



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

2016

INTERIM REPORT



* For Identification Purpose Only

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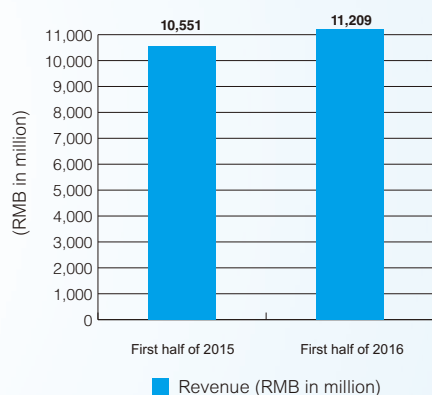
INTERIM RESULTS AND FINANCIAL DATA

The Board of China Longyuan Power Group Corporation Limited* hereby announced the unaudited operating results for the six months ended 30 June 2016 and a comparison with the operating results for the six months ended 30 June 2015 (the “corresponding period of 2015”). For the six months ended 30 June 2016, the Group recorded consolidated operating revenue of RMB11,209 million, representing an increase of 6.2% over RMB10,551 million for the corresponding period of 2015. Profit before taxation amounted to RMB3,357 million, representing an increase of 3.7% over RMB3,236 million for the corresponding period of 2015. Net profit attributable to equity holders of the Company amounted to RMB2,364 million, representing an increase of 7.2% from RMB2,206 million for the corresponding period of 2015. Basic earnings per share amounted to RMB0.2842, representing an increase of RMB0.0097 from RMB0.2745 for the corresponding period of 2015. As at 30 June 2016, net assets per share (excluding non-controlling interests) amounted to RMB4.95.

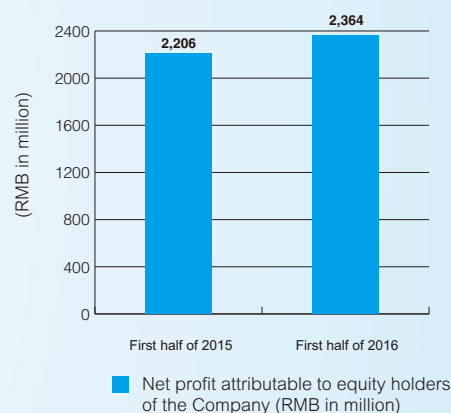
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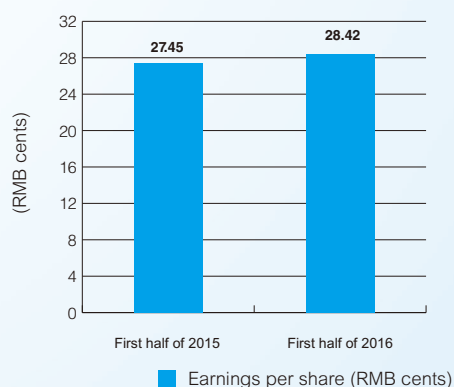
1. Revenue



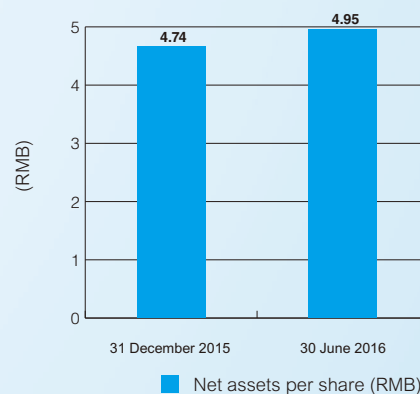
2. Net profit attributable to equity holders of the Company



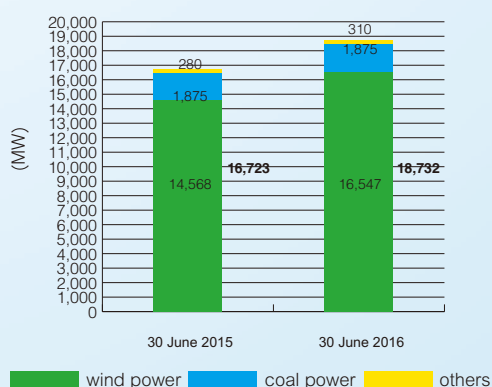
3. Earnings per share



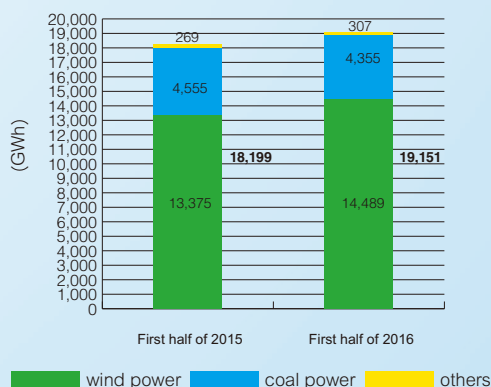
4. Net assets per share



5. Consolidated installed capacity



6. Electricity sales



INTERIM RESULTS AND FINANCIAL DATA

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Revenue	11,209,050	10,550,509
Profit before taxation	3,356,774	3,235,734
Income tax	(423,193)	(362,791)
Profit for the period	2,933,581	2,872,943
Attributable to:		
Equity holders of the Company	2,363,566	2,205,623
Non-controlling interests	570,015	667,320
Total comprehensive income for the period	2,922,794	2,818,074
Attributable to:		
Shareholders of the Company	2,345,472	2,151,809
Non-controlling interests	577,322	666,265
Basic and diluted earnings per share (RMB cents)	28.42	27.45



INTERIM RESULTS AND FINANCIAL DATA

	30 June 2016 RMB'000	31 December 2015 RMB'000
Total non-current assets	121,889,477	120,776,331
Total current assets	16,130,813	12,696,622
Total assets	138,020,290	133,472,953
Total current liabilities	53,690,944	55,647,473
Total non-current liabilities	37,952,076	33,292,845
Total liabilities	91,643,020	88,940,318
Net assets	46,377,270	44,532,635
Total equity attributable to equity holders of the Company	39,789,493	38,099,785
Non-controlling interests	6,587,777	6,432,850
Total equity	46,377,270	44,532,635
Net assets per share (RMB)	4.95	4.74



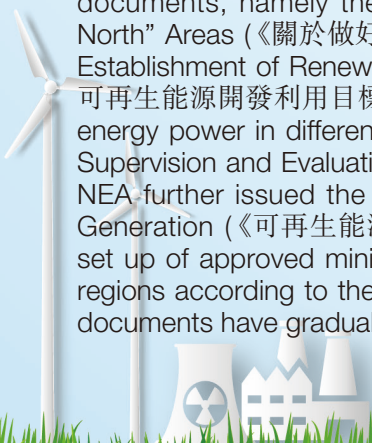
MANAGEMENT DISCUSSION & ANALYSIS

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

In the first half of 2016, the national economy maintained generally stable growth momentum that progress was made, advantages manifested and innovations introduced, and major indicators performed smoothly and steadily as expected, which was also consistent with the law of development under the new normality of economic development. However, concerns and difficulties also arose in the stable operation of China's economy. Under the combined effect of changes in the international economic environment and domestic factors such as changing gear in respect of the economic growth, structural adjustments and a shift of driving forces, the electricity market embarked on a course of "Double Reduction and Double Low" ("雙降雙低"), i.e. reduction of tariffs and reduction of utilisation hours, and low power consumption growth and low power load.

According to the Monthly Statistics of China Power Industry (《全國電力工業統計月報》) published by China Electricity Council, from January to June in 2016, the power consumption across the country was 2,775.9 billion kWh, representing a year-on-year increase of 2.7%. The electrical output of above-the-scale power plants across the country amounted to 2,759.5 billion kWh, representing a year-on-year increase of 1.0%. The cumulative average utilisation hours of generation equipment across the country reached 1,797 hours, representing a year-on-year decrease of 138 hours. As at the end of June 2016, the installed capacity of above-the-scale power plants across the country reached 1,524,817 MW, representing a year-on-year increase of 11.3%. The regional and structural overcapacity of power became more acute and the competition in the market was going to be much fiercer in the future. In the first half of 2016, wind power output across the country reached 123.2 billion kWh, accounting for 4.5% of the total power generation across the country, which was 0.8 percentage point higher than that for the corresponding period of last year. The average utilisation hours of wind power across the country reached 917 hours, representing a year-on-year decrease of 85 hours.

At the Paris Climate Change Conference held during the year, China committed to reduce its carbon dioxide emission per unit of GDP by 60%–65% of 2005 and increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. Based on this target, there will be considerable room for the future development of the wind power segment. According to the 2016 National Plan on Development and Construction of Wind Power Industry promulgated by National Energy Administration ("NEA"), wind power installed capacity will increase by 30.83 GW during the year, which surpasses 30 GW for the first time. The main focus for wind power development will be "Rational Development" ("合理開發"). In respect of onshore wind power, the development in central eastern and southern regions has further accelerated. The "Three-North" ("三北") Areas maintained healthy development with continuous optimisation of layout. In respect of offshore wind power, the Chinese government strives to maintain steady development, formulate plans based on available resources and execute projects as planned. In order to solve the bottleneck issue of "Wind Power Curtailment" ("棄風限電"), in February this year, NEA issued successively two important documents, namely the Notice in Relation to Works for Renewable Energy Consumption in "Three-North" Areas (《關於做好「三北」地區可再生能源消納工作的通知》) and the Guidance in Relation to the Establishment of Renewable Energy Development and Utilisation Objective Guidance System (《關於建立可再生能源開發利用目標引導制度的指導意見》), which stipulated the benchmark proportion of renewable energy power in different provinces for 2020, and the Green Certificate Transaction Mechanism and The Supervision and Evaluation System on development and utilisation will be established. In March and May, NEA further issued the Administrative Measures on Guaranteed Buyout for Renewable Energy Power Generation (《可再生能源發電全額保障性收購管理辦法》) with supplementary documents, requiring to set up of approved minimum guaranteed annual utilisation hours in some restricted power consumption regions according to the types of wind power resources. At present, the directive impacts of these policy documents have gradually shown, which is expected to alleviating the problem of power restriction.



I. BUSINESS REVIEW

1. Safety production management strengthened continuously and wind power generation steadily enhance

In the first half of 2016, the safety production management of our Group got strengthened continuously. The Group conducted safety inspections of “Four Don’ts and Two Directs” (“四不兩直”) on a regular basis, specified the entity responsibilities of all regional companies, standardised the inspection methods and contents, determined the inspection frequency based on the number of plants and radius of management in different entities, and strictly supervised the implementation of inspections. We improved the safety management system by developing a number of systems such as the Wind Power Safety Inspection Program (《風電安全檢查大綱》) and the Measures for Administration of Micro-Lifts for Wind Power Generating Units (《風電機組免爬器管理規定》). We reinforced the effect of “Fine Maintenance” (“精維護”) in all aspects by refining the maintenance of equipment and improving the standards of regular examination over wind power generating units. By then, new standards of regular maintenance for eight types of generating units in seven plants had been formulated. We also innovated in quality management for equipment maintenance and developed an array of indicators to assess the effect of equipment breakdown management, including the “rate of reaching standards for maintenance of wind turbines, average repair time and rate of replacing large parts of wind turbines”.

In the first half of 2016, the Group maintained our leading position in terms of power generation and utilisation hours of wind power. The Group strengthened and optimised its management, established comprehensive management mode and system for economic operations, fully determined the reasons for power loss in different units, adopted specific measures to minimise internal wind power curtailment and enhanced economic operation level. It promoted utilisation hours benchmarking, established comprehensive 4-tier management system covering the headquarter, regional companies, wind farms and individual units, further strengthened advanced benchmarking, market benchmarking and feasibility benchmarking, and strengthened and expanded its competitive advantages in key benchmarks including utilisation hours, unavailable hours, power consumption of plants and repair and maintenance costs.

Facing the severe situation regarding grid curtailment, the Group continued to enhance our marketing standards, thus maximising the profitability. The Group put the greatest efforts in responding to grid curtailment. We strictly implemented double control over the percentage and quantity of electricity subject to grid curtailment, set the average red line value of percentage of electricity subject to grid curtailment in different regions, and improved the evaluation on grid curtailment. Meanwhile, couple with regional horizontal and differential benchmarking, the Group optimised our grid curtailment estimation and formulated and implemented specific power curtailment measure of “One Specific Policy For Each Province” (“一省一策”). Moreover, the Group innovated marketing modes and conducted in-depth analysis of regional electricity markets and characteristics of grids, thereby formulating specific marketing plans for different regions. The Group actively expanded its external distribution channels by means of cross-region delivery, swap of wind power and coal-fired power, as well as direct power supply for big customers, aiming to enhance its profitability through various measures.



MANAGEMENT DISCUSSION & ANALYSIS

In the first half of 2016, the Group generated a cumulative gross electricity output of 20,425 GWh, of which electricity generated from our wind power segment amounted to 15,409 GWh, representing a year-on-year increase of 8.58%. The increase in electricity generated from wind power segment of the Group was primarily due to the increase in installed capacity. In the first half of 2016, the Group's average utilisation hours of the wind power segment were 980 hours, representing a decrease of 105 hours as compared to the corresponding period of 2015, primarily due to aggravated grid curtailment and decline in wind resources.

Geographical breakdown of the consolidated power generation of the Group's wind farms for the first half of 2015 and the first half of 2016:

Region	First half of 2016 (MWh)	First half of 2015 (MWh)	Percentage of change
Heilongjiang	1,039,924	1,171,125	-11.20%
Jilin	312,417	288,499	8.29%
Liaoning	1,101,111	1,007,576	9.28%
Inner Mongolia	2,422,335	2,644,701	-8.41%
Jiangsu (Onshore)	1,244,681	999,486	24.53%
Jiangsu (Offshore)	471,175	390,133	20.77%
Zhejiang	203,451	128,124	58.79%
Fujian	649,936	681,114	-4.58%
Hainan	51,740	61,984	-16.53%
Gansu	788,198	853,586	-7.66%
Xinjiang	970,532	1,186,029	-18.17%
Hebei	1,371,118	1,244,730	10.15%
Yunnan	974,972	978,110	-0.32%
Anhui	801,050	520,721	53.83%
Shandong	370,961	297,602	24.65%
Tianjin	149,356	164,137	-9.01%
Shanxi	653,333	502,905	29.91%
Ningxia	427,171	263,400	62.18%
Guizhou	608,409	396,419	53.48%
Shaanxi	281,431	220,686	27.53%
Tibet	8,768	8,229	6.55%
Chongqing	138,358	47,893	188.89%
Shanghai	66,652	—	—
Guangdong	20,635	—	—
Hunan	60,682	—	—
Guangxi	85,570	—	—
Canada	134,823	134,201	0.46%
Total	15,408,788	14,191,391	8.58%



Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2015 and the first half of 2016:

Region	Average utilisation hours of wind power for the first half of 2016 (hour)	Average load factor of wind power for the first half of 2016	Average utilisation hours of wind power for the first half of 2015 (hour)	Average load factor of wind power for the first half of 2015	Percentage of change of the average utilisation hours of wind power
Heilongjiang	842	19%	974	22%	-13.55%
Jilin	698	16%	733	17%	-4.77%
Liaoning	1,098	25%	1,005	23%	9.25%
Inner Mongolia	937	21%	1,115	26%	-15.96%
Jiangsu (Onshore)	1,134	26%	1,127	26%	0.62%
Jiangsu (Offshore)	981	22%	1,262	29%	-22.27%
Zhejiang	893	20%	799	18%	11.76%
Fujian	1,245	29%	1,346	31%	-7.50%
Hainan	523	12%	626	14%	-16.45%
Gansu	611	14%	770	18%	-20.65%
Xinjiang	703	16%	997	23%	-29.49%
Hebei	1,172	27%	1,179	27%	-0.59%
Yunnan	1,574	36%	1,770	41%	-11.07%
Anhui	1,178	27%	1,069	25%	10.20%
Shandong	1,095	25%	1,310	30%	-16.41%
Tianjin	1,131	26%	1,243	29%	-9.01%
Shanxi	1,011	23%	1,074	25%	-5.87%
Ningxia	822	19%	944	22%	-12.92%
Guizhou	1,082	25%	1,364	31%	-20.67%
Shaanxi	1,205	28%	1,125	26%	7.11%
Tibet	1,169	27%	1,097	25%	6.56%
Chongqing	925	21%	958	22%	-3.44%
Shanghai	1,403	32%	—	—	—
Guangdong	802	18%	—	—	—
Hunan	1,264	29%	—	—	—
Guangxi	1,258	29%	—	—	—
Canada	1,360	31%	1,471	34%	-7.55%
Total	980	22%	1,085	25%	-9.68%

MANAGEMENT DISCUSSION & ANALYSIS

Geographical breakdown of the average utilisation percentage of wind power of the Group's wind farms for the first half of 2015 and the first half of 2016:

Region	First half of 2016 (%)	First half of 2015 (%)	Percentage of change
Heilongjiang	99.36	99.18	0.18%
Jilin	99.00	97.98	1.02%
Liaoning	99.14	99.00	0.14%
Inner Mongolia	98.54	98.46	0.08%
Jiangsu (Onshore)	99.16	99.14	0.02%
Jiangsu (Offshore)	96.12	96.01	0.11%
Zhejiang	98.72	98.68	0.04%
Fujian	98.22	98.57	-0.35%
Hainan	99.17	98.79	0.38%
Gansu	99.39	99.13	0.26%
Xinjiang	99.30	99.16	0.14%
Hebei	98.25	98.73	-0.48%
Yunnan	99.36	99.03	0.33%
Anhui	99.23	99.42	-0.19%
Shandong	99.43	98.97	0.46%
Tianjin	99.48	99.44	0.04%
Shanxi	99.33	98.89	0.44%
Ningxia	99.30	99.18	0.12%
Guizhou	99.08	99.10	-0.02%
Shaanxi	99.16	99.07	0.09%
Tibet	99.00	98.53	0.47%
Chongqing	99.22	98.84	0.38%
Shanghai	99.56	—	—
Guangdong	99.12	—	—
Hunan	98.50	—	—
Guangxi	99.63	—	—
Canada	97.89	99.18	-1.29%
Total	98.94	98.84	0.10%



In the first half of 2016, the consolidated gross power generation from coal power segment of the Group was 4,688 GWh, representing a decrease of 4.48% as compared with 4,908 GWh in the corresponding period of 2015. This was primarily due to slow growth of power consumption in Jiangsu Province, the growth of newly installed capacity outpacing that of power consumption, and the increase in percentage of power generated from other regions. The average number of utilisation hours of the Group's coal power segment in the first half of 2016 was 2,500 hours, representing a decrease of 118 hours as compared with 2,618 hours in the corresponding period of 2015.

2. The preliminary work pushed forward steadily and the leading advantage of development remained

In the first half of 2016, adhering to innovative development and management enhancement, the Group conducted in-depth analysis on policy and market condition, strived to fight for high-quality resources, developed offshore wind power properly, and actively expanded overseas markets. With the use of preliminary big data system, the Group conducted in-depth analysis on resources and market condition in different regions, and prepared wind resources development layout and searched for areas for development according to the layout. It also proactively increased the quality resources inventory in regions not subject to grid curtailment. The Group continued its preliminary works regarding offshore wind power in Shandong, Hainan, Hebei and Zhejiang. Meanwhile, seeing that the national carbon emissions permit trading market is to open in 2017, the filing for the Group's first batch of CCER projects was completed (nine projects, 642 MW), and subsequent projects were being processed orderly.

In the first half of the year, under the development plan for the first batch of wind power projects of the "Thirteenth Five-year Plan" ("十三五") issued by NEA, 35 projects of our Group were listed with total installed capacity of 1,891 MW and located in regions not subject to grid curtailment, which ranked top among its industry peers. In the second half of the year, the Group will put more efforts in obtaining approvals in order to ensure that all projects under the approval plan will be approved. As of 30 June 2016, the Group had wind power projects of 6.5 GW approved but not yet put into operation, and wind power projects of 9.0 GW listed under the approval plan of NEA or national preliminary approval list, indicating an abundant project reserve.

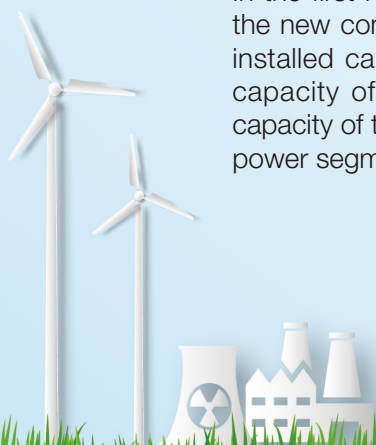


3. Strengthened infrastructure construction management and the production capacity target for the first half of the year outperformed

In the first half of 2016, the Group continued to maintain refined management and completed its construction target for the first half of the year efficiently. Facing the challenging year for wind power construction, the Group operated according to its operating targets, refined its operating procedures, duly performed its duties and tried its best to overcome the adverse environment, thus outperforming the production capacity target for the first half of the year. During the construction phase, the Group strictly complied with construction work procedures, and actively fulfilled work requirements for projects such as forest and land requisition, delivery, environment evaluation and soil and water conservation. Through various works such as price ceiling investigation and water conservation plan review, the construction risks were reduced effectively, thereby increasing the investment income of the project. The Group consistently paid high attention to the communication and coordination works with the governments and grid companies. The Group provided project guidance in a timely manner so as to process surveying and design, tendering and procurement, equipment supply and financial planning and organisation and management works of on-site schedule planning. The Group also strengthened the organisation and coordination with different participating units, and closely monitored key procedures such as delivery and equipment supply, aimed to ensure the construction of project will be progressed orderly and quickly.

Numerous geological hazards occurred during the year with frequent adverse weather conditions. The Group fostered security awareness firmly. During the construction phase, the Group closely monitored weather conditions and formulated flood control plans. We implemented on-site flood control measures, and conducted screening, identification and control works over key areas such as roads, slopes, retaining walls and roadbeds, aiming to ensure no accident would occur at sites. The Group also further enhanced its quality management. Striving to works on design optimisation, design approval, acceptance checks on construction works and supervision of equipment manufacture, the Group amended the Administrative Measures on Inspection and Acceptance of Construction Works (《工程驗收管理辦法》), which strengthened feedback on problems and rectification tracking and defined the responsibilities and division of works between entities, thus achieving closed-loop management. The Group completed the preparation of Standard Handbook for Wind Power Construction Works Part – A (《風電工程建設標準工藝手冊 – 上冊》) and expert review, which actively facilitated the standardisation of construction works and gradually enhanced the quality of construction works.

In the first half of 2016, the Group had 14 new wind power projects put into operation, with the new consolidated installed capacity of 781.7 MW. As at 30 June 2016, the consolidated installed capacity of the Group was 18,732 MW, among which the consolidated installed capacity of the wind power segment was 16,547 MW, while the consolidated installed capacity of the coal power segment and the consolidated installed capacity of other renewable power segment were 1,875 MW and 310 MW, respectively.



Geographical breakdown of the consolidated installed capacity of the Group's wind farms as of 30 June 2015 and 30 June 2016:

Region	As of 30 June 2016 (MW)	As of 30 June 2015 (MW)	Percentage of change
Heilongjiang	1,234.7	1,234.7	0.00%
Jilin	497.4	447.9	11.05%
Liaoning	1,003.2	1,003.2	0.00%
Inner Mongolia	2,635.8	2,384.1	10.56%
Jiangsu (Onshore)	1,197.9	1,097.9	9.11%
Jiangsu (Offshore)	480.3	480.3	0.00%
Zhejiang	227.9	211.7	7.65%
Fujian	570.1	506.1	12.65%
Hainan	99.0	99.0	0.00%
Gansu	1,289.8	1,289.8	0.00%
Xinjiang	1,541.3	1,291.8	19.31%
Hebei	1,170.1	1,070.1	9.34%
Yunnan	619.5	619.5	0.00%
Anhui	684.7	588.1	16.43%
Shandong	338.8	294.7	14.96%
Tianjin	132.0	132.0	0.00%
Shanxi	646.5	597.0	8.29%
Ningxia	724.7	376.7	92.38%
Guizhou	641.5	442.0	45.14%
Shaanxi	338.6	198.0	71.01%
Tibet	7.5	7.5	0.00%
Chongqing	149.5	49.5	202.02%
Shanghai	47.5	47.5	0.00%
Guangdong	25.74	—	—
Hunan	48.0	—	—
Guangxi	95.5	—	—
Canada	99.1	99.1	0.00%
Total	16,546.64	14,568.2	13.58%

4. Tariff decreased slightly

The average on-grid tariffs for overall power generation of the Group for the first half of 2016 amounted to RMB539 per MWh (value-added tax (“VAT”) inclusive), representing a decrease of RMB13 per MWh as compared with RMB552 per MWh (VAT inclusive) in the corresponding period of 2015. The average on-grid tariffs for wind power amounted to RMB578 per MWh (VAT inclusive), representing a decrease of RMB10 per MWh as compared with RMB588 per MWh (VAT inclusive) in the corresponding period of 2015, which was due to the Group’s positive efforts in gaining electricity sales through rigorously calculated bids in provinces with severe grid curtailment in order to increase corporate profitability. The average on-grid tariffs for coal power amounted to RMB379 per MWh (VAT inclusive), representing a decrease of RMB44 per MWh as compared with the average on-grid tariffs for coal power of RMB423 per MWh (VAT inclusive) in the corresponding period of 2015, which was mainly attributable to a reduction of on-grid tariffs of coal power enterprises in April 2015 and January 2016 respectively in Jiangsu Province.

5. Advantage in capital cost remained

In the first half of 2016, the domestic and overseas monetary markets were changing. In response, the Group keenly grasped the favourable opportunity to aggressively conduct replacement of existing loans with an aim to adjust the interest rate, thus taking full advantage of its diversified financing channels. The Group successfully issued a tranche of five-year corporate bonds at a coupon rate of 3.28% and nine tranches of ultra short-term debentures amounting to RMB20.5 billion in aggregate at a weighted average coupon rate of 2.67%. In addition, the Group applied to the National Association of Financial Market Institutional Investors for the registration of a DFI (Debt Financing Instrument) and obtained relevant approval in July. In June, Standard & Poor’s reviewed the rating of the Group and maintained it at A- Class, which is the highest one among comparable new energy listed companies in the world. A stable and relatively high credit standing will bring the Company stronger advantage in domestic and foreign capital operation and will further reduce the cost of its debt financing.



6. Remarkable effects in technological innovation acquired

Staying in line with the trend of energy industry, the Group consolidated its cutting-edge technology leadership and its workforce to lay a sound cornerstone for future development. In the first half of 2016, the wind power big data project which the Group initiated ahead of its domestic peers made smooth progress and received strong support of more than RMB10 million tech capital from the NEA and Guodian Group. The establishment of the database was completed in a number of provinces and, with regard to application, systems for “Analysing Efficiency of Wind Farms” (“風電場效能分析”), “Diagnosing Failures of Wind Power Turbines” (“風電機組故障診斷”), “Efficient Operation Control” (“經濟運行管控”) and others were developed, which will help secure a favourable technological commanding height for future wind power development.

In the first half of 2016, the Group obtained four invention patents, three patents for utility models and eight software copyrights. The Group led the technology development in the industry, and formulated six national and industrial standards and two group standards. According to its needs in wind power development, construction and operation, the Group created 19 technological research projects in the first half of 2016. The Group took full advantage of its own technology as the supporting platform. Our subsidiaries specialising in technical services, while focusing on core businesses to further strengthen service awareness, continued to step up their technological endeavours in driving the application of information technology, technological supervision services, offshore wind power design consulting and construction techniques so as to upgrade technological level and business capability.

7. Expanding overseas business

Based on research and analysis of different national markets, the Group has established presence overseas in North America (Canada), Africa (South Africa), Europe (Poland and Czech Republic) and South America (Brazil) and has been expanding into surrounding countries and regions. Overseas business has pioneered a new stage. The Group’s Dufferin wind farm in Canada recorded stable operation, with works such as noise testing, animal and plant monitoring, verification of the power curve and noise control making orderly progress. In the first half of the year, this farm recorded total power generation of 134,823 MWh, grossing approximately 19.45 million Canadian dollars. The 150 MW wind farm project of Dufferin phase II showed satisfactory progress with respect to land leases, and was to undergo the eligibility evaluation for the tender for an Ontario wind power concession at the end of the year, where a bid is expected to be submitted in the fourth quarter in the following year. The 244.5 MW wind farm project in De Aar, South Africa (南非德阿風電項目) was proceeding on the schedule set in early this year. Through optimised construction and equipment transportation plans and stronger construction cost control, its construction quality and costs were maintained at manageable levels. In addition, the Group also facilitated overseas projects in other regions. On 30 March, under the witness of President Xi Jinping and President of Czech Republic, the Group entered into wind power cooperation agreement with SWH Group of Czech.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

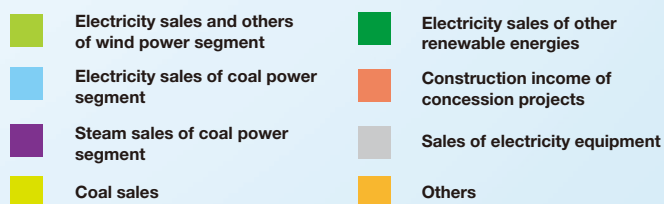
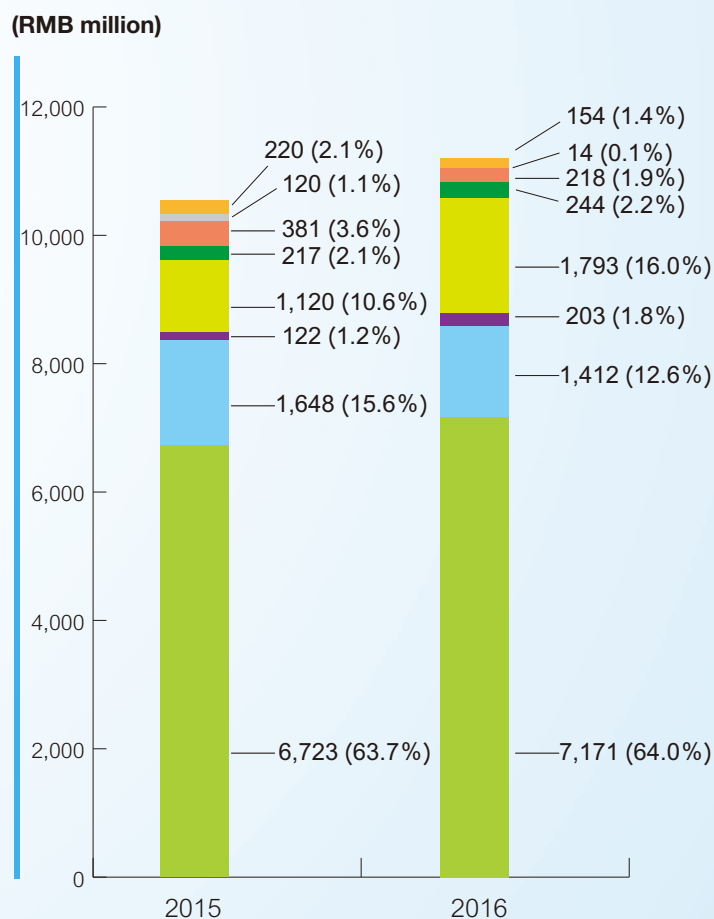
In the first half of 2016, the net profit of the Group amounted to RMB2,934 million, representing an increase of 2.1% as compared to RMB2,873 million in the corresponding period of 2015. Net profit attributable to equity holders of the Company amounted to RMB2,364 million, representing an increase of 7.2% as compared to RMB2,206 million in the corresponding period of 2015. Earnings per share amounted to RMB28.42 cents, representing an increase of RMB0.97 cents as compared to RMB27.45 cents in the corresponding period of 2015.

Operating revenue

Operating revenue of the Group amounted to RMB11,209 million in the first half of 2016, representing an increase of 6.2% as compared to RMB10,551 million in the corresponding period of 2015. The increase in operating revenue was primarily due to: 1) an increase of RMB448 million, or 6.7%, in electricity sales and other revenue of wind power segment to RMB7,171 million in the first half of 2016 as compared to RMB6,723 million in the corresponding period of 2015, which was primarily due to the increase of wind power output; 2) a decrease of RMB163 million, or 42.8%, in service concession construction revenue of wind power segment to RMB218 million in the first half of 2016 as compared to RMB381 million in the corresponding period of 2015, which was primarily attributable to the decrease in the construction volume of service concession projects under construction; 3) an increase of RMB673 million, or 60.1%, in revenue from coal sales of coal power segment to RMB1,793 million in the first half of 2016 as compared to RMB1,120 million in the corresponding period of 2015, which was primarily attributable to the significant increase in sales volume of coal; and 4) a decrease of RMB236 million, or 14.3%, in revenue from electricity sales of coal power segment to RMB1,412 million as compared to RMB1,648 million in the corresponding period of 2015, which was primarily attributable to the decrease in electricity sales volume of coal power segment of 200 million kWh, or 4.4%, as compared to that in the corresponding period of 2015, and the decrease of RMB38 per MWh (VAT exclusive), or 10.5%, in average on-grid tariffs for coal power segment as compared to that in the corresponding period of 2015, which was mainly attributable to a reduction of on-grid tariffs of coal power enterprises in Jiangsu Province in April 2015 and January 2016 respectively.



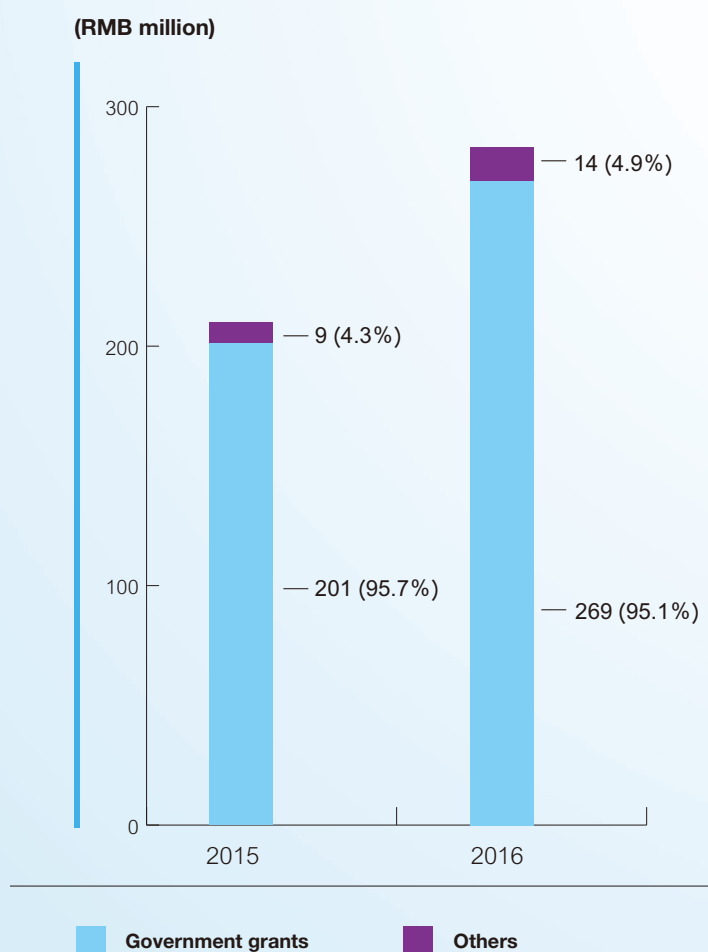
Operating revenue of each segment and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Other net income

Other net income of the Group amounted to RMB283 million in the first half of 2016, representing an increase of 34.8% as compared to RMB210 million in the corresponding period of 2015, primarily attributable to the subsidy income of immediate refund of VAT levied of RMB55 million generated from the sales of electricity products through comprehensive utilisation of coal slime of Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司) in the first half of 2016, while there was no similar income in the corresponding period of 2015.

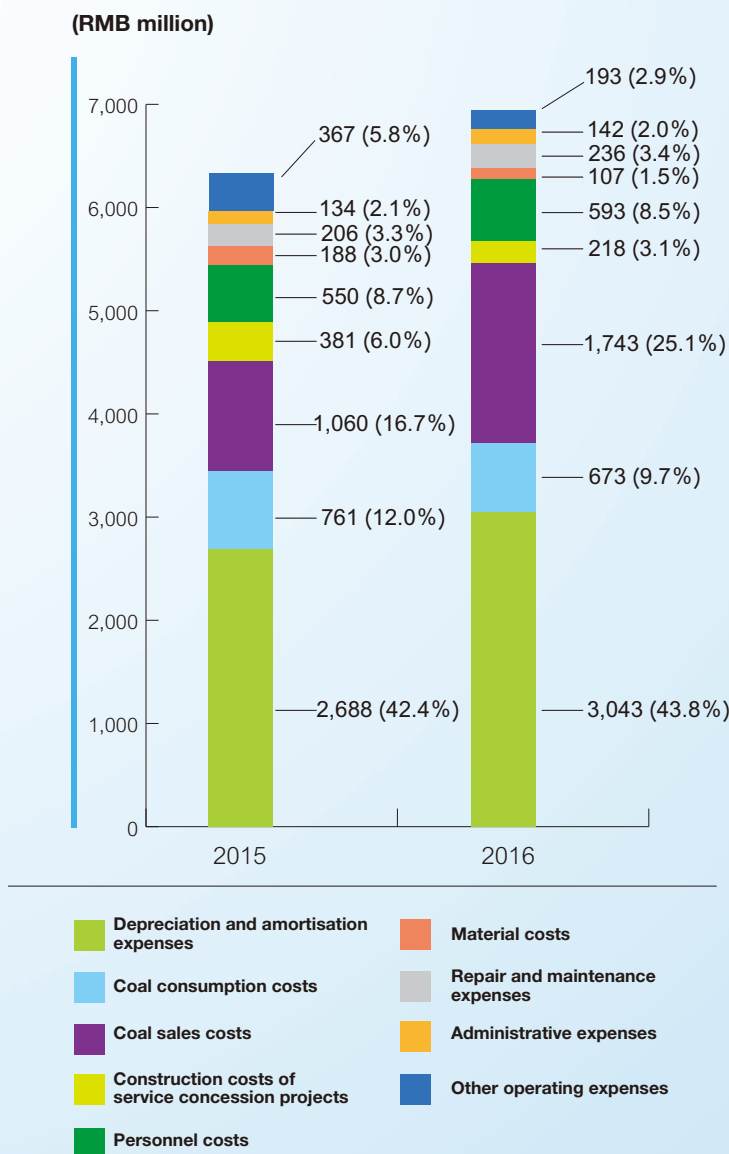
The breakdown of other net income items and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Operating expenses

Operating expenses of the Group amounted to RMB6,948 million in the first half of 2016, representing an increase of 9.7% as compared to RMB6,335 million in the corresponding period of 2015, primarily due to the increase in the depreciation and amortisation expenses and the decrease in the construction cost of the service concession projects of the wind power segment, the decrease in the coal consumption costs and the increase in the cost of coal sales in the coal power segment, the reversal of provision for impairment on certain assets in the biomass segment and the increase in personnel costs and repair and maintenance expenses.

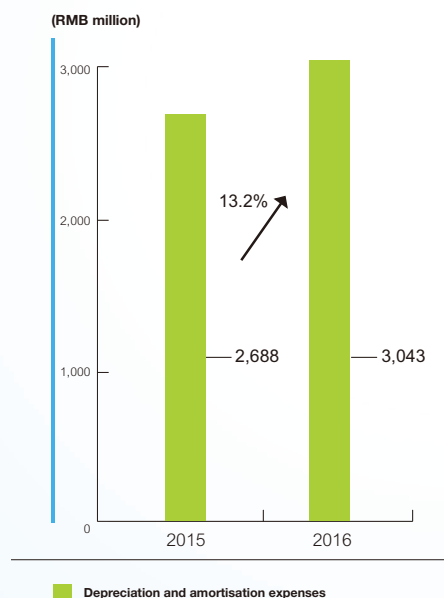
Operating expenses items and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB3,043 million in the first half of 2016, representing an increase of 13.2% as compared to RMB2,688 million in the corresponding period of 2015, primarily due to an increase of RMB398 million, or 16.6%, in depreciation and amortisation expenses of wind power segment over the corresponding period of 2015 as a result of expansion in the installed capacity of wind power projects.

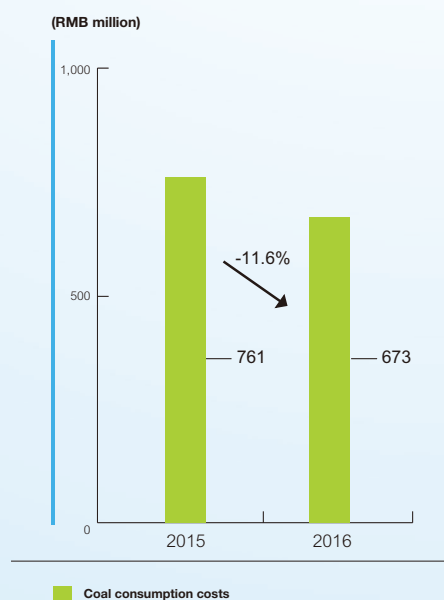
The depreciation and amortisation expenses are set out in the diagram below (for the six months ended 30 June):



Coal consumption costs

The coal consumption costs of the Group amounted to RMB673 million in the first half of 2016, representing a decrease of 11.6% as compared to RMB761 million in the corresponding period of 2015. The main reasons are as follows: 1) a decrease of approximately 13.9% 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 2016; and 2) a decrease of approximately 5.6% in the coal consumption as a result of the decrease in power generation.

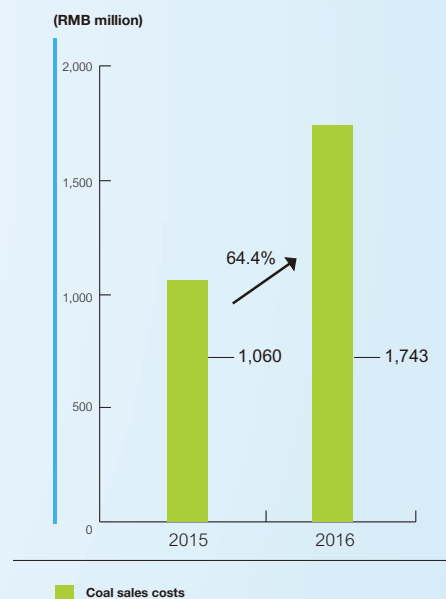
The coal consumption costs are set out in the diagram below (for the six months ended 30 June):



Coal sales costs

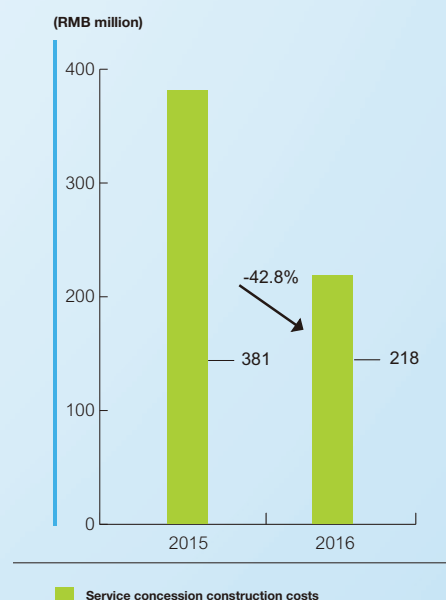
The coal sales costs of the Group in the first half of 2016 amounted to RMB1,743 million, representing an increase of 64.4% as compared to RMB1,060 million in the corresponding period of 2015. The main reasons are as follows: 1) an increase of approximately 95.7% in the sales volume of coal in the first half of 2016; and 2) a decrease of approximately 16.2% in the average procurement price of coal as compared to the corresponding period of 2015.

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

*Service concession construction costs*

The Group's service concession construction costs in the first half of 2016 amounted to RMB218 million, representing a decrease of 42.8% as compared to RMB381 million in the corresponding period of 2015, primarily due to a decrease of construction volume of service concession projects under construction in the first half of 2016 as compared with that of the corresponding period of 2015.

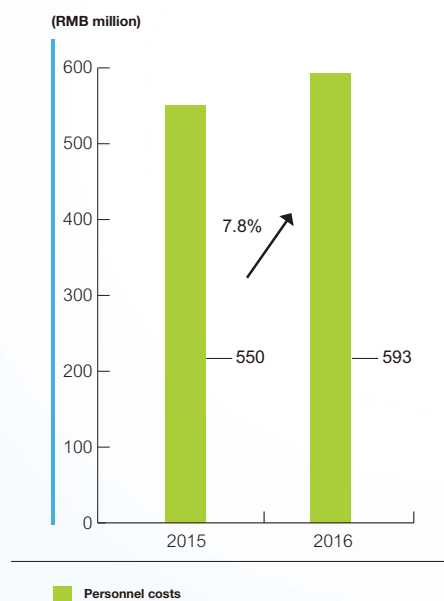
The service concession construction costs are set out in the diagram below (for the six months ended 30 June):



Personnel costs

Personnel costs of the Group amounted to RMB593 million in the first half of 2016, representing an increase of 7.8% as compared to RMB550 million in the corresponding period of 2015. 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 expensed instead of being capitalised as more projects commenced operation.

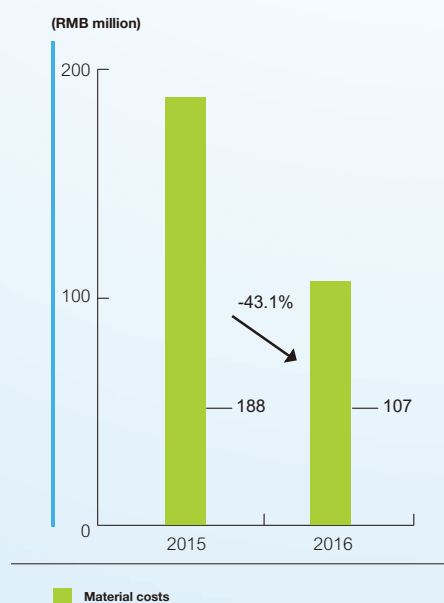
The personnel costs are set out in the diagram below (for the six months ended 30 June):



Material costs

Material costs of the Group amounted to RMB107 million in the first half of 2016, representing a decrease of 43.1% as compared to RMB188 million in the corresponding period of 2015, which was primarily attributable to the decrease in material costs as a result of the decrease in external 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).

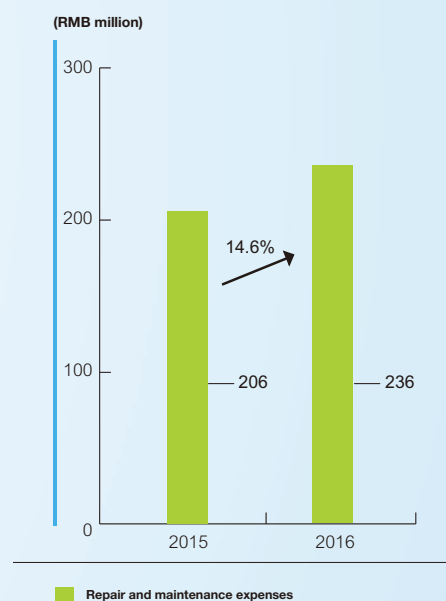
The material costs are set out in the diagram below (for the six months ended 30 June):



Repair and maintenance expenses

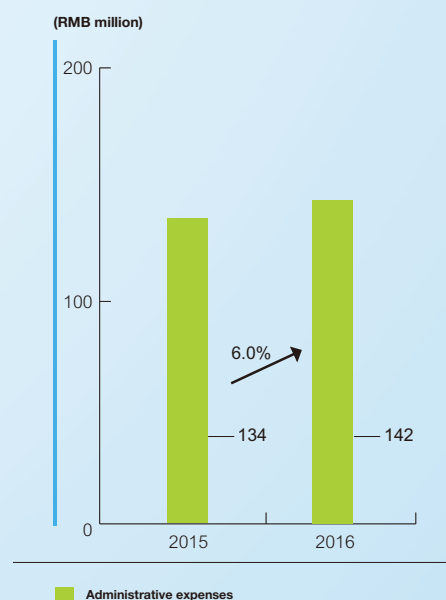
The repair and maintenance expenses of the Group amounted to RMB236 million in the first half of 2016, representing an increase of 14.6% as compared to RMB206 million in the corresponding period of 2015, mainly due to the increase in repair and maintenance expenses incurred by the wind power segment as there were more wind power turbines commenced operation.

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

*Administrative expenses*

Administrative expenses of the Group amounted to RMB142 million in the first half of 2016, representing an increase of 6.0% as compared to RMB134 million in the corresponding period of 2015, which was primarily due to the slight increase in administrative expenses caused by business growth of the Group.

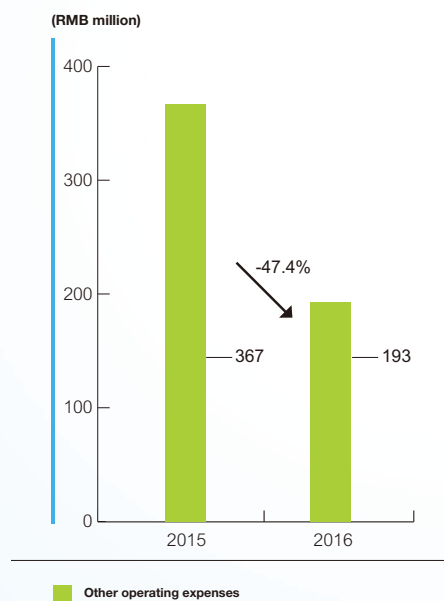
The administrative expenses are set out in the diagram below (for the six months ended 30 June):



Other operating expenses

Other operating expenses of the Group amounted to RMB193 million in the first half of 2016, representing a decrease of 47.4% as compared to RMB367 million in the corresponding period of 2015. The main reasons are as follows: 1) reversal of provision for impairment of assets of RMB94 million according to the transfer price of certain assets in the biomass segment; and 2) a decrease of RMB27 million in costs of engineering, procurement and construction (“EPC”) service, bidding service and design consultancy service of other segments in line with the decrease in business volume.

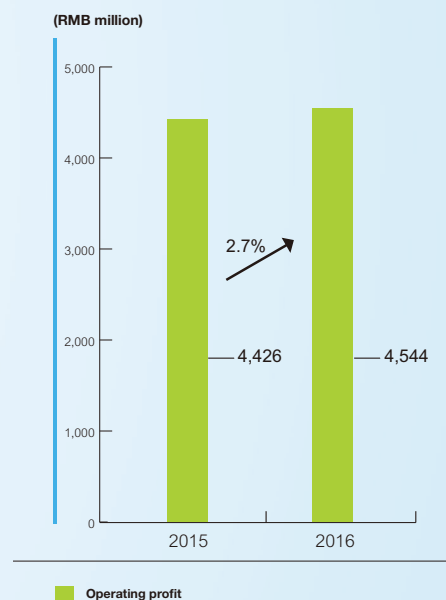
The other operating expenses are set out in the diagram below (for the six months ended 30 June):



Operating profit

In the first half of 2016, the operating profit of the Group amounted to RMB4,544 million, representing an increase of 2.7% as compared to RMB4,426 million in the corresponding period of 2015. The main reasons are as follows: 1) the operating profit of the wind power segment amounted to RMB3,876 million in the first half of 2016, representing an increase of RMB47 million, or 1.2% from RMB3,829 million in the corresponding period of 2015. 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 segment; 2) the operating profit of the coal power segment amounted to RMB583 million in the first half of 2016, representing an increase of RMB19 million, or 3.4% as compared to RMB564 million in the corresponding period of 2015, 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 2015; 3) the reversal of provision for impairment of assets of RMB94 million in the biomass segment; and 4) the profit of external sales of electricity equipment and design consultancy service business of other segments decreased by RMB38 million in the first half of 2016 due to decrease in business volume.

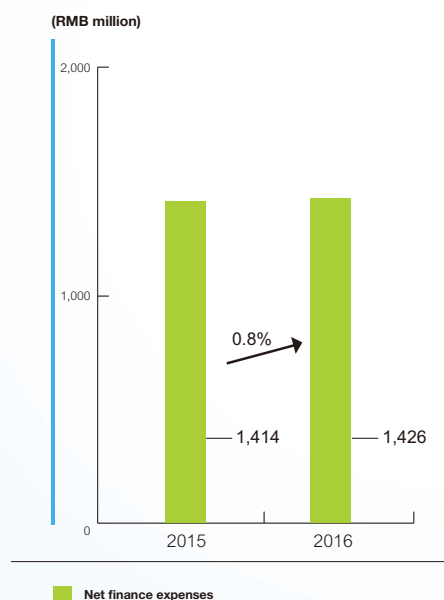
Operating profit is set out in the diagram below (for the six months ended 30 June):



Net finance expenses

The net finance expenses of the Group amounted to RMB1,426 million in the first half of 2016, representing an increase of 0.8% as compared to RMB1,414 million in the corresponding period of 2015. The main reasons are as follows: 1) the interest expenses amounted to RMB1,325 million in the first half of 2016, representing a decrease of RMB181 million as compared to that of RMB1,506 million in the corresponding period of 2015 as the People's Bank of China ("PBOC") lowered the benchmark loan rate; 2) a loss on changes in fair value amounting to RMB119 million from the trading securities and financial derivatives of the Group for the first half of 2016, decreasing by RMB155 million as compared with a gain on changes in fair value amounting to RMB36 million for the corresponding period of 2015; and 3) the exchange loss amounted to RMB36 million in the first half of 2016, representing a decrease of RMB46 million as compared to the exchange gain of RMB10 million in the corresponding period of 2015.

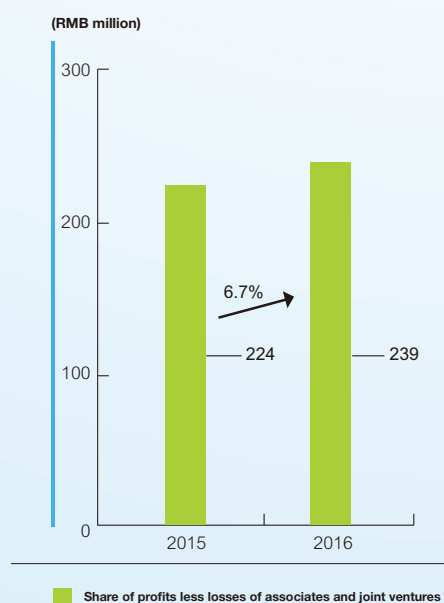
The net finance expenses are set out in the diagram below (for the six months ended 30 June):



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 RMB239 million in the first half of 2016, representing an increase of 6.7% as compared to RMB224 million in the corresponding period of 2015, which was mainly due to the better operating results of Guodian United Power Technology Co., Ltd. (國電聯合動力技術有限公司), an associate, in the first half of 2016 as compared to that of the corresponding period in 2015, which was partly offset by the declining 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 2016 as compared to that of the corresponding period in 2015.

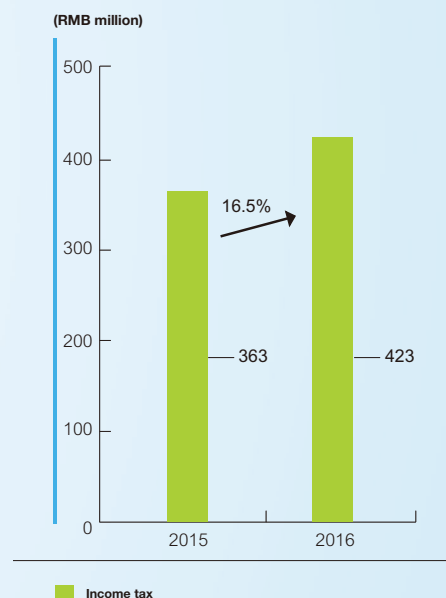
The share of profits less losses of associates and joint ventures is set out in the diagram below (for the six months ended 30 June):



Income tax

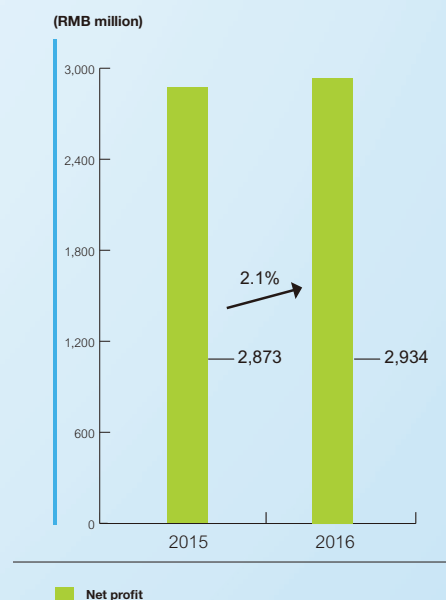
Income tax of the Group amounted to RMB423 million in the first half of 2016, representing an increase of 16.5% as compared to RMB363 million in the corresponding period of 2015, which was mainly due to higher tax rate in the first half of 2016 as compared to that of the corresponding period of 2015 as a result of the end of tax holiday for certain wind power projects.

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

**Net profit**

In the first half of 2016, the net profit of the Group amounted to RMB2,934 million, representing an increase of 2.1% as compared to RMB2,873 million in the corresponding period of 2015, mainly attributable to: the increase of RMB47 million in operating profit of wind power segment as compared to the first half of 2015; the increase of RMB19 million in operating profit of coal power segment as compared to the first half of 2015; and the increase of RMB12 million in net finance expenses as compared to the first half of 2015.

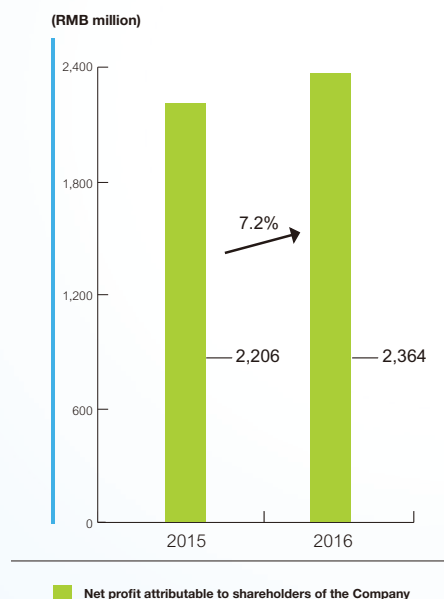
The net profit is set out in the diagram below (for the six months ended 30 June):



Net profit attributable to equity holders of the Company

In the first half of 2016, net profit attributable to equity holders of the Company amounted to RMB2,364 million, representing an increase of 7.2% as compared to RMB2,206 million in the corresponding period of 2015, mainly attributable to the wind power segment and other segments, most equity interests of which were held by equity holders of the Company.

The net profit attributable to equity holders of the Company is set out in the diagram below (for the six months ended 30 June):



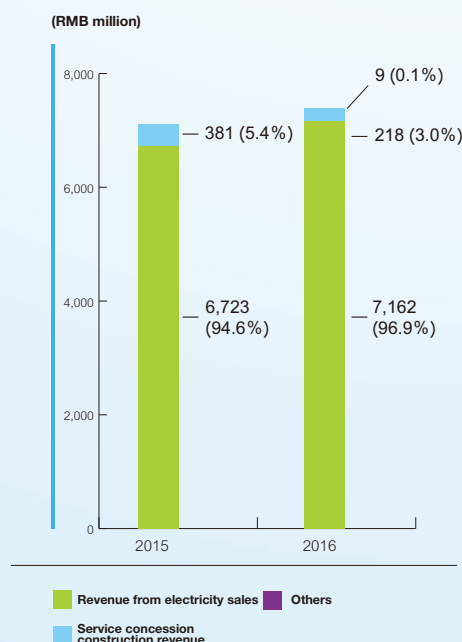
Segment results of operations

Wind power segment

Operating revenue

In the first half of 2016, the operating revenue of the wind power segment of the Group amounted to RMB7,389 million, representing an increase of 4.0% from RMB7,104 million in the corresponding period of 2015, primarily due to the increase in electricity sales revenue derived from growing power generation led by the increase of installed capacity of wind power segment.

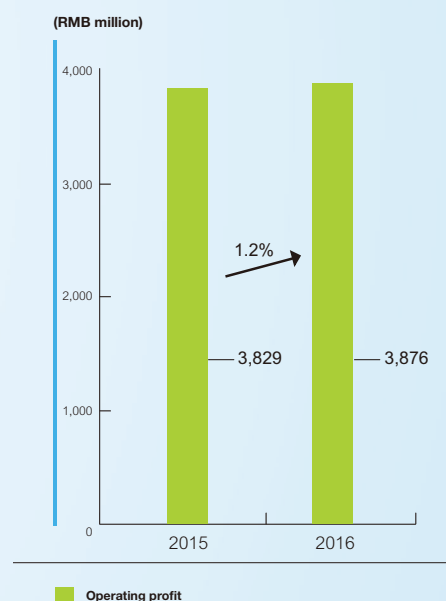
Operating revenue of the wind power segment and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

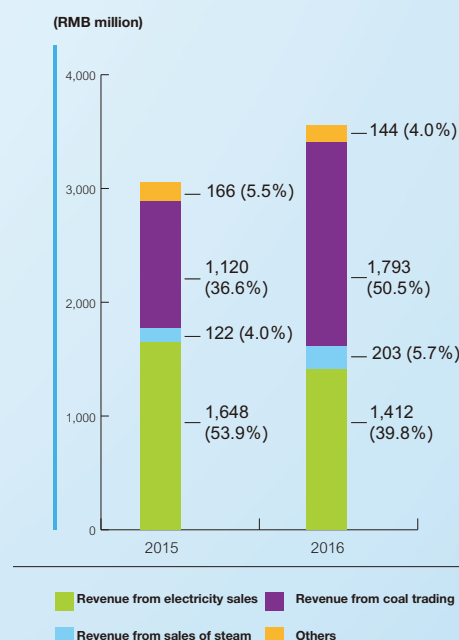
In the first half of 2016, the operating profit of the wind power segment of the Group amounted to RMB3,876 million, representing an increase of 1.2% as compared to RMB3,829 million in the corresponding period of 2015. The growth rate in operating profit of wind power segment is lower than that of the revenue from electricity sales of wind power segment, which was mainly due to the decrease of average utilisation hours of wind power and the increase in revenue from electricity sales is less than the increase in costs in the first half of 2016.

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

**Coal power segment***Operating revenue*

In the first half of 2016, operating revenue of coal power segment amounted to RMB3,552 million, representing an increase of 16.2% as compared to RMB3,056 million in the corresponding period of 2015, primarily attributable to: 1) sales of electricity decreased due to downward adjustment of tariff and decline of coal power generation in the first half of 2016 as compared to the corresponding period of 2015; and 2) the increase in the revenue from coal trading as a result of the increased volume of sales.

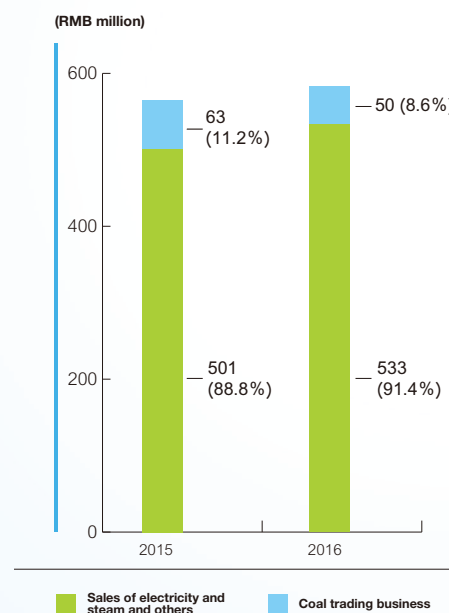
Operating revenue of the coal power segment and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

In the first half of 2016, operating profit of coal power segment amounted to RMB583 million, representing an increase of 3.4% as compared to RMB564 million in the corresponding period of 2015, which was mainly attributable to the decrease of coal price and the increase of the gross profit margin of sales of electricity and steam as compared with the corresponding period of 2015.

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

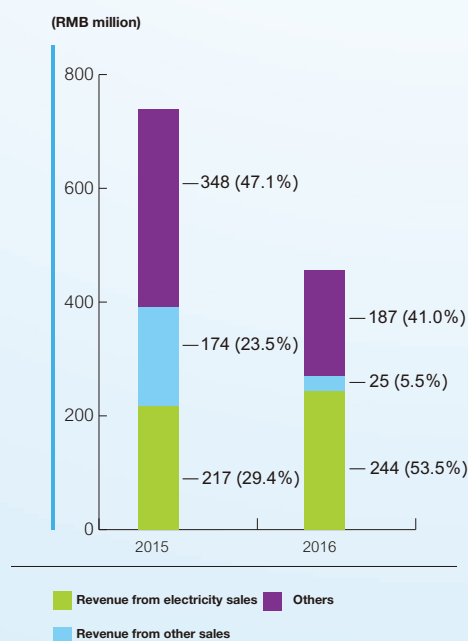


Other segments

Operating revenue

In the first half of 2016, the operating revenue of other segments amounted to RMB456 million, representing a decrease of 38.3% as compared to RMB739 million in the corresponding period of 2015. The main reasons are as follows: 1) revenue of RMB106 million from the general contracting in respect of EPC was recorded under these segments in the first half of 2016, representing a decrease of RMB116 million as compared to RMB222 million in the corresponding period of 2015; and 2) decrease of revenue from sales of products resulted from decrease in sales volume of products such as flanges under these segments in the first half of 2016.

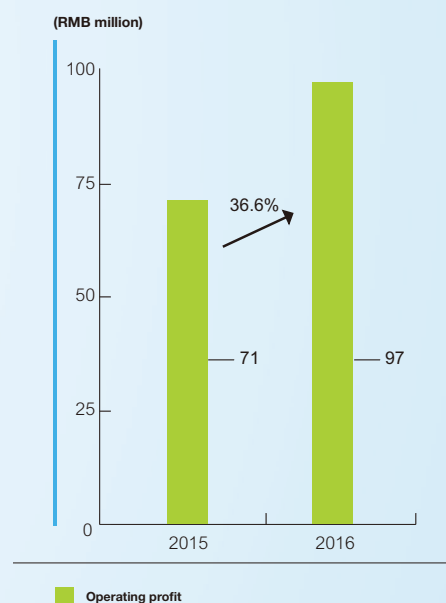
Operating revenue of other segments and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

In the first half of 2016, the operating profit of other segments of the Group amounted to RMB97 million, representing an increase of 36.6% as compared to RMB71 million in the corresponding period of 2015, which was mainly due to: 1) the reversal of asset impairment provision of RMB94 million in the biomass segment; and 2) the decrease in profit from sales of electric equipment and design consultancy service due to a decrease in business.

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

**Assets and liabilities**

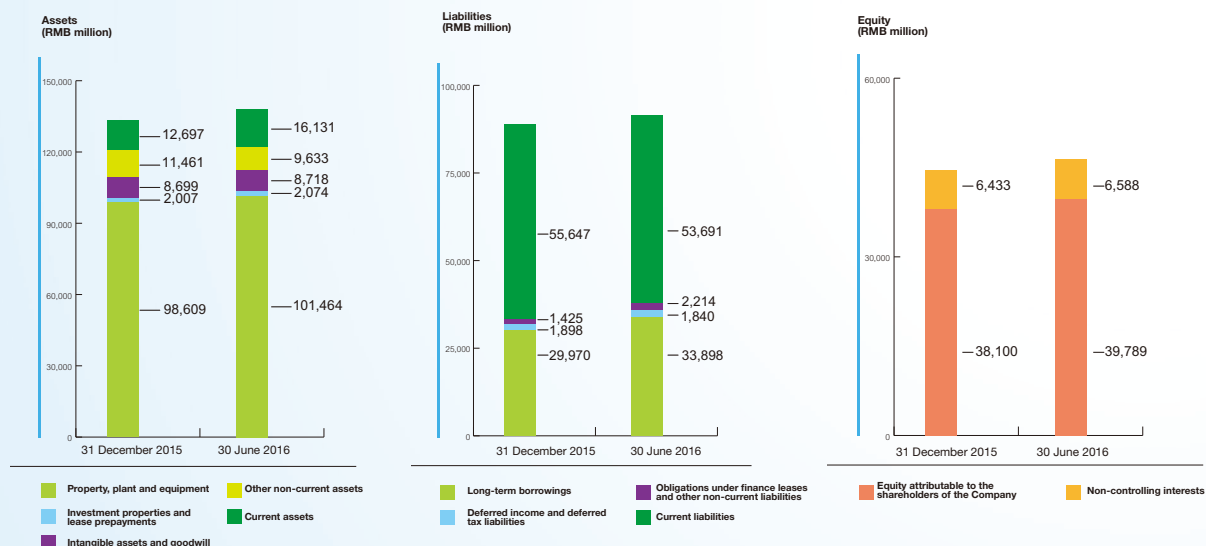
As at 30 June 2016, total assets of the Group amounted to RMB138,020 million, representing an increase of RMB4,547 million as compared with total assets of RMB133,473 million as at 31 December 2015. This was primarily due to: 1) an increase of RMB3,434 million in current assets including receivables; and 2) an increase of RMB1,113 million in non-current assets including property, plant and equipment.

As at 30 June 2016, total liabilities of the Group amounted to RMB91,643 million, representing an increase of RMB2,703 million as compared to total liabilities of RMB88,940 million as at 31 December 2015. This was primarily due to an increase of RMB4,659 million in non-current liabilities including long-term borrowings and a decrease of RMB1,956 million in current liabilities including short-term borrowings.

MANAGEMENT DISCUSSION & ANALYSIS

As at 30 June 2016, equity attributable to equity holders of the Company amounted to RMB39,789 million, representing an increase of RMB1,689 million as compared with RMB38,100 million as at 31 December 2015.

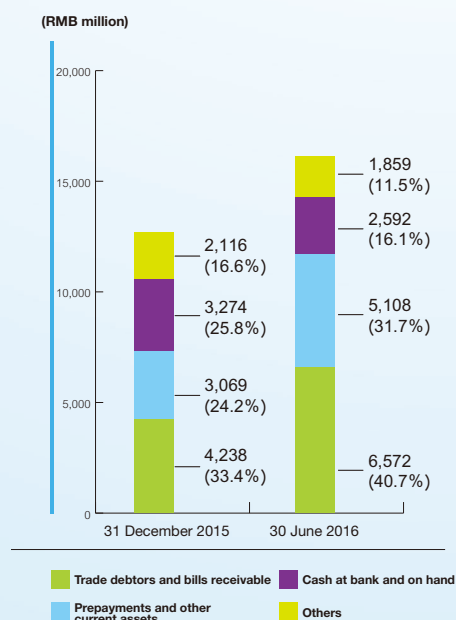
Details of assets, liabilities and equity are set out in the diagrams below:



Capital liquidity

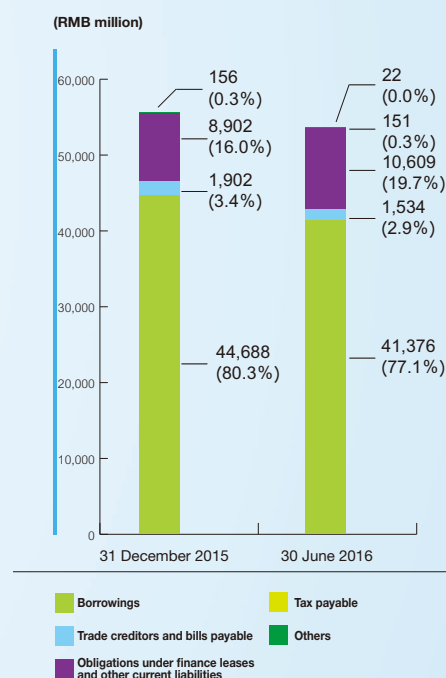
As at 30 June 2016, current assets of the Group amounted to RMB16,131 million, among which, RMB2,592 million was cash at bank and on hand (including restricted deposits), RMB6,572 million was trade debtors and bills receivable primarily consisted of receivables from sales of electricity; RMB5,108 million was prepayments and other current assets primarily consisted of deductible VAT and advances.

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



As at 30 June 2016, current liabilities of the Group amounted to RMB53,691 million, including RMB1,534 million of trade creditors and bills payable (primarily consisting of payables for purchase of coal fuels and spare parts), RMB10,609 million of obligations under finance leases and other current liabilities (primarily consisting of payables for construction of wind power projects and related retention payables) and RMB41,376 million of short-term borrowings.

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



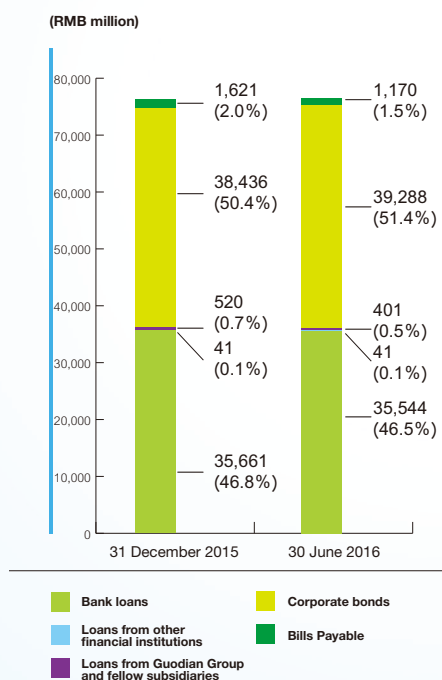
As at 30 June 2016, net current liabilities of the Group amounted to RMB37,560 million, representing a decrease of RMB5,390 million as compared with RMB42,950 million as at 31 December 2015. The liquidity ratio was 0.30 as at 30 June 2016, representing an increase of 0.07 as compared with the liquidity ratio of 0.23 as at 31 December 2015.

Restricted deposits amounted to RMB59 million, mainly including deposits for bills and issuance of the letter of credit.

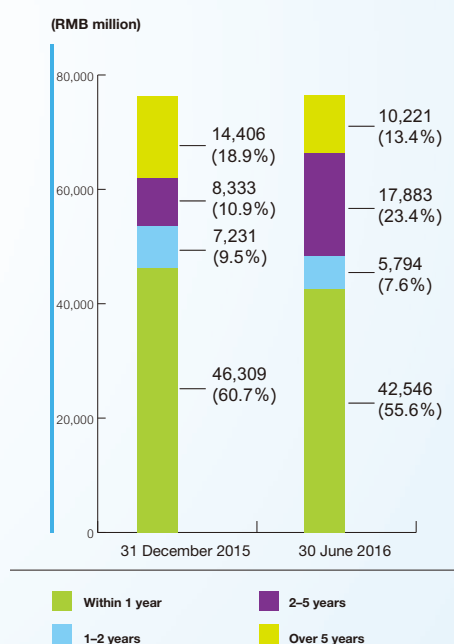
Borrowings and bills payable

As at 30 June 2016, the Group's balance of borrowings and bills payable amounted to RMB76,444 million, representing an increase of RMB165 million as compared with the balance of borrowings and bills payable of RMB76,279 million as at 31 December 2015. As at 30 June 2016, the Group's outstanding borrowings and bills included short-term borrowings and bills payable of RMB42,546 million (including long-term borrowings due within one year of RMB6,378 million and bills payable of RMB1,170 million) and long-term borrowings amounting to RMB33,898 million (including debentures payable of RMB15,417 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB65,976 million, borrowings denominated in U.S. dollars of RMB7,967 million and borrowings denominated in other foreign currencies of RMB1,331 million. As at 30 June 2016, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB353 million and corporate bonds with fixed interest rates of RMB15,417 million. As at 30 June 2016, the balance of bills payable issued by the Group amounted to RMB1,170 million.

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



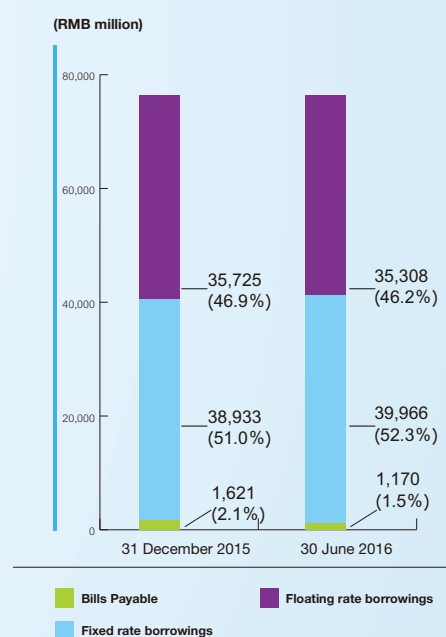
Borrowings and bills payable by term and proportions are set out in the diagram below:



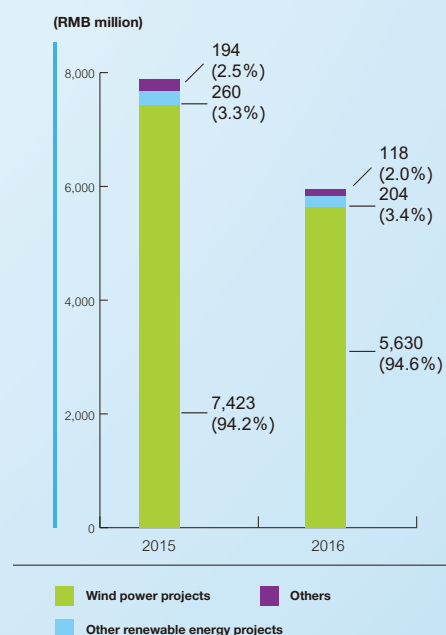
Capital expenditures

The capital expenditures of the Group amounted to RMB5,952 million in the first half of 2016, representing a decrease of 24.4% as compared with RMB7,877 million in the corresponding period of 2015, among which, the expenditures for the construction of wind power projects amounted to RMB5,630 million, and the expenditures for the construction of other renewable energy projects amounted to RMB204 million. The sources of funds mainly included the proceeds from borrowings from banks and other financial institutions and the issue of bonds.

The types of interest rate structure of borrowings and bills payable and their respective proportions are set out in the diagram below:



Capital expenditures classified by use and proportions are set out in the diagram below (for the six months ended 30 June):



Net gearing ratio

As at 30 June 2016, 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 61.07%, representing a decrease of 0.64 percentage points from 61.71% as at 31 December 2015. This was primarily attributable to the increase in debt scale less than the increase in total equity of the Group in the first half of 2016 because of the increase in the Group's retained earnings during the period.

Major investments

The Group made no major investment in the first half of 2016.

Material acquisitions and disposals

The Group had no material acquisitions or disposals in the first half of 2016.

Pledged assets

In 2015, the Group has pledged equipment to secure certain bank loans, and the aggregate net book value of the pledged assets amounted to RMB213 million. As at 30 June 2016, the Group did not pledge any equipment to secure bank loan.

Contingent liabilities/Guarantees

As at 30 June 2016, the Group provided a guarantee of RMB28 million for bank loans of an associate, and issued a counter-guarantee of no more than RMB9 million to the controlling shareholder of an associate. As at 30 June 2016, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB20 million.



Cash flow analysis

As at 30 June 2016, cash at bank and on hand held by the Group amounted to RMB2,533 million, representing a decrease of RMB354 million as compared with RMB2,887 million as at 31 December 2015. 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, repayment of borrowings and dividends distribution.

The net cash inflow of the Group's operating activities amounted to RMB6,197 million in the first half of 2016, among which the cash inflow was primarily attributable to revenue from electricity sales. 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 2016 was RMB5,361 million. The cash outflow for investment activities was mainly used for the construction of wind power projects.

The net cash outflow from financing activities of the Group for the first half of 2016 was RMB1,180 million. The cash inflow for 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 our 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 2016

In the second half of 2016, the general business guidelines of the Group is that, we, led by the “Five Main Development Ideas” (“五大發展理念”), will thoroughly implement the “One, Five and Five” strategy (“一五五”戰略) of Guodian Group following the main line of innovative management and development. We will solidly proceed with the “Double Enhancement” (“雙提升”) and strengthen operation and management, deepen reform and innovation, enhance quality and efficiency, promote advantageous development, and speed up in building a top tier international 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. To optimise the development of earned assets with economic benefit as the centre

The Group will spare no effort in seizing high-quality resources and will create an innovative mind-set with respect to innovative development, continuous optimising development plans, vigorously pressing ahead with cooperation and development, and expedite the implementation of “Going-Out” strategy (“走出去”戰略). In respect of the preliminary works, the Group will improve the work quality, maximise the input effort of the preliminary work, innovate in relevant benchmarking management, as well as conscientiously carry out post-project evaluation. Project progress control, innovative work mind-set, schedule and site management and equipment supply will be strengthened. Aiming to build high quality fine projects, the Group will apply science in optimising the design of our constructions, enhance management of safety and quality, strictly control the project costs, well-organise the marine construction and fully leverage the function of audit and supervision.



2. To strengthen operation of stock assets with the “Double Enhancement” (“雙提升”) as the focus

The Group will consolidate the base for safe production, foster the concept of “Comprehensive Safety” (“大安全”), pick up speed in establishing the standardised system for safe production of wind power enterprises, and devote more efforts to implementing safety production responsibility system. “Four Dont’s and Two Directs” (“四不兩直”) safety inspection will be normalized and the education and training on safe production, drills and anti-accident practices will be strengthened. By “Capturing Every Single kWh of Electricity” (“度電必爭”), the Group will establish a sound efficiency control model to enable best responses to grid curtailment, and strengthen management of equipment. By enhancing operation and management of assets and financing level and via innovative financial management, the Group will strengthen operation and management of thermal power business.

3. To intensify reform of system and mechanism and upgrade corporate management standards

The Group will innovate management systems and mechanisms, continuously carry out innovation of performance assessment mechanism, promote the all-round construction of “Six Types” (“六型”) standardised work groups and apply scientific optimisation of operation and maintenance management systems. It will reinforce building of professional and skilled teams by establishing “Big Trainings” (“大培訓”) framework to increase training efforts and develop innovative training mechanisms for skill enhancement. By implementing the technological innovation-driven mechanism and accelerating the construction of the wind power “Big Data” (“大數據”) centre, it will promote management of its technologies, enhance its relevant services and make proactive exploration in application of new technology.

4. To strengthen ideological and political work for Party building to create an overall harmonious atmosphere

The building of the Party will be strengthened thoroughly by boosting of informatisation and the “Two Learns and One Do” (“兩學一做”) education scheme aiming to solidify primary Party organisations. The Group will enhance anti-corruption initiatives and conscientiously execute the “Two Responsibilities” (“兩個責任”) program, which is comprised of risk prevention and integrity appraisal of practitioners and new methods of anti-corruption education. Endeavouring to build a happy Longyuan, the Group will devote more effort to building its corporate culture and brand, vigorously carry out the projects for the benefits of the people, and diversify the forms of Labour Union.





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 31 May 2016, the Company held the 2015 annual general meeting. Mr. Qiao Baoping (Chairman of the Board), Mr. Wang Baole, Mr. Shao Guoyong and Mr. Chen Jingdong, the non-executive Directors; Mr. Li Enyi and Mr. Huang Qun, the executive Directors; and Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang, the independent non-executive Directors, who were incumbent on the date when the annual general meeting was held, were absent from the abovementioned annual general meeting due to business engagement. Save as disclosed above, from 1 January 2016 to 30 June 2016, 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; review and supervise internal audit control system and risk management function to ensure the independence of the audit function, to ensure co-ordination between the internal and external auditors and to ensure that functions in respect of accounting, internal auditing and financial reporting are 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. Moreover, the audit committee will discuss the risk management and internal control system with the management to ensure that the management has duly performed its duties and established effective system. It will also supervise relevant departments in disclosing the details about how the Company complies with code provisions in respect of risk management and internal control during the reporting period under the Corporate Governance Report.

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. Luan Baoxing (non-executive Director). Mr. Meng Yan serves as the chairman of the audit committee.

On 9 August 2016, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2016, the 2016 interim report and the unaudited interim financial statements for the six months ended 30 June 2016 prepared under International Accounting Standards 34, *Interim Financial Reporting*.



OTHER INFORMATION

SHARE CAPITAL

As of 30 June 2016, 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 2016.

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 2016.

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

On 30 June 2016, 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 2016, 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
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	324,344,718 (Note 3) (Long position)	9.71	4.04
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	4,720,000 (Note 4) (Short position)	0.14	0.06
Wellington Management Group LLP	H shares	Interest of corporation controlled by substantial shareholders	300,174,186 (Note 5) (Long position)	8.99	3.74
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)	7.00	2.91
JPMorgan Chase & Co.	H shares	Beneficial owner, investment manager and custodian	200,359,259 (Note 6) (Long position)	6.00	2.49
JPMorgan Chase & Co.	H shares	Beneficial owner	1,745,000 (Note 7) (Short position)	0.05	0.02

OTHER INFORMATION

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) (%)
JPMorgan Chase & Co.	H shares	Custodian	150,903,653 (Note 8) (Shares in a lending pool)	4.52	1.88
Citigroup Inc.	H shares	Interest of corporation controlled by substantial shareholders, custodian and security interest in shares	188,524,597 (Note 9) (Long position)	5.64	2.35
Citigroup Inc.	H shares	Interest of corporation controlled by substantial shareholders	8,000 (Note 10) (Short position)	0.00	0.00
Citigroup Inc.	H shares	Custodian	171,225,426 (Note 11) (Shares in a lending pool)	5.13	2.13

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 2016.
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. (國電東北電力有限公司), a subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd. (國電東北電力有限公司).

3. Among these 324,344,718 H shares, 1,081,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 395,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 37,815,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 43,429,000 H shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,174,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 352,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,681,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 18,786,665 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,066,000 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 465,000 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 50,367,962 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,518,200 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 23,024,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 14,000 H shares were held by BlackRock Asset Management (Schweiz) AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 115,674,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 15,507,098 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 3,092,000 H shares were held by BlackRock Fund Managers Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., and 902,000 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.
4. Among these 4,720,000 H shares, 3,503,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 254,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 963,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.
5. Among these 300,174,186 H shares, 267,559,331 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 6,686,010 H shares were held by Wellington Management Hong Kong Ltd, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 25,928,845 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 owner of the H shares equity interests held by its aforesaid subsidiaries.



OTHER INFORMATION

6. Among these 200,359,259 H shares, 150,903,653 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., 11,079 H shares were held by J.P. Morgan Clearing Corp, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 43,000 H shares were held by J.P. Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 401,000 H shares were held by JF International Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 3,599,000 H shares were held by JF Asset Management Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 45,400,030 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 owner of the H share equity interests held by its aforesaid subsidiaries.
7. These 1,745,000 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 owner of the H share short positions held by its aforesaid subsidiary.
8. These 150,903,653 H Shares in a 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 owner of the H Shares in a lending pool held by its aforesaid subsidiary.
9. Among these 188,524,597 H shares, 17,243,035 H shares were held by Citigroup Global Markets Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 1,136 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 55,000 H shares were held by Citigroup Global Markets Inc., an indirect wholly-owned subsidiary of Citigroup Inc., 171,225,426 H shares were held by Citibank N.A., an indirect wholly-owned subsidiary of Citigroup Inc. Accordingly, Citigroup Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.
10. These 8,000 H Shares were held by Citibank N.A., an indirect wholly-owned subsidiary of Citigroup Inc. Accordingly, Citigroup Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiary.
11. These 171,225,426 H Shares in a lending pool were held by Citibank N.A., an indirect wholly-owned subsidiary of Citigroup Inc. Accordingly, Citigroup Inc. was deemed as the owner of the H Shares in a lending pool held by its aforesaid subsidiary.

EMPLOYEES

As at 30 June 2016, the Group had a total of 6,794 employees. The staff remuneration of the Group comprises of basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment of the employees. In respect of the remuneration management, the Group insisted the orientation towards efficiency and results as well as the focus on front-line staff. It also strived to ensure scientific and reasonable allocation of income. Sound and comprehensive remuneration management measures were customised for the management members of different types of entities of the Group. Categorised management was implemented to coal power entities, technology entities, new energy entities, entities located in Qinghai and Tibet areas and overseas entities, and the Company increased subsidies to those in the difficult and remote regions in tough conditions.

MATERIAL LITIGATION

As at 30 June 2016, 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.

IMPORTANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END DATE FOR THE HALF YEAR ENDED 30 JUNE 2016

Change of Directors

Mr. Shao Guoyong has tendered his resignation in writing to the Company to resign as a non-executive Director and a member of the audit committee due to changes in job allocation with effect from 12 August 2016. Mr. Chen Jingdong has tendered his resignation in writing to the Company to resign as a non-executive Director and a member of the strategic committee due to changes in job allocation with effect from 12 August 2016.

Mr. Luan Baoxing was appointed as a non-executive Director of the Company, with effect from 12 August 2016 and until the expiry of the term of the current session of the Board (i.e. 8 July 2018). Meanwhile, Mr. Luan Baoxing was also appointed as a member of the audit committee of the Board for a term as same as his term as a non-executive Director.

Mr. Yang Xiangbin was appointed as a non-executive Director of the Company, with effect from 12 August 2016 and until the expiry of the term of the current session of the Board (i.e. 8 July 2018). Meanwhile, Mr. Yang Xiangbin was also appointed as a member of the strategic committee of the Board for a term as same as his term as a non-executive Director.



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 99, which comprises the consolidated statement of financial position of China Longyuan Power Group Corporation Limited as at 30 June 2016, 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 2016 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
9 August 2016

* *For identification purpose only*



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Note	2016 RMB'000	2015 RMB'000 (restated– note 25)
Revenue	5	11,209,050	10,550,509
Other net income	6	283,155	209,900
Operating expenses			
Depreciation and amortisation		(3,043,361)	(2,687,913)
Coal consumption		(672,710)	(760,632)
Coal sales costs		(1,743,360)	(1,060,412)
Service concession construction costs		(217,566)	(381,050)
Personnel costs		(593,272)	(549,790)
Material costs		(106,902)	(187,857)
Repairs and maintenance		(236,322)	(205,764)
Administration expenses		(142,189)	(134,074)
Other operating expenses		(192,658)	(367,147)
		(6,948,340)	(6,334,639)
Operating profit		4,543,865	4,425,770
Finance income		97,019	131,609
Finance expenses		(1,523,262)	(1,545,314)
Net finance expenses	7	(1,426,243)	(1,413,705)
Share of profits less losses of associates and joint ventures		239,152	223,669
Profit before taxation	8	3,356,774	3,235,734
Income tax	9	(423,193)	(362,791)
Profit for the period		2,933,581	2,872,943

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
	Note	2016 RMB'000	2015 RMB'000 (restated – note 25)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation of senior perpetual securities	26	–	(1,055)
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets: net movement in the fair value reserve		1,721	4,259
Exchange difference on net investment		(10,364)	(26,990)
Exchange difference on translation of financial statements of overseas subsidiaries		(2,144)	(31,083)
Other comprehensive income for the period, net of tax	10	(10,787)	(54,869)
Total comprehensive income for the period		2,922,794	2,818,074
Profit attributable to:			
Equity holders of the Company			
– Shareholders		2,284,011	2,205,623
– Perpetual medium-term note holders	27	79,555	–
Non-controlling interests		570,015	667,320
Profit for the period		2,933,581	2,872,943
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		2,265,917	2,151,809
– Perpetual medium-term note holders	27	79,555	–
Non-controlling interests		577,322	666,265
Total comprehensive income for the period		2,922,794	2,818,074
Basic and diluted earnings per share (RMB cents)	11	28.42	27.45

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Property, plant and equipment	12	101,464,039	98,609,393
Investment properties		4,403	4,561
Lease prepayments		2,070,060	2,002,826
Intangible assets	13	8,706,034	8,687,766
Goodwill		11,541	11,541
Investments in associates and joint ventures		5,055,988	4,822,038
Other assets	14	4,430,172	6,483,121
Deferred tax assets		147,240	155,085
Total non-current assets		121,889,477	120,776,331
Current assets			
Inventories		1,124,876	1,080,628
Trade debtors and bills receivable	15	6,572,486	4,237,768
Prepayments and other current assets	16	5,108,364	3,068,934
Tax recoverable		171,610	169,716
Other financial assets	17	369,413	865,836
Restricted deposits		58,693	387,133
Cash at bank and on hand	18	2,533,433	2,886,607
Assets held for sale	19	191,938	–
Total current assets		16,130,813	12,696,622

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current liabilities			
Borrowings	20(b)	41,375,888	44,687,909
Trade creditors and bills payable	21	1,533,608	1,902,386
Other current liabilities	22	10,552,147	8,901,540
Obligations under finance leases	23	56,659	–
Tax payable		150,704	155,638
Liabilities held for sale	19	21,938	–
Total current liabilities		53,690,944	55,647,473
Net current liabilities		(37,560,131)	(42,950,851)
Total assets less current liabilities		84,329,346	77,825,480
Non-current liabilities			
Borrowings	20(a)	33,898,499	29,969,856
Obligations under finance leases	23	459,003	–
Deferred income		1,735,613	1,791,775
Deferred tax liabilities		104,050	106,073
Other non-current liabilities		1,754,911	1,425,141
Total non-current liabilities		37,952,076	33,292,845
NET ASSETS		46,377,270	44,532,635

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
CAPITAL AND RESERVES			
Share capital	24(b)	8,036,389	8,036,389
Perpetual medium-term note	27	2,991,000	2,991,000
Reserves		28,762,104	27,072,396
Total equity attributable to the equity holders of the Company		39,789,493	38,099,785
Non-controlling interests		6,587,777	6,432,850
TOTAL EQUITY		46,377,270	44,532,635

Approved and authorised for issue by the board of directors on 9 August 2016.

Qiao Baoping
Chairman

Li Enyi
Executive Director

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

Note	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Perpetual medium-term note	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve	Retained earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 27)	(Note 24(c)(i))	(Note 24(c)(ii))	(Note 24(c)(iii))	(Note 24(c)(iv))			
At 1 January 2016	8,036,389	2,991,000	14,665,207	778,062	(433,883)	6,745	12,056,265	38,099,785	44,532,635
Changes in equity:									
Profit for the period	-	79,555	-	-	-	-	2,284,011	2,363,566	2,933,581
Other comprehensive income	-	-	-	-	(19,815)	1,721	-	(18,094)	(10,787)
Total comprehensive income	-	79,555	-	-	(19,815)	1,721	2,284,011	2,345,472	2,922,794
Capital contributions	-	-	-	-	-	-	-	65,880	65,880
Appropriation	-	-	-	206,732	-	-	(206,732)	-	-
Dividends by subsidiaries to non-controlling equity owners	-	-	-	-	-	-	-	(488,275)	(488,275)
Dividends to shareholders of the Company	-	-	-	-	-	-	(576,209)	(576,209)	(576,209)
Distribution for perpetual medium-term notes	-	(79,555)	-	-	-	-	-	(79,555)	(79,555)
At 30 June 2016	<u>8,036,389</u>	<u>2,991,000</u>	<u>14,665,207</u>	<u>984,794</u>	<u>(453,698)</u>	<u>8,466</u>	<u>13,557,335</u>	<u>39,789,493</u>	<u>46,377,270</u>

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

Note	Attributable to the equity holders 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 24(c)(i))	(Note 24(c)(ii))	(Note 24(c)(iii))	(Note 24(c)(iv))			(Note 26)			
At 1 January 2015 (as previously reported)	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
Effect on business combination under common control	-	56,800	-	-	-	(6,595)	50,205	-	4,440	4,440	54,645
At 1 January 2015 (as restated)	8,036,389	14,724,100	574,422	(92,828)	6,298	9,859,062	33,107,443	2,416,330	5,380,312	7,796,642	40,904,085
Changes in equity:											
Profit for the period (as restated)	-	-	-	-	-	2,205,623	2,205,623	70,643	596,677	667,320	2,872,943
Other comprehensive income	-	-	-	(58,073)	4,259	-	(53,814)	(1,055)	-	(1,055)	(54,869)
Total comprehensive income	-	-	-	(58,073)	4,259	2,205,623	2,151,809	69,588	596,677	666,265	2,818,074
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	24(a)	-	-	-	-	(479,772)	(479,772)	-	-	-	(479,772)
Interest payment for senior perpetual securities	-	-	-	-	-	-	-	(70,643)	-	(70,643)	(70,643)
At 30 June 2015 (as restated)	<u>8,036,389</u>	<u>14,724,100</u>	<u>778,062</u>	<u>(150,901)</u>	<u>10,557</u>	<u>11,381,273</u>	<u>34,779,480</u>	<u>2,415,275</u>	<u>6,043,690</u>	<u>8,458,965</u>	<u>43,238,445</u>

The notes on pages 60 to 99 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

	Attributable to the equity holders of the Company								Non-controlling interests			Total equity
	Share capital	Perpetual medium-term note	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve	Retained earnings	Subtotal	Senior perpetual securities	Others	Subtotal	
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 27)	(Note 24(c)(i))	(Note 24(c)(ii))	(Note 24 (c)(iii))	(Note 24(c)(iv))			(Note 26)			
At 30 June 2015												
(as previously reported)	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
Effect on business combination under common control	–	–	56,800	–	–	–	(7,715)	49,085	–	3,365	3,365	52,450
At 30 June 2015												
(as restated)	8,036,389	–	14,724,100	778,062	(150,901)	10,557	11,381,273	34,779,480	2,415,275	6,043,690	8,458,965	43,238,445
Changes in equity:												
Profit for the period	–	–	–	–	–	–	674,992	674,992	53,854	474,641	528,495	1,203,487
Other comprehensive income	–	–	–	–	(282,982)	(3,812)	–	(286,794)	108,912	–	108,912	(177,882)
Total comprehensive income	–	–	–	–	(282,982)	(3,812)	674,992	388,198	162,766	474,641	637,407	1,025,605
Capital contributions	–	–	–	–	–	–	–	–	–	110,507	110,507	110,507
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	–	(195,988)	(195,988)	(195,988)
Interest payment for senior perpetual securities	–	–	–	–	–	–	–	–	(60,791)	–	(60,791)	(60,791)
Repayment of senior perpetual securities	–	–	(42,150)	–	–	–	–	(42,150)	(2,517,250)	–	(2,517,250)	(2,559,400)
Issuance of perpetual medium-term notes, net of issue expenses	27	–	2,991,000	–	–	–	–	2,991,000	–	–	–	2,991,000
Effect on business combination under common control	25	–	–	(16,743)	–	–	–	(16,743)	–	–	–	(16,743)
At 31 December 2015	<u>8,036,389</u>	<u>2,991,000</u>	<u>14,665,207</u>	<u>778,062</u>	<u>(433,883)</u>	<u>6,745</u>	<u>12,056,265</u>	<u>38,099,785</u>	<u>–</u>	<u>6,432,850</u>	<u>6,432,850</u>	<u>44,532,635</u>

The notes on pages 60 to 99 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 (restated– note 25)
Operating activities			
Cash generated from operations		6,621,698	9,274,598
Tax paid		(424,773)	(310,913)
Net cash generated from operating activities		6,196,925	8,963,685
Investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		(5,869,300)	(7,215,450)
Payments for investments in associates and joint ventures and unquoted equity investments		(6,000)	(30,000)
Redeem of short-term investments		435,000	–
Other cash arising from/(used in) investing activities		78,994	(100,605)
Net cash used in investing activities		(5,361,306)	(7,346,055)
Financing activities			
Proceeds from borrowings		32,858,096	21,507,784
Repayment of borrowings		(32,357,089)	(20,839,590)
Interest paid for borrowings		(1,595,851)	(1,768,907)
Other cash flows used in financing activities		(85,424)	(107,046)
Net cash used in financing activities		(1,180,268)	(1,207,759)

The notes on pages 60 to 99 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016 – UNAUDITED (Expressed in Renminbi unless otherwise stated)

Six months ended 30 June		
	2016	2015
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(restated– note 25)</i>
Net (decrease)/increase in cash and cash equivalents	(344,649)	409,871
Cash and cash equivalents at 1 January	2,886,607	2,395,916
Effect of foreign exchange rate changes	(8,525)	(6,873)
Cash and cash equivalents at 30 June	2,533,433	2,798,914

The notes on pages 60 to 99 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 OF THE FINANCIAL STATEMENTS

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 9 August 2016.

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 2016 amounting to RMB37,560,131,000. 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 2016, 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 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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 2015 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”).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (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 2015 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 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2016.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012–2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statements: Disclosure initiative*

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

Annual Improvements to IFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

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, provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

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 2016 and 2015 is set out below:

For the six months ended 30 June 2016

	Wind power RMB'000	Coal power RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers				
– Sales of electricity	7,162,188	1,411,826	243,757	8,817,771
– Others	9,255	2,139,912	24,546	2,173,713
Subtotal	7,171,443	3,551,738	268,303	10,991,484
Inter-segment revenue	–	–	187,264	187,264
Reportable segment revenue	7,171,443	3,551,738	455,567	11,178,748
Reportable segment profit (operating profit)	3,875,747	583,044	96,568	4,555,359
Depreciation and amortisation before inter-segment elimination	(2,796,094)	(167,383)	(96,652)	(3,060,129)
Reversal of impairment losses of property, plant and equipment and lease prepayments	–	–	94,068	94,068
Interest income	15,090	9,857	41,193	66,140
Interest expense	(1,304,243)	(32,065)	11,190	(1,325,118)
Expenditures for reportable segment non-current assets during the period	5,629,956	118,258	204,251	5,952,465

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results (Continued)

For the six months ended 30 June 2015 (restated-note 25)

	Wind power RMB'000	Coal power RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers				
– Sales of electricity	6,723,026	1,647,735	216,616	8,587,377
– Others	–	1,407,950	174,132	1,582,082
Subtotal	6,723,026	3,055,685	390,748	10,169,459
Inter-segment revenue	–	–	347,798	347,798
Reportable segment revenue	6,723,026	3,055,685	738,546	10,517,257
Reportable segment profit (operating profit)	3,829,407	563,814	71,245	4,464,466
Depreciation and amortisation before inter-segment elimination	(2,397,842)	(217,415)	(88,775)	(2,704,032)
Reversal of impairment losses of trade and other receivables	–	–	1,691	1,691
Interest income	11,344	12,359	44,316	68,019
Interest expense	(1,276,673)	(39,878)	(189,093)	(1,505,644)
Expenditures for reportable segment non-current assets during the period	7,423,094	193,824	260,691	7,877,609

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (restated– note 25)
Revenue		
Reportable segment revenue	11,178,748	10,517,257
Service concession construction revenue	217,566	381,050
Elimination of inter-segment revenue	(187,264)	(347,798)
Consolidated revenue	<u>11,209,050</u>	<u>10,550,509</u>
Profit		
Reportable segment profit	4,555,359	4,464,466
Elimination of inter-segment profits	29,184	2,303
	<u>4,584,543</u>	<u>4,466,769</u>
Share of profits less losses of associates and joint ventures	239,152	223,669
Net finance expenses	(1,426,243)	(1,413,705)
Unallocated head office and corporate expenses	(40,678)	(40,999)
Consolidated profit before taxation	<u>3,356,774</u>	<u>3,235,734</u>

(c) Geographical information

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(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	
	2016 RMB'000	2015 RMB'000 (restated– note 25)
Sales of electricity	8,817,771	8,587,377
Sales of steam	203,183	122,388
Service concession construction revenue	217,566	381,050
Sales of electricity equipment	13,756	106,560
Sales of coal	1,793,416	1,120,292
Others	163,358	232,842
	11,209,050	10,550,509

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in thousands of Renminbi unless otherwise stated)

6 OTHER NET INCOME

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Government grants	269,072	200,533
Rental income from investment properties	584	3,428
Net (loss)/gain on disposal of property, plant and equipment	(572)	348
Penalty income from wind turbine suppliers	–	282
Others	14,071	5,309
	283,155	209,900

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (restated— note 25)
Interest income on financial assets	66,140	68,019
Dividend income from other investments	332	208
Net realised and unrealised gains on other financial assets	—	39,110
Foreign exchange gains	30,547	24,272
Finance income	97,019	131,609
Interest on bank and other borrowings	1,518,282	1,787,476
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	(193,164)	(281,832)
	1,325,118	1,505,644
Foreign exchange losses	66,548	14,412
Net realised and unrealised losses on other financial assets (note 17)	118,903	2,527
Bank charges and others	12,693	22,731
Finance expenses	1,523,262	1,545,314
Net finance expenses recognised in profit or loss	(1,426,243)	(1,413,705)

The borrowing costs have been capitalised at rates of 2.90% to 6.55% for the period ended 30 June 2016 (six months ended 30 June 2015: 4.57% to 7.15%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (restated– note 25)
Amortisation		
– lease prepayments	40,511	39,535
– intangible assets	219,184	213,994
Depreciation		
– investment properties	158	178
– property, plant and equipment	2,783,508	2,434,206
Reversal of impairment losses		
– property, plant and equipment	89,907	–
– lease prepayments	4,161	–
– trade and other receivables	–	1,691
Operating lease charges		
– hire of plant and equipment	94	30
– hire of properties	9,596	9,582
Cost of inventories	2,579,093	2,075,624

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

9 INCOME TAX

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current tax		
Provision for the period	414,703	361,688
Under provision in respect of prior years	3,242	4,522
	417,945	366,210
Deferred tax		
Origination and reversal of temporary differences	5,248	(3,419)
	423,193	362,791

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

9 INCOME TAX (CONTINUED)

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (restated— note 25)
Profit before taxation	3,356,774	3,235,734
Notional tax on profit before taxation	838,754	808,934
Tax effect of non-deductible expenses	4,254	4,903
Tax effect of share of profits less losses of associates and joint ventures	(59,788)	(55,917)
Tax effect of non-taxable income	(83)	(52)
Effect of differential tax rate of certain subsidiaries of the Group (note (i))	(358,443)	(432,836)
Use of unrecognised tax losses in prior years	(34,987)	(2,129)
Tax effect of unused tax losses and timing differences not recognised	29,857	33,378
Under provision in respect of prior years	3,242	4,522
Others	387	1,988
Income tax	423,193	362,791

Note:

- (i) The provision for income tax of the PRC subsidiaries 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 2016 and the six months ended 30 June 2015, 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

10 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of senior perpetual securities	—	(1,055)
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	2,295	5,679
– Tax expense	(574)	(1,420)
Net of tax amount	1,721	4,259
Exchange difference on translation of financial statement of overseas subsidiaries	(2,144)	(31,083)
Exchange difference on net investment		
– Before and net of tax amount	(10,364)	(26,990)
Other comprehensive income	(10,787)	(54,869)

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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 2016 of RMB2,284,011,000 (six months ended 30 June 2015 (restated – note 25): RMB2,205,623,000) and the number of shares in issue during the six months ended 30 June 2016 of 8,036,389,000 (six months ended 30 June 2015: 8,036,389,000 shares).

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 2016, the Group acquired items of property, plant and equipment of approximately RMB5,616,079,000 (six months ended 30 June 2015 (restated – note 25): approximately RMB7,536,282,000). Items of property, plant and equipment with net book value of approximately RMB1,844,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: approximately RMB4,038,000), resulting in a loss on disposal of approximately RMB572,000 (six months ended 30 June 2015: gain on disposal of approximately RMB348,000). Impairment loss of RMB94,068,000 of two biomass power generation plants, Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. (“Qianjin Biomass”) and Guodian Tangyuan Biomass Power Co., Ltd. (“Tangyuan Biomass”) was reversed according to their recoverable amounts.

In April 2016, the Group signed contracts with a third party to dispose of two biomass power generation plants, Qianjin Biomass and Tangyuan Biomass, with total sales proceeds of RMB170,000,000. The assets and liabilities of these two plants were transferred to assets/liabilities held for sale accordingly.

13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB11,327,297,000 (31 December 2015: approximately RMB11,109,731,000), software and other assets of approximately RMB219,090,000 (31 December 2015: approximately RMB198,853,000).

During the six months ended 30 June 2016, the additions of intangible assets mainly represent service concession assets of approximately RMB217,566,000 (six months ended 30 June 2015: approximately RMB381,050,000).

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(Expressed in thousands of Renminbi unless otherwise stated)

14 OTHER ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Available-for-sale investments, measured at fair value	24,388	22,093
Unquoted equity investments in non-listed companies, at cost (note (i))	727,024	721,024
Loans and advances to:		
– associates (note (ii))	81,790	2,092,790
– fellow subsidiaries	51,000	51,000
– non-controlling equity owner	49,405	42,369
Prepayments for acquisition of business	131,600	131,600
Others	1,322	1,176
Subtotal	1,066,529	3,062,052
Deductible Value-added Tax ("VAT") (note (iii))	3,363,643	3,421,069
	4,430,172	6,483,121

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 2016, 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 date, and bear interest at rates of 4.50% to 5.08% per annum for the period ended 30 June 2016 (31 December 2015: 4.00% to 5.08%). 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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15 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due from third parties	6,509,076	4,172,634
Amounts due from fellow subsidiaries	7,397	34,195
Amounts due from associates	61,891	36,941
	6,578,364	4,243,770
Less: allowance for doubtful debts	(5,878)	(6,002)
	6,572,486	4,237,768

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current	6,568,316	4,235,554
Past due within 1 year	2,266	1,999
Past due between 1 to 2 years	1,999	1,449
Past due between 2 to 3 years	1,015	1,109
Past due over 3 years	4,768	3,659
	6,578,364	4,243,770
Less: allowance for doubtful debts	(5,878)	(6,002)
	6,572,486	4,237,768

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

16 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Loans and advances to (note (i)(iii)):		
– associates and joint ventures	2,183,884	229,653
– China Guodian Corporation (“Guodian Group”)	8,304	7,522
– fellow subsidiaries	577,291	496,674
– third parties	446,934	441,834
Government grant receivables	139,413	98,663
Dividend receivable from		
– associates	6,670	8,832
Deductible VAT (note 14(iii))	1,617,421	1,623,800
Prepayments and others	177,960	211,463
	5,157,877	3,118,441
Less: allowance for doubtful debts	(49,513)	(49,507)
	5,108,364	3,068,934

Notes:

- (i) Included in the loans and advances are interest bearing loans and advances of the Group amounted to RMB2,162,210,000 with annum interest rates of 4.00% to 5.09% as at 30 June 2016 (31 December 2015: RMB88,210,000, with annum interest rates of 5.09% to 5.35%).
- (ii) Prepayments and other current assets including RMB215,000,000 of overdue loans to a fellow subsidiary, the management of the Group is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in thousands of Renminbi unless otherwise stated)

17 OTHER FINANCIAL ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trading securities		
– listed equity securities at HKSE	65,016	81,341
Derivative financial instruments		
– cross-currency exchange contracts (note (iii))	241,397	206,834
– forward exchange contracts	–	6,566
– interest rate swap contracts (note 22(iii))	–	73,095
Short-term investments (note (i))	63,000	498,000
	369,413	865,836

Notes:

- (i) The short-term investments represent wealth management products issued by financial institutions with guaranteed principal amounts and variable returns.
- (ii) In 2015, Hero Asia Investment Limited, the Company's subsidiary, entered into several cross-currency contracts to mitigate the foreign currency risks. The cross-currency contracts are recognised at fair value as at 30 June 2016 and 31 December 2015.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

18 CASH AT BANK AND ON HAND

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash on hand	114	281
Cash at bank and other financial institutions	2,533,319	2,886,326
	<u>2,533,433</u>	<u>2,886,607</u>

19 ASSETS/LIABILITIES HELD FOR SALE

Assets/liabilities held for sale represent the assets and liabilities of the two biomass power generation plants of the Group, Qianjin Biomass and Tangyuan Biomass, to be disposed of. The disposal has been completed in July 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

20 BORROWINGS

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
– Secured	7,310,916	7,671,544
– Unsecured	13,850,336	12,810,470
Loans from fellow subsidiaries		
– Unsecured	302,000	302,000
Other borrowings (note 20(c)(i))		
– Secured	3,487,029	4,985,137
– Unsecured	15,325,765	10,475,461
	40,276,046	36,244,612
Less: Current portion of long-term borrowings (note 20(b))		
– Bank loans	(2,981,329)	(2,830,178)
– Other borrowings	(3,396,218)	(3,444,578)
	33,898,499	29,969,856

As at 30 June 2016, the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB3,799,082,000 (31 December 2015: RMB5,305,050,000).

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(Expressed in thousands of Renminbi unless otherwise stated)

20 BORROWINGS (CONTINUED)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
– Secured	1,283,200	1,574,699
– Unsecured	13,098,415	13,603,033
Loans from other financial institutions		
– Unsecured	41,000	41,000
Loans from fellow subsidiaries		
– Unsecured	99,141	217,997
Other borrowings (note 20(c)(iii))		
– Unsecured	20,475,494	22,975,333
Loan from government		
– Unsecured	1,091	1,091
Current portion of long-term borrowings (note 20(a))		
– Bank loans	2,981,329	2,830,178
– Other borrowings	3,396,218	3,444,578
	41,375,888	44,687,909

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

20 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Long-term		
Corporate bonds (note (i))	18,812,794	15,460,598
Short-term		
Corporate bonds (note (ii))	20,475,494	22,975,333

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. On 9 February 2015, the Company redeemed corporate bond of RMB190 million and changed the coupon rate to 4.80%. The effective interest rate is 4.95% per annum.

On 10 December 2010, the Company issued a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which is guaranteed by Guodian Group. The effective interest rate of the bond is 5.15%.

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 21 January 2016, the five-year corporate bond of RMB1,500 million was due and repaid.

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%.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

20 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings (Continued)

Notes: (Continued)

(i) (Continued)

On 29 September 2015, the Company issued a five-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 3.75% per annum. The effective interest rate is 3.86%.

On 22 October 2015, a subsidiary of the Company, Longyuan Canada Renewables Limited, issued an eighteen-year unsecured corporate bond of CAD200 million at par with a coupon rate of 4.32% per annum. The effective interest rate is 4.32%.

On 22 January 2016, the Company issued a five-year unsecured corporate bond of RMB3,700 million at par with a coupon rate of 3.28% per annum. The effective interest rate is 3.39%.

On 17 March 2016, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.57%.

- (ii) Short-term corporate bonds represented a series of unsecured corporate bonds with the coupon rate from 2.47% to 3.90% issued in 2015 and 2016. The effective interest rates of these bonds are from 2.87% to 4.30%.

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(Expressed in thousands of Renminbi unless otherwise stated)

21 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bills payable	1,089,562	1,597,602
Creditors and accrued charges	356,693	271,293
Amounts due to associates	80,507	–
Amounts due to fellow subsidiaries	6,846	33,491
	1,533,608	1,902,386

As at 30 June 2016 and 31 December 2015, all trade creditors and bills payable are payable and expected to be settled within one year.

22 OTHER CURRENT LIABILITIES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Payables for acquisition of property, plant and equipment	6,330,979	5,626,814
Payables for staff related costs	287,057	335,457
Payables for other taxes	90,476	128,247
Dividends payable	1,043,731	51,080
Receipts in advance	111,333	121,967
Amounts due to associates and joint ventures (note (i))	1,431,926	1,387,923
Amounts due to fellow subsidiaries	130,596	166,972
Amounts due to Guodian Group	28,624	24,124
Other accruals and payables	1,065,276	1,058,956
Derivative financial instruments		
– interest rate swap contracts (note (iii))	32,149	–
	10,552,147	8,901,540

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(Expressed in thousands of Renminbi unless otherwise stated)

22 OTHER CURRENT LIABILITIES (CONTINUED)

Notes:

- (i) 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.
- (iii) In 2015, Longyuan Mulilo De Aar 2 North (RF) Proprietary Limited and Longyuan Mulilo De Aar Wind Power (RF) Proprietary Limited, two subsidiaries of the Group, entered into interest rate swap contracts to mitigate the interest rate risks. The interest rate swap contracts are recognised at fair value as at 30 June 2016 and 31 December 2015.

23 OBLIGATIONS UNDER FINANCE LEASES

At 30 June 2016, the Group had obligations under finance leases repayable as follows:

	At 30 June 2016		At 31 December 2015	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	56,659	58,453	—	—
After 1 year but within 2 years	59,935	64,720	—	—
After 2 years but within 5 years	194,065	230,077	—	—
After 5 years	205,003	287,317	—	—
	459,003	582,114	—	—
	515,662	640,567	—	—
Less: total future interest expenses		(124,905)		—
Present value of finance lease obligations		515,662		—

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24 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 2016 (six months ended 30 June 2015: RMB nil).

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Final dividend in respect of the financial year ended 31 December 2015, approved during the following interim period, of RMB0.0717 per share (year ended 31 December 2014: RMB0.0597 per share)	576,209	479,772

Dividends in respect of the financial year ended 31 December 2015 has been fully paid in August 2016.

(b) Share capital

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Issued and fully paid:		
4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each	4,696,360	4,696,360
3,340,029,000 H shares of RMB1.00 each	3,340,029	3,340,029
	8,036,389	8,036,389

24 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 (income tax exclusive) held at the balance sheet date.

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25 BUSINESS COMBINATION

In August 2015, the Company obtained control of two wind power plants from a fellow subsidiary, Guodian Guangdong Power Co., Ltd. ("Guodian Guangdong"). Details are as follows:

Business name	Combination date	Percentage of interest obtained
Chaozhou City Haishan Island Wind Power Generation Co., Ltd.	August 2015	60%
Guodian Yangjiang Hailing Island Wind Power Generation Co., Ltd.	August 2015	100%

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

	As previously reported RMB'000	Combined business RMB'000	Elimination RMB'000	As restated RMB'000
Results of operations for the period ended 30 June 2015:				
Operating profit	4,423,675	2,095	–	4,425,770
Profit for the period	2,875,138	(2,195)	–	2,872,943
Profit attributable to:				
– Equity holders of the Company	2,206,743	(2,195)	1,075	2,205,623
– Non-controlling interests	668,395	–	(1,075)	667,320
Basic and diluted earnings per share (RMB cents)	27.46	(0.01)	–	27.45



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26 SENIOR PERPETUAL SECURITIES

On 7 December 2012, a subsidiary of the Company (the “Issuer”) issued USD400,000,000 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 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. These 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.

On 7 December 2015, the senior perpetual securities have been redeemed by the Group at the principal amounts together with any accrued, unpaid or deferred coupon interest payments.



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27 PERPETUAL MEDIUM-TERM NOTE

On 24 November 2015, the Company issued perpetual medium-term note amounting to RMB3,000,000,000. The perpetual medium-term note was issued at par value with initial interest rate of 4.44%. The perpetual medium-term note was recorded as equity, after netting off related issuance costs of approximately RMB9,000,000.

Interests of the perpetual medium-term note is recorded as distributions, which is paid annually in arrears on 25 November in each year (“Distribution Payment Date”) and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary equity holders of the Company, reduction of the registered capital of the Company or repaying any securities of lower rank) has occurred.

The perpetual medium-term note has no fixed maturity date and is callable at the Company’s option on 25 November 2020 (“First Call Date”) or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable interest rate will reset, on First Call Date and every five years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and a premium. The premium for First Call Date is 300 basis points per annum and will increase by 300 basis points every five years after the First Call Date.

During the six months ended 30 June 2016, the profit attributable to holders of perpetual medium-term notes, based on the applicable interest rate, was RMB79,555,000.

28 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

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28 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 2016 categorised into			
	Fair value at 30 June 2016 <i>RMB'000</i>	Quoted prices in active market for identical assets (Level 1) <i>RMB'000</i>	Significant other observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities				
– listed	24,388	24,388	–	–
Trading securities	65,016	65,016	–	–
Derivative financial instruments				
– cross-currency exchange contracts	241,397	–	241,397	–
Financial liabilities:				
Derivative financial instruments				
– interest rate swap contracts	(32,149)	–	(32,149)	–

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28 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 2015 categorised into			
	Fair value at 31 December 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	22,093	22,093	–	–
Trading securities	81,341	81,341	–	–

Derivative financial instruments

– cross-currency exchange contracts	206,834	–	206,834	–
– forward exchange contracts	6,566	–	6,566	–
– interest rate swap contracts	73,095	–	73,095	–

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2015: 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.

28 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 cross-currency exchange contracts in Level 2 is determined by discounting the difference between contractual cash flows in RMB and that in USD using spot exchange rate. The discount rate used is derived from the risk free interest rate reference to China Interest Rate Swap at the end of the reporting period.

The fair value of interest rate swap contracts in Level 2 is determined by discounting the contractual fixed interest rate and deducting the forward Johannesburg Interbank Agreed Rate ("JIBAR"). The discount rate used is derived from the JIBAR swap yield curve as at the end of the reporting period.

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 risk free interest rate reference to China Interest Rate Swap at the end of the reporting period.

(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 2016 and 31 December 2015 except as follows:

	At 30 June 2016		At 31 December 2015	
	Carrying Amount RMB'000	Fair value RMB'000	Carrying Amount RMB'000	Fair value RMB'000
Corporate bonds	15,416,576	15,771,397	12,016,020	12,549,226
Fixed rate long-term loans	353,177	348,357	355,146	361,399
	<u>15,769,753</u>	<u>16,119,754</u>	<u>12,371,166</u>	<u>12,910,625</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL COMMITMENTS

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contracted for	6,333,537	11,939,172
Authorised but not contracted for	53,832,273	56,739,589
	60,165,810	68,678,761

30 CONTINGENT LIABILITIES

At 30 June 2016, 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 2016 RMB'000	At 31 December 2015 RMB'000
Associates and joint ventures	27,927	36,348

- (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 2016, the balance counter-guaranteed by the Company amounted to RMB9,423,000 (31 December 2015: RMB11,407,200). 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions 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	
	2016 RMB'000	2015 RMB'000 (restated– note 25)
Sales of goods/provide service to		
Fellow subsidiaries	13,187	171,677
Associates and joint ventures	100,132	102,378
Purchase of goods/receive service from		
Fellow subsidiaries	170,656	113,110
Associates and joint ventures	1,296,564	1,476,688
Working capital provided to/(received from)		
Guodian Group	(3,746)	4,045
Fellow subsidiaries	4,156	178,399
Associates and joint ventures	(2,214)	(12,573)
Loan guarantees revoked by		
Guodian Group	(1,505,968)	(2,422,474)
Loan guarantees revoked to		
Associates and joint ventures	8,421	12,471
Loans provided to/(repayment from)		
Fellow subsidiaries	79,000	—
Associates and joint ventures	(16,000)	69,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transaction with related parties (Continued)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (restated- note 25)
Loans repayment to		
Fellow subsidiaries	118,856	289,600
Interest income		
Fellow subsidiaries	11,378	10,473
Associates and joint ventures	44,038	46,310
Interest expenses		
Guodian Group	—	21,609
Fellow subsidiaries	12,174	45,651
Deposits (withdrawn from)/placed with		
Fellow subsidiaries	(479,319)	943,313
Investments in		
Associates	—	30,000

(b) Outstanding balances with related parties

As at 30 June 2016, except for deposits placed with a fellow subsidiary amounting to RMB1,812,309,000 (31 December 2015: RMB2,291,628,000) and long-term retention payables due to fellow subsidiaries and associates amounting to RMB652,602,000 (31 December 2015: RMB475,157,000), details of other material outstanding balances with related parties are set out in notes 14, 15, 16, 20, 21 and 22.

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(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 followings:

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

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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	
	2016 RMB'000	2015 RMB'000 (restated– note 25)
Sales of electricity	8,723,168	8,488,926
Sales of other products	59,346	69,039
Interest income	10,167	8,227
Interest expenses	831,725	922,438
Loans repaid	2,313,153	1,909,995
Deposits (withdrawn from)/placed with	(64,006)	601,112
Purchase of materials and receiving construction service	1,350,543	1,335,362
Service concession construction revenue	217,566	381,050

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Receivables from sales of electricity	5,845,652	3,626,164
Receivables from sales of other products	161,729	155,496
Bank deposits (including restricted deposits)	530,934	594,940
Borrowings	52,311,513	54,624,666
Payable for purchase of materials and receiving construction work service	1,371,778	1,484,819

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi unless otherwise stated)

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Salaries and other emoluments	1,164	991
Discretionary bonus	3,550	3,545
Retirement scheme contributions	389	332
	5,103	4,868

(e) Commitment with related parties

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Sales commitment with		
Associates and joint ventures	—	4,085
Capital commitment with		
Associates and joint ventures	521,469	1,172,813



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
“China Certified Emission Reduction” or “CCER”	the voluntary emission reduction of greenhouse gases filed with the National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會) (“NDRC”) and registered in the national registration system in accordance with the Interim Measures for Management of Voluntary Emission Reduction Transactions of Greenhouse Gases (《溫室氣體自願減排交易管理暫行辦法》) published and implemented by the NDRC
“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. 1 GW = 1,000 MW
“GWh”	unit of energy, gigawatt-hour. The standard unit of energy used in the electric power industry. One gigawatt-hour is the amount of energy that would be produced by a generator producing one gigawatt for one hour
“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
“MWh”	unit of energy, megawatt-hour. The standard unit of energy used in the electric power industry. One megawatt-hour is the amount of energy that would be produced by a generator producing one megawatt for one hour
“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
“RMB”	Renminbi, the official currency of the PRC
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“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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Beijing
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HEAD OFFICE IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

THE BOARD

Non-executive Directors

Mr. Qiao Baoping (*Chairman of the Board*)
Mr. Wang Baole
Mr. Shao Guoyong ⁽¹⁾
Mr. Chen Jingdong ⁽²⁾
Mr. Luan Baoxing ⁽³⁾
Mr. Yang Xiangbin ⁽⁴⁾

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)

¹ Mr. Shao Guoyong resigned as a non-executive Director of the Company on 17 June 2016 with effect from 12 August 2016

² Mr. Chen Jingdong resigned as a non-executive Director of the Company on 17 June 2016 with effect from 12 August 2016

³ Mr. Luan Baoxing was appointed as a non-executive Director on 12 August 2016

⁴ Mr. Yang Xiangbin was appointed as a non-executive Director on 12 August 2016

* For identification purpose only



CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Soon Yuk Tai

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as to Hong Kong law

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as to PRC law

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

