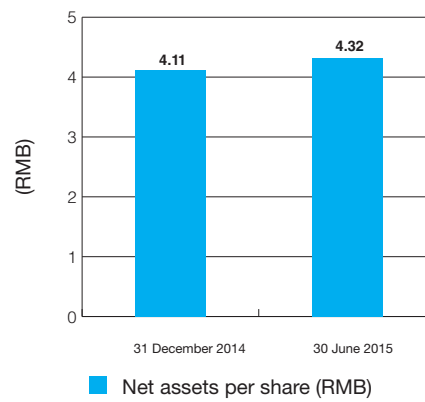
2. Net profit attributable to shareholders



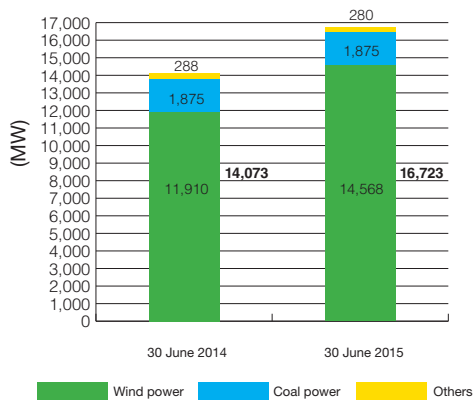
3. Earnings per share



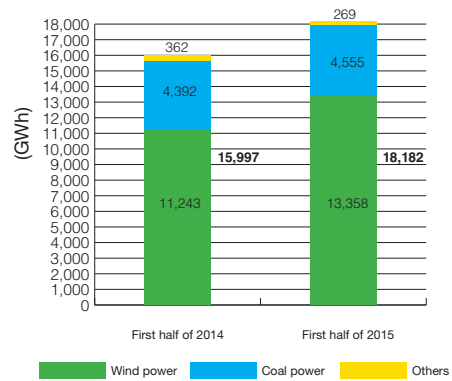
4. Net assets per share



5. Consolidated installed capacity



6. Electricity Sales



INTERIM RESULTS AND FINANCIAL DATA

| | For the six months ended 30 June | |
|--|---|------------------------|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
| Revenue | 10,540,624 | 9,008,071 |
| Profit before taxation | 3,237,929 | 2,178,382 |
| Income tax | (362,791) | (286,688) |
| Profit for the period | 2,875,138 | 1,891,694 |
| Attributable to: | | |
| Shareholders of the Company | 2,206,743 | 1,366,497 |
| Non-controlling interests | 668,395 | 525,197 |
| Total comprehensive income for the period | 2,820,269 | 1,930,842 |
| Attributable to: | | |
| Shareholders of the Company | 2,152,929 | 1,382,165 |
| Non-controlling interests | 667,340 | 548,677 |
| Basic and diluted earnings per share (<i>RMB cents</i>) | 27.46 | 17.00 |



INTERIM RESULTS AND FINANCIAL DATA

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|--|-----------------------------------|
| Total non-current assets | 113,594,144 | 108,764,829 |
| Total current assets | 13,520,210 | 14,753,026 |
| Total Assets | 127,114,354 | 123,517,855 |
| Total current liabilities | 48,275,127 | 46,247,758 |
| Total non-current liabilities | 35,653,232 | 36,420,657 |
| Total liabilities | 83,928,359 | 82,668,415 |
| Net assets | 43,185,995 | 40,849,440 |
| Total equity attributable to the shareholders of the Company | 34,730,395 | 33,057,238 |
| Non-controlling interests | 8,455,600 | 7,792,202 |
| Total equity | 43,185,995 | 40,849,440 |
| Net assets per share (RMB) | 4.32 | 4.11 |



MANAGEMENT DISCUSSION & ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with IFRS unless otherwise specified)

In the first half of 2015, the national economy operated within a reasonable range. With key indicators witnessing a gradual recovery, Chinese economy took on a moderating but stabilizing and positive development trend. However, the economic environment was still complicated at home and abroad. The recovery process of world economy has been tortuous and slow, while the basis for the stabilization of Chinese economy needs further consolidation.

From January to June, the nationwide power supply and demand were ample viewed as a whole. According to the “Statistics of China Power Industry from January to June 2015” (《2015年1–6月份電力工業運行簡況》) issued by the China Electricity Council, the power consumption across the country was 2,662.4 billion kWh from January to June, representing an increase of 1.3% year-on-year, and 4.0 percentage points lower than the corresponding period of last year. The total electrical output reached 2,709.1 billion kWh, representing an increase of 0.6% year-on-year and a decrease of 5.2 percentage points as compared to the corresponding period of last year. As at the end of June 2015, the installed capacity of above-the-scale power plants across the country reached 1,359,514 MW, representing an increase of 8.7% as compared to last year.

In the first half of 2015, wind power generation across the country reached 99 billion kWh, accounting for 3.7% of the total power generation across the country, and 0.7 percentage points higher than the corresponding period of last year. The average utilisation hours of wind power across the country reached 1,002 hours, representing an increase of 16 hours year-on-year.

In the first half of 2015, the Group, with the strong leadership of the Board, proactively coped with the new normal of operation and development, strengthened managing administration, deepened reform and innovation and spared no effort to carry out its work, and thus sustained a sound momentum in its operation and development.



I. BUSINESS REVIEW

1. **With safety production management being strengthened continuously, the leading position in terms of wind power production indicators was sustained**

With the rapid growth of the size of wind power installed capacity, management of the existing assets is becoming increasingly important. Taking the fundamental management reinforcement as the starting point, the Group made a lot of efforts in ensuring production safety. The management of production safety of the Group was strengthened continuously through increased efforts in building capacity for safe production, improving management rules and system for production safety and promoting the construction of group standardization, conducting the program to implement anti-accident measures and increasing efforts in safety inspection and rectification.

In the first half of 2015, the Group maintained its leading position in terms of power generation and utilisation hours of wind power. First, electricity output benchmarking was enhanced. We made innovation in benchmarking method to further detail the benchmarking by region within the province and carried out in-depth study on the distribution characteristics of wind power projects, which enhanced the comparability, fairness and guidance quality of benchmarking. We strengthened the benchmarking against the leading indicators in the industry to uplift the benchmarking standard and expand the benchmarking scope. Second, the electricity output assessment was detailed. The assessment system was improved to enhance the accuracy and scientificity of indicator calculation. Through steering the assessment incentives toward production line, we aimed to guide wind farms to intensify the economic operation model so as to uplift the awareness of capturing every single kWh of electricity. Third, we adopted multiple measures to address grid curtailment. We spared no efforts in securing power consumption through control over both the percentage and quantity of our electricity subject to grid curtailment and actively developing external channels for consumption. In the first half of 2015, the Group generated a cumulative gross electricity output of 19,383 GWh, of which electricity generated from our wind power business amounted to 14,191 GWh, representing an increase of 22.09% year-on-year. In the first half of 2015, the average utilisation hours of the wind power business was 1,085 hours, representing an increase of 49 hours as compared with the corresponding period of 2014, which was primarily attributable to the increase in wind resources, coupled with the on-going effective management measures of the Group.



MANAGEMENT DISCUSSION & ANALYSIS

During the reporting period, the consolidated gross power generation from coal power business of the Group was 4,908 GWh, representing an increase of 4.11% as compared with 4,714 GWh in the corresponding period of 2014. This was primarily due to the active efforts of the Group in securing planned output to strive for more power generation. The average number of utilisation hours of the Group's coal power business in the first half of 2015 was 2,618 hours, representing an increase of 104 hours as compared with 2,514 hours in the corresponding period of 2014.

Geographical breakdown of the consolidated gross power generation of the Company's wind farms for the first half of 2014 and the first half of 2015:

| Region | First half of 2015 (MWh) | First half of 2014 (MWh) | Percentage of change |
|----------------|---|--------------------------------|---------------------------------|
| Heilongjiang | 1,171,125 | 1,041,608 | 12.43% |
| Jilin | 288,499 | 221,921 | 30.00 % |
| Liaoning | 1,007,576 | 807,672 | 24.75 % |
| Inner Mongolia | 2,644,701 | 2,312,323 | 14.37 % |
| Jiangsu | 1,389,618 | 1,341,748 | 3.57 % |
| Zhejiang | 128,124 | 107,032 | 19.71 % |
| Fujian | 681,114 | 684,487 | -0.49 % |
| Hainan | 61,984 | 61,945 | 0.06 % |
| Gansu | 853,586 | 942,479 | -9.43 % |
| Xinjiang | 1,186,029 | 919,104 | 29.04 % |
| Hebei | 1,244,730 | 1,019,104 | 22.14 % |
| Yunnan | 978,110 | 685,211 | 42.75 % |
| Anhui | 520,721 | 426,965 | 21.96 % |
| Shandong | 297,602 | 125,163 | 137.77 % |
| Tianjin | 164,137 | 134,920 | 21.66 % |
| Shanxi | 502,905 | 332,756 | 51.13 % |
| Ningxia | 263,400 | 157,450 | 67.29 % |
| Guizhou | 396,419 | 224,640 | 76.47 % |
| Shaanxi | 220,686 | 69,054 | 219.58 % |
| Tibet | 8,229 | 8,019 | 2.62 % |
| Chongqing | 47,893 | – | – |
| Canada | 134,201 | – | – |
| Total | 14,191,391 | 11,623,601 | 22.09% |



MANAGEMENT DISCUSSION & ANALYSIS

Geographical breakdown of the average utilisation hours/load factor of wind power of the Company's wind farms for the first half of 2014 and the first half of 2015:

| Region | Average utilisation hours of wind power for the first half of 2015 (hr) | Average load factor of wind power for the first half of 2015 | Average utilisation hours of wind power for the first half of 2014 (hr) | Average load factor of wind power for the first half of 2014 | Percentage of change of the average utilisation hours of wind power |
|----------------|--|---|--|---|--|
| Heilongjiang | 974 | 22% | 916 | 21% | 6.33% |
| Jilin | 733 | 17% | 636 | 15% | 15.25% |
| Liaoning | 1,005 | 23% | 807 | 19% | 24.54% |
| Inner Mongolia | 1,115 | 26% | 1,014 | 23% | 9.96% |
| Jiangsu | 1,162 | 27% | 1,287 | 30% | -9.71% |
| Zhejiang | 799 | 18% | 785 | 18% | 1.78% |
| Fujian | 1,346 | 31% | 1,352 | 31% | -0.44% |
| Hainan | 626 | 14% | 626 | 14% | 0.00% |
| Gansu | 770 | 18% | 903 | 21% | -14.73% |
| Xinjiang | 997 | 23% | 1,180 | 27% | -15.51% |
| Hebei | 1,179 | 27% | 1,048 | 24% | 12.50% |
| Yunnan | 1,770 | 41% | 1,660 | 38% | 6.63% |
| Anhui | 1,069 | 25% | 1,075 | 25% | -0.56% |
| Shandong | 1,310 | 30% | 1,264 | 29% | 3.64% |
| Tianjin | 1,243 | 29% | 1,086 | 25% | 14.46% |
| Shanxi | 1,074 | 25% | 958 | 22% | 12.11% |
| Ningxia | 944 | 22% | 768 | 18% | 22.92% |
| Guizhou | 1,364 | 31% | 1,230 | 28% | 10.89% |
| Shaanxi | 1,125 | 26% | 998 | 23% | 12.73% |
| Tibet | 1,097 | 25% | 1,069 | 25% | 2.62% |
| Chongqing | 958 | 22% | – | – | – |
| Canada | 1,471 | 34% | – | – | – |
| Total | 1,085 | 25% | 1,036 | 24% | 4.73% |



MANAGEMENT DISCUSSION & ANALYSIS

Geographical breakdown of the average utilisation percentage of wind power of the Company's wind farms for the first half of 2014 and the first half of 2015:

| Region | First half of 2015 (%) | First half of 2014 (%) | Change |
|----------------|---------------------------------------|------------------------------|---------------|
| Heilongjiang | 99.18 | 99.10 | 0.08% |
| Jilin | 97.98 | 98.79 | -0.81% |
| Liaoning | 99.00 | 98.70 | 0.30% |
| Inner Mongolia | 98.46 | 98.93 | -0.47% |
| Jiangsu | 98.37 | 98.54 | -0.17% |
| Zhejiang | 98.68 | 98.96 | -0.28% |
| Fujian | 98.57 | 98.97 | -0.40% |
| Hainan | 98.79 | 99.13 | -0.34% |
| Gansu | 99.13 | 98.91 | 0.22% |
| Xinjiang | 99.16 | 97.69 | 1.47% |
| Hebei | 98.73 | 99.39 | -0.66% |
| Yunnan | 99.03 | 97.80 | 1.23% |
| Anhui | 99.42 | 99.39 | 0.03% |
| Shandong | 98.97 | 99.24 | -0.27% |
| Tianjin | 99.44 | 99.08 | 0.36% |
| Shanxi | 98.89 | 99.18 | -0.29% |
| Ningxia | 99.18 | 99.44 | -0.26% |
| Guizhou | 99.10 | 99.07 | 0.03% |
| Shaanxi | 99.07 | 98.57 | 0.50% |
| Tibet | 98.53 | 99.00 | -0.47% |
| Chongqing | 98.84 | — | — |
| Total | 98.84 | 98.75 | 0.09% |



2. With the preliminary work being pushed forward steadily, the development quality is elevated in a stable manner

In the first half of 2015, facing the complicated and dynamic external environment, the Group pushed forward project development in an active and sound manner with focus on economic benefits and through scientific planning, technology enhancement, optimization of layout and stringent control of risk. In the regions not subject to grid curtailment, the Group increased efforts in enriching project reserve and preliminary work. In the “three North” (northwest China, north China, and northeast China), the Group proactively enriched its reserve of wind power projects for which the grid connection plan has been ascertained. In coastal regions, the Group actively promoted the offshore wind power development with focus on Jiangsu and Fujian.

In the Fifth Batch of Wind Power Projects Approval Plan (第五批風電項目核准計劃) promulgated by the National Energy Administration in the first half of 2015, 28 projects of the Group with gross capacity of 1,557 MW were included, among which, the capacity located in regions not subject to grid curtailment accounted for over 95%. In the five batches of wind power projects approval plan, one batch of supplementary approval plan and one batch of offshore wind power construction plan promulgated by the National Energy Administration, projects of the Group with gross capacity of 13.2 GW were included, accounting for 8.74% of the total capacity of projects included in these plans and ranking first among the peer companies. In the first half of 2015, the Group obtained approvals for three wind power projects with total capacity of 397.5 MW, all of which are located in regions not subject to grid curtailment. In the second half of 2015, the Group will increase efforts in obtaining project approvals to ensure that the approvals are obtained for all projects of exploitable value included in the approval plan. As of 30 June 2015, the Group had wind power projects of 6.1 GW which were approved but not yet put into operation, and wind power projects of 10.6 GW which included project approved but not yet put into operation and projects listed in the national plan but not yet approved, indicating an abundant project reserve.

In the first half of 2015, the Group deepened joint development and made innovations in the mode of joint development. The Group set up the first batch of provincial-level investment platform for cooperative development in Chongqing and Guangdong to cover all of its wind power projects within relevant province. In addition, we continued to promote the cooperation with other branches and subsidiaries of Guodian Group and signed new cooperation agreements with the members of Guodian Group in regions such as Gansu, Hainan, Jiangxi and Guizhou. Up to today, the Group signed a total of 33 projects under joint development which covered 11 provinces with gross capacity of 2,870 MW.



During the reporting period, the preliminary work of the Group had a clearer target, more scientific planning, more reasonable distribution and more stringent management, which added guarantee for project return rate and created a more extensive development prospect.

3. With effective promotion of project progress, the project quality continued to improve

In the first half of 2015, taking the infrastructure “double enhancements” (“雙提升”) program as an opportunity, the Group achieved excellent performance in putting its projects into operation. The Group witnessed the commencement of operation of its projects with capacity of over one million kW in the first half year, a record high as compared to the corresponding period of previous years in terms of project construction. With proactive and sufficient preparation for project construction such as the early efforts in arrangement of bid invitation, satisfaction of conditions for commencement of production and staffing of infrastructure personnel, all the planned projects for 2015 of the Group have commenced construction in the first half of 2015. In addition, the Group continued to strengthen the schedule control of project to check the progress on a weekly basis and assign staged work on a monthly basis and increased efforts in on-site inspection. We spared no efforts in coordinating equipment supply with emphasis on “guaranteeing quality and promoting supply” and took full advantage of the supply coordination team of wind turbines and towers, as well as the role of the equipment surveillance, to detect problem in advance and make timely warning, so as to make coordination and optimization of equipment supply.

In the first half of 2015, the Group compiled the plan for implementation of the infrastructure “double enhancements” (“雙提升”) program of Longyuan and earnestly carried out the infrastructure “double enhancements” work to strive for Excellence Project and Benefit Project. The 150MW Jiyangshan Wind Power Project in Shenchì, Shanxi (山西神池繼陽山150MW風電工程) of the Company was awarded the “Premium Quality Power Construction in China” (中國電力優質工程獎) in 2015. The Group implemented design optimization to strictly control project cost. Meanwhile, we strengthened project quality management by establishing and improving the supervision system for project quality and responsibility, strengthening rectification of on-site problems identified at the front line of project construction and implementing closed-loop management of project construction.



MANAGEMENT DISCUSSION & ANALYSIS

In the first half of 2015, the Group had 19 wind power projects newly put into production, with an additional installed capacity of 1,025.5 MW put into production. As of 30 June 2015, the consolidated installed capacity of the Group was 16,723 MW, among which, the consolidated installed capacity of the wind power business was 14,568 MW, while the consolidated installed capacity of the coal power business and the consolidated installed capacity of other renewable power business were 1,875 MW and 280 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Company's wind farms as of 30 June 2014 and 30 June 2015:

| Region | As of 30 June 2015 (MW) | As of 30 June 2014 (MW) | Percentage of change |
|----------------|-------------------------------|-------------------------------|-------------------------|
| Heilongjiang | 1,234.7 | 1,136.9 | 8.60% |
| Jilin | 447.9 | 348.9 | 28.37% |
| Liaoning | 1,003.2 | 1,003.2 | 0.00% |
| Inner Mongolia | 2,384.1 | 2,285.1 | 4.33% |
| Jiangsu | 1,578.2 | 1,056.8 | 49.34% |
| Zhejiang | 211.7 | 137.6 | 53.85% |
| Fujian | 506.1 | 506.1 | 0.00% |
| Hainan | 99.0 | 99.0 | 0.00% |
| Gansu | 1,289.8 | 1,039.3 | 24.10% |
| Xinjiang | 1,291.8 | 1,090.8 | 18.43% |
| Hebei | 1,070.1 | 971.1 | 10.19% |
| Yunnan | 619.5 | 528.0 | 17.33% |
| Anhui | 588.1 | 396.0 | 48.51% |
| Shandong | 294.7 | 99.0 | 197.68% |
| Tianjin | 132.0 | 132.0 | 0.00% |
| Shanxi | 597.0 | 399.0 | 49.62% |
| Ningxia | 376.7 | 277.7 | 35.65% |
| Guizhou | 442.0 | 247.5 | 78.59% |
| Shaanxi | 198.0 | 148.5 | 33.33% |
| Tibet | 7.5 | 7.5 | 0.00% |
| Chongqing | 49.5 | – | – |
| Shanghai | 47.5 | – | – |
| Canada | 99.1 | – | – |
| Total | 14,568.2 | 11,910.0 | 22.32% |

4. Maintaining steady in the tariff

The average on-grid tariffs for overall power generation of the Group for the first half of 2015 amounted to RMB552 per MWh (value-added tax (“VAT”) inclusive), maintaining basically the same level as the average on-grid tariffs of RMB550 per MWh (VAT inclusive) in the corresponding period of 2014. The average on-grid tariffs for wind power amounted to RMB588 per MWh (VAT inclusive), representing an increase of RMB5 per MWh as compared with RMB583 per MWh (VAT inclusive) in the corresponding period of 2014, which was primarily due to a higher share of electricity sold in the regions which enjoy a higher tariff. The average on-grid tariffs for coal power amounted to RMB423 per MWh (VAT inclusive), representing a decrease of RMB14 per MWh as compared with the average on-grid tariffs for coal power of RMB437 per MWh (VAT inclusive) in the corresponding period of 2014, which was mainly attributable to a reduction of on-grid tariffs of coal power enterprises in September 2014 and April 2015 respectively in Jiangsu Province.

5. With the advantage of capital cost being further reinforced, the credit standing rose significantly

In the first half of 2015, the domestic and foreign currency market was changing. In response, the Group keenly grasped the favorable opportunity to aggressively conduct replacement of existing loans with an aim to adjust the interest rate. Meanwhile, the Group took full advantage of its diversified financing channels to successfully issue a total of five tranches of ultra short-term debentures of RMB13 billion, and the coupon rate of which was 23.7% lower than the interest rate for bank loans of the same term. In addition, the Group successfully registered private issuance of debt financing instruments of RMB10 billion with National Association of Financial Market Institutional Investors. Hero Asia Investment Limited, a subsidiary of the Company, successfully completed the interest rate adjustment for the existing borrowings of US\$890 million, which reduced the interest rate by over 25%. In June, Standard & Poor’s raised the rating of the Group from BBB+ to A- and Moody’s also raised the rating of the Group as issuer from Baa3 to Baa1. The improvement in credit standing will bring the Company stronger advantage in domestic and foreign capital operation and hence further reduce the cost of our debt financing.



6. Notable achievements in technological innovation

Staying in line with the trend of energy industry, the Group consolidated its cutting-edge technology leadership to lay a technological cornerstone for future development. In the first half of 2015, the Group capitalised on its strengths to keep paces with technology trends. As the first domestic wind power operator to initiate wind power big data project, the Group secured a favourable technological commanding height for future wind power development in a timely manner. The state-backed project has been filed successfully for inclusion into the list of national energy independent innovation projects. As one of the pacesetters in renewable energy, the Group co-edited the Energy Technological Innovation Programme of the National Energy Administration under the “Thirteenth Five-year Plan” as well as the proposal for a national new energy collaborative innovation community in Beijing, Tianjin and Hebei. As such, the Group aligns itself effectively with national blueprint and strategies, while further cementing its leadership and voice in domestic wind power development. According to its needs in wind power development, construction and operation, the Group filed 9 technological projects to Guodian Group and identified 13 in-house projects, as screened out from its programme for 2015 after strict review. In the first half of this year, the Company obtained 1 invention patent, 4 patents for utility models and 9 software copyrights. The Group took full advantage of technology as the supporting platform. The five subsidiaries specializing in technical services, while focusing on core businesses to further strengthen service awareness, stepped up their technological endeavours in monitoring centre capacity improvement, technological supervision services, offshore wind power design consulting and Engineering, Procurement and Construction (EPC) project development so as to upgrade technological level and business capability.

7. Overseas business progressed in an orderly manner

In the first half of 2015, the Group carried out its overseas business in an orderly manner. Benefiting from the favorable on-grid tariffs, sound wind resources, relatively low financing cost and preferential tax policy on accelerated depreciation, the Canadian Dufferin project developed by the Company achieved desirable profitability. In the first half of 2015, generator units in wind farms operated well with 134,201 MWh gross power generated and average utilization hours reaching 1,471 hours. The wind power project in South Africa (南非德阿風電) developed by the Company, after closing the financing process as required by South Africa government in February 2015, has entered the preparation stage for construction and will break ground as scheduled in the second half of 2015. The Group will continue to stick to the basic principle for overseas investment and to prioritize projects with attractive returns in key regions such as “One Belt and One Road” (“一帶一路”), subject to risks being under control.



II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

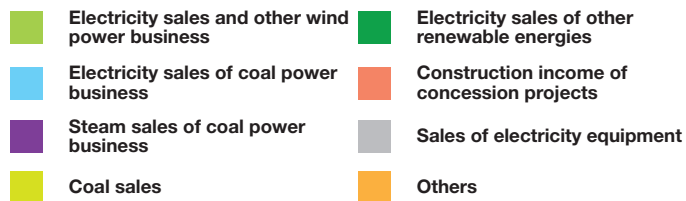
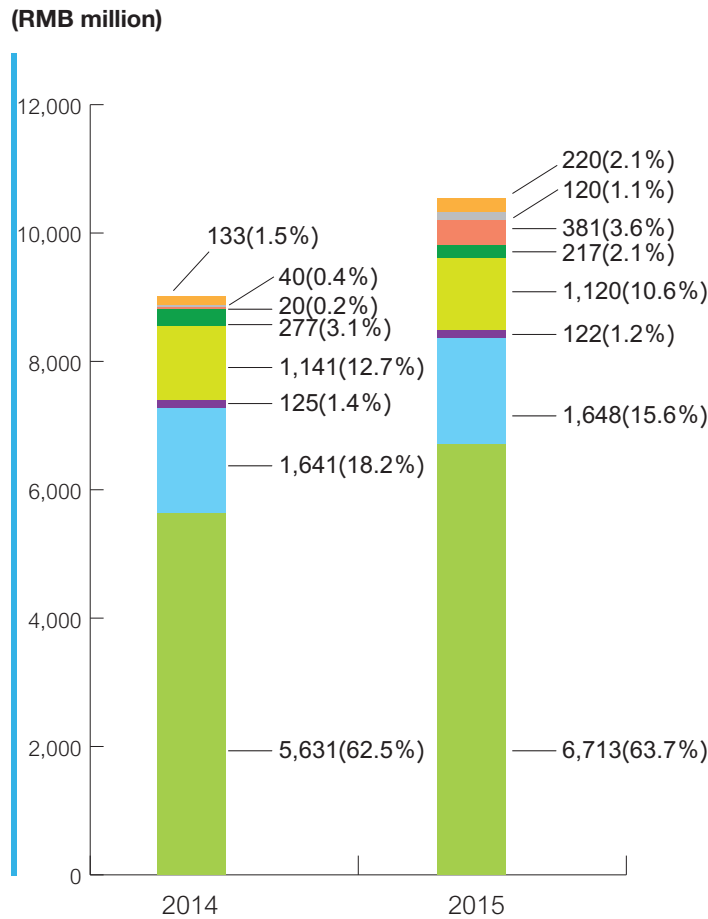
In the first half of 2015, the net profit of the Group amounted to RMB2,875 million, representing an increase of 52.0% as compared to RMB1,892 million in the corresponding period of 2014. Net profit attributable to shareholders amounted to RMB2,207 million, representing an increase of 61.6% as compared to RMB1,366 million in the corresponding period of 2014. Earnings per share amounted to RMB27.46 cents, representing an increase of RMB10.46 cents as compared to RMB17.00 cents in the corresponding period of 2014.

Operating revenue

Operating revenue of the Group amounted to RMB10,541 million in the first half of 2015, representing an increase of 17.0% as compared to RMB9,008 million in the corresponding period of 2014. The increase in operating revenue was primarily due to: 1) an increase of RMB1,082 million, or 19.2%, in electricity sales and other revenue of wind power business to RMB6,713 million in the first half of 2015 as compared to RMB5,631 million in the corresponding period of 2014, which was primarily due to the increase of wind power output; 2) a sharp increase in service concession construction revenue of wind power business to RMB381 million as compared to RMB20 million in the corresponding period of 2014, which was primarily attributable to the increase in the number and construction volume of service concession projects under construction; and 3) an increase of RMB87 million in other revenue, including an increase of maintenance and repair service revenue from Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) of coal power business in the first half of 2015.



Operating revenue of each segment and proportions for the six months ended 30 June are set out in the diagram below:



Other net income

Other net income of the Group amounted to RMB210 million in the first half of 2015, which decreased by 3.7% as compared to RMB218 million in the corresponding period of 2014, which was mainly caused by a penalty income of approximately RMB10 million from the wind turbine suppliers due to a delay in product delivery as recognized in the first half of 2014, compared to no similar income in the current period.

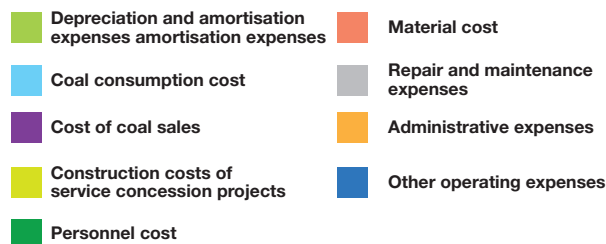
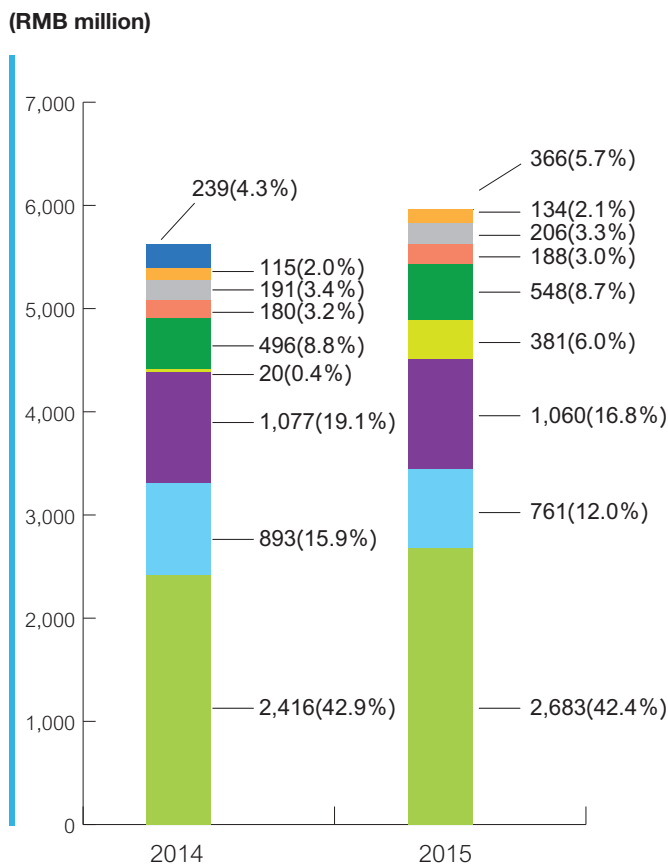
Other net income classification and proportions for the six months ended 30 June are set out in the diagram below:



Operating expenses

Operating expenses of the Group amounted to RMB6,327 million in the first half of 2015, representing an increase of 12.4% as compared to RMB5,627 million in the corresponding period of 2014, primarily due to the increase in the depreciation and amortisation expenses of the wind power business, the increase in the construction cost of the service concession projects and the decrease in the coal consumption costs and the cost of coal sales in the coal power business.

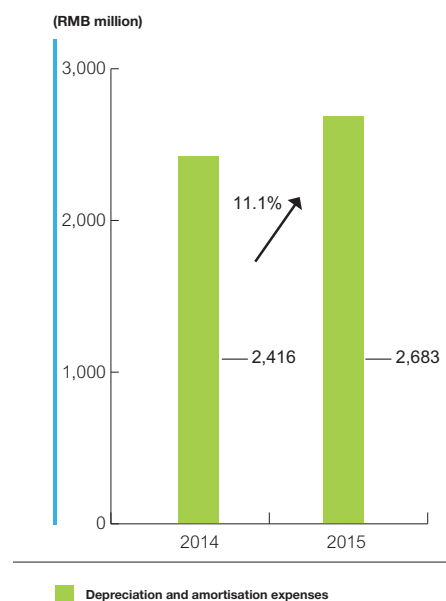
Operating expenses items and proportions for the six months ended 30 June are set out in the diagram below:



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB2,683 million in the first half of 2015, representing an increase of 11.1% as compared to RMB2,416 million in the corresponding period of 2014, primarily due to an increase of RMB273 million, or 12.9%, in depreciation and amortisation expenses of wind power business over the corresponding period of 2014 as a result of expansion in the installed capacity of wind power projects.

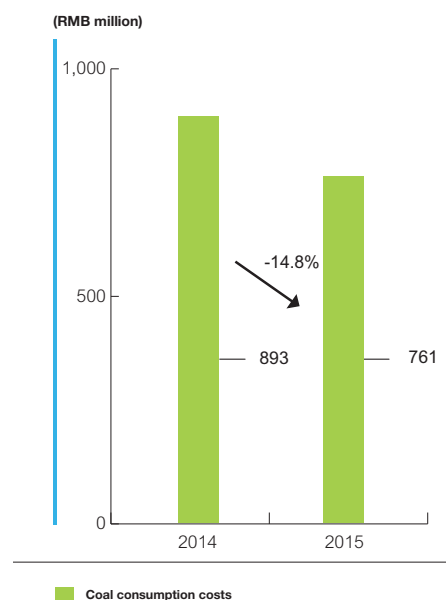
The depreciation and amortisation expenses for the six months ended 30 June are set out in the diagram below:



Coal consumption costs

The coal consumption costs of the Group amounted to RMB761 million in the first half of 2015, representing a decrease of 14.8% as compared to RMB893 million in the corresponding period of 2014. The main reasons are as follows: 1) a decrease of approximately 18.2% in the average unit price of standard coal for power and steam generation as affected by the decrease in the price of coal in the first half of 2015; and 2) an increase of approximately 4.2% in the coal consumption as a result of the increase in power generation.

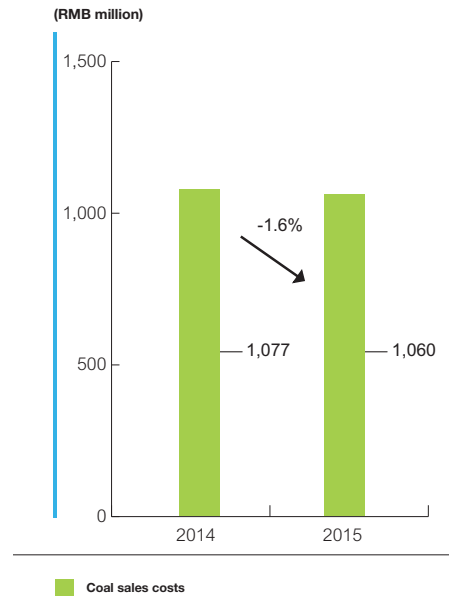
The coal consumption costs for the six months ended 30 June are set out in the diagram below:



Coal sales costs

The coal sales costs of the Group in the first half of 2015 amounted to RMB1,060 million, representing a decrease of 1.6% as compared to RMB1,077 million in the corresponding period of 2014. The main reasons are as follows: 1) a decrease of approximately 9.7% in the average procurement price of coal for the first half of 2015 as compared to the corresponding period of 2014; and 2) an increase of approximately 8.8% in the sales volume of coal.

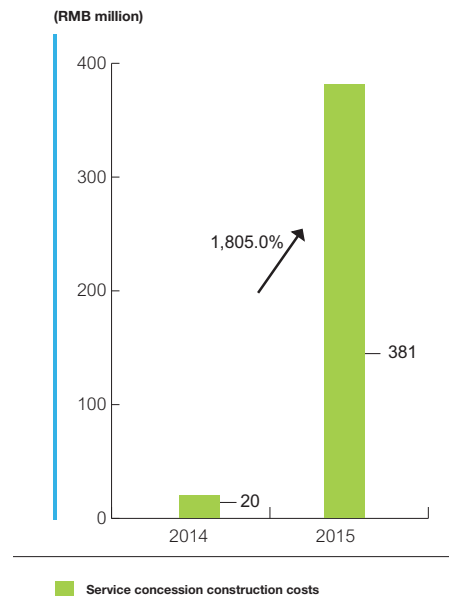
The coal sales costs for the six months ended 30 June are set out in the diagram below:



Service concession construction costs

The Group's service concession construction costs in the first half of 2015 amounted to RMB381 million, representing an increase of 1,805.0% as compared to RMB20 million in the corresponding period of 2014, primarily due to an increase of number and construction volume of service concession projects under construction in the first half of 2015 as compared with that of the corresponding period of 2014.

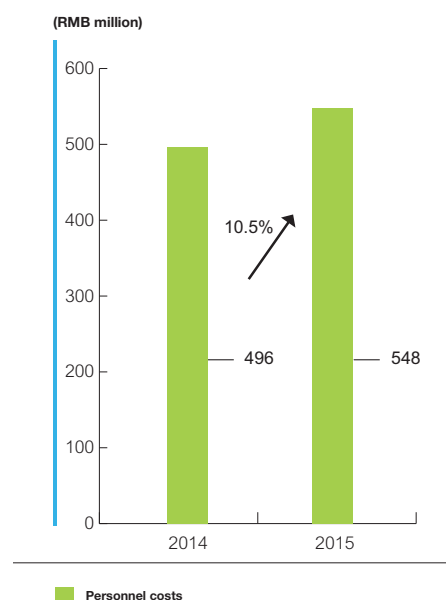
The service concession construction costs for the six months ended 30 June are set out in the diagram below:



Personnel costs

Personnel costs of the Group amounted to RMB548 million in the first half of 2015, representing an increase of 10.5% as compared to RMB496 million in the corresponding period of 2014. The main reasons are as follows: 1) an increase in headcounts as a result of the Group's expansion; and 2) the fact that a portion of the personnel costs were expended instead of being capitalized as more projects commenced operation.

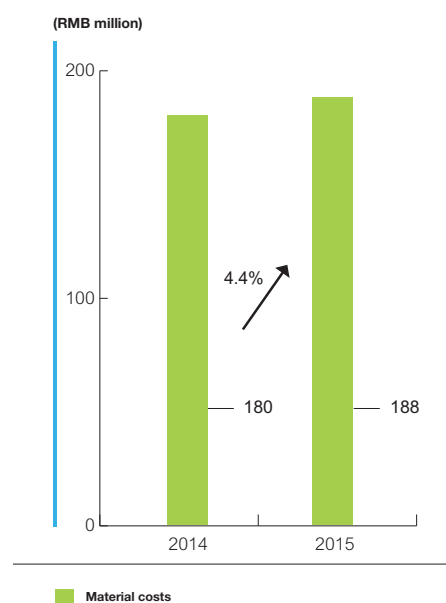
The personnel costs for the six months ended 30 June are set out in the diagram below:



Material costs

Material costs of the Group amounted to RMB188 million in the first half of 2015, representing an increase of 4.4% as compared to RMB180 million in the corresponding period of 2014, which was primarily attributable to the increase in material costs as a result of the increase in sales volume of products of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源（北京）風電工程技術有限公司).

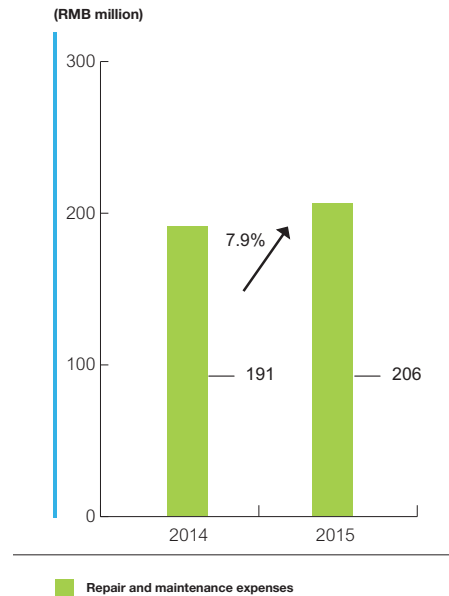
The material costs for the six months ended 30 June are set out in the diagram below:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB206 million in the first half of 2015, representing an increase of 7.9% as compared to RMB191 million in the corresponding period of 2014, mainly due to the increase in repair and maintenance expenses incurred by the wind power business as more wind power turbines' warranty periods expired.

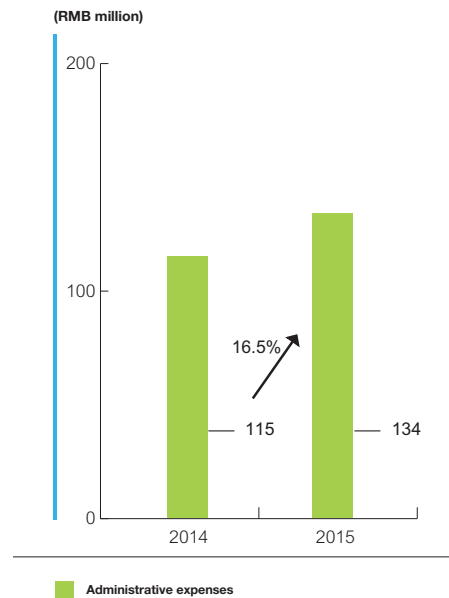
The repair and maintenance expenses for the six months ended 30 June are set out in the diagram below:



Administrative expenses

Administrative expenses of the Group amounted to RMB134 million in the first half of 2015, representing an increase of 16.5% as compared to RMB115 million in the corresponding period of 2014, which was primarily due to the increase in rental and office expenses caused by business growth of the Group.

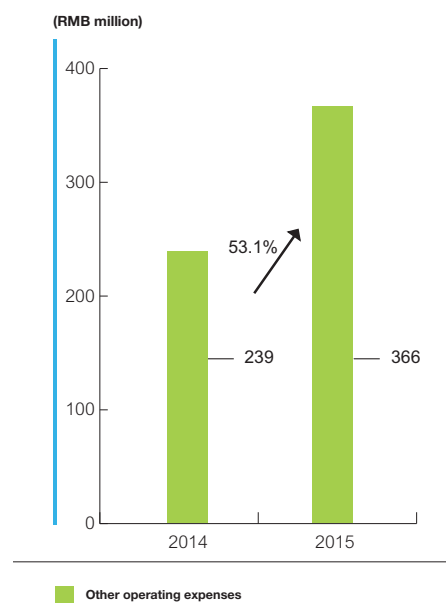
The administrative expenses for the six months ended 30 June are set out in the diagram below:



Other operating expenses

Other operating expenses of the Group amounted to RMB366 million in the first half of 2015, representing an increase of 53.1% as compared to RMB239 million in the corresponding period of 2014. The main reasons are as follows: 1) cost of RMB74 million incurred for maintenance and repair service provided by Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) of coal power business in the first half of 2015 (the corresponding period of 2014: no similar service cost); 2) an increase of RMB29 million in insurance premium, water and electricity expenses of wind power business due to an increase of projects in operation; and 3) an increase of RMB23 million in bidding service cost of other business in line with business growth.

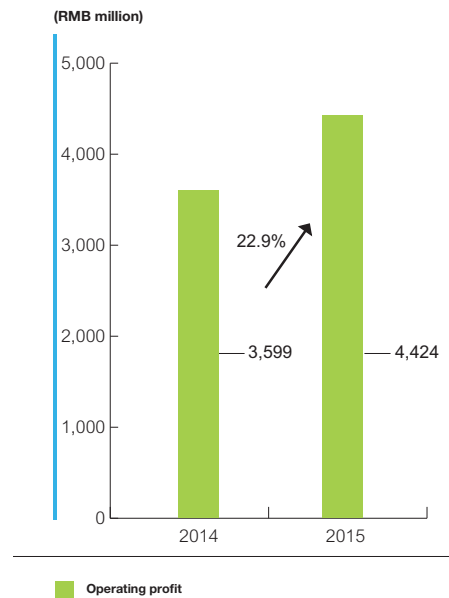
The other operating expenses for the six months ended 30 June are set out in the diagram below:



Operating profit

In the first half of 2015, the operating profit of the Group amounted to RMB4,424 million, representing an increase of 22.9% as compared to RMB3,599 million in the corresponding period of 2014. The main reasons are as follows: 1) the operating profit of the wind power business amounted to RMB3,827 million in the first half of 2015, representing an increase of RMB709 million, or 22.7% from RMB3,118 million in the corresponding period of 2014. This was mainly attributable to the increase in revenue and operating profit from wind power sales, as a result of the installed capacity expansion of the wind power business and the improved average utilization hours of wind power equipment; 2) the operating profit of the coal power business amounted to RMB564 million in the first half of 2015, representing an increase of RMB148 million, or 35.6% as compared to RMB416 million in the corresponding period of 2014, which was primarily attributable to the increased gross margin of electricity and steam sales business resulting from the decrease in coal price as compared to the corresponding period of 2014; and 3) the operating profit of other business in the first half of 2015 was RMB71 million, representing a decrease of RMB22 million, or 23.7% as compared to RMB93 million in the corresponding period of 2014, which was primarily attributable to the adjustments to the charging standard and way of assessment for inter-group design consultancy service business.

Operating profit for the six months ended 30 June is set out in the diagram below:



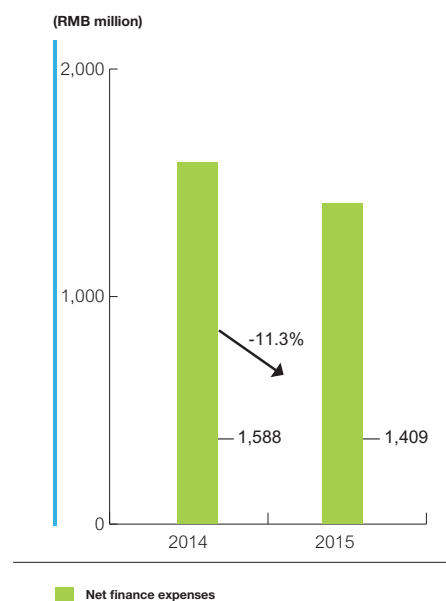
Net finance expenses

The net finance expenses of the Group amounted to RMB1,409 million in the first half of 2015, representing a decrease of 11.3% as compared to RMB1,588 million in the corresponding period of 2014. The main reasons are as follows: 1) a gain on changes in fair value amounting to RMB39 million from the trading securities of Hero Asia Investment Limited for the first half of 2015, increasing by RMB125 million as compared with a loss on changes in fair value amounting to RMB86 million for the corresponding period of 2014; and 2) in the first half of 2015, foreign exchange losses from borrowings denominated in foreign currency decreased by RMB48 million as compared to that of the corresponding period in 2014.

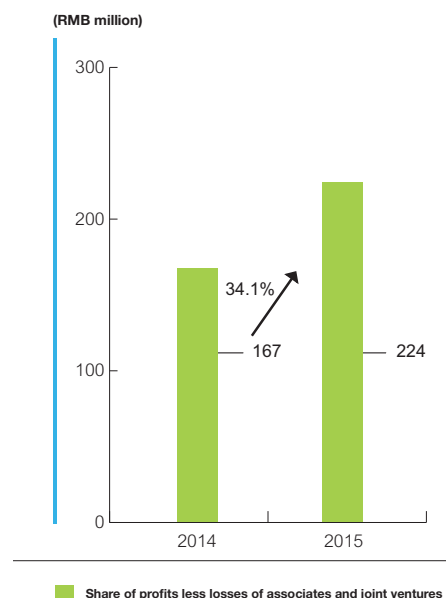
Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB224 million in the first half of 2015, representing an increase of 34.1% as compared to RMB167 million in the corresponding period of 2014, which was mainly due to the increased operating results of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, in the first half of 2015 as compared to that of the corresponding period in 2014.

The net finance expenses for the six months ended 30 June are set out in the diagram below:



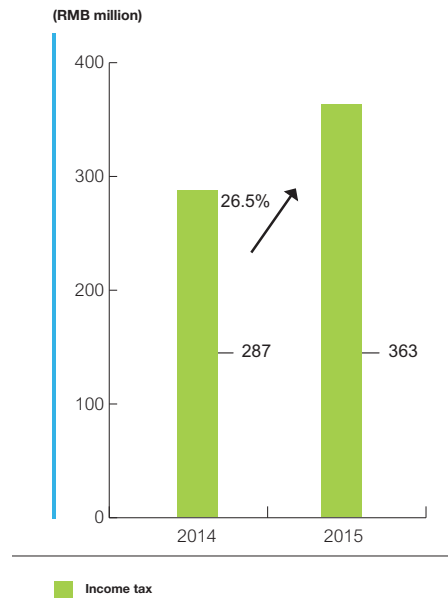
The share of profits less losses of associates and joint ventures for the six months ended 30 June is set out in the diagram below:



Income tax

Income tax of the Group amounted to RMB363 million in the first half of 2015, representing an increase of 26.5% as compared to RMB287 million in the corresponding period of 2014, which was mainly due to the increase in profit before tax of wind power business and coal power business in the first half of 2015.

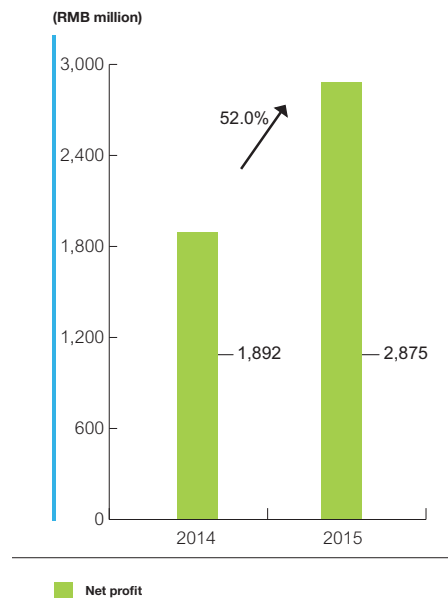
The income tax for the six months ended 30 June is set out in the diagram below:



Net profit

In the first half of 2015, the net profit of the Group amounted to RMB2,875 million, representing an increase of 52.0% as compared to RMB1,892 million in the corresponding period of 2014, mainly attributable to: the increase of RMB709 million in operating profit of wind power business as compared to the first half in 2014; the increase of RMB148 million in operating profit of coal power business as compared to the first half in 2014; and a net increase of RMB125 million in gain on changes in fair value from trading securities of Hero Asia Investment Limited as compared to the corresponding period of 2014.

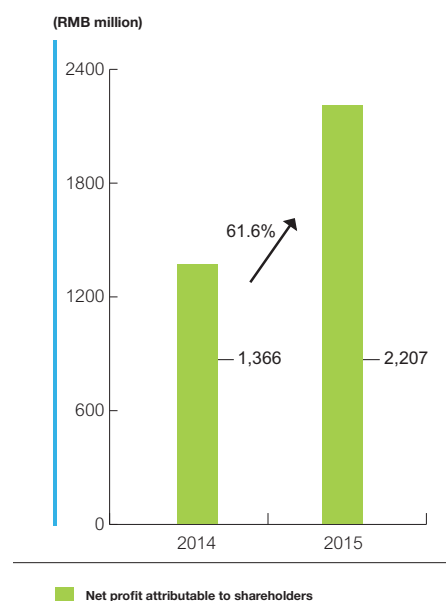
The net profit for the six months ended 30 June is set out in the diagram below:



Net profit attributable to shareholders

In the first half of 2015, net profit attributable to shareholders of the Group amounted to RMB2,207 million, representing an increase of 61.6% as compared to RMB1,366 million in the corresponding period of 2014, mainly attributable to the increase in net profit from wind power business and other business, most equity interests of which were held by shareholders of the Group in the first half of 2015.

The net profit attributable to shareholders for the six months ended 30 June is set out in the diagram below:



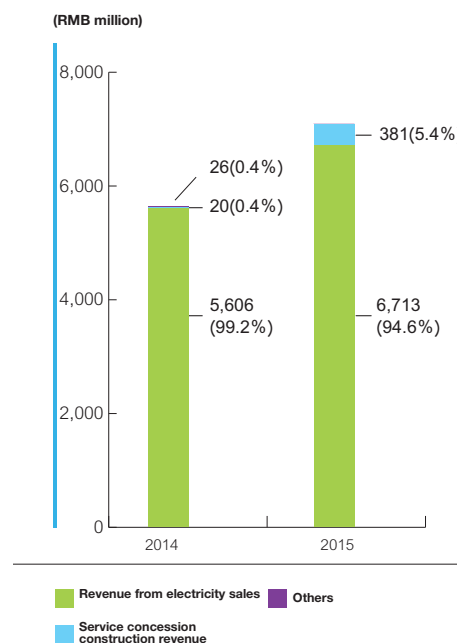
Segment results of operations

Wind power business

Operating revenue

In the first half of 2015, the operating revenue of the wind power business of the Group amounted to RMB7,094 million, representing an increase of 25.5% from RMB5,652 million in the corresponding period of 2014, primarily due to the increase in electricity sales revenue derived from growing power generation led by the increase of installed capacity of wind power business and of the average utilisation hours of wind power equipment in the first half of 2015; and the fact that construction revenue from service concession projects increased significantly resulting from the increase in the numbers of projects under construction and construction volumes.

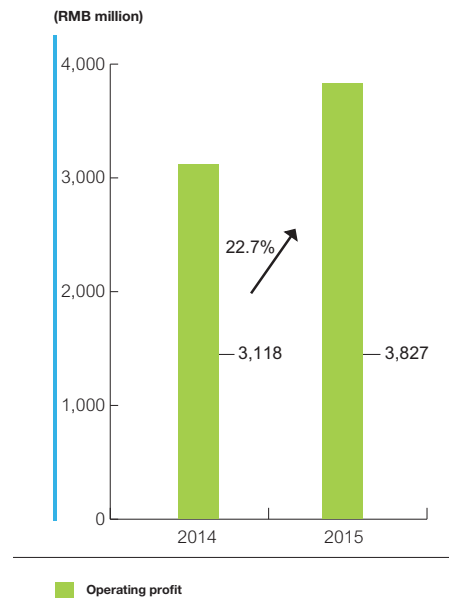
Operating revenue of the wind power business and proportions for the six months ended 30 June are set out in the diagram below:



Operating profit

In the first half of 2015, the operating profit of the wind power business of the Group amounted to RMB3,827 million, representing an increase of 22.7% as compared to RMB3,118 million in the corresponding period of 2014. The growth rate in operating profit of wind power business is higher than that of the revenue from electricity sales of wind power business, which was mainly due to the increase of average utilisation hours of generation equipment in the first half of 2015.

Operating profit of the wind power business for the six months ended 30 June is set out in the diagram below:

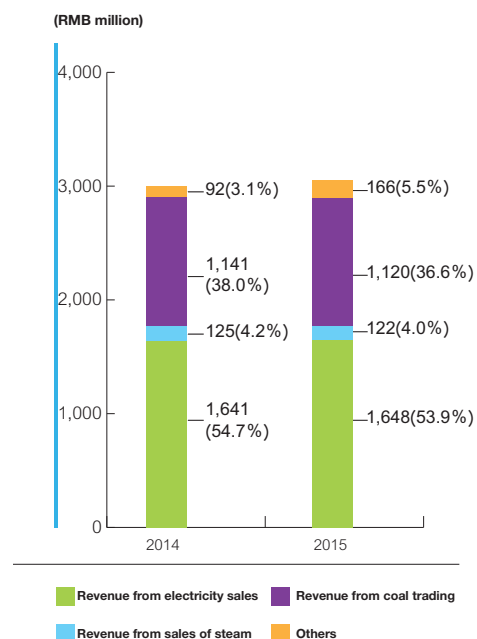


Coal power business

Operating revenue

In the first half of 2015, operating revenue of our coal power business amounted to RMB3,056 million, representing an increase of 1.9% as compared to RMB2,999 million in the corresponding period of 2014, primarily attributable to the increase of revenues from repair, maintenance and other services provided by Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) under coal power business in the first half of 2015.

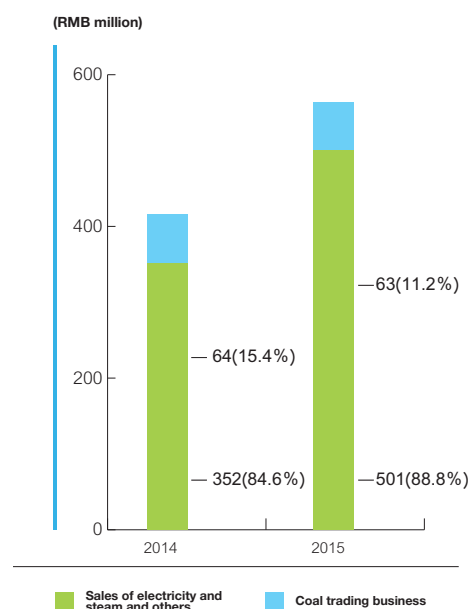
Operating revenue of the coal power business and proportions for the six months ended 30 June are set out in the diagram below:



Operating profit

In the first half of 2015, operating profit of our coal power business amounted to RMB564 million, representing an increase of 35.6% as compared to RMB416 million in the corresponding period of 2014, which was mainly attributable to the decrease of the selling price of coal and the increase of the gross profit margin of sales of electricity and steam as compared with the corresponding period of 2014.

Operating profit of the coal power business and proportions for the six months ended 30 June are set out in the diagram below:

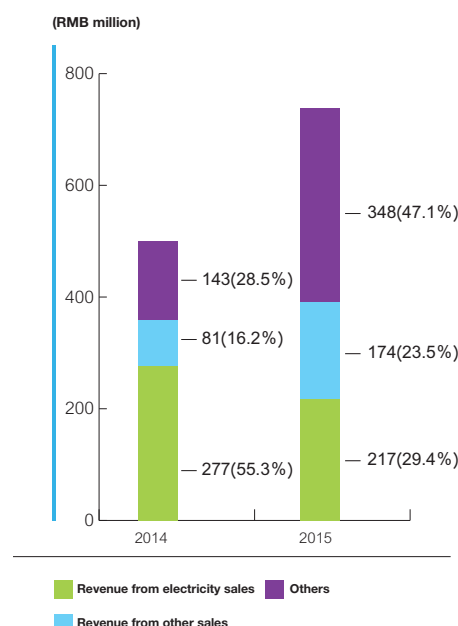


Other segments

Operating revenue

In the first half of 2015, the operating revenue of other segments amounted to RMB739 million, representing an increase of 47.5% as compared to RMB501 million in the corresponding period of 2014. The main reasons are as follows: 1) revenue of RMB222 million from the general contracting in respect of design, procurement and construction engineering was recorded under other segments in the first half of 2015, while there was no similar revenue recognized in the corresponding period of 2014; 2) increase of revenue from sales of products resulted from increase in sales volume of products such as flanges under other segments in the first half of 2015; and 3) year-on-year decrease of revenue from electricity sales of biomass companies under other segment as a result of the disposal of Guodian Liaocheng Biomass Power Co., Ltd. as compared with the corresponding period of 2014.

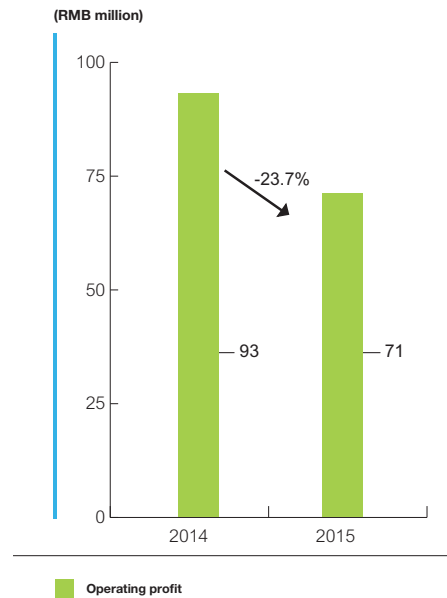
Operating revenue of other segments and proportions for the six months ended 30 June are set out in the diagram below:



Operating profit

In the first half of 2015, the operating profit of other segments of the Group amounted to RMB71 million, representing a decrease of 23.7% as compared to RMB93 million in the corresponding period of 2014, which was mainly due to the adjustments to the charging standard and way of assessment for inter-group design consultancy service business under other segment.

Operating profit of other segments for the six months ended 30 June is set out in the diagram below:

**Assets and liabilities**

As at 30 June 2015, total assets of the Group amounted to RMB127,114 million, representing an increase of RMB3,596 million as compared with total assets of RMB123,518 million as at 31 December 2014. This was primarily due to: 1) an increase of RMB4,829 million in non-current assets including property, plant and equipment; and 2) a decrease of RMB1,233 million in other current assets including prepayments.

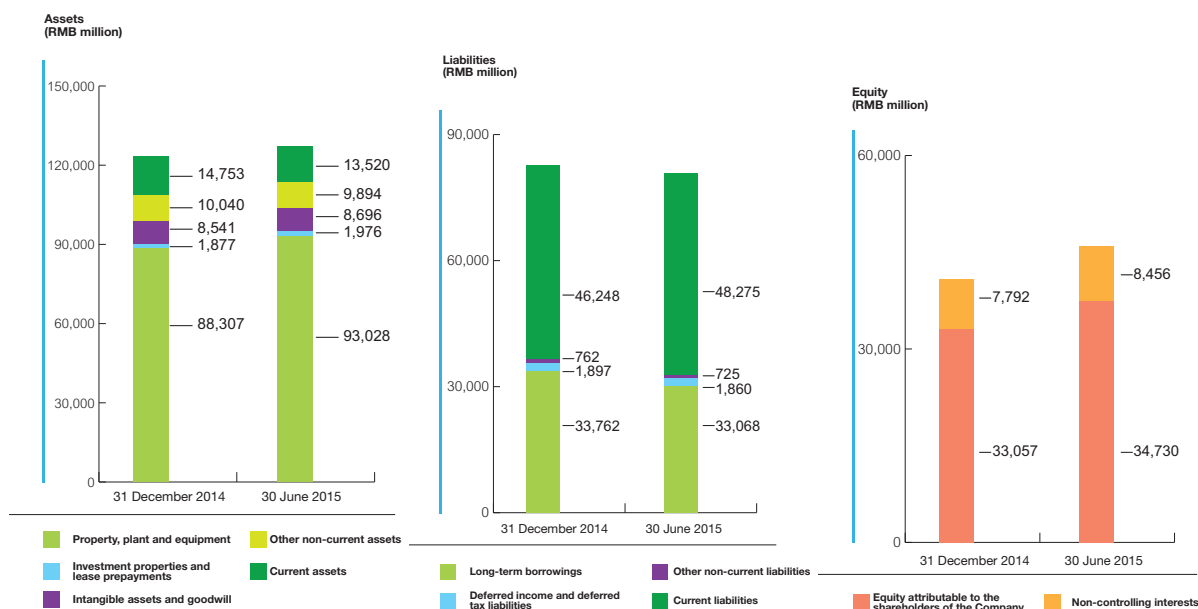
As at 30 June 2015, total liabilities of the Group amounted to RMB83,928 million, representing an increase of RMB1,259 million as compared to total liabilities of RMB82,669 million as at 31 December 2014. This was primarily due to a decrease of RMB768 million in non-current liabilities including long-term borrowings and an increase of RMB2,027 million in current liabilities including short-term borrowings, trade creditors and bills payable.



MANAGEMENT DISCUSSION & ANALYSIS

As at 30 June 2015, equity attributable to the shareholders of the Company amounted to RMB34,730 million, representing an increase of RMB1,673 million as compared with RMB33,057 million as at 31 December 2014.

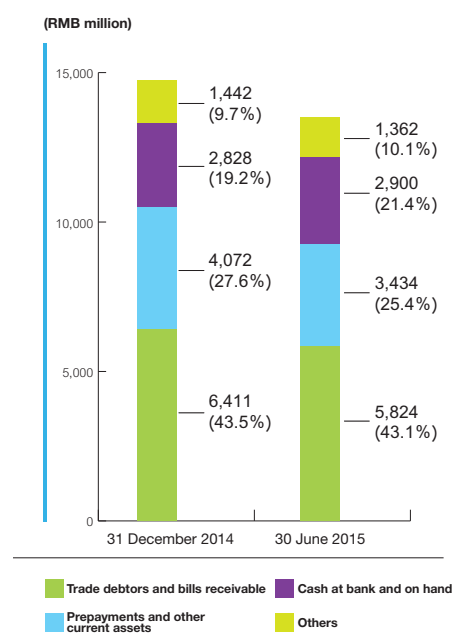
Details of assets, liabilities and equity are set out in the diagram below:



Capital liquidity

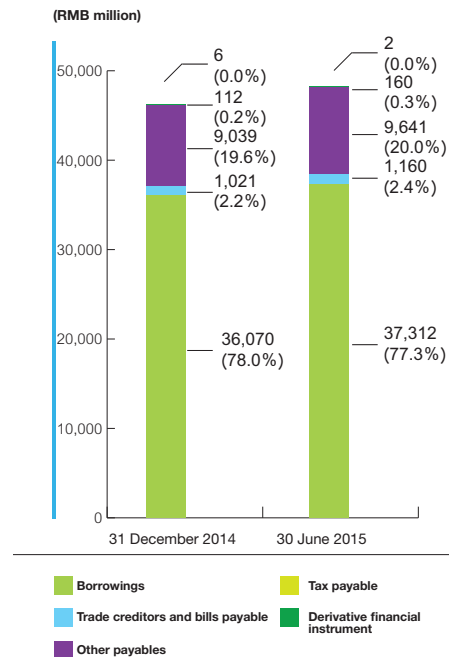
As at 30 June 2015, current assets of the Group amounted to RMB13,520 million, among which, RMB2,900 million was cash at bank and on hand, RMB5,824 million was trade debtors and bills receivable primarily consisted of receivables from sales of electricity; RMB3,434 million was prepayments and other current assets primarily consisted of deductible value-added tax and advances.

Current assets and proportions are set out in the diagram below:



As at 30 June 2015, current liabilities of the Group amounted to RMB48,275 million, including RMB1,160 million of trade creditors and bills payable (primarily consisting of payables for purchase of coal fuels and spare parts), RMB9,641 million of other payables (primarily consisting of payables for construction of wind power projects and related retention payables) and RMB37,312 million of short-term borrowings.

Current liabilities and proportions are set out in the diagram below:



As at 30 June 2015, net current liabilities of the Group amounted to RMB34,755 million, representing an increase of RMB3,260 million as compared with RMB31,495 million as at 31 December 2014. The liquidity ratio was 0.28 as at 30 June 2015, representing a decrease of 0.04 as compared with the liquidity ratio of 0.32 as at 31 December 2014.

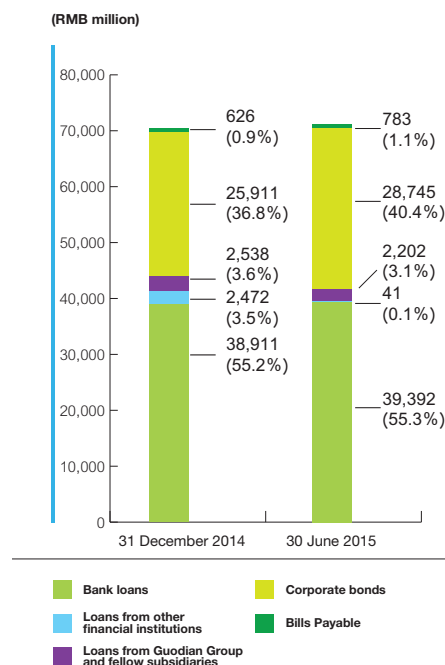
Restricted deposits amounted to RMB111 million, mainly including deposits for bills and issuance of the letter of credit.



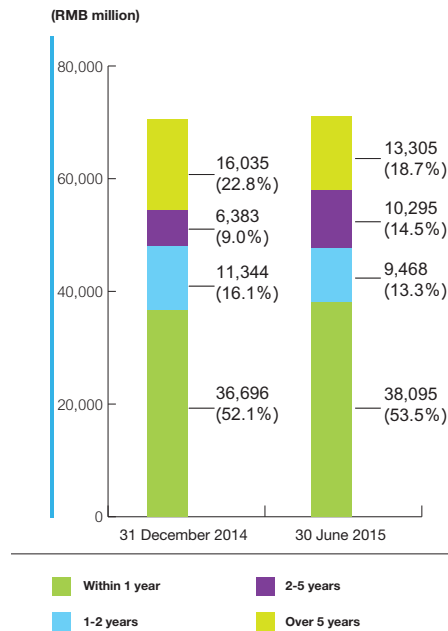
Borrowings and bills payable

As at 30 June 2015, the Group's outstanding balance of borrowings and bills payable amounted to RMB71,163 million, representing an increase of RMB705 million as compared with the balance of borrowings and bills payable of RMB70,458 million as at 31 December 2014. As at 30 June 2015, the Group's outstanding borrowings and bills including short-term borrowings and bills payable of RMB38,095 million (including long-term borrowings due within one year of RMB7,424 million and bills payable of RMB783 million) and long-term borrowings amounting to RMB33,068 million (including debentures payable of RMB9,750 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB63,757 million, borrowings denominated in U.S. dollars of RMB6,529 million and borrowings denominated in other foreign currencies of RMB94 million. As at 30 June 2015, the long-term liabilities with fixed interest rates of the Group including long-term borrowings with fixed interest rates of RMB1,467 million and corporate bonds with fixed interest rates of RMB9,750 million. As at 30 June 2015, the balance of bills payable issued by the Group amounted to RMB783 million.

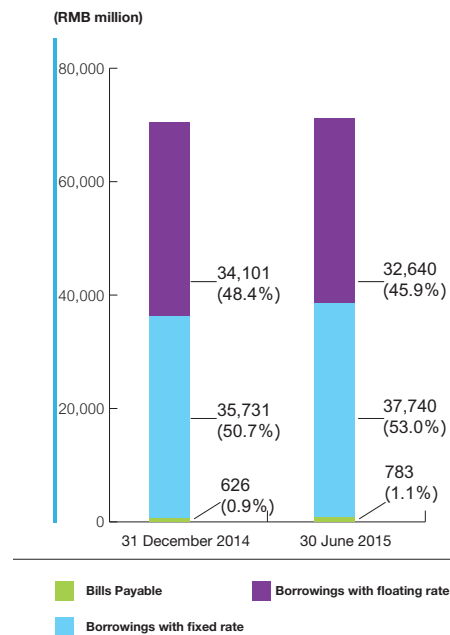
Borrowings and bills payable by category and proportions are set out in the diagram below:



Borrowings and bills payable by term and proportions are set out in the diagram below:



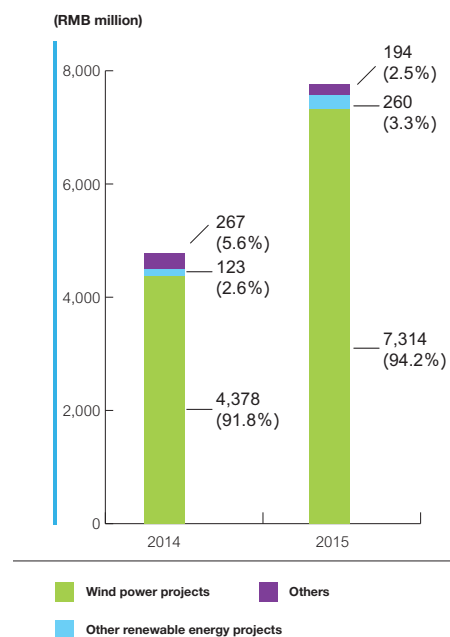
Borrowings and bills payable by interest rate structures and proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB7,768 million in the first half of 2015, representing an increase of 62.9% as compared with RMB4,768 million in the corresponding period of 2014, among which, the expenditures for the construction of wind power projects amounted to RMB7,314 million, and the expenditures for the construction of other renewable energy projects amounted to RMB260 million. The sources of funds mainly included the proceeds from borrowings from banks and other financial institutions and the issue of bonds.

Capital expenditures classified by use and proportions are set out in the diagram below:



Net gearing ratio

As at 30 June 2015, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by the sum of net debt and total equity, was 61.02%, representing a decrease of 1.26 percentage points from 62.28% as at 31 December 2014. This was primarily due to the similar debt structure and the increase in total equity of the Group in the first half of 2015.

Major investments

The Group made no major investment in the first half of 2015.

Material acquisitions and disposals

The Group had no material acquisition or disposal in the first half of 2015.

Pledged assets

The Group has pledged wind turbine equipment to secure certain bank loans. As at 30 June 2015, the aggregate net book value of the pledged assets amounted to RMB223 million, representing a decrease of 3.5% as compared with RMB231 million as at 31 December 2014. This was primarily due to the corresponding decrease in the net book value of pledged assets as a result of the depreciation of wind turbines.

Contingent liabilities/guarantees

As at 30 June 2015, the Group provided a RMB40 million guarantee for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 30 June 2015, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB13 million.



Cash flow analysis

As at 30 June 2015, cash at bank and on hand held by the Group amounted to RMB2,789 million, representing an increase of RMB400 million as compared with RMB2,389 million as at 31 December 2014. The principal sources of funds of the Group mainly include cash inflow generated from operating activities, the issuance of corporate bonds and bank loans. The Group mainly used the funds for the construction of projects and repayment of borrowings.

The net cash inflow of the Group's operating activities amounted to RMB8,954 million in the first half of 2015, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses.

The net cash outflow from investing activities of the Group for the first half of 2015 was RMB7,289 million. The cash outflow for investment activities were mainly used for the construction of wind power project.

The net cash outflow from financing activities of the Group for the first half of 2015 was RMB1,258 million. The cash inflow from financing activities was mainly generated from the issue of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group's investments are carried out abroad and a small amount of its loans are denominated in foreign currencies, therefore fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group closely monitors and analyses the fluctuations in the foreign exchange rate, reasonably designs approaches to use foreign currencies, reduces cross exchanges transaction and adopts various approaches to reinforce risk management of the currency exchange rate.



III. PROSPECT IN THE SECOND HALF OF 2015

In the second half of 2015, the general business guidelines of the Group are as follows: to vigorously follow and implement the purport of the 2015 interim working conference of the Group, take the “One, Five and Five (一五五)” core strategy as guidance, stress “double enhancements (雙提升)”, stick to “eight focuses (八個注重)”, pursue “four first-classes (四個一流)” and carry out the activity of “year for improvement of normalized and standardized management” in a deep-going way, so as to strengthen operation and management, deepen reform and innovation, promote advantageous development, comprehensively enhance the Company’s comprehensive strength and competitiveness, and speed up building a top tier international listed new energy company.

In order to ensure the completion of the annual targets, emphasis will be laid on the following aspects in the second half of the year:

1. Fully intensify the “double enhancements” to improve operation of stock assets

The Group will vigorously press ahead the “double enhancements (雙提升)” work and intensify the “double enhancements” from the perspective of cognition, connotation, reform, methodology and combination, so as to achieve the full enhancement of both management and economic benefits. The Group will consolidate the base for safe production, foster the concept of “comprehensive safety (大安全)”, establish the standardized system for safe production of wind power enterprises, and devote more efforts to implement safety production responsibility system. The regulations and rules as well as the anti-accident measures will be observed and implemented strictly while the education and training on safety will be strengthened. It will include the quality of equipment overhaul in the evaluation standards for a star-level enterprise, thus building a safety culture featuring “caring for life”. By capturing every single kWh of electricity, the Group will spare no efforts to increase power generation and explore new markets, continuously reinforce the benchmarking of power generation, fully respond to power curtailment, and strengthen management of equipment to actively maximize power generation. Meanwhile, the Group will enhance operation and management of assets, put more efforts to raise low-cost funds at home and abroad, and deepen the dynamic management of the existing interest-bearing debts while further controlling the losses, speeding up the collection of historical subsidies receivable, strengthening operation and management of thermal power business, improving operation conditions of other renewable energy business, and enhancing production and operation capacity.



2. Strengthen efficiency awareness and enhance the development quality of incremental assets

The Group will stably develop quality resources, stress strategic guidance, strengthen and deepen high-quality resource reserve, speed up approval of projects, vigorously press ahead cooperation and development, and expedite the implementation of “going-global” strategy, so as to facilitate the diversified development. In respect of the preliminary works, the Group will improve the work quality, maximize the input effort of the preliminary work, and intensify the benchmarking management. Meanwhile, it will conscientiously carry out post-project evaluation, and improve the technology level of selection of micro-sites and generating units. Project progress control, schedule management, equipment supply and site management will be strengthened to ensure completion of the projects as scheduled. Aiming to build high quality fine projects, the Group will enhance management of safety and quality, strictly control the project costs, and fully leverage the function of audit and supervision so as to commence the construction of the South Africa project in compliance with high standards.

3. Intensify reform of system and mechanism and upgrade corporate management standards

The Group will cement the fundamental management in an all-round way. By leveraging the opportunity arising from the “year for improvement of normalized and standardized management (規範化、標準化管理提升年)”, it will fully streamline its regulations, rules and working procedures of the Company, standardize the management of spare parts, and build a technical supervision system with wind power features, thus managing the Company in full compliance with laws, regulating the management of overseas projects and properly maintaining the investor relations. Further, it will innovate management system and mechanism, vigorously press ahead the localization of the “world leading” management standards, continuously carry out innovation and reform of performance assessment mechanism, standardize the organisation structure and the allocation of personnel of the wind power enterprises, and fully promote the standardization of “six types” of work groups. The Group will innovate in mechanism for selection and allocation of personnel, make greater effort to build leadership group, regulate remuneration management, reinforce building of professional and skilled talents team and strengthen education and training of employees. By implementing the technological innovation-driven mechanism and accelerating the construction of wind power “big data” center, it will make significant endeavors in consolidation of technology resources, addressing of challenges from key projects, and application of technological achievements. Entities providing technology services will play a leading role in the technological work and serve as technical backbones.



4. Strengthen ideological and political work for Party building and create harmonious atmosphere

The Group will comprehensively strengthen the building of Party organisations, proactively carry out education on the theme of “Three Stricts and Three Earnests (三嚴三實)”, enhance the construction of the grass-root organizations and deepen the anti-corruption initiatives. In addition, it will endeavour to build a happy Longyuan, comprehensively promote the construction of “interior quality and exterior image (內強素質、外樹形象)”, vigorously carry out the projects for the benefits of the people, diversify the forms of Labor Union activities, and be fully prepared for the skill competition on wind power operation and inspection.



CORPORATE GOVERNANCE

The Company has committed itself to enhancing corporate governance standard and regarded corporate governance as an indispensable part to create values for shareholders. The Company has established a modern corporate governance structure which comprises a number of independently operated and effectively balanced bodies including general meetings, the Board, the supervisory board and senior management with reference to the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules. The Company has also adopted the Corporate Governance Code as its own corporate governance practices.

COMPLIANCE WITH THE REQUIREMENTS OF APPENDIX 14 OF THE LISTING RULES

On 29 May 2015, the Company held the 2014 annual general meeting. Mr. Wang Baole, the non-executive Director, Mr. Huang Qun, the executive Director and Mr. Meng Yan, the independent non-executive Director, who were incumbent on the date when the annual general meeting was held, attended the abovementioned annual general meeting. Mr. Qiao Baoping (Chairman of the Board), Mr. Shao Guoyong and Mr. Chen Jingdong, non-executive Directors, Mr. Li Enyi, the executive Director, Mr. Zhang Songyi and Mr. Han Dechang, independent non-executive Directors, were absent from the abovementioned annual general meeting due to business engagement. Save as disclosed above, from 1 January 2015 to 30 June 2015, the Company had fully complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Upon specific enquiries to the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.



BOARD DIVERSITY POLICY

The Company firmly believes that increasing diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. Thus, the Company developed the Board Diversity Policy in October 2013 that, to determine the Board's composition, the Company should consider board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the value and contribution the selected candidates would bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination committee will report annually, in the Annual Report, on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, and review this Policy, as appropriate, to ensure the effectiveness of this Policy. The nomination committee will discuss any revisions of Board Diversity Policy that may be required, and recommend any such revisions to the Board for consideration and approval.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or relevant financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive Directors, namely, Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.



AUDIT COMMITTEE

The Company has established the audit committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company, oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors, review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures, formulate and implement policies in relation to non-audit services provided by external auditors, oversee the quality of internal audit and disclosure of financial information of the Company, review interim and annual financial statements before submission to the Board and oversee the financial reporting system and internal control procedures of the Company, evaluate the effectiveness of the internal control and risk management system to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have been trained with sufficient qualifications and experience and are provided with regular training programmes or other similar arrangement.

The audit committee of the Board consists of three Directors: Mr. Meng Yan (independent non-executive Director), Mr. Zhang Songyi (independent non-executive Director) and Mr. Shao Guoyong (non-executive Director). Mr. Meng Yan serves as the chairman of the audit committee.

On 18 August 2015, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2015, the 2015 interim report and the unaudited interim financial statements for the six months ended 30 June 2015 prepared under International Accounting Standards 34, *Interim financial reporting*.



OTHER INFORMATION

SHARE CAPITAL

As of 30 June 2015, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the reporting period.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND SUPERVISORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

On 30 June 2015, none of the Directors or supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2015, so far as known to the Directors, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

| Name of Shareholder | Class of Share | Capacity | Number of Shares/ Underlying Shares Held (Share) | Percentage in the Relevant Class of Share Capital (Note 1)(%) | Percentage in the Total Share Capital (Note 1)(%) |
|--|-----------------|---|---|--|--|
| Guodian Group | Domestic shares | Beneficial owner and interest of corporation controlled by substantial shareholders | 4,696,360,000 (Note 2) (Long position) | 100 | 58.44 |
| Wellington Management Group LLP | H shares | Interest of corporation controlled by substantial shareholders | 331,128,951 (Note 3) (Long position) | 9.91 | 4.12 |
| JPMorgan Chase & Co. | H shares | Beneficial owner, investment manager and custodian | 266,416,660 (Note 4) (Long position) | 7.97 | 3.32 |
| JPMorgan Chase & Co. | H shares | Beneficial owner | 1,362,000 (Note 5) (Short position) | 0.04 | 0.02 |
| JPMorgan Chase & Co. | H shares | Custodian | 131,210,618 (Note 6) (interest in a lending pool) | 3.92 | 1.63 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial shareholders | 240,377,051 (Note 7) (Long position) | 7.20 | 2.99 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial shareholders | 5,566,000 (Note 8) (Short position) | 0.17 | 0.07 |
| National Council for Social Security Fund (全國社會保障基金理事會) | H shares | Beneficial owner | 233,758,000 (Long position) | 6.99 | 2.91 |



OTHER INFORMATION

Notes:

1. The percentage is based on the issued number of the relevant class of shares/total issued shares of the Company as at 30 June 2015.
2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by Guodian Group while the remaining 93,927,200 domestic shares were held by Guodian Northeast Electric Power Co., Ltd., a subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the holder of the equity interests owned by Guodian Northeast Electric Power Co., Ltd.
3. Among the 331,128,951 shares, 278,431,561 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 1,064,390 H shares were held by Wellington Management Hong Kong Ltd, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 51,633,000 H shares were held by Wellington Management International Ltd, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.
4. Among these 266,416,660 H shares, 131,210,618 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., 1,497 H shares were held by J.P. Morgan Securities plc, an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co., 5,973 H shares were held by J.P. Morgan Clearing Corp, a wholly-owned subsidiary of JPMorgan Chase & Co., 54,000 H shares were held by J.P. Morgan Investment Management Inc., a wholly-owned subsidiary of JPMorgan Chase & Co., 5,742,000 H shares were held by JF International Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 87,341,000 H shares were held by JF Asset Management Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 4,715,000 H shares were held by JPMorgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 10,139,000 H shares were held by China International Fund Management Co Ltd, an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co. and 27,207,572 H shares were held by J.P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.
5. These 1,362,000 H shares were held by J.P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., accordingly, JPMorgan Chase & Co. was deemed as the holder of short position in H shares owned by its aforesaid subsidiary.
6. These 131,210,618 H shares in lending pool were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., accordingly, JPMorgan Chase & Co. was deemed as the holder of H shares in lending pool owned by its aforesaid subsidiary.



7. Among these 240,377,051 H shares, 1,532,300 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 326,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 39,612,946 H Shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 48,426,000 H Shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 500,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 465,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 367,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 2,264,526 H shares were held by BlackRock Asset Management North Asia Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,521,000 H shares were held by BlackRock Japan Co., Ltd., an indirect wholly-owned subsidiary of BlackRock, Inc., 2,459,000 H shares were held by BlackRock (Netherlands) B.V., an indirect wholly-owned subsidiary of BlackRock, Inc., 50,884,299 H shares were held by BlackRock Advisors (UK) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 1,952,000 H shares were held by BlackRock International Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 21,335,032 H shares were held by BlackRock Asset Management Ireland Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 14,000 H shares were held by BlackRock Asset Management (Schweiz) AG, an indirect wholly-owned subsidiary of BlackRock, Inc., 56,697,000 H shares were held by BlackRock (Luxembourg) S.A., an indirect wholly-owned subsidiary of BlackRock, Inc., 1,711,000 H shares were held by BlackRock Fund Managers Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 8,213,748 H shares were held by BlackRock Investment Management (UK) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc.. Accordingly, BlackRock, Inc. was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.
8. Among these 5,566,000 H shares, 4,349,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 45,000 H shares were held by BlackRock (Luxembourg) S.A., an indirect wholly-owned subsidiary of BlackRock, Inc., and 1,172,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc.. Accordingly, BlackRock, Inc. was deemed as the holder of the short position in H shares owned by its aforesaid subsidiaries.



EMPLOYEES

As at 30 June 2015, the Group had a total of 6,700 employees. The employee remuneration of the Group comprises basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment on the employees.

MATERIAL LITIGATION

In February 2015, the Company and/or some of its subsidiaries, namely, Longyuan (Naiman) Wind Power Generation Co., Ltd. (龍源(奈曼)風力發電有限公司), Longyuan (Jiuquan) Wind Power Generation Co., Ltd. (龍源(酒泉)風力發電有限公司), Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. (龍源(張家口)風力發電有限公司), Longyuan (Siziwang) Wind Power Generation Co., Ltd. (龍源(四子王)風力發電有限公司), Longyuan (Keyouzhong Banner) Wind Power Generation Co., Ltd. (龍源(科右中旗)風力發電有限公司), Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. (龍源(興安盟)風力發電有限公司) and Longyuan (Bayannur) Wind Power Generation Co., Ltd. (龍源(巴彥淖爾)風力發電有限責任公司) (collectively the "Underlying Subsidiaries"), received the Arbitration Acceptance Notices from China International Economic and Trade Arbitration Commission (the "CIETAC"), which informed that Sinovel Wind Group Co., Ltd. (華銳風電科技(集團)股份有限公司) ("Sinovel Wind") had submitted arbitration applications to the CIETAC, requesting the Company and/or the Underlying Subsidiaries to make the payment of relevant consideration and interests as agreed in the contracts entered into between Sinovel Wind and the Underlying Subsidiaries, with the amounts to be paid aggregated to approximately RMB415 million (excluding of interests and attorney's fees). From February to March 2015, the Company submitted to the CIETAC the Jurisdiction Objection Application, and the Underlying Subsidiaries successively applied to the CIETAC for the extension of the time limit for defense, objection and designation of arbitrator. From April to June 2015, the Company received the notices from the CIETAC in relation to Sinovel Wind's cancellation of all the application mentioned above in succession. As at 9 June 2015, the Company has received the Decision on Cancellation of Arbitration, informing the CIETAC's decisions on the cancellation of the above 7 cases.

Save as disclosed above, as at 30 June 2015, the Group was not involved in any material litigation or arbitration. So far as known to the Directors, no material litigation or claims are pending or threatened against the Group.



REVIEW REPORT

**Review report to the board of directors
of China Longyuan Power Group Corporation Limited***
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 50 to 95, which comprises the consolidated statement of financial position of China Longyuan Power Group Corporation Limited as at 30 June 2015, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standards on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 August 2015

* For identification purpose only



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | Note | Six months ended 30 June | |
|--|------|--------------------------|--|
| | | 2015 RMB'000 | 2014 RMB'000 (restated – note 22) |
| Revenue | 5 | 10,540,624 | 9,008,071 |
| Other net income | 6 | 209,900 | 217,590 |
| Operating expenses | | | |
| Depreciation and amortisation | | (2,682,972) | (2,415,935) |
| Coal consumption | | (760,632) | (892,660) |
| Coal sales costs | | (1,060,412) | (1,076,539) |
| Service concession construction costs | | (381,050) | (20,461) |
| Personnel costs | | (547,812) | (495,715) |
| Material costs | | (187,857) | (180,472) |
| Repairs and maintenance | | (205,711) | (190,504) |
| Administration expenses | | (134,052) | (114,774) |
| Other operating expenses | | (366,351) | (239,453) |
| | | (6,326,849) | (5,626,513) |
| Operating profit | | 4,423,675 | 3,599,148 |
| Finance income | | 131,594 | 63,007 |
| Finance expenses | | (1,541,009) | (1,650,657) |
| Net finance expenses | 7 | (1,409,415) | (1,587,650) |
| Share of profits less losses of associates and joint ventures | | 223,669 | 166,884 |
| Profit before taxation | 8 | 3,237,929 | 2,178,382 |
| Income tax | 9 | (362,791) | (286,688) |
| Profit for the period | | 2,875,138 | 1,891,694 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | | Six months ended 30 June | |
|---|------|---------------------------------|--|
| | Note | 2015 RMB'000 | 2014 RMB'000 (restated – note 22) |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange difference on translation of Senior Perpetual Securities (note 23) | | (1,055) | 23,480 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale financial assets: net movement in the fair value reserve | | 4,259 | 293 |
| Exchange difference on net investment | | (26,990) | 15,535 |
| Exchange difference on translation of financial statements of overseas subsidiaries | | (31,083) | (160) |
| | | (53,814) | 15,668 |
| Other comprehensive income for the period, net of tax | 10 | (54,869) | 39,148 |
| Total comprehensive income for the period | | 2,820,269 | 1,930,842 |
| Profit attributable to: | | | |
| Shareholders of the Company | | 2,206,743 | 1,366,497 |
| Non-controlling interests | | 668,395 | 525,197 |
| Profit for the period | | 2,875,138 | 1,891,694 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the Company | | 2,152,929 | 1,382,165 |
| Non-controlling interests | | 667,340 | 548,677 |
| Total comprehensive income for the period | | 2,820,269 | 1,930,842 |
| Basic and diluted earnings per share (RMB cents) | 11 | 27.46 | 17.00 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | Note | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|------|--|-----------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 93,028,073 | 88,306,598 |
| Investment properties | | 4,700 | 4,878 |
| Lease prepayments | | 1,971,728 | 1,872,602 |
| Intangible assets | 13 | 8,683,974 | 8,529,856 |
| Goodwill | | 11,541 | 11,541 |
| Investments in associates and joint ventures | | 3,836,106 | 3,602,146 |
| Other assets | 14 | 5,900,727 | 6,282,480 |
| Deferred tax assets | | 157,295 | 154,728 |
| Total non-current assets | | 113,594,144 | 108,764,829 |
| Current assets | | | |
| Inventories | | 1,072,317 | 1,017,073 |
| Trade debtors and bills receivable | 15 | 5,823,733 | 6,410,610 |
| Prepayments and other current assets | 16 | 3,434,008 | 4,072,194 |
| Tax recoverable | | 194,259 | 202,027 |
| Trading securities | | 95,512 | 222,639 |
| Restricted deposits | | 111,078 | 439,512 |
| Cash at bank and on hand | 17 | 2,789,303 | 2,388,971 |
| Total current assets | | 13,520,210 | 14,753,026 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | Note | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|-------|--|-----------------------------------|
| Current liabilities | | | |
| Borrowings | 18(b) | 37,312,309 | 36,069,670 |
| Trade creditors and bills payable | 19 | 1,159,974 | 1,020,623 |
| Other payables | 20 | 9,640,623 | 9,038,981 |
| Tax payable | | 159,694 | 112,165 |
| Derivative financial instrument | | 2,527 | 6,319 |
| Total current liabilities | | 48,275,127 | 46,247,758 |
| Net current liabilities | | (34,754,917) | (31,494,732) |
| Total assets less current liabilities | | 78,839,227 | 77,270,097 |
| Non-current liabilities | | | |
| Borrowings | 18(a) | 33,067,982 | 33,762,179 |
| Deferred income | | 1,753,331 | 1,790,056 |
| Deferred tax liabilities | | 107,214 | 106,667 |
| Other non-current liabilities | | 724,705 | 761,755 |
| Total non-current liabilities | | 35,653,232 | 36,420,657 |
| NET ASSETS | | 43,185,995 | 40,849,440 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | <i>Note</i> | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|---|-------------|--|-----------------------------------|
| CAPITAL AND RESERVES | | | |
| Share capital | 21(b) | 8,036,389 | 8,036,389 |
| Reserves | | 26,694,006 | 25,020,849 |
| Total equity attributable to the shareholders of the Company | | 34,730,395 | 33,057,238 |
| Non-controlling interests | | 8,455,600 | 7,792,202 |
| TOTAL EQUITY | | 43,185,995 | 40,849,440 |

Authorised for issue by the board of directors on 18 August 2015.

Qiao Baoping

Chairman

Li Enyi

Executive Director

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| Note | Attributable to the shareholders of the Company | | | | | | Non-controlling interests | | | Total equity | |
|--|---|-------------------|------------------|-------------------|--------------------|-------------------|---------------------------|----------------------|------------------|------------------|-------------------|
| | Share capital | Capital reserve | Statutory | | Fair value reserve | Retained earnings | Subtotal | Senior | | | |
| | | | surplus reserve | Exchange reserve | | | | Perpetual Securities | Others | | |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | | (note 21(c)(i)) | (note 21(c)(ii)) | (note 21(c)(iii)) | (note 21(c)(iv)) | | | (note 23) | | | |
| At 1 January 2015 | 8,036,389 | 14,667,300 | 574,422 | (92,828) | 6,298 | 9,865,657 | 33,057,238 | 2,416,330 | 5,375,872 | 7,792,202 | 40,849,440 |
| Changes in equity: | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 2,206,743 | 2,206,743 | 70,643 | 597,752 | 668,395 | 2,875,138 |
| Other comprehensive income | - | - | - | (58,073) | 4,259 | - | (53,814) | (1,055) | - | (1,055) | (54,869) |
| Total comprehensive income | - | - | - | (58,073) | 4,259 | 2,206,743 | 2,152,929 | 69,588 | 597,752 | 667,340 | 2,820,269 |
| Capital contributions | - | - | - | - | - | - | - | - | 301,726 | 301,726 | 301,726 |
| Appropriation | - | - | 203,640 | - | - | (203,640) | - | - | - | - | - |
| Dividends by subsidiaries to non-controlling equity owners | - | - | - | - | - | - | - | - | (235,025) | (235,025) | (235,025) |
| Dividends to shareholders of the Company | 21(a) | - | - | - | - | (479,772) | (479,772) | - | - | - | (479,772) |
| Interest payment for Senior Perpetual Securities | - | - | - | - | - | - | - | (70,643) | - | (70,643) | (70,643) |
| At 30 June 2015 | 8,036,389 | 14,667,300 | 778,062 | (150,901) | 10,557 | 11,388,988 | 34,730,395 | 2,415,275 | 6,040,325 | 8,455,600 | 43,185,995 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| Note | Attributable to the shareholders of the Company | | | | | | | Non-controlling interests | | | Total equity |
|--|---|-----------------|---------------------------|-------------------|--------------------|-------------------|------------|-----------------------------|-----------|-----------|--------------|
| | Share capital | Capital reserve | Statutory surplus reserve | Exchange reserve | Fair value reserve | Retained earnings | Subtotal | Senior Perpetual Securities | Others | Subtotal | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (note 21(c)(i)) | (note 21(c)(ii)) | (note 21(c)(iii)) | (note 21(c)(iv)) | | | (note 23) | | | |
| At 1 January 2014 (as previously reported) | 8,036,389 | 14,667,546 | 452,795 | (56,559) | (1,021) | 7,808,883 | 30,908,033 | 2,406,927 | 4,725,409 | 7,132,336 | 38,040,369 |
| Effect on acquisition of business under common control | - | 43,350 | - | - | - | 2,119 | 45,469 | - | 43,685 | 43,685 | 89,154 |
| At 1 January 2014 (as restated) | 8,036,389 | 14,710,896 | 452,795 | (56,559) | (1,021) | 7,811,002 | 30,953,502 | 2,406,927 | 4,769,094 | 7,176,021 | 38,129,523 |
| Changes in equity: | | | | | | | | | | | |
| Profit for the period (as restated) | - | - | - | - | - | 1,366,497 | 1,366,497 | 70,742 | 454,455 | 525,197 | 1,891,694 |
| Other comprehensive income | - | - | - | 15,375 | 293 | - | 15,668 | 23,480 | - | 23,480 | 39,148 |
| Total comprehensive income | - | - | - | 15,375 | 293 | 1,366,497 | 1,382,165 | 94,222 | 454,455 | 548,677 | 1,930,842 |
| Capital contributions | - | - | - | - | - | - | - | - | 62,077 | 62,077 | 62,077 |
| Appropriation | - | - | 121,627 | - | - | (121,627) | - | - | - | - | - |
| Dividends by subsidiaries to non-controlling equity owners | - | - | - | - | - | - | - | - | (389,489) | (389,489) | (389,489) |
| Dividends to shareholders of the Company | 21(a) | - | - | - | - | (381,728) | (381,728) | - | - | - | (381,728) |
| Interest payment for Senior Perpetual Securities | - | - | - | - | - | - | - | (70,742) | - | (70,742) | (70,742) |
| Effect on acquisition of business under common control | - | 2,040 | - | - | - | - | 2,040 | - | 1,960 | 1,960 | 4,000 |
| At 30 June 2014 (as restated) | 8,036,389 | 14,712,936 | 574,422 | (41,184) | (728) | 8,674,144 | 31,955,979 | 2,430,407 | 4,898,097 | 7,328,504 | 39,284,483 |

The notes on pages 59 to 95 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | Attributable to the shareholders of the Company | | | | | | Non-controlling interests | | | Total equity | |
|--|---|-------------------|---------------------------|-------------------|--------------------|-------------------|---------------------------|-----------------------------|------------------|------------------|-------------------|
| | Share capital | Capital reserve | Statutory surplus reserve | Exchange reserve | Fair value reserve | Retained earnings | Subtotal | Senior Perpetual Securities | Others | | Subtotal |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (note 21(c)(i)) | (note 21(c)(ii)) | (note 21(c)(iii)) | (note 21(c)(iv)) | | | (note 23) | | | |
| At 30 June 2014 (as previously reported) | 8,036,389 | 14,667,546 | 574,422 | (41,184) | (728) | 8,670,940 | 31,907,385 | 2,430,407 | 4,851,409 | 7,281,816 | 39,189,201 |
| Effect on acquisition of business under common control | - | 45,390 | - | - | - | 3,204 | 48,594 | - | 46,688 | 46,688 | 95,282 |
| At 30 June 2014 (as restated) | <u>8,036,389</u> | <u>14,712,936</u> | <u>574,422</u> | <u>(41,184)</u> | <u>(728)</u> | <u>8,674,144</u> | <u>31,955,979</u> | <u>2,430,407</u> | <u>4,898,097</u> | <u>7,328,504</u> | <u>39,284,483</u> |
| Changes in equity: | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 1,191,513 | 1,191,513 | 70,352 | 397,885 | 468,237 | 1,659,750 |
| Other comprehensive income | - | - | - | (51,644) | 7,026 | - | (44,618) | (14,077) | - | (14,077) | (58,695) |
| Total comprehensive income | - | - | - | (51,644) | 7,026 | 1,191,513 | 1,146,895 | 56,275 | 397,885 | 454,160 | 1,601,055 |
| Capital contributions | - | - | - | - | - | - | - | - | 115,786 | 115,786 | 115,786 |
| Dividends by subsidiaries to non-controlling equity owners | - | - | - | - | - | - | - | - | (68,290) | (68,290) | (68,290) |
| Interest payment for Senior Perpetual Securities | - | - | - | - | - | - | - | (70,352) | - | (70,352) | (70,352) |
| Effect on acquisition of business under common control | - | (45,636) | - | - | - | - | (45,636) | - | 5,880 | 5,880 | (39,756) |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | 26,514 | 26,514 | 26,514 |
| At 31 December 2014 (as restated) | <u>8,036,389</u> | <u>14,667,300</u> | <u>574,422</u> | <u>(92,828)</u> | <u>6,298</u> | <u>9,865,657</u> | <u>33,057,238</u> | <u>2,416,330</u> | <u>5,375,872</u> | <u>7,792,202</u> | <u>40,849,440</u> |

The notes on pages 59 to 95 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2015 – Unaudited (Expressed in Renminbi unless otherwise stated)

| | | Six months ended 30 June | |
|--|------|--------------------------|--|
| | Note | 2015 RMB'000 | 2014 RMB'000 (restated – note 22) |
| Operating activities | | | |
| Cash generated from operations | | 9,265,127 | 6,565,439 |
| Tax paid | | (310,913) | (314,295) |
| Net cash generated from operating activities | | 8,954,214 | 6,251,144 |
| Investing activities | | | |
| Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets | | (7,158,221) | (6,424,616) |
| Loan to an associate | | (80,000) | (2,000,000) |
| Payments for investments in associates and joint ventures | | (30,000) | (622,487) |
| Other cash (used in)/arising from investing activities | | (20,620) | 160,458 |
| Net cash used in investing activities | | (7,288,841) | (8,886,645) |
| Financing activities | | | |
| Proceeds from borrowings | | 21,363,884 | 23,626,738 |
| Repayment of borrowings | | (20,732,090) | (18,048,459) |
| Interest paid for borrowings | | (1,762,916) | (1,670,666) |
| Other cash flows used in financing activities | | (127,046) | (383,921) |
| Net cash (used in)/generated from financing activities | | (1,258,168) | 3,523,692 |
| Net increase in cash and cash equivalents | | 407,205 | 888,191 |
| Cash and cash equivalents at 1 January | 17 | 2,388,971 | 2,719,319 |
| Effect of foreign exchange rate changes | | (6,873) | 1,112 |
| Cash and cash equivalents at 30 June | 17 | 2,789,303 | 3,608,622 |

The notes on pages 59 to 95 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 9 July 2009 as a joint stock company with limited liability. The Company and its subsidiaries (the “Group”) are principally engaged in wind and coal power generation and sale, coal trading and other related business in the PRC.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 18 August 2015.

This interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group as at 30 June 2015 amounting to RMB34,754,917,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the unutilised banking facilities and the unutilised credit lines with banks as at 30 June 2015, the Group will have necessary liquid funds to finance its working capital and capital expenditure.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).



2 BASIS OF PREPARATION (CONTINUED)

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2015.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.
- Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not reportable in "All others". Revenue included in this category is mainly from manufacturing and sales of power equipment, biomass and solar power generation, provision of consulting services, and maintenance and training services to wind power plants.

(a) Segment results

In accordance with IFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.



4 SEGMENT REPORTING (CONTINUED)

(a) Segment results (Continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 is set out below:

For the six months ended 30 June 2015

| | Wind power RMB'000 | Coal power RMB'000 | All others RMB'000 | Total RMB'000 |
|--|-----------------------|-----------------------|-----------------------|-------------------|
| Revenue from external customers | | | | |
| – Sales of electricity | 6,713,141 | 1,647,735 | 216,616 | 8,577,492 |
| – Others | – | 1,407,950 | 174,132 | 1,582,082 |
| Subtotal | 6,713,141 | 3,055,685 | 390,748 | 10,159,574 |
| Inter-segment revenue | – | – | 347,798 | 347,798 |
| Reportable segment revenue | 6,713,141 | 3,055,685 | 738,546 | 10,507,372 |
| Reportable segment profit (operating profit) | 3,827,312 | 563,814 | 71,245 | 4,462,371 |
| Depreciation and amortisation before inter-segment elimination | (2,392,901) | (217,415) | (88,775) | (2,699,091) |
| Reversal of impairment of trade and other receivables | – | – | 1,691 | 1,691 |
| Interest income | 11,329 | 12,359 | 44,316 | 68,004 |
| Interest expense | (1,272,368) | (39,878) | (189,093) | (1,501,339) |
| Expenditures for reportable segment non-current assets during the period | 7,313,867 | 193,824 | 260,691 | 7,768,382 |



4 SEGMENT REPORTING (CONTINUED)

(a) Segment results (Continued)

For the six months ended 30 June 2014 (restated – note 22)

| | Wind power RMB'000 | Coal power RMB'000 | All others RMB'000 | Total RMB'000 |
|--|-----------------------|-----------------------|-----------------------|------------------|
| Revenue from external customers | | | | |
| – Sales of electricity | 5,605,968 | 1,641,170 | 276,568 | 7,523,706 |
| – Others | 25,499 | 1,357,488 | 80,917 | 1,463,904 |
| Subtotal | 5,631,467 | 2,998,658 | 357,485 | 8,987,610 |
| Inter-segment revenue | – | – | 142,869 | 142,869 |
| Reportable segment revenue | 5,631,467 | 2,998,658 | 500,354 | 9,130,479 |
| Reportable segment profit (operating profit) | 3,118,106 | 415,608 | 93,222 | 3,626,936 |
| Depreciation and amortisation before inter-segment elimination | (2,119,267) | (243,990) | (78,896) | (2,442,153) |
| Reversal of impairment of trade and other receivables | 332 | – | 169 | 501 |
| Interest income | 7,717 | 11,565 | 4,725 | 24,007 |
| Interest expense | (1,312,147) | (44,070) | (118,913) | (1,475,130) |
| Expenditures for reportable segment non-current assets during the period | 4,378,409 | 267,366 | 122,644 | 4,768,419 |



4 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenues, profit or loss

| | Six months ended 30 June | |
|--|--------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated</i> <i>– note 22)</i> |
| Revenue | | |
| Reportable segment revenue | 10,507,372 | 9,130,479 |
| Service concession construction revenue | 381,050 | 20,461 |
| Elimination of inter-segment revenue | <u>(347,798)</u> | <u>(142,869)</u> |
| Consolidated revenue | <u>10,540,624</u> | <u>9,008,071</u> |
| Profit | | |
| Reportable segment profit | 4,462,371 | 3,626,936 |
| Elimination of inter-segment profits | <u>2,303</u> | <u>11,379</u> |
| | 4,464,674 | 3,638,315 |
| Share of profits less losses of associates and joint ventures | 223,669 | 166,884 |
| Net finance expenses | (1,409,415) | (1,587,650) |
| Unallocated head office and corporate expenses | <u>(40,999)</u> | <u>(39,167)</u> |
| Consolidated profit before taxation | <u>3,237,929</u> | <u>2,178,382</u> |



4 SEGMENT REPORTING (CONTINUED)

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Seasonality of operations

The Group's wind power business generally generated more revenue in the first and fourth quarters, comparing to the second and third quarters in the year, as the wind speed is more preferential for power generation in Spring and Winter. As a result, the revenue from wind power business fluctuates during the year.

5 REVENUE

The amount of each significant category of revenue recognised during the period is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated</i> <i>– note 22)</i> |
| Sales of electricity | 8,577,492 | 7,523,706 |
| Sales of steam | 122,388 | 125,262 |
| Service concession construction revenue | 381,050 | 20,461 |
| Sales of electricity equipment | 106,560 | 40,209 |
| Sales of coal | 1,120,292 | 1,140,780 |
| Others | 232,842 | 157,653 |
| | 10,540,624 | 9,008,071 |



6 OTHER NET INCOME

| | Six months ended 30 June | |
|---|---------------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated</i> <i>– note 22)</i> |
| Government grants | 200,533 | 191,926 |
| Rental income from investment properties | 3,428 | 2,744 |
| Net gain on disposal of property, plant and equipment and lease prepayments | 348 | 956 |
| Penalty income from wind turbine suppliers (note (i)) | 282 | 10,423 |
| Others | 5,309 | 11,541 |
| | 209,900 | 217,590 |

Note:

- (i) Penalty income from wind turbine suppliers mainly represented compensations from a third party wind turbine supplier for revenue losses incurred due to the delay on delivery of the wind turbines and certain domestic spare parts of the wind turbines not running stably during the early stage of the operations.



7 FINANCE INCOME AND EXPENSES

| | Six months ended 30 June | |
|--|---------------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated</i> <i>– note 22)</i> |
| Interest income on financial assets | 68,004 | 24,007 |
| Dividend income from other investments | 208 | – |
| Net realised and unrealised gains on trading securities | 39,110 | – |
| Net unrealised gains on derivative financial instruments | – | 14,403 |
| Foreign exchange gains | 24,272 | 24,597 |
| Finance income | 131,594 | 63,007 |
| Interest on bank and other borrowings | 1,783,171 | 1,638,137 |
| Less: interest expenses capitalised into property, plant and equipment and intangible assets | (281,832) | (163,007) |
| | 1,501,339 | 1,475,130 |
| Foreign exchange losses | 14,412 | 62,598 |
| Net unrealised losses on derivative financial instruments | 2,527 | – |
| Net realised and unrealised losses on trading securities | – | 86,233 |
| Bank charges and others | 22,731 | 26,696 |
| Finance expenses | 1,541,009 | 1,650,657 |
| Net finance expenses recognised in profit or loss | (1,409,415) | (1,587,650) |



7 FINANCE INCOME AND EXPENSES (CONTINUED)

The borrowing costs have been capitalised at rates of 4.57% to 7.15% for the period ended 30 June 2015 (six months ended 30 June 2014: 2.52% to 7.15%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | Six months ended 30 June | |
|---------------------------------|--------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated</i> <i>– note 22)</i> |
| Amortisation | | |
| – lease prepayments | 39,535 | 29,373 |
| – intangible assets | 213,994 | 212,150 |
| Depreciation | | |
| – investment properties | 178 | 116 |
| – property, plant and equipment | 2,429,265 | 2,174,296 |
| Operating lease charges | | |
| – hire of plant and machinery | 30 | 96 |
| – hire of properties | 9,582 | 8,764 |
| Cost of inventories | 2,075,624 | 2,217,732 |



9 INCOME TAX

- (a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
| Current tax | | |
| Provision for the period | 361,688 | 278,611 |
| Under provision in respect of prior years | 4,522 | 33,533 |
| | <u>366,210</u> | <u>312,144</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | (3,419) | (25,456) |
| | <u>362,791</u> | <u>286,688</u> |



9 INCOMET TAX (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

| | Six months ended 30 June | |
|---|--------------------------|--|
| | 2015 RMB'000 | 2014 RMB'000 (restated – note 22) |
| Profit before taxation | 3,237,929 | 2,178,382 |
| Applicable tax rate | 25% | 25% |
| Notional tax on profit before taxation | 809,482 | 544,596 |
| Tax effect of non-deductible expenses | 4,903 | 11,375 |
| Tax effect of share of profits less losses of associates and joint ventures | (55,917) | (41,721) |
| Tax effect of non-taxable income | (52) | – |
| Effect of differential tax rate of certain subsidiaries of the Group (note (i)) | (432,836) | (304,971) |
| Use of unrecognised tax losses in prior years | (2,129) | (4,061) |
| Tax effect of unused tax losses and timing differences not recognised | 32,830 | 46,568 |
| Under provision in respect of prior years | 4,522 | 33,533 |
| Others | 1,988 | 1,369 |
| Income tax | 362,791 | 286,688 |

Note:

- (i) The provision for income tax of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group for the six months ended 30 June 2015 and the six months ended 30 June 2014, as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.



10 OTHER COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
| Items that will not be reclassified to profit or loss: | | |
| Exchange difference on translation of Senior Perpetual Securities | (1,055) | 23,480 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Available-for-sale financial assets: | | |
| Net movement in fair value reserve | | |
| – Before tax amount | | |
| Change in fair value recognised during the period | 5,679 | 390 |
| – Tax expense | (1,420) | (97) |
| Net of tax amount | 4,259 | 293 |
| Exchange difference on net investment | | |
| – Before and net of tax amount | (26,990) | 15,535 |
| Translation of financial statements | | |
| – Before and net of tax amount | (31,083) | (160) |
| | (53,814) | 15,668 |
| Other comprehensive income | (54,869) | 39,148 |



11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2015 of RMB2,206,743,000 (six months ended 30 June 2014 (restated – note 22): RMB1,366,497,000) and the number of shares in issue during the six months ended 30 June 2015 of 8,036,389,000 (six months ended 30 June 2014: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment of approximately RMB7,427,055,000 (six months ended 30 June 2014: approximately RMB4,552,790,000). Items of property, plant and equipment with net book value of approximately RMB4,038,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: approximately RMB1,186,000), resulting in a gain on disposal of approximately RMB348,000 (six months ended 30 June 2014: loss on disposal of approximately RMB594,000).

13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB8,504,624,000 (31 December 2014: approximately RMB8,333,432,000), software and other assets of approximately RMB179,350,000 (31 December 2014: approximately RMB196,424,000).

During the six months ended 30 June 2015, the additions of intangible assets mainly represent service concession assets of approximately RMB381,050,000 (six months ended 30 June 2014: approximately RMB20,461,000).



14 OTHER ASSETS

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|--|-----------------------------------|
| Other financial assets: | | |
| Available-for-sale investments, measured at fair value | 27,176 | 21,497 |
| Unquoted equity investments in non-listed companies, at cost (note (i)) | 711,024 | 711,024 |
| Loans and advances to: | | |
| – associates (note (ii)) | 2,092,790 | 2,103,790 |
| – non-controlling equity owner | 52,021 | – |
| Others | 1,237 | – |
| Subtotal | 2,884,248 | 2,836,311 |
| Deductible Value-added Tax (“VAT”) (note (iii)) | 3,016,479 | 3,446,169 |
| | 5,900,727 | 6,282,480 |

Notes:

- (i) Fair value for the unquoted equity investments has not been disclosed as the fair value cannot be measured reliably due to lack of an active market for those equity investments. As at 30 June 2015, the Group does not plan to dispose any of these equity investments.
- (ii) The loans to associates are designated loans and are unsecured, not past due as at balance sheet dates, and bear interest at rates of 4.00% to 5.08% per annum for the period ended 30 June 2015 (31 December 2014: 4.67% to 6.55%). The current portion is recorded in other current assets.
- (iii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets.



15 TRADE DEBTORS AND BILLS RECEIVABLE

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--------------------------------------|--|-----------------------------------|
| Amounts due from third parties | 5,695,203 | 6,192,631 |
| Amounts due from fellow subsidiaries | 110,826 | 204,205 |
| Amounts due from associates | 23,112 | 19,218 |
| | 5,829,141 | 6,416,054 |
| Less: allowance for doubtful debts | (5,408) | (5,444) |
| | 5,823,733 | 6,410,610 |

The ageing analysis of trade debtors and bills receivable of the Group is as follows:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|------------------------------------|--|-----------------------------------|
| Current | 5,819,744 | 6,405,554 |
| Past due within 1 year | 2,819 | 2,593 |
| Past due between 1 to 2 years | 1,810 | 4,248 |
| Past due between 2 to 3 years | 1,109 | 2,267 |
| Past due over 3 years | 3,659 | 1,392 |
| | 5,829,141 | 6,416,054 |
| Less: allowance for doubtful debts | (5,408) | (5,444) |
| | 5,823,733 | 6,410,610 |



16 PREPAYMENTS AND OTHER CURRENT ASSETS

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|---|-------------------------------|-----------------------------------|
| Loans and advances to (note (i)): | | |
| – associates and joint ventures | 490,474 | 863,857 |
| – China Guodian Corporation (“Guodian Group”) | 8,076 | 5,030 |
| – fellow subsidiaries | 664,137 | 508,662 |
| – third parties | 343,164 | 868,335 |
| Government grant receivables | 145,533 | 111,348 |
| Dividend receivable from associates | 3,459 | 7,092 |
| Deductible VAT | 1,589,685 | 1,559,472 |
| Prepayments and others | 240,042 | 200,615 |
| | 3,484,570 | 4,124,411 |
| Less: allowance for doubtful debts | (50,562) | (52,217) |
| | 3,434,008 | 4,072,194 |

Note:

- (i) Included in the loans and advances are interest bearing loans and advances of the Group amounted to RMB198,210,000 with annum interest rates of 5.09% to 6.00% as at 30 June 2015 (31 December 2014: RMB118,210,000, with annum interest rates of 6.00% to 6.12%).

17 CASH AT BANK AND ON HAND

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|---|-------------------------------|-----------------------------------|
| Cash on hand | 478 | 405 |
| Cash at bank and other financial institutions | 2,788,825 | 2,388,566 |
| | 2,789,303 | 2,388,971 |
| Representing: | | |
| Cash and cash equivalents | 2,789,303 | 2,388,971 |

18 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|-------------------------------|-----------------------------------|
| Bank loans | | |
| – Secured | 8,439,258 | 8,039,114 |
| – Unsecured | 16,715,549 | 16,194,563 |
| Loans from other financial institutions | | |
| – Secured | – | 2,400,970 |
| Loans from Guodian Group | | |
| – Unsecured | 1,000,000 | 1,000,000 |
| Loans from fellow subsidiaries | | |
| – Unsecured | 1,092,000 | 1,075,000 |
| Other borrowings (note 18(c)(i)) | | |
| – Secured | 6,979,234 | 6,976,330 |
| – Unsecured | 6,266,103 | 6,443,013 |
| | 40,492,144 | 42,128,990 |
| Less: Current portion of long-term borrowings (note 18(b)) | | |
| – Bank loans | (3,929,203) | (4,775,210) |
| – Other borrowings | (3,494,959) | (3,591,601) |
| | 33,067,982 | 33,762,179 |

As at 30 June 2015, the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB7,294,112,000 (31 December 2014: RMB9,716,586,000).



18 BORROWINGS (CONTINUED)

(b) The short-term interest-bearing borrowings comprise:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|--|-----------------------------------|
| Bank loans | | |
| – Secured | 1,691,820 | 1,621,798 |
| – Unsecured | 12,544,236 | 13,054,204 |
| Loans from other financial institutions | | |
| – Unsecured | 41,000 | 71,000 |
| Loans from fellow subsidiaries | | |
| – Unsecured | 110,000 | 463,000 |
| Other borrowings (note 18(c)(ii)) | | |
| – Unsecured | 15,500,000 | 12,491,584 |
| Loan from government | | |
| – Unsecured | 1,091 | 1,273 |
| Current portion of long-term borrowings (note 18(a)) | | |
| – Bank loans | 3,929,203 | 4,775,210 |
| – Other borrowings | 3,494,959 | 3,591,601 |
| | 37,312,309 | 36,069,670 |



18 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|-----------------------------|--|-----------------------------------|
| Long-term | | |
| Corporate bonds (note (i)) | 13,245,337 | 13,419,343 |
| Short-term | | |
| Corporate bonds (note (ii)) | 2,500,000 | 12,491,584 |
| Debentures (note (iii)) | 13,000,000 | – |

Notes:

- (i) On 9 February 2010, the Company issued unsecured corporate bonds of RMB1,600 million at par with a coupon rate of 4.52% per annum. The effective interest rate is 4.67% per annum. The bonds will be mature in seven years and are redeemable after five years of issuance at the option of the bond holders. In 2015, corporate bonds of RMB190 million were redeemed upon request of bond holders.

On 10 December 2010, the Company issued a five-year corporate bond of RMB2,000 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.15%, respectively.

On 21 January 2011, the Company issued a five-year corporate bond of RMB1,500 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.14%, respectively.

On 12 August 2013, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD300 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.61%.

On 3 October 2014, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD500 million at par with a coupon rate of 2.875% per annum. The effective interest rate is 3.32%.



18 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings (Continued)

Notes: (Continued)

- (ii) On 24 October 2014, the Company issued a one-year unsecured corporate bond of RMB2,500 million at par with a coupon rate of 4.60% per annum. The effective interest rate is 5.02% per annum.
- (iii) In 2015, the Company issued a series of short-term debentures amounting to RMB13,000 million at par with the coupon rate from 3.50% to 4.60% due in six months to nine months. The effective interest rates of these bonds are from 3.90% to 5.00%.

19 TRADE CREDITORS AND BILLS PAYABLE

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|------------------------------------|--|-----------------------------------|
| Bills payable | 783,328 | 576,253 |
| Creditors and accrued charges | 338,081 | 392,565 |
| Amounts due to associates | 15,203 | 51,805 |
| Amounts due to fellow subsidiaries | 23,362 | – |
| | <u>1,159,974</u> | <u>1,020,623</u> |

As at 30 June 2015 and 31 December 2014, all trade creditors and bills payable are payable and expected to be settled within one year.



20 OTHER PAYABLES

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|--|-----------------------------------|
| Payables for acquisition of property, plant and equipment | 5,566,957 | 5,088,080 |
| Payables for staff related costs | 253,030 | 303,591 |
| Payables for other taxes | 93,920 | 131,075 |
| Dividends payable | 671,361 | 314,693 |
| Receipts in advance | 125,023 | 134,614 |
| Amounts due to associates and joint ventures (note (i)) | 1,595,772 | 1,626,080 |
| Amounts due to fellow subsidiaries | 249,694 | 248,026 |
| Amounts due to Guodian Group | 54,851 | 35,286 |
| Other accruals and payables | 1,030,015 | 1,157,536 |
| | 9,640,623 | 9,038,981 |

Notes:

- (i) The amounts due to associates and joint ventures mainly represent payables to an associate for wind turbines purchased by the Group.
- (ii) All other payables are measured at amortised cost and expected to be settled or recognised as income within one year or are repayable on demand.



21 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to shareholders attributable to the interim period:

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB nil).

(ii) Dividends payable to shareholders attributable to the previous financial year, approved during the interim period:

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Final dividend in respect of the financial year ended 31 December 2014, approved during the following interim period, of RMB0.0597 per share (year ended 31 December 2013: RMB0.0475) | <u>479,772</u> | <u>381,728</u> |

(b) Share capital

| | At 30 June 2015 | At 31 December 2014 |
|---|--------------------|------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Issued and fully paid: | | |
| 4,696,360,000 state-owned domestic shares of RMB1.00 each | 4,696,360 | 4,696,360 |
| 3,340,029,000 H shares of RMB1.00 each | <u>3,340,029</u> | <u>3,340,029</u> |
| | <u>8,036,389</u> | <u>8,036,389</u> |



21 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the initial public offering in December 2009 and the share placing in December 2012.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by Guodian Group, the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of acquisition of businesses under common control and acquisition of non-controlling interests.

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB and the foreign exchange difference on the net investment in foreign operations of the Group.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date.



22 ACQUISITION OF BUSINESS

On 29 December 2014, the Company entered into an equity transfer agreement with Guodian Group. Pursuant to the equity transfer agreement, the Company acquired equity interest held by Guodian Group in the wind power business at a cash consideration of RMB58,954,000. Details are as follows:

| Business name | Acquisition date | Percentage of interest acquired |
|--|-------------------------|--|
| Guodian Chongqing Wind Power Development Co., Ltd. | 29 December 2014 | 51% |

Details of the restatement of the Group's consolidated financial statements are as follows:

| | The Group (as previously reported) <i>RMB'000</i> | Acquired Business <i>RMB'000</i> | Elimination <i>RMB'000</i> | The Group (as restated) <i>RMB'000</i> |
|---|---|--|--------------------------------------|--|
| Results of operations for the period ended 30 June 2014: | | | | |
| Operating profit | 3,588,472 | 10,676 | – | 3,599,148 |
| Profit for the period | 1,889,566 | 2,128 | – | 1,891,694 |
| Profit attributable to: | | | | |
| – Shareholders of the Company | 1,365,412 | 2,128 | (1,043) | 1,366,497 |
| – Non-controlling interests | 524,154 | – | 1,043 | 525,197 |
| Basic and diluted earnings per share (<i>RMB cents</i>) | 16.99 | 0.01 | – | 17.00 |



23 SENIOR PERPETUAL SECURITIES

On 7 December 2012, a subsidiary of the Company (the “Issuer”) issued US\$400,000,000 senior perpetual securities at initial interest rate of 5.25% (“Senior Perpetual Securities”). The Senior Perpetual Securities were issued for general corporate funding purposes to develop and expand the Group’s investment in new energy businesses and for the Group’s working capital needs. Coupon payments of 5.25% per annum on the Senior Perpetual Securities are paid semi-annually in arrears from 7 June 2013 and may be deferred at the discretion of the Group. The Senior Perpetual Securities have no fixed maturity and are callable at the Group’s option on or after 7 December 2015 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 7 December 2015, the coupon rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 4.912 per cent., (b) the U.S. Treasury Rate and (c) a margin of 5.00 per cent. per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

The Company and Guodian Group each issued a Company Keepwell Deed and a Company Equity Interest Purchase Undertaking to the trustee of the Senior Perpetual Securities. Under the Company Keepwell Deed, the Company and Guodian Group will undertake to cause the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any payment in respect of the Senior Perpetual Securities. Under the Company Equity Interest Purchase Undertaking, the Company and Guodian Group agrees that, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorisations from the relevant approval authorities, the Company and Guodian Group will purchase the equity interests in certain of the direct or indirect owned PRC-established subsidiaries of the Issuer upon receiving a purchase notice from the trustee.



24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs



24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(CONTINUED)

(a) Financial instruments carried at fair value (Continued)

(i) Fair value hierarchy (Continued)

| | Fair value measurements as at 30 June 2015 categorised into | | | |
|---|--|--|--|---|
| | Fair value at 30 June 2015 RMB'000 | Quoted prices in active market for identical assets (Level 1) RMB'000 | Significant other observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 |
| Recurring fair value measurement | | | | |
| Financial assets: | | | | |
| Available-for-sale equity securities | | | | |
| – listed | 27,176 | 27,176 | – | – |
| Trading securities | 95,512 | 95,512 | – | – |
| Financial liabilities: | | | | |
| Derivative financial instruments | | | | |
| – Forward exchange contracts | 2,527 | – | 2,527 | – |



24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(CONTINUED)

(a) Financial instruments carried at fair value (Continued)

(i) Fair value hierarchy (Continued)

| | Fair value measurements as at 31 December 2014 categorised into | | | |
|---|--|--|---|--|
| | Quoted prices in active market for identical assets (Level 1) RMB'000 | Significant other observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Fair value at 31 December 2014 RMB'000 | | | | |

Recurring fair value measurement

Financial assets:

Available-for-sale

equity securities

– listed

21,497

21,497

–

–

Trading securities

222,639

222,639

–

–

Financial liabilities:

Derivative financial

instruments

– Forward exchange

contracts

6,319

–

6,319

–

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2014: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(CONTINUED)

(a) Financial instruments carried at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contract in Level 2 is determined by discounting the difference between the contractual forward price and the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014 except as follows:

| | 30 June 2015 | | 31 December 2014 | |
|----------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | Carrying Amount RMB'000 | Fair value RMB'000 | Carrying amount RMB'000 | Fair value RMB'000 |
| Corporate bonds | 9,750,378 | 9,968,093 | 9,827,742 | 10,076,689 |
| Fixed rate long-term loans | 1,466,609 | 1,379,684 | 3,892,923 | 3,739,940 |
| | 11,216,987 | 11,347,777 | 13,720,665 | 13,816,629 |



25 CAPITAL COMMITMENTS

Capital commitments outstanding at the period/year end not provided for in the interim financial report were as follows:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|-----------------------------------|--|-----------------------------------|
| Contracted for | 13,881,313 | 14,359,291 |
| Authorised but not contracted for | 64,530,678 | 70,064,042 |
| | 78,411,991 | 84,423,333 |

26 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 30 June 2015, the Group issued the following guarantees:

- (i) Guarantees to banks in respect of the bank loans granted to an associate company are set forth below:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|-------------------------------|--|-----------------------------------|
| Associates and joint ventures | 39,819 | 52,290 |

- (ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 30 June 2015, the balance counter-guaranteed by the Company amounted to RMB13,080,000 (31 December 2014: RMB15,958,000). The directors of the Company are of the opinion that the default of repaying the bank loans by Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) is remote.

26 CONTINGENT LIABILITIES (CONTINUED)

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs and VERs is subject to any value-added tax or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs and VERs. Therefore, the Group has not made any provision on such contingencies.

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

The Group is part of a larger group of companies under Guodian Group and has significant transactions and relationships with the subsidiaries of Guodian Group.

The principal transactions which were carried out in the ordinary course of business are as follows:

| | Six months ended 30 June | |
|--|---------------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> (restated – note 22) |
| <hr/> | | |
| <u>Sales of goods and provide service to</u> | | |
| Fellow subsidiaries | 171,677 | 248,595 |
| Associates and joint ventures | 102,378 | 2,878 |
| <u>Purchase of goods and receive service from</u> | | |
| Fellow subsidiaries | 113,110 | 187,183 |
| Associates and joint ventures | 1,476,688 | 722,117 |
| <u>Working capital provided to/(received from)</u> | | |
| Guodian Group | 3,045 | – |
| Fellow subsidiaries | 176,446 | 73,786 |
| Associates and joint ventures | (12,573) | 5,799 |
| <u>Loan guarantees revoked by</u> | | |
| Guodian Group | (2,422,474) | (9,187) |
| <u>Loan guarantees revoked to</u> | | |
| Associates and joint ventures | 12,471 | 3,471 |



27 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transaction with related parties (Continued)

| | Six months ended 30 June | |
|---|--------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> (restated – note 22) |
| <u>Loans provided to/(repayment from)</u> | | |
| Fellow subsidiary | – | (200,000) |
| Associates and joint ventures | 69,000 | 1,993,210 |
| <u>Loans repayment to</u> | | |
| Guodian Group | – | 4,500,000 |
| Fellow subsidiaries | 336,000 | 256,000 |
| <u>Interest income</u> | | |
| Fellow subsidiaries | 10,473 | 3,760 |
| Associates and joint ventures | 46,310 | 10,839 |
| <u>Interest expense</u> | | |
| Guodian Group | 21,609 | 47,282 |
| Fellow subsidiaries | 42,367 | 33,681 |
| <u>Deposits withdraw from</u> | | |
| Fellow subsidiaries | 940,648 | 576,520 |
| <u>Investments in</u> | | |
| Associates and joint ventures | 30,000 | 622,487 |



27 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

As at 30 June 2015, except for deposits placed with a fellow subsidiary amounting to RMB932,369,000 (31 December 2014: RMB1,873,017,000) and long-term retention payables due to a fellow subsidiary and two associates amounting to RMB214,610,000 (31 December 2014: RMB227,853,000), details of other material outstanding balances with related parties are set out in notes 14, 15, 16, 18, 19 and 20.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as “state-controlled entities”).

Apart from transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities included but are not limited to the following:

- Sales of electricity;
- Depositing and borrowing money;
- Purchase of materials and receiving construction work services; and
- Service concession arrangements.



27 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other state-controlled entities in the PRC (Continued)

The tariff of electricity is regulated by relevant government. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as other state-controlled entities transactions:

| | Six months ended 30 June | |
|---|---------------------------------|---|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> <i>(restated – note 22)</i> |
| Sales of electricity | 8,479,041 | 7,523,706 |
| Sales of other products | 69,039 | 90,599 |
| Interest income | 8,212 | 19,298 |
| Interest expenses | 919,006 | 1,050,963 |
| Loans (repayment)/proceeds | (1,889,995) | 5,927,798 |
| Deposits placed with | 601,112 | 1,122,713 |
| Purchase of materials and receiving construction service | 1,291,033 | 785,054 |
| Service concession construction revenue | 381,050 | 20,461 |



27 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other state-controlled entities in the PRC (Continued)

The balances with other state-controlled entities transactions are as follows:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|---|--|-----------------------------------|
| Receivables from sales of electricity | 5,100,366 | 5,756,271 |
| Receivables from sales of other products | 161,769 | 205,778 |
| Bank deposits (including restricted deposits) | 1,027,970 | 426,858 |
| Borrowings | 49,896,965 | 51,786,960 |
| Payable for purchase of materials and receiving construction work service | 1,847,260 | 1,239,447 |

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

| | Six months ended 30 June | |
|---------------------------------|---------------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Salaries and other emoluments | 991 | 1,102 |
| Discretionary bonus | 3,545 | 2,836 |
| Retirement scheme contributions | 332 | 336 |
| | 4,868 | 4,274 |



27 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Commitment with related parties

Commitment with related parties is as follows:

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--------------------------------|--|-----------------------------------|
| <u>Sales commitment with</u> | | |
| Fellow subsidiaries | 75 | 1,050 |
| Associates and joint ventures | 75 | 650 |
| <u>Capital commitment with</u> | | |
| Associates and joint ventures | 1,061,726 | 648,397 |



GLOSSARY OF TERMS

| | |
|--|---|
| “availability factor” | the amount of time that a wind turbine or a power plant is able to produce electricity over a certain period, divided by the amount of time in such period |
| “average utilisation hours” | the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW) |
| “biomass” | plant material, vegetation, or agricultural waste used as a fuel or energy source |
| “Board” | the board of directors of the Company |
| “CDM” | the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialised countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits |
| “CERs” or “CER” | certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol |
| “our Company”, “Company” or “we” | 龍源電力集團股份有限公司(China Longyuan Power Group Corporation Limited*) |
| “consolidated gross power generation” or “consolidated net power generation” | the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period |

* For identification purpose only



| | |
|-----------------------------------|--|
| “consolidated installed capacity” | the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Neither consolidated installed capacity nor consolidated capacity under construction includes the capacity of our associated companies |
| “Director(s)” | the directors of the Company |
| “electricity sale” | the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less comprehensive auxiliary electricity |
| “Group” | China Longyuan Power Group Corporation Limited* and its subsidiaries |
| “Guodian Group” | 中國國電集團公司(China Guodian Corporation) |
| “GW” | unit of energy, gigawatt. 1GW = 1,000MW |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “kW” | unit of energy, kilowatt. 1 kW = 1,000 watts |
| “kWh” | unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |



GLOSSARY OF TERMS

| | |
|---|---|
| “load factor” | the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the number of hours in the given period multiplied by the plant’s installed capacity |
| “Model Code” | the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules |
| “MW” | unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW |
| “regions not subject to grid curtailment” | Regions excluding Heilongjiang Province, Jilin Province, Liaoning Province, Inner Mongolia Autonomous Region and Gansu Province |
| “renewable energy sources” | sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight |
| “VERs” or “VER” | Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organisation’s desire to take active part in climate change mitigation efforts |



CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

China Longyuan Power Group Corporation Limited*

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Hong Kong

THE BOARD

Non-executive Directors

Mr. Qiao Baoping (*Chairman*)
Mr. Wang Baole
Mr. Shao Guoyong
Mr. Chen Jingdong

Executive Directors

Mr. Li Enyi (*President*)
Mr. Huang Qun

Independent Non-executive Directors

Mr. Zhang Songyi
Mr. Meng Yan
Mr. Han Dechang

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Qiao Baoping

AUTHORISED REPRESENTATIVES

Mr. Li Enyi
Mr. Jia Nansong
Mr. Zhang Songyi (as Mr. Li Enyi's alternate)
Ms. Soon Yuk Tai (as Mr. Jia Nansong's alternate)

* For identification purpose only



JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Soon Yuk Tai

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龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

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