Interim Report 2010

龍源電力集團股份有限公司

China Longyuan Power Group Corporation Limited*

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

Stock code: 00916

*For identification purpose only

Contents

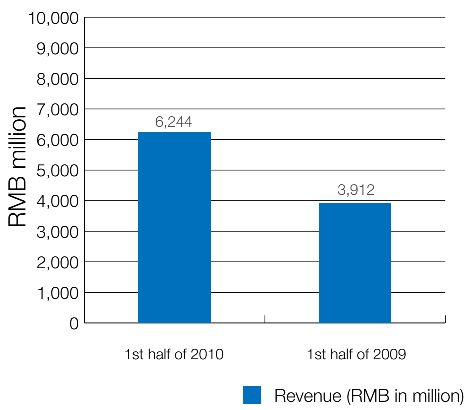
INTERIM RESULTS

The Board of Directors of China Longyuan Power Group Corporation Limited hereby announced the unaudited operating results for the six months ended 30 June 2010 and a comparison with the operating results for the six months ended 30 June 2009 ("corresponding period of 2009"). For the six months ended 30 June 2010, the Group recorded consolidated operating revenue of RMB6,244 million, representing an increase of 59.6% over the corresponding period of 2009. Profit before taxation amounted to RMB1,474 million, representing an increase of 55.3% over the corresponding period of 2009. Net profit attributable to shareholders/equity owner of the Company amounted to RMB852 million, representing an increase of 100.5% over the corresponding period of 2009. Basic earnings per share attributable to shareholders of the Company amounted to approximately RMB0.1141, representing an increase of RMB0.0571 over the earnings per share for the corresponding period of 2009 which was calculated on the basis of 7,464,289,000 shares. As of 30 June 2010, net assets per share (excluding non-controlling interests) amounted to RMB2.96.

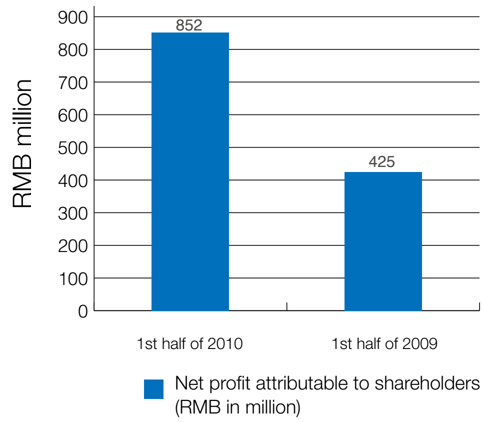
INTERIM RESULTS *(CONTINUED)*

Key Operating and Financial Data

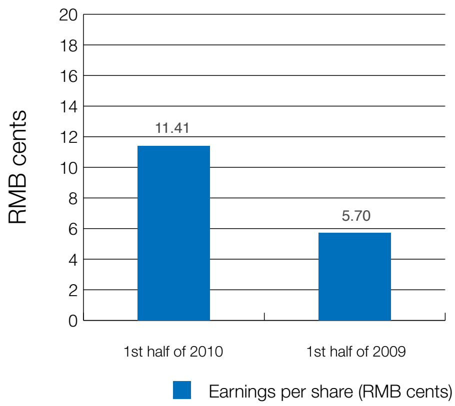
1. Revenue



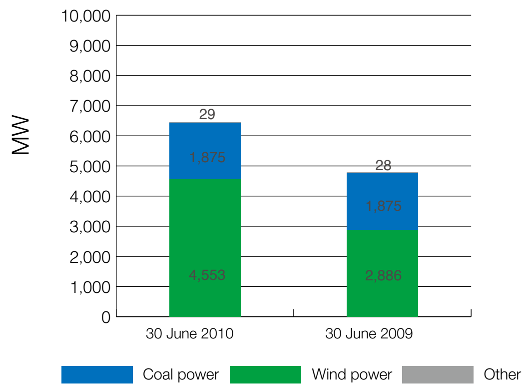
2. Net profit attributable to shareholders



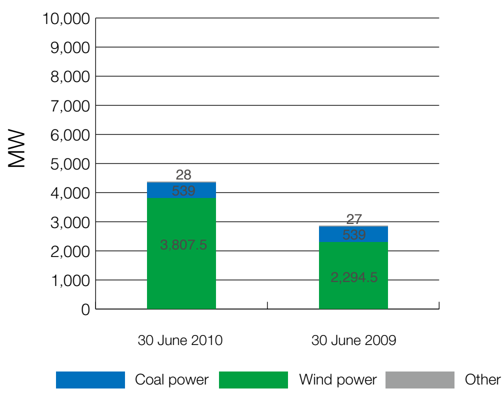
3. Earnings per share



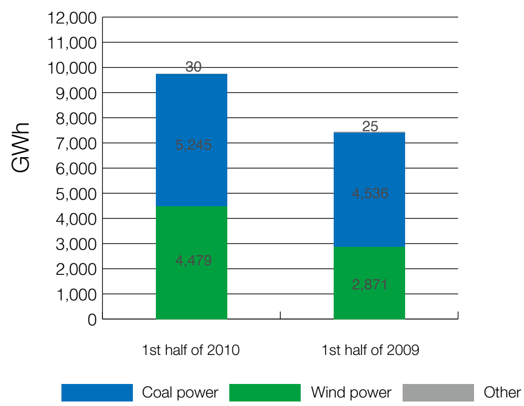
4. Consolidated installed capacity



5. Attributable installed capacity



6. Electricity sales



FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Revenue	**6,243,990**	3,912,314
Profit before taxation	**1,473,556**	949,423
Income tax	**(214,861)**	(150,718)
Profit for the period	**1,258,695**	798,705
Attributable to:		
Shareholders/equity owner of the Company	**851,707**	425,317
Non-controlling interests	**406,988**	373,388
Total comprehensive income for the period	**1,253,735**	801,297
Attributable to:		
Shareholders/equity owner of the Company	**846,747**	427,909
Non-controlling interests	**406,988**	373,388
Basic and diluted earnings per share *(RMB cents)*	**11.41**	8.51 (Note)

Note: The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the profit attributable to shareholders of the Company for such period of RMB425,317,000 and the number of shares in issue during the six months ended 30 June 2009 of 5,000,000,000. The number of shares in issue during the six months ended 30 June 2009 represents the number of shares issued and outstanding upon the establishment of the Company on 9 July 2009 as if such shares have been issued and outstanding for above period.

FINANCIAL HIGHLIGHTS *(CONTINUED)*

	As at 30 June 2010 ***RMB'000***	As at 31 December 2009 *RMB'000*
Total non-current assets	**51,605,189**	47,586,896
Total current assets	**11,523,271**	20,366,806
TOTAL ASSETS	**63,128,460**	67,953,702
Total current liabilities	**22,197,988**	23,691,836
Total non-current liabilities	**14,854,981**	18,581,892
TOTAL LIABILITIES	**37,052,969**	42,273,728
NET ASSETS	**26,075,491**	25,679,974
Total equity attributable to the shareholders of the Company	**22,114,512**	21,899,807
Non-controlling interests	**3,960,979**	3,780,167
TOTAL EQUITY	**26,075,491**	25,679,974

MANAGEMENT DISCUSSION & ANALYSIS

As encouraging opportunities came up and gave robust impetus to China's economy in 2010, China is expected to achieve steady and fast development. The PRC government proactively implemented the macroeconomic policies to "maintain growth, adjust the structure, encourage employment and benefit people's livelihood" ("穩增長、調結構、促就業、惠民生"), China's economy continued to grow at a rapid tempo in the first half of 2010 but there remained certain structural, development and institutional issues facing its economic development and the external environment needs to be further improved. In view of the PRC government's efforts in promoting the development of renewable energy and taking advantage of the national economic boom, the Company intensified the development efforts, promoted the project construction, strengthened safe production oversight, improved cost control and management systems, thereby delivering exceptional performance across all aspects of our operations and management.

I BUSINESS REVIEW

1. Sustained growth in electricity generation

During the first half of 2010, the Group accumulated a consolidated gross electricity generation of 10,491 million kWh, of which consolidated gross electricity generated from our wind power business accounted for 4,893 million kWh, representing an increase of 59.4% as compared with the corresponding period of 2009, while consolidated gross electricity generated from our coal power business accounted for 5,564 million kWh, representing an increase of 15.2% as compared with the corresponding period of 2009. Consolidated gross electricity generated from other renewable energy accounted for 34 million kWh, representing an increase of 13.3% as compared with the corresponding period of 2009. The significant increase in the accumulated consolidated gross electricity generated from our wind power business for the first half of 2010 was primarily attributable to the Group's additional wind power consolidated installed capacity of 2,000.7 MW in 2009. With an ever commitment to strengthening the safe production, improving management on operation and maintenance as well as developing and expanding an experienced business team, the Group achieved safe production and operation in the first half of 2010.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

1. Sustained growth in electricity generation (Continued)

During the reporting period, the Group successively commenced the construction of a number of projects, emphasized on the construction quality and progress and strived to achieve the commissioning target for the year. The installed capacity of the Group's wind power projects commenced operation in the first half of 2010 was 49.5 MW.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 30 June 2009 and 2010:

Region	Wind power consolidated installed capacity as at 30 June 2010 *(MW)*	Wind power consolidated installed capacity as at 30 June 2009 *(MW)*	Percentage of Change
The Three Northeast Provinces	1,666.70	974.70	71.0%
Inner Mongolia	993.40	795.40	24.9%
The Southeast Coastal Provinces	714.75	534.80	33.6%
Gansu	406.80	307.80	32.2%
Xinjiang	249.30	223.80	11.4%
Hebei	423.00	49.50	754.5%
Other regions	99.00	—	—
Total	4,552.95	2,886.00	57.8%

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

1. Sustained growth in electricity generation (Continued)

Geographical breakdown of the consolidated gross power generation of the Group's wind farms for the first half of 2009 and the first half of 2010:

Region	**Consolidated gross power generation for the first half of 2010** *(MWh)*	**Consolidated gross power generation for the first half of 2009** *(MWh)*	**Percentage of Change**
The Three Northeast Provinces	1,430,178	920,247	55.4%
Inner Mongolia	1,149,087	968,799	18.6%
The Southeast Coastal Provinces	909,491	562,604	61.7%
Gansu	311,852	175,319	77.9%
Xinjiang	441,866	355,064	24.4%
Hebei	591,640	87,418	576.8%
Other regions	59,258	—	—
Total	4,893,372	3,069,451	59.4%

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

1. Sustained growth in electricity generation (Continued)

During the first half of 2010, the average utilisation hours of the Group's wind power generating units was 1,086 hours while certain regions still experienced limitations on electricity output. The limitation on electricity output was estimated to account for approximately 4.9% of the accumulated wind power electricity output for the first half of 2010.

Geographical breakdown of the average utilisation hours of the Group's wind farms for the first half of 2009 and the first half of 2010:

Region	Average utilisation hours of wind power for the first half of 2010 *(hours)*	Average utilisation hours of wind power for the first half of 2009 *(hours)*	Percentage of Change
The Three Northeast Provinces	858.1	1,159.5	-26.0%
Inner Mongolia	1,156.7	1,273.2	-9.2%
The Southeast Coastal Provinces	1,272.5	1,159.4	9.8%
Gansu	766.6	839.7	-8.7%
Xinjiang	1,772.4	1,586.5	11.7%
Hebei	1,398.7	1,766.0	-20.8%
Other regions	1,076.3	—	—
Total	1,086	1,201	-9.6%

During the reporting period, the Group's consolidated gross electricity generated from our coal power business significantly increased to 5,564 million kWh, primarily attributable to the increase in demand for electricity, for which the Group strengthened the production management to ensure the optimal operation of coal power generating units. The average utilisation hours of coal power generating units of the Group were 2,967 hours in the first half of 2010.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

1. Sustained growth in electricity generation (Continued)

The average availability factor of the Group's wind power generating units for the first half of 2010 was 98.19%, representing an increase of 1.22% over the first half of 2009, a testimony to the Company's unrivalled strength in reliable and healthy equipment operation and maintenance.

Geographical breakdown of the average availability factor of the wind power generating units of the Group's wind farms for the first half of 2009 and the first half of 2010:

Region	Average availability factor of wind power for the first half of 2010 *(%)*	Average availability factor of wind power for the first half of 2009 *(%)*	Change
The Three Northeast Provinces	98.53	98.41	0.12%
Inner Mongolia	98.72	97.19	1.53%
The Southeast Coastal Provinces	98.78	96.84	1.94%
Gansu	98.66	98.84	-0.18%
Xinjiang	97.02	96.73	0.29%
Hebei	97.94	92.75	5.19%
Other regions	—	—	—
Total	98.19	96.97	1.22%

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

2. Substantial growth in profit

With the continuous growth in the installed capacity, the Group continued to strengthen safe production, refine specifics of cost control, optimise wind power operation and management and focus on the report of tariffs and the collection of electricity revenue. The Group also proactively leveraged on the preferential policies and made the best endeavors to reduce financing expenses. Combined with an ongoing effort in developing CDM projects, the Company's profit continued to increase, and the net profit attributable to shareholders for the first half of 2010 amounted to RMB852 million, representing an increase of 100.5% over the corresponding period of 2009.

3. Tariff rate remained stable

Wind power tariffs of the Group for the first half of 2010 remained stable, with the average on-grid tariffs for wind power increased to RMB565 per MWh (VAT included) by RMB25 per MWh (VAT included) as compared with the average on-grid tariffs for wind power of RMB540 per MWh (VAT included) for the corresponding period of 2009. The average on-grid tariffs for coal power was RMB422 per MWh (VAT included), remained stable as compared with the average on-grid tariffs for coal power of RMB422 per MWh (VAT included) for the corresponding period of 2009.

4. Decrease in purchase costs of wind power equipment

In the first half of 2010, the Group has been seeking to reduce the purchase cost, and leveraging on the economy of scale in purchase through centralising the tender process of wind power equipment. In the first half of 2010, the average purchase cost of the master wind turbines of the Group decreased by approximately 10% as compared with the average cost of 2009, which significantly reduced the construction cost of wind power projects.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

5. Diversified financing sources for cost saving

With a commitment to strengthening unified cash management and finance management, the Group proactively diversified the financing channels, principally focusing on optimisation and management of debts structure while ensuring the fund safety to reduce financing costs. On 10 February 2010, the Company raised an aggregate of RMB1,600 million by issuance of 7-year fixed-rate corporate bonds bearing coupon rate of 4.52% per annum. In addition, on 12 March 2010, Jiangyin Sulong Heat and Power Generating Co., Ltd. (former Jiangyin Sulong Power Generation Co., Ltd.), a subsidiary of the Company, issued short-term debentures of RMB600 million with a maturity period of 365 days and bearing an interest of 3.42%. Such move protected the Company from potential interest rate risks and further reduced the Company's financing costs.

6. Improved wind power project development and construction

The Group made great effort in the early development of wind power projects, focused on the development of our wind resources rating system, further strengthened our preliminary development efforts, improved our project design capability, and expanded our wind power pipeline projects. As at 30 June 2010, the installed capacity for the Group's total wind power pipeline projects reached 50,000 MW. The Group also actively extended our reach in the offshore wind power market and is preparing for the tender of four offshore wind power service concession projects organised by NDRC.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

I BUSINESS REVIEW *(CONTINUED)*

6. Improved wind power project development and construction (Continued)

Apart from proactively expanding wind power pipeline projects, the Group stressed on the construction of wind power projects of high specifications. In 2010, all of the three projects recommended by the Company passed the selection and were awarded the "Premium Quality Power Construction" (電力優質工程獎) organised by China Electric Power Construction Association (中電建協). The Group also focused on the construction of large wind power bases, and gave specific attention to the life-cycle management of wind power construction and the control of quality, construction costs, working schedules and safety. Optimal designs, organisation of construction works, stringent control on construction costs and implementation of safety measures were given top priority to ensure that relevant projects are put in operation this year as scheduled.

7. Strengthened CDM development

The Group has in place a dedicated team responsible for CDM project development. As at 30 June 2010, 87 CDM projects of the Group have obtained the approval of the NDRC and 11 CDM projects have been successfully registered with the CDM EB with an aggregate installed capacity of 487.4 MW in the first half of 2010. As at 30 June 2010, 36 CDM projects have been successfully registered, comprising 35 wind power projects with a total installed capacity of 1,877.8 MW and one biomass project with an installed capacity of 24.0 MW. In the first half of 2010, the Group's net income from sales of CERs and VERs amounted to RMB162 million, representing an increase of RMB45 million over the corresponding period of 2009, of which the net income from sales of CERs amounted to RMB148 million, representing an increase of RMB38 million over the corresponding period of 2009, and the net income from sales of VERs amounted to RMB14 million, representing an increase of RMB7 million over the corresponding period of 2009.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Overview

In the first half of 2010, the net profit of the Group amounted to RMB1,259 million, representing an increase of 57.6% from RMB799 million over the corresponding period of 2009. Net profit attributable to shareholders amounted to RMB852 million, representing an increase of 100.5% from RMB425 million over the corresponding period of 2009.

Operating revenue

	For the six months ended 30 June		
	2010	2009	**Percentage of change**
	RMB'000	*RMB'000*	
Total revenue (excluding service concession construction revenue)	**6,067,067**	3,547,803	71.0%
Service concession construction revenue	**176,923**	364,511	-51.5%
Total revenue	**6,243,990**	3,912,314	59.6%

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Operating revenue (Continued)

Operating revenue of the Group amounted to RMB6,244 million in the first half of 2010, representing an increase of RMB2,332 million or 59.6% from RMB3,912 million over the corresponding period of 2009, primarily due to (1) an increase of RMB829 million or 62.6% in revenue from electricity sales in wind power business to RMB2,153 million as compared to RMB1,324 million over the corresponding period of 2009 as a result of an increase in electricity sales volume following the expansion in the installed capacity of our wind power business; (2) RMB1,592 million of revenue from the sales of coal in the coal power business in the first half of 2010 as a result of the establishment of a subsidiary engaging in coal trading business in 2009; and (3) an increase of RMB256 million in revenue from electricity sales in the coal power business to RMB1,891 million as compared to RMB1,635 million over the corresponding period of 2009 due to the corresponding increase in electricity sales volume led by the increased demand for electricity in Jiangsu Province. In addition, as construction of concession projects gradually completed, fewer concession projects were under construction. Service concession construction revenue decreased by RMB188 million from RMB365 million in the first half of 2009 to RMB177 million in the first half of 2010.

Other net income

Other net income of the Group amounted to RMB348 million in the first half of 2010, representing an increase of RMB78 million or 28.9% from RMB270 million over the corresponding period of 2009. The increase in other net income was primarily due to an increase of RMB45 million in income from sales of CERs and VERs over the corresponding period of 2009 as more wind power projects commenced operation and more projects were successfully registered with the CDM EB. In addition, due to the increase in the electricity sales volume of our wind power business, other government grants (mainly including VAT rebates and the amortisation of VAT refunds) increased by RMB40 million over the corresponding period of 2009.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Operating expenses

The operating expenses of the Group amounted to RMB4,618 million in the first half of 2010, representing an increase of RMB1,882 million or 68.8% from RMB2,736 million over the corresponding period of 2009. The increase in operating expenses was primarily due to the increase in depreciation and amortisation expenses of wind power business, the increase in coal consumption of coal power business as well as the increase in cost of coal sales.

Coal consumption

The coal consumption of the Group amounted to RMB1,351 million in the first half of 2010, representing an increase of 37.9% from RMB980 million over the corresponding period of 2009. The increase in coal consumption was primarily due to the increase in electricity generated from our coal power business and the increase in coal prices.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB1,030 million in the first half of 2010, representing an increase of 39.4% from RMB739 million over the corresponding period of 2009. The increase in depreciation and amortisation expenses was primarily due to the expansion in the installed capacity of our wind power business.

Personnel costs

Personnel costs of the Group amounted to RMB284 million in the first half of 2010, representing an increase of 35.9% from RMB209 million over the corresponding period of 2009. The increase in personnel costs was primarily due to the increase in headcount as a result of the Group's expansion and as more projects commenced operation.

Cost of coal sales

The cost of coal sales of the Group amounted to RMB1,468 million in the first half of 2010. The increase in the cost of coal sales was primarily due to rapid growth in coal trading business since such business started in 2009.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Material costs

The material costs of the Group amounted to RMB88 million in the first half of 2010, representing a decrease of RMB9 million as compared to RMB97 million over the corresponding period of 2009. The decrease in material costs was primarily due to the decrease in cost for material following the decrease in external sales of Zhongneng Power-Tech Development Company Limited, a subsidiary of the Company.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB55 million in the first half of 2010, representing an increase of RMB26 million as compared to RMB29 million over the corresponding period of 2009. The increase in the repair and maintenance expenses was due to the increased installed capacity in wind power business and the successive expiration of the warranty period of certain wind power projects.

Administrative expenses and other operating expenses

The administration and other operating expenses of the Group amounted to RMB166 million in the first half of 2010, representing an increase of 32.8% from RMB125 million over the corresponding period of 2009. This was primarily due to the increase in relevant operating expenses as a result of the Group's expansion to other regions and the extension of management functions. In addition, relevant expenses such as insurance premiums and taxes increased as a result of more projects under construction and more projects commenced operation.

Operating profit

The operating profit of the Group amounted to RMB1,974 million in the first half of 2010, representing an increase of RMB527 million or 36.4% from RMB1,447 million over the corresponding period of 2009. The increase in operating profit was primarily due to the increase in electricity sales revenue from wind power business.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Net finance expenses

The net finance expenses of the Group amounted to RMB538 million in the first half of 2010, which remained stable as compared to RMB526 million over the corresponding period of 2009. This was primarily due to a combination of the following: 1) the Group's repayment of certain bank borrowings with proceeds raised from the initial public offering; 2) slight decrease in the interest rate; and 3) more projects that ceased interest capitalisation as a result of commencement of operation.

Share of profits less losses of associates and jointly controlled entities

The Group's share of profits less losses of associates and jointly controlled entities amounted to RMB37 million in the first half of 2010, representing an increase of 27.6% from RMB29 million over the corresponding period of 2009.

Income tax

Income tax of the Group amounted to RMB215 million in the first half of 2010, representing an increase of 42.4% from RMB151 million over the corresponding period of 2009, which was as a result of: 1) the increase in tax rates of coal power entities; 2) expiration of tax exemptions for certain wind power projects which are now entitled to 50% tax exemption; and 3) the increase in profit before taxation of our wind power business.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Segment results of operations

	For the six months ended 30 June		
Operating profit	**2010**	2009	**Percentage of Change**
	RMB'000	*RMB'000*	
Wind power	**1,540,440**	1,004,103	53.4%
Coal power	**447,003**	449,079	-0.5%
Other business	**35,046**	34,658	1.1%

In the first half of 2010, revenue from electricity sales of wind power business of the Group amounted to RMB2,153 million, representing an increase of 62.6% from RMB1,324 million over the corresponding period of 2009. Operating profit from wind power business amounted to RMB1,540 million, representing an increase of 53.4% from RMB1,004 million over the corresponding period of 2009. The increase in operating profit was primarily due to the increase in installed capacity and electricity generated from our wind power companies. Revenue from electricity sales of coal power business (excluding the coal trading company) amounted to RMB1,891 million, representing an increase of 15.7% from RMB1,635 million for the corresponding period of 2009. Such increase was primarily due to the increase in electricity sales volume. Operating profit of our coal power business amounted to RMB447 million, representing a decrease of 0.4% from RMB449 million for the corresponding period of 2009. Such decrease was primarily due to the increase in coal prices as compared to the corresponding period of 2009. Operating revenue and operating profit from the coal trading company amounted to RMB1,592 million and RMB102 million, respectively.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Liquidity and sources of fund

As at 30 June 2010, the cash at bank and on hand of the Group amounted to RMB6,428 million, representing a decrease of RMB10,075 million over the balance of RMB16,503 million as at 31 December 2009. The decrease in cash at bank and on hand was primarily due to the capital expenditure and repayment of loans with the proceeds from the initial public offering of the Company during the first half of 2010.

Apart from cash at bank and on hand, current assets of the Group amounted to RMB11,523 million, including trade debtors of RMB2,994 million (primarily consisted of receivables from the sales of electricity), prepayments and other current assets of RMB948 million (primarily consisted of receivables from the VAT rebate, VAT refund in connection with the domestically manufactured equipment and receivables from sales of CERs). Current liabilities amounted to RMB22,198 million, including trade creditors of RMB1,186 million (primarily consisted of payables for coal purchase), and other payables of RMB5,284 million (primarily consisted of payables of construction and guarantee deposits for construction contracts and purchase of equipment). Short-term borrowings amounted to RMB15,523 million. Net current liabilities as at 30 June 2010 amounted to RMB10,675 million, representing an increase of RMB7,350 million as compared to that as at 31 December 2009. The increase in net current liabilities primarily due to the capital expenditure and repayment of certain long-term loans with the proceeds raised from the initial public offering of the Company during the first half of 2010.

Restricted deposits amounted to RMB391 million, mainly representing deposits for bills payables.

As at 30 June 2010, the Group's outstanding borrowings amounted to RMB28,120 million (of which short-term borrowings and long-term borrowings due within one year amounted to RMB15,523 million and long-term borrowings amounted to RMB12,597 million), representing a decrease of RMB5,186 million from RMB33,306 million as at 31 December 2009.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

II RESULTS OF OPERATIONS AND ANALYSIS THEREOF *(CONTINUED)*

Capital expenditure

The capital expenditure of the Group amounted to RMB4,868 million in the first half of 2010, representing a decrease of 38.5% from RMB7,911 million for the corresponding period of 2009. The capital expenditure mainly represented construction costs. The capital expenditure were mainly funded by proceeds raised from the initial public offering, bank borrowings, issuance of bonds and cash generated from operating activities of the Group.

Net gearing ratio

As of 30 June 2010, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by sum of net debt and total equity, was 48%, representing an increase of 8% from 40% as at 31 December 2009. The increase was primarily due to the continuous increase in net debt as a result of the expansion in the scale of the Company.

Material investment

The Group had no material investment in the first half of 2010.

Material acquisition and disposal

The Group did not have any material acquisition and disposal in the first half of 2010.

Pledged assets

The Group has pledged certain machinery and equipment to secure certain bank loans. As at 30 June 2010, the aggregate net book value of the assets pledged was RMB308 million.

Contingent liabilities

As at 30 June 2010, the Group provided RMB89 million guarantee for bank loans of a related party, and issued a counter-guarantee of no more than RMB42 million to the controlling shareholder of an associated company.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

III BUSINESS OUTLOOK FOR THE SECOND HALF OF 2010

Wind power and other renewable energy have become the world's investment highlights after the Copenhagen Climate Change Conference. The PRC government has announced its development goal that through vigorous development of renewable energy, by 2020 non-fossil energy will account for approximately 15% of the primary energy consumption in China and by 2020 carbon dioxide emission per unit gross domestic product in China will decrease by 40% to 45% against its 2005 level, as part of its medium and long term plan for national economic and social development. China's target to control the greenhouse gas emission by 2020 could thereby be viewed as a strategic task to address climatic changes for now and for the coming period.

In order to reduce the proportion of fossil energy, China needs splendid efforts to develop its alternative energy industry. Going forward, wind power and other renewable energy will make up a much more significant proportion in China's primary energy portfolio, and low-carbon economy and energy-saving and emission reduction policies will be crucial to future economic development. Overall, with increasing wind power development worldwide and as an effect of deepening of the government's preferential policies, China's wind power industry is expected to remain its growing trend this year. The continuous strengthening and implementation of the PRC energy-saving and emission reduction policies in the future will favor the wind power industry and the Group's wind power business. The Group will leverage on its scale, costs, experience and personnel to speed up the project construction and improve the management through various approaches, including the continuous development of centralized procurement of wind power equipment and appointing qualified and reputable contractors to conduct preliminary design and equipment procurement for certain wind power projects, and also to refine our cost control mechanism, improve production and operation and continue to boost our profitability and enhance our competitive edges and maintain our leading position in the industry.

MANAGEMENT DISCUSSION & ANALYSIS *(CONTINUED)*

III BUSINESS OUTLOOK FOR THE SECOND HALF OF 2010 *(CONTINUED)*

In the second half of 2010, the Company will make the best endeavors to carry out the following tasks in order to meet the performance targets for the year:

1. to ensure the realisation of the commissioning target for wind power by improving the construction management and focusing on the cost control;

2. to ensure realisation of the annual power generation target by optimising the production and operation and strengthening equipment management;

3. to boost the profitability by refining the cost control mechanism and enhancing the marketing initiatives;

4. to explore every possible measure to open up markets by optimising the wind power layout and expanding project development;

5. to continuously improve the Company's overall management by innovating management systems and improving operation efficiency;

6. to secure the funding for the Company's development by widening the financing channels and reducing finance expenses;

7. to steadily develop the overseas market by leveraging on our competitive edges and optimising the layout for overseas projects.

CORPORATE GOVERNANCE

The Company was established on 9 July 2009, converting from China Longyuan Electric Power Group Corporation（龍源電力集團公司）. The shares of the Company were listed on the Hong Kong Stock Exchange on 10 December 2009. Since our establishment, the Company has been committed to ever improving the corporate governance and regarded it as an indispensable part to creating 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 Code on Corporate Governance Practices in Appendix 14 to the Listing Rules. The Company has also adopted the Code on Corporate Governance Practices as our own corporate governance practices.

Compliance with the Code on Corporate Governance Practices

The Company has strictly complied with the principles and code provisions, and some of the recommended best practices as set out in the Code on Corporate Governance Practices. During the reporting period, the Company has complied with the requirements as set out in the Code on Corporate Governance Practices without any deviation from the code provisions.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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. Having made specific enquiry of 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 for Securities Transactions by Directors of Listed Issuers during the reporting period.

The Board will examine the corporate governance practices 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.

CORPORATE GOVERNANCE *(CONTINUED)*

Independent Non-executive Directors

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

Audit Committee

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

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

On 19 August 2010, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2010, the 2010 interim report and the unaudited interim financial statements for the six months ended 30 June 2010 prepared under International Accounting Standards 34 “Interim financial Reporting”.

OTHER INFORMATION

Share Capital

As of 30 June 2010, the total share capital of the Company was RMB7,464,289,000, divided into 7,464,289,000 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 2010.

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 2010.

Interests and Short Positions of the Directors, Supervisors and Senior Management in the Shares, Underlying Shares and Debentures

On 30 June 2010, none of the Directors, supervisors or senior management 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 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 for Securities Transactions by Directors of Listed Issuers.

OTHER INFORMATION *(CONTINUED)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2010, so far as known to the Directors, the following persons (other than the Directors, senior management or supervisors of the Company) 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 *(%)*	Percentage in the Total Share Capital *(%)*
Guodian Group	Domestic shares	Interests of beneficial owner and controlled corporation	4,753,570,000 (Long position)	100%	63.68%
China Investment Corporation	H shares	Interests of controlled corporation	379,901,000 (Long position)	14.01%	5.09%
National Council for Social Security Fund （全國社會保障基金理事會）	H shares	Beneficial owner	246,430,000 (Long position)	9.09%	3.30%
China Life Insurance (Group) Company	H shares	Interests of beneficial owner and controlled corporation	170,931,000 (Long position)	6.30%	2.29%

Employees

As of 30 June 2010, the Group had a total of 4,170 employees. The employee remuneration of the Group comprises of basic salary and bonus payment, which is made with reference to the operating results of the Group and results of performance assessment on the employees.

Material Litigation

As of 30 June 2010, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware, no material litigation or claims are pending or threatened against the Company.

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 30 to 80, which comprise the consolidated balance sheet of China Longyuan Power Group Corporation Limited as at 30 June 2010 and the related consolidated statement of comprehensive income and statement of changes in equity and 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.

REVIEW REPORT *(CONTINUED)*

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 2010 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

19 August 2010

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010 (unaudited)
(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2010** ***RMB'000***	2009 *RMB'000*
Revenue	5	**6,243,990**	3,912,314
Other net income	6	**348,238**	270,400
Operating expenses			
Coal consumption		**(1,351,482)**	(979,712)
Service concession construction costs		**(176,923)**	(364,511)
Depreciation and amortisation		**(1,029,501)**	(739,297)
Personnel costs		**(283,586)**	(209,242)
Coal sales costs		**(1,467,839)**	(192,752)
Material costs		**(87,744)**	(97,302)
Repairs and maintenance		**(55,378)**	(28,810)
Administration expenses		**(71,030)**	(56,523)
Other operating expenses		**(94,644)**	(68,032)
		(4,618,127)	(2,736,181)
Operating profit		**1,974,101**	1,446,533
Finance income		**27,234**	19,202
Finance expenses		**(565,251)**	(545,390)
Net finance expenses	7	**(538,017)**	(526,188)
Share of profits less losses of associates and jointly controlled entities		**37,472**	29,078
Profit before taxation	8	**1,473,556**	949,423
Income tax	9	**(214,861)**	(150,718)
Profit for the period, carried forward		**1,258,695**	798,705

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(CONTINUED)*

For the six months ended 30 June 2010 (unaudited)

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2010** *RMB'000*	2009 *RMB'000*
Profit for the period, brought forward		**1,258,695**	798,705
Other comprehensive income			
Available-for-sale financial assets: net movement in the fair value reserve		**(5,620)**	4,648
Exchange difference on translation of financial statements of overseas subsidiaries		**660**	(2,056)
Other comprehensive income for the period, net of tax	10	**(4,960)**	2,592
Total comprehensive income for the period		**1,253,735**	801,297
Profit attributable to:			
Shareholders/equity owner of the Company		**851,707**	425,317
Non-controlling interests		**406,988**	373,388
Profit for the period		**1,258,695**	798,705
Total comprehensive income attributable to:			
Shareholders/equity owner of the Company		**846,747**	427,909
Non-controlling interests		**406,988**	373,388
Total comprehensive income for the period		**1,253,735**	801,297
Basic and diluted earnings per share (RMB cents)	11	***11.41***	*8.51*

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET

At 30 June 2010 (unaudited)
(Expressed in Renminbi)

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Non-current assets			
Property, plant and equipment	12	40,971,106	37,304,544
Investment properties	13	123,919	132,874
Lease prepayments		802,828	740,978
Intangible assets	14	6,135,382	6,086,215
Investments in associates and jointly controlled entities		939,981	799,029
Other assets	15	2,450,367	2,318,594
Deferred tax assets		181,606	204,662
Total non-current assets		51,605,189	47,586,896
Current assets			
Inventories		734,756	332,897
Trade debtors and bills receivable	16	2,994,273	2,180,667
Prepayments and other current assets	17	947,600	853,398
Tax recoverable		27,586	5,256
Restricted deposits		391,072	491,654
Cash at bank and on hand	18	6,427,984	16,502,934
Total current assets		11,523,271	20,366,806
Current liabilities			
Borrowings	19(b)	15,522,977	17,087,069
Trade creditors and bills payable	20	1,185,573	1,943,103
Obligations under finance leases		50,000	—
Other payables	21	5,284,284	4,521,449
Tax payable		155,154	140,215
Total current liabilities		22,197,988	23,691,836
Net current liabilities		(10,674,717)	(3,325,030)
Total assets less current liabilities		40,930,472	44,261,866

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET *(CONTINUED)*

At 30 June 2010 (unaudited)

(Expressed in Renminbi)

	Note	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Non-current liabilities			
Borrowings	19(a)	12,597,293	16,219,301
Obligations under finance leases		–	50,000
Deferred income		2,211,224	2,267,661
Deferred tax liabilities		46,464	44,930
Total non-current liabilities		14,854,981	18,581,892
NET ASSETS		26,075,491	25,679,974
CAPITAL AND RESERVES			
Share capital	22(b)	7,464,289	7,464,289
Reserves		14,650,223	14,435,518
Total equity attributable to the shareholders of the Company		22,114,512	21,899,807
Non-controlling interests		3,960,979	3,780,167
TOTAL EQUITY		26,075,491	25,679,974

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 (unaudited)
(Expressed in Renminbi)

		Attributable to the shareholders/equity owner of the Company								
	Note	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note 22(c)(i))	(note 22(c)(ii))	(note 22(c)(iii))	(note 22(c)(iv))				
Balance at 1 January 2010		7,464,289	13,349,816	–	(140)	7,923	1,077,919	21,899,807	3,780,167	25,679,974
Changes in equity for the six months ended 30 June 2010:										
Capital contributions from non-controlling equity owners to subsidiaries		–	–	–	–	–	–	–	20,509	20,509
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	(246,685)	(246,685)
Transfer to statutory surplus reserve		–	–	4,447	–	–	(4,447)	–	–	–
Special distribution to China Guodian Group Corporation	22(a)	–	–	–	–	–	(632,042)	(632,042)	–	(632,042)
Total comprehensive income for the period		–	–	–	660	(5,620)	851,707	846,747	406,988	1,253,735
Balance at 30 June 2010		7,464,289	13,349,816	4,447	520	2,303	1,293,137	22,114,512	3,960,979	26,075,491

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

For the six months ended 30 June 2010 (unaudited)
(Expressed in Renminbi)

		Attributable to the shareholders/equity owner of the Company									
	Note	Share capital RMB'000	Paid-in capital RMB'000	Capital reserve RMB'000 (note 22(c)(i))	Statutory surplus reserve RMB'000 (note 22(c)(ii))	Exchange reserve RMB'000 (note 22(c)(iii))	Fair value reserve RMB'000 (note 22(c)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2009:		–	3,162,909	(360,628)	22,444	3,176	7,857	1,039,571	3,875,329	3,197,536	7,072,865
Changes in equity for the six months ended 30 June 2009:											
Capital contributions from non-controlling equity owners to subsidiaries		–	–	–	–	–	–	–	–	131,005	131,005
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(304,424)	(304,424)
Change in consolidation scope		–	–	–	–	–	–	–	–	47,013	47,013
Total comprehensive income for the period		–	–	–	–	(2,056)	4,648	425,317	427,909	373,388	801,297
Balance at 30 June 2009		–	3,162,909	(360,628)	22,444	1,120	12,505	1,464,888	4,303,238	3,444,518	7,747,756
Changes in equity for the six months ended 31 December 2009:											
Capitalisation upon establishment of the Company	1/22(b)	4,900,000	(3,162,909)	(849,976)	(22,444)	(1,012)	(7,881)	(855,778)	–	–	–
Capital contributions from Guodian Northeast Electric Power Co., Ltd	22(b)	100,000	–	30,808	–	–	–	–	130,808	–	130,808
Capital contributions from non-controlling equity owners to subsidiaries		–	–	–	–	–	–	–	–	230,038	230,038
Issuance of shares upon public offering, net of issuing expenses	22(b)	2,464,289	–	14,531,762	–	–	–	–	16,996,051	–	16,996,051
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(200,109)	(200,109)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(73,872)	(73,872)
Deemed distribution		–	–	(2,150)	–	–	–	–	(2,150)	–	(2,150)
Total comprehensive income for the period		–	–	–	–	(248)	3,299	468,809	471,860	379,592	851,452
Balance at 31 December 2009		7,464,289	–	13,349,816	–	(140)	7,923	1,077,919	21,899,807	3,780,167	25,679,974

The notes on pages 37 to 80 form part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010 (unaudited)
(Expressed in Renminbi)

		Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Cash generated from operations		**1,333,043**	1,275,811
Tax paid		**(195,789)**	(113,352)
Net cash generated from operating activities		**1,137,254**	1,162,459
Net cash used in investing activities		**(6,529,143)**	(5,295,748)
Net cash (used in)/generated from financing activities		**(6,649,315)**	4,376,109
Net (decrease)/increase in cash and cash equivalents		**(12,041,204)**	242,820
Cash and cash equivalents at 1 January	18	**16,500,757**	1,001,935
Effect of foreign exchange rate changes		**(35,746)**	(281)
Cash and cash equivalents at 30 June	18	**4,423,807**	1,244,474

The notes on pages 37 to 80 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

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 as part of the reorganisation (the "Reorganisation") of China Longyuan Electric Power Group Corporation ("CLEPG"). 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.

Prior to the Reorganisation and the establishment of the Company, CLEPG was the holding company of the subsidiaries now comprising the Group, and was wholly owned by China Guodian Group Corporation ("Guodian Group"). Pursuant to the Reorganisation in September 2008, CLEPG carved out certain assets and liabilities which did not meet the Group's strategic operation plans to Guodian Group. The remaining assets and liabilities of CLEPG and its subsidiaries were injected into the Company in July 2009 in exchange of issuing 4,900 million ordinary shares with a par value of RMB1.00 each to Guodian Group. The Company also issued 100 million ordinary shares with a par value of RMB1.00 each to Guodian Northeast Electric Power Co., Ltd. ("Guodian Northeast") upon establishment.

In December 2009, the Company issued an aggregation of 2,464,289,000 H shares after exercise of over-allotment option with a nominal value of RMB1.00 each, at a price of HKD8.16 per H share by way of an initial public offering (the "IPO") to Hong Kong and overseas investors. In connection with the IPO, 246,430,000 domestic state-owned shares of RMB1.00 each owned by Guodian Group and Guodian Northeast were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC. As at 30 June 2010, a total of 2,710,719,000 H shares were listed on The Stock Exchange of Hong Kong Limited.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 19 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The comparative figures for the six months ended 30 June 2009 represent the information from consolidated financial statements of CLEPG and its subsidiaries for the period since the Company has not been established by then. As there was no change in controlling shareholders before and after the Reorganisation and establishment of the Company, the consolidated financial statements for the six months ended 30 June 2009 have been prepared as a reorganisation under common control.

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 2009 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 *(CONTINUED)*

(Expressed in thousands of Renminbi)

2 BASIS OF PREPARATION *(CONTINUED)*

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information preformed 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 on pages 28 to 29.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information 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 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2010.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*
- Amendments to IFRS 5, *Non-current assets held for sale and discontinued operations — plan to sell the controlling interest in a subsidiary*
- Improvements to IFRSs (2009)
- IFRIC 17, *Distributions of non-cash assets to owners*

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The amendments to IAS 27 in respect of acquisition of additional interest in a non-wholly owned subsidiary and disposal of part of interests in a subsidiary but still retains control have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3, IAS 27, IFRS 5 and IFRIC 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

  — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  — If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  — In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- IFRIC 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group measured such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in IFRIC 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities

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, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and jointly controlled entities, available-for-sale investments, unquoted equity investments, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and other corporate liabilities.

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 jointly controlled entities, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(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 2010 and 2009 is set out below:

For the six months ended 30 June 2010

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	2,153,332	1,891,085	24,693	4,069,110
– Others	156	1,921,610	76,191	1,997,957
Subtotal	2,153,488	3,812,695	100,884	6,067,067
Inter-segment revenue	–	–	101,716	101,716
Reportable segment revenue	**2,153,488**	**3,812,695**	**202,600**	**6,168,783**
Reportable segment profit (operating profit)	**1,540,440**	**447,003**	**35,046**	**2,022,489**

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the six months ended 30 June 2010 (Continued)

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	(777,259)	(245,322)	(18,894)	(1,041,475)
Impairment of trade and other receivables	(739)	–	(299)	(1,038)
Interest income	976	8,198	15,561	24,735
Interest expense	(385,143)	(72,201)	(62,518)	(519,862)
Reportable segment assets	**48,273,484**	**7,546,471**	**1,570,581**	**57,390,536**
Expenditures for reportable segment non-current assets during the period	4,741,291	93,923	32,405	4,867,619
Reportable segment liabilities	**34,734,554**	**5,166,561**	**2,547,693**	**42,448,808**

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the six months ended 30 June 2009

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	1,324,289	1,634,964	20,132	2,979,385
– Others	162	460,347	107,909	568,418
Subtotal	1,324,451	2,095,311	128,041	3,547,803
Inter-segment revenue	–	–	100,019	100,019
Reportable segment revenue	**1,324,451**	**2,095,311**	**228,060**	**3,647,822**
Reportable segment profit (operating profit)	**1,004,103**	**449,079**	**34,658**	**1,487,840**
Depreciation and amortisation before inter-segment elimination	(462,571)	(268,550)	(16,740)	(747,861)
Impairment of trade and other receivables	(1,027)	–	(732)	(1,759)
Interest income	5,102	8,942	4,283	18,327
Interest expense	(347,537)	(85,849)	(99,358)	(532,744)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2009

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Reportable segment assets	**45,752,668**	**7,097,741**	**2,876,295**	**55,726,704**
Expenditures for reportable segment non-current assets during the year	15,005,573	429,635	65,041	15,500,249
Reportable segment liabilities	**34,547,567**	**5,017,679**	**3,934,798**	**43,500,044**

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**6,168,783**	3,647,822
Service concession construction revenue	**176,923**	364,511
Elimination of inter-segment revenue	**(101,716)**	(100,019)
Consolidated revenue	**6,243,990**	3,912,314
Profit		
Reportable segment profit	**2,022,489**	1,487,840
Elimination of inter-segment profits	**(8,502)**	(18,919)
	2,013,987	1,468,921
Share of profits less losses of associates and jointly controlled entities	**37,472**	29,078
Net finance expenses	**(538,017)**	(526,188)
Unallocated head office and corporate expenses	**(39,886)**	(22,388)
Consolidated profit before taxation	**1,473,556**	949,423

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(Continued)*

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Assets		
Reportable segment assets	57,390,536	55,726,704
Inter-segment elimination	(20,489,818)	(17,974,264)
	36,900,718	37,752,440
Investments in associates and jointly controlled entities	939,981	799,029
Available-for-sale investments	16,169	23,662
Unquoted equity investments in companies	455,630	446,103
Tax recoverable	27,586	5,256
Deferred tax assets	181,606	204,662
Unallocated head office and corporate assets	24,606,770	28,722,550
Consolidated total assets	63,128,460	67,953,702
Liabilities		
Reportable segment liabilities	42,448,808	43,500,044
Inter-segment elimination	(20,384,273)	(17,930,212)
	22,064,535	25,569,832
Tax payable	155,154	140,215
Deferred tax liabilities	46,464	44,930
Unallocated head office and corporate liabilities	14,786,816	16,518,751
Consolidated total liabilities	37,052,969	42,273,728

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(c) Geographical information

All of the Group's operations are located in the PRC, therefore no geographic segment reporting is presented.

(d) Seasonality of operations

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

5 REVENUE

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Sales of electricity	**4,069,110**	2,979,385
Sales of steam	**160,233**	109,343
Service concession construction revenue	**176,923**	364,511
Sales of electricity equipment	**37,535**	82,916
Sales of coal	**1,591,667**	199,141
Others	**208,522**	177,018
	6,243,990	3,912,314

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

6 OTHER NET INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Government grants		
— Sales of Certified Emission Reductions ("CERs") and Voluntary Emission Reductions ("VERs")	**161,699**	116,929
— Others	**176,624**	136,388
Rental income from investment properties	**10,122**	10,915
Net (loss) / gain on disposal of plant, property and equipment	**(1,165)**	282
Others	**958**	5,886
	348,238	270,400

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Interest income on financial assets	**24,735**	18,327
Foreign exchange gains	**2,499**	733
Net realised and unrealised gains on trading securities	**–**	92
Dividend income from other investments	**–**	50
Finance income	**27,234**	19,202
Interest on bank and other borrowings	**682,219**	722,685
Less: interest expenses capitalised into property, plant and equipment and intangible assets	**(162,357)**	(189,941)
	519,862	532,744
Foreign exchange losses	**38,905**	328
Impairment losses on trade and other receivables	**1,038**	1,759
Bank charges and others	**5,446**	10,559
Finance expenses	**565,251**	545,390
Net finance expenses recognised in profit or loss	**(538,017)**	(526,188)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

7 FINANCE INCOME AND EXPENSES *(CONTINUED)*

The borrowing costs have been capitalised at rates of 3.72% to 5.35% for the period ended 30 June 2010 (six months ended 30 June 2009: 4.13% to 7.05%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Amortisation		
— lease prepayment	**9,948**	7,694
— intangible assets	**126,272**	88,487
Depreciation		
— investment properties	**3,891**	2,625
— property, plant and equipment	**889,390**	640,491
Operating lease charges		
— hire of plant and machinery	**353**	247
— hire of properties	**2,753**	2,254
Cost of inventories	**2,934,067**	1,276,773

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

9 INCOME TAX

(a) Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**196,402**	122,444
(Over)/under provision in respect of prior period	**(8,004)**	488
	188,398	122,932
Deferred tax		
Origination and reversal of temporary differences	**26,463**	27,786
	214,861	150,718

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

9 INCOME TAX *(CONTINUED)*

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Profit before taxation	**1,473,556**	949,423
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**368,389**	237,356
Tax effect of non-deductible expenses	**6,434**	8,726
Tax effect of share of profits less losses of associates and jointly controlled entities	**(9,368)**	(7,269)
Tax effect of non-taxable income	**—**	(12)
Effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(172,324)**	(120,321)
Tax effect of unused tax losses and timing differences not recognised	**30,724**	29,941
Others	**(8,994)**	2,297
Income tax	**214,861**	150,718

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2010 and the six months ended 30 June 2009, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 22%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

10 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the period	**(7,493)**	6,198
— Tax expense	**1,873**	(1,550)
Net of tax amount	**(5,620)**	4,648
Translation of financial statements of overseas subsidiaries before and net of tax amount	**660**	(2,056)
Other comprehensive income	**(4,960)**	2,592

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

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 2010 of RMB851,707,000 (six months ended 30 June 2009: RMB425,317,000) and the number of shares in issue during the six months ended 30 June 2010 of 7,464,289,000 (six months ended 30 June 2009: 5,000,000,000). The shares in issue during the six months ended 2009 represented the number of shares issued and outstanding upon the establishment of the Company in July 2009 as if such shares were outstanding for the period.

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

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment of approximately RMB4,624,287,000 (six months ended 30 June 2009: approximately RMB7,457,420,000). Items of property, plant and equipment with net book value of approximately RMB28,451,000 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: approximately RMB3,689,000), resulting in a loss on disposal of approximately RMB1,165,000 (six months ended 30 June 2009: a gain of RMB282,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

13 INVESTMENT PROPERTIES

All the investment properties owned by the Group are located in the PRC, which comprise a number of commercial properties that are leased to third parties. The leases typically run for a short initial period of 1 to 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually adjusted periodically to reflect market rentals. None of these leases includes contingent rentals. All lease contracts could be terminated with an insignificant penalty.

According to the Property Valuation Reports issued by Jones Lang LaSalle Sallmanns Limited, a firm of independent qualified valuer in Hong Kong, on 10 August and 26 March 2010, the fair values of the Group's investment properties as at 30 June 2010 and 31 December 2009 are RMB330,606,000 and RMB284,355,000, respectively.

14 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB6,130,768,000 (31 December 2009: approximately RMB6,081,923,000), software and others assets of approximately RMB4,614,000 (31 December 2009: approximately RMB4,292,000).

During the six months ended 30 June 2010, the Group had additional service concession assets of approximately RMB174,932,000 (six months ended 30 June 2009: approximately RMB364,511,000, excluding the additions due to the change in consolidation scope of RMB335,842,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

15 OTHER ASSETS

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Other financial assets:		
Available-for-sale investments, measured at fair value	**16,169**	23,662
Unquoted equity investments in non-listed companies, at cost	**455,630**	446,103
Loans and advances to		
— associates *(note (i))*	**66,790**	72,370
— third parties *(note (ii))*	**104,130**	132,750
Subtotal	**642,719**	674,885
Deductible Value-Added Tax ("VAT") *(note (iii))*	**1,807,648**	1,643,709
	2,450,367	2,318,594

Notes:

(i) The loans to associates are designated loans and are unsecured, not past due as at balance sheet dates, and bear interest at the rates of 5.35% per annum for the period ended 30 June 2010 (31 December 2009: 5.35% to 7.05%). The current portion is recorded in other current assets.

(ii) The balance at 30 June 2010 is unsecured, interest-free and is expected to be repaid in 2 to 5 years.

(iii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets, which is deductible from output VAT since 1 January 2009.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

16 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Amounts due from third parties	**2,979,253**	2,147,835
Amounts due from Guodian Group	**250**	497
Amounts due from fellow subsidiaries	**20,846**	34,714
Amounts due from associates	**1,119**	4,660
	3,001,468	2,187,706
Less: allowance for doubtful debts	**(7,195)**	(7,039)
	2,994,273	2,180,667

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

16 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Current	**2,993,698**	2,179,292
Past due within 1 year	**3,413**	4,173
Past due between 1 to 2 years	**116**	3,816
Past due between 2 to 3 years	**3,816**	120
Past due over 3 years	**425**	305
	3,001,468	2,187,706
Less: allowance for doubtful debts	**(7,195)**	(7,039)
	2,994,273	2,180,667

Trade debtors are generally due within 15 – 30 days from the date of billing. Certain wind power projects collect part of receivables representing 30% to 55% of total electricity sales in 6 to 12 months from the date of recognition of sales as agreed in the electricity sales contracts signed between the Group and local grid companies.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

17 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Loans and advances to *(note (i))*:		
— associates	**70,915**	65,615
— Guodian Group	**2,213**	691
— fellow subsidiaries	**2,584**	407
— third parties	**142,243**	101,330
Government grant and CERs receivables	**474,836**	423,719
Dividend receivable		
— associates	**5,054**	—
— fellow subsidiaries	**15,000**	15,000
Prepayments and others		
— associates	**51,466**	—
— third parties	**232,457**	307,423
	996,768	914,185
Less: allowance for doubtful debts	**(49,168)**	(60,787)
	947,600	853,398

Notes:

(i) Included in the loans and advances are interest bearing loans to associates amounting to RMB15,222,000 with annum interest rates of 5.35% as at 30 June 2010 (31 December 2009: RMB10,630,000, 5.35%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

18 CASH AT BANK AND ON HAND

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Cash on hand	**886**	1,022
Cash at bank and other financial institutions	**6,427,098**	16,501,912
	6,427,984	16,502,934
Representing:		
Cash and cash equivalents	**4,423,807**	16,500,757
Time deposits with original maturity over three months	**2,004,177**	2,177
	6,427,984	16,502,934

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

19 BORROWINGS

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Bank loans		
— Secured	**3,656,301**	6,860,940
— Unsecured	**8,289,129**	10,522,550
Loan from government		
— Unsecured	**2,000**	2,000
Other borrowings *(note 19(c)(i))*		
— Unsecured	**1,586,600**	—
	13,534,030	17,385,490
Less: Current portion of long-term borrowings *(note 19(b))*		
— Bank loans	**(934,737)**	(1,166,189)
— Loan from government	**(2,000)**	—
	12,597,293	16,219,301

As at 30 June 2010, the Group's bank loans guaranteed by Guodian Group amounted to RMB477,884,000 (31 December 2009: RMB481,282,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

19 BORROWINGS *(CONTINUED)*

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Bank loans		
— Secured	**1,698,820**	670,000
— Unsecured	**5,146,420**	9,264,790
Loans from other financial institutions and others		
— Unsecured	**7,141,000**	5,986,090
Other borrowings		
— Unsecured *(note 19(c)(ii))*	**600,000**	—
Current portion of long-term borrowings *(note 19(a))*		
— Bank loans	**934,737**	1,166,189
— Loan from government	**2,000**	—
	15,522,977	17,087,069

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

19 BORROWINGS *(CONTINUED)*

(c) Significant terms of other borrowings

The Group

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Long-term		
Corporate bonds *(note (i))*	1,586,600	–
Short-term		
Debentures *(note (ii))*	600,000	–

Notes:

(i) On 9 February 2010, the Company issued unsecured corporate bonds of RMB 1,600,000,000 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.

(ii) On 12 March 2010, Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司) (formerly Jiangyin Sulong Power Generation Co., Ltd. (江陰蘇龍發電有限公司)) issued short-term debentures of RMB600,000,000 at par with a maturity period of 365 days in the PRC inter-bank debenture market. The effective annual interest rate is 3.42%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

20 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Bills payable	850,547	1,513,086
Creditors and accrued charges	313,002	249,943
Amounts due to associates	–	178,161
Amounts due to fellow subsidiaries	22,024	1,913
	1,185,573	1,943,103

As at 30 June 2010 and 31 December 2009, all trade creditors and bills payable are payable and expected to be settled within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

21 OTHER PAYABLES

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Payables for acquisition of property, plant and equipment	**3,195,220**	3,109,920
Payables for staff related costs	**217,096**	218,213
Payables for other taxes	**67,589**	99,639
Dividends payable	**259,685**	196,653
Receipts in advance	**109,564**	150,410
Amounts due to associates and jointly controlled entities *(note (i))*	**1,031,082**	407,575
Amounts due to fellow subsidiaries	**49,800**	51,447
Amounts due to Guodian Group	**646**	431
Other accruals and payables	**353,602**	287,161
	5,284,284	4,521,449

Notes:

(i) The amounts due to associates and jointly controlled entities mainly represent payables to an associate for wind turbines purchased by the Group.

(ii) All other payables are expected to be settled or recognised as income within one year or are repayable on demand.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Special distribution

On 17 July 2009, a resolution was passed by the shareholders to make a distribution to Guodian Group, which represents an amount equal to the net profit attributable to the equity holder of the Company, generated during the period from 30 September 2008 (date of the Reorganisation) to 9 July 2009 (the "Special Distribution").

On the directors' meeting held on 30 March 2010, a resolution was passed to pay the Special Distribution to Guodian Group amounting to RMB632,041,658. The amount has been paid during the six months ended 30 June 2010.

(ii) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Share capital

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Issued and fully paid:		
4,753,570,000 domestic state-owned ordinary shares of RMB1.00 each	4,753,570	4,753,570
2,710,719,000 H shares of RMB1.00 each	2,710,719	2,710,719
	7,464,289	7,464,289

Pursuant to the Approval of Establishing China Longyuan Power Group Corporation Limited, issued by State-owned Assets Supervision and Administration Commission of the State Council, the Company was established as a joint stock company on 9 July 2009. The Company issued 5,000 million ordinary shares with a par value of RMB1.00 each on 9 July 2009, with 4,900 million shares to Guodian Group for the assets and liabilities transferred from CLEPG and its subsidiaries and 100 million shares to Guodian Northeast for its cash payment.

In December 2009, the Company issued 2,464,289,000 H shares with a par value of RMB1.00, at a price of HK$8.16 per H share and 246,430,000 domestic state-owned shares of RMB1.00 each owned by Guodian Group were converted into H shares in connection with the IPO.

All shareholders are entitled to receive dividends as declared from time to time except for the Special Distribution described in note 22(a)(i) and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

22 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 IPO in December 2009.

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 and the cash injection in excess of the nominal value of shares issued to Guodian Northeast upon the establishment of the Company.

(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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Nature and purpose of reserves *(Continued)*

(iv) Fair value reserve

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

23 CAPITAL COMMITMENTS

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Contracted for	**7,393,421**	12,904,438
Authorised but not contracted for	**21,813,629**	17,314,777
	29,207,050	30,219,215

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

24 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 30 June 2010, the Group issued the following guarantees:

(i) Guarantees to banks in respect of the bank loans granted to certain related parties are set forth below:

	At 30 June 2010 ***RMB'000***	At 31 December 2009 *RMB'000*
Associates and jointly controlled entities	**88,800**	88,800

(ii) A wholly owned subsidiary of the Group issued guarantees to banks in respect of a banking facility granted to a third party for RMB24,000,000 in 1997. Due to the default of the third party, the PRC court ordered the subsidiary to execute the guarantee of RMB19,000,000. According to the relevant PRC regulations and the PRC lawyer's opinion, the Group will not be liable for the guarantee since the bank did not seek for enforcement of the original judgement by the PRC court within the statutory period of time.

(iii) 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, amounting to RMB32,640,000 on 22 July 2008, which was subsequently adjusted to RMB42,240,000 in November 2009. 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 *(CONTINUED)*

(Expressed in thousands of Renminbi)

24 CONTINGENT LIABILITIES *(CONTINUED)*

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

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

25 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

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

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Sales of goods to		
Guodian Group	**4**	—
Fellow subsidiaries	**90,473**	29,212
Associates and jointly controlled entities	**6,235**	4,008
Purchase of goods and receive service from		
Fellow subsidiaries	**342,884**	7,977
Associates and jointly controlled entities	**689,242**	575,676

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transaction with related parties *(Continued)*

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Working capital provided to/ (received from)		
Guodian Group	**1,521**	(1,113)
Fellow subsidiaries	**–**	5,759
Associates and jointly controlled entities	**51,889**	(185,229)
Loan guarantees revoked by		
Guodian Group	**(3,398)**	(231,046)
Loan guarantees provided to		
Associates and jointly controlled entities	**–**	178,800
Loans repayment from		
Associates and jointly controlled entities	**(988)**	(5,000)
Interest income		
Fellow subsidiaries	**–**	746
Associates and jointly controlled entities	**1,805**	6,752

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in notes 15, 16, 17, 20, and 21.

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

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

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

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

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 *(CONTINUED)*

(Expressed in thousands of Renminbi)

25 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	
	2010	2009
	RMB'000	*RMB'000*
Sales of electricity	**4,063,099**	2,944,092
Sales of other products	**161,168**	146,264
Interest income	**11,967**	5,965
Interest expenses	**569,700**	645,749
Loans (repayment)/received	**(7,324,765)**	5,662,942
Deposits (withdrawn)/placed with	**(11,595,242)**	488,441
Purchase of materials and receiving construction service	**1,388,997**	2,443,570
Service concession construction revenue	**176,923**	364,511

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

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

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Receivables from sales of electricity	2,188,064	1,943,373
Receivables from sales of other products	21,102	7,611
Bank deposits (including restricted deposits)	4,367,563	15,962,805
Borrowings	23,897,705	31,222,470
Payable for purchase of materials and receiving construction work service	917,804	1,049,567

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2010 *RMB'000*	2009 *RMB'000*
Salaries and other emoluments	802	526
Discretionary bonus	2,480	2,206
Retirement scheme contributions	243	171
	3,525	2,903

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(CONTINUED)*

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(e) Contributions to defined contribution retirement plans

The Group and its staff participate in a retirement plan managed by Guodian Group to supplement the defined contribution retirement schemes organised by the local government authorities. The Group has no other material obligation to make payments in respect of pension benefits associated with the supplementary retirement plan other than the annual contributions.

GLOSSARY OF TERMS

"attributable installed capacity" or "attributable installed capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"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)
"Board"	the Board of Directors of the Company
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"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
"CDM EB"	the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nation Framework Convention on Climate Change

GLOSSARY OF TERMS *(CONTINUED)*

"CERs"	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
"Company", "our Company", "we" or "us"	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
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidate 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. Both consolidated installed capacity and consolidated installed capacity under construction do not include the capacity of our associated companies
"Directors"	Directors of the Company
"electricity sales"	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)

GLOSSARY OF TERMS *(CONTINUED)*

"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
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"NDRC"	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the People's Republic of China)
"pipeline projects"	wind power projects that have been identified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with various levels of local government under which we are authorised to develop wind farms at specified sites with certain estimated total capacity
"PRC"	the People's Republic of China

GLOSSARY OF TERMS *(CONTINUED)*

"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"total installed capacity" (also referred to as "cumulative installed capacity" in BTM or other industry reports)"	the aggregate installed capacity of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity of project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Total installed capacity includes the capacity of both our subsidiaries and associated companies
"VAT"	value-added tax
"VERs"	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

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龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Zhu Yongpeng

* *For identification purposes only*

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Mr. Jia Nansong
Mr. Zhang Songyi (as Mr. Xie Changjun's alternate)
Mr. Ngai Wai Fung (as Mr. Jia Nansong's alternate)

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Mr. Jia Nansong
Mr. Ngai Wai Fung

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龍源電力集團股份有限公司

China Longyuan Power Group Corporation Limited