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

2012 Interim Report

**For identification purpose only*

Contents

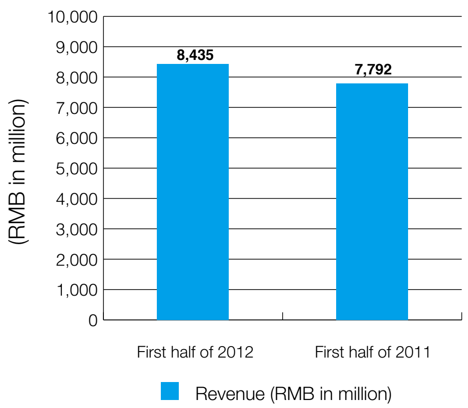
INTERIM RESULTS

In the first half of 2012, the Company completed the acquisitions of 7 wind power projects and 4 biomass power projects from Guodian Group and its subsidiaries. The above acquisitions were consolidated as businesses under common control and had been restated in the consolidated financial statements of the Company as if such business mergers had already occurred prior to the earliest reporting period.

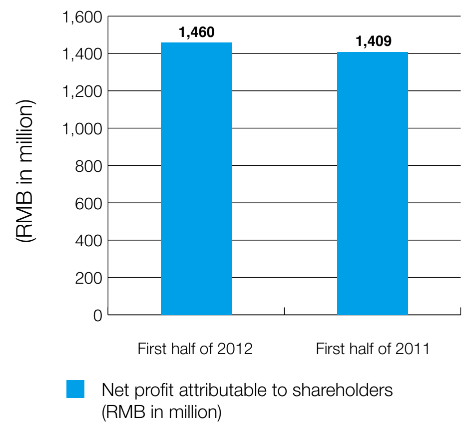
The Board of China Longyuan Power Group Corporation Limited hereby announced the unaudited operating results for the six months ended 30 June 2012 and a comparison with the operating results for the six months ended 30 June 2011 ("corresponding period of 2011"). For the six months ended 30 June 2012, the Group recorded consolidated operating revenue of RMB8,435 million, representing an increase of 8.3% over RMB7,792 million for the corresponding period of 2011. Profit before taxation amounted to RMB1,988 million, representing an increase of 0.6% over RMB1,977 million for the corresponding period of 2011. Net profit attributable to shareholders of the Company amounted to RMB1,460 million, representing an increase of 3.6% over RMB1,409 million for the corresponding period of 2011. Basic earnings per share attributable to shareholders of the Company amounted to RMB0.1957, representing an increase of RMB0.0069 over RMB0.1888 for the corresponding period of 2011. As of 30 June 2012, net assets per share (excluding non-controlling interests) amounted to RMB3.49.

KEY OPERATING AND FINANCIAL DATA

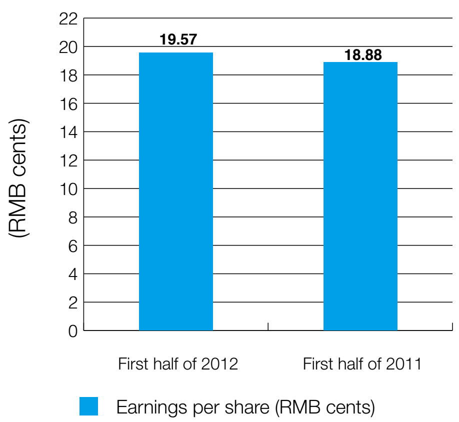
1. Revenue



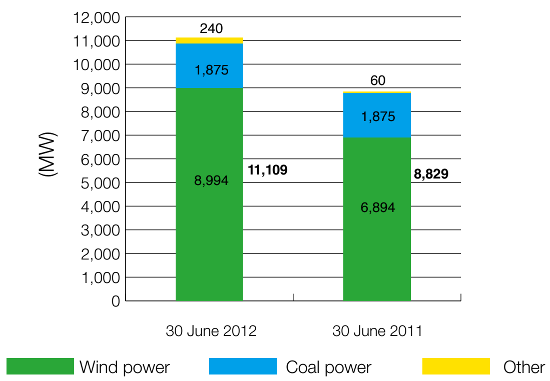
2. Net profit attributable to shareholders



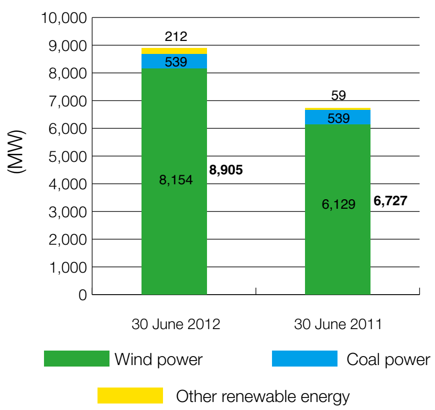
3. Earnings per share



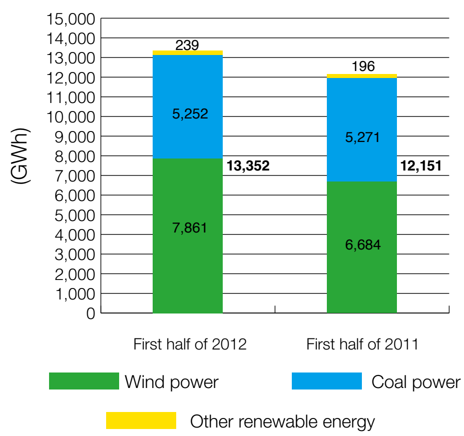
4. Consolidated installed capacity



5. Attributable installed capacity



6. Electricity Sales



	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Revenue	**8,435,059**	7,792,196
Profit before taxation	**1,987,842**	1,977,080
Income tax	**(118,855)**	(203,754)
Profit for the period	**1,868,987**	1,773,326
Attributable to:		
Shareholders of the Company	**1,460,443**	1,408,925
Non-controlling equity owners	**408,544**	364,401
Total comprehensive income for the period	**1,869,026**	1,766,693
Attributable to:		
Shareholders of the Company	**1,460,482**	1,402,292
Non-controlling interests	**408,544**	364,401
Basic and diluted earnings per share *(RMB cents)*	**19.57**	18.88

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Total non-current assets	**82,478,378**	81,151,336
Total current assets	**15,129,862**	13,472,683
Total Assets	**97,608,240**	94,624,019
Total current liabilities	**30,598,036**	29,836,314
Total non-current liabilities	**36,344,493**	34,462,488
Total Liabilities	**66,942,529**	64,298,802
Net Assets	**30,665,711**	30,325,217
Total equity attributable to the shareholders of the Company	**26,020,366**	25,908,591
Non-controlling interests	**4,645,345**	4,416,626
Total Equity	**30,665,711**	30,325,217

MANAGEMENT DISCUSSION & ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with International Financial Reporting Standards unless otherwise specified)

In the first half of 2012, in face of the bewildering and challenging economic conditions at home and abroad, the Chinese government continued to follow a proactive fiscal policy and a prudent currency policy, aspiring for a steady performance of domestic economy, notwithstanding a dip in GDP growth rate. The economic growth's slowdown also eroded the growth in the aggregate power consumption across the country, which reached 2.38 trillion kWh for the first half of the year, representing a year-on-year increase of 5.5%, yet 6.7 percentage points lower than that for the corresponding period of last year. Despite the unfavourable operating conditions, the Group had been pressing ahead with various operations, with adherence to the targets set for 2012 and under the guidelines of "holding one major policy, striving for two breakthroughs, improving three systems, making four endeavors and ensuring five missions accomplished (抓住一條主線，爭取兩個突破，完善三個機制，落實四個著力，實現五個確保)", thus sustaining a sound momentum in its operation and development.

I. BUSINESS REVIEW

1. Optimised layout and continuous improvement in development

In the first half of 2012, the Group, based on the current situation and in the principle of pushing forward project development in an aggressive and prudent manner with an emphasis on economic benefits, made adjustments to the "Development Plan For The Twelfth Five-year Period". It also contracted the scale of wind power construction in regions subject to severe grid curtailment, properly tilted the focus towards the projects in central, eastern and inland regions valuable for development.

The Group endeavoured to boost the quality of feasibility studies on projects by implementing more stringent internal standards on project approval, so as to truly reflect and strictly control investment risks and secure investment returns. During the reporting period, projects with low risks, high returns, favourable on-grid connecting conditions and adequate preparation in preliminary work were selected by the Group for the purpose of application for inclusion into the second batch of wind power projects to be approved under the "Twelfth Five-Year Plan" of the National Energy Administration (國家能源局「十二五」第二批風電項目擬核准計劃). Among them, 38 projects were listed under the plan with an aggregate installed capacity of 2,259 MW, accounting for 13.5% of the total planned installed capacity and ranking the first as compared with other wind power developers. As at 30 June 2012, the Group had a total of 87 projects to be approved under such plan with an aggregate installed capacity of 5,789 MW, of which projects in regions not subject to grid curtailment accounted for 49.0% and 86.8% respectively in the first batch and the second batch of national projects, thus cementing the base for an optimised layout of wind power development and enhanced development quality.

In the first half of 2012, the Group newly added 13 approved wind power projects with an aggregate installed capacity of 627.5 MW, which were located in Yunnan, Guizhou, Shandong, Jiangsu, southern Shaanxi as well as Hohhot in Inner Mongolia — regions with abundant wind resources, favourable conditions for construction, on-grid connection and power absorption, and prospects of development. As at 30 June 2012, the Group's accumulated pipeline capacity of wind power projects reached 63.85 GW. Given efforts in setting up a specified objective of preliminary work, a scientific planning, a reasonable layout and a tightened management system, the Group endeavoured to assure returns on projects and aspired for greater prospects.

2. Consolidated leading position in offshore wind power development

The Group, regarded Jiangsu and Fujian which have favourable resources and construction conditions as key development regions, gradually progressed in offshore wind power development in regions such as Liaoning, Tianjin, Hebei, Shandong, Zhejiang and Guangdong. Hitherto the Group's offshore wind power projects have commenced operation with a capacity of 131 MW, including the operating capacity of the first domestic offshore (intertidal zone) pilot project which ranked the first among its peers in the PRC. The Group also obtained approvals for offshore wind power projects with an installed capacity of 230 MW, 50 MW of which was approved during the reporting period. Besides, the Group entered into offshore wind power development agreements on projects with an installed capacity of 5,900 MW (including 200 MW attributable to the projects that won the bid for the first batch of national offshore concession projects). In respect of offshore wind power development, the Group has mature technologies, rich experience and reasonable pipeline reserve.

3. Project construction progressing ahead in an orderly manner

The Group emphasized management over the whole process of project construction by highlighting such aspects as design optimisation, construction organisation, on-site management, monitoring of equipment manufacturing as well as completion verification, with a view to improving the safety and quality management systems. As at 30 June 2012, the Group had made progress in reaching its targets on safety, quality, construction periods and construction costs as planned. In the first half of 2012, the Group's projects, namely the 300 MW large-scale self-developed pilot project in Guazhou, Gansu (甘肅瓜州300兆瓦大型自主化示範項目), the 150 MW Qilinshan phase I project in Shangyi, Hebei (河北尚義麒麟山一期150兆瓦項目) and the 200 MW project in Laian, Anhui (安徽來安200兆瓦項目) were honoured as "2012 Premium Quality Power Construction in China" (2012年度中國電力優質工程獎), giving evidence to the Group's leading position in project construction.

In the first half of 2012, the Group had one wind power project and one photovoltaic power generation project newly put into production, with an additional consolidated installed capacity of 69.5 MW. It also completed the acquisition of seven wind power projects and four biomass power generation projects, with an aggregate installed capacity of 466.5 MW. As at 30 June 2012, the consolidated installed capacity of the Group was 11,109 MW, among which the consolidated installed capacity of our wind power business, the consolidated installed capacity of our coal power business and the consolidated installed capacity of other renewable power business were 8,994 MW, 1,875 MW and 240 MW, respectively. As at 30 June 2012, the attributable installed capacity of the Group's wind power business amounted to 8,154 MW.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as of 30 June 2011 and 30 June 2012:

Region	**As of 30 June 2012** *(MW)*	**As of 30 June 2011** *(MW)*	**Percentage of change**
Heilongjiang	1,051.1	902.6	16.45%
Jilin	348.9	348.9	0.00%
Liaoning	904.2	805.2	12.30%
Inner Mongolia	2,076.6	1,581.4	31.31%
Jiangsu	702.8	482.0	45.81%
Zhejiang	137.6	137.6	0.00%
Fujian	408.1	312.1	30.76%
Hainan	99.0	99.0	0.00%
Gansu	957.3	858.3	11.53%
Xinjiang	546.3	397.8	37.33%
Hebei	871.5	622.5	40.00%
Yunnan	148.5	99.0	50.00%
Anhui	247.5	198.0	25.00%
Shandong	49.5	49.5	0.00%
Tianjin	99.0	—	—
Shanxi	198.0	—	—
Ningxia	49.5	—	—
Guizhou	99.0	—	—
Total	8,994.4	6,893.9	30.47%

4. Steady operation of power generation along with continuous improvement in the standard of wind power operation

In the first half of 2012, adhering to its concept of people-orientation and scientific and safe development, the Group focused on setting up a long-standing mechanism of power generation safety and contingency management, thus consolidated its fundamentals of production safety and maintained production safety at a stable level. Power generation grew steadily while the standard of operation of wind farms saw continuous improvement. In order to improve its corporate management and competitiveness, the Group carried out regular indicator analysis on electricity output (發電量指標分析), formulated measures to boost electricity output and reduce limitations on electricity output, conducted analysis and comparison on key areas and specific models, further performed analysis on benchmarking management (對標管理) and operation optimisation. The Group continued its thematic technological researches of wind farms, exploring new ideas and technologies for production safety management, in order to solve important and difficult problems in production safety. The Group enhanced the maintenance of wind power generating units by making reasonable arrangement of maintenance cycles, and improved the safety and reliability of wind farms' grid connection and the availability factor of wind power generating units by using new technical equipments such as a vibration monitoring centre (振動監測中心), oil monitoring centre (油液監測中心) and function laboratory (性能測試室) to inspect and manage defects and problems of generating units timely.

In the first half of 2012, the Group generated a cumulative gross electrical output of 14,333 million kWh, of which electricity generated from our wind power business accounted for 8,434 million kWh, representing an increase of 19.31% year on year. The increase in the Group's wind power electrical output was primarily attributable to the growth in installed capacity. The average availability factor of the Group's wind power generating units was 98.52%, representing an increase of 0.15 percentage point as compared with 98.37% for the corresponding period of 2011. The average utilisation hours of wind power in the first half of 2012 was 1,003 hours, representing a decrease of 67 hours as compared with the corresponding period of 2011, which was primarily due to the decline in wind resources and stricter grid curtailment.

Geographical breakdown of the consolidated gross power generation of the Company's wind farms for the first half of 2012 and the first half of 2011:

Region	First half of 2012 *(MWh)*	First half of 2011 *(MWh)*	Percentage of change
Heilongjiang	892,403	868,963	2.70%
Jilin	221,742	322,885	–31.32%
Liaoning	698,111	903,533	–22.74%
Inner Mongolia	2,002,311	1,324,654	51.16%
Jiangsu	723,511	512,816	41.09%
Zhejiang	119,468	71,400	67.32%
Fujian	565,993	535,089	5.78%
Hainan	77,252	76,109	1.50%
Gansu	750,718	837,526	–10.36%
Xinjiang	612,396	446,778	37.07%
Hebei	999,152	916,757	8.99%
Yunnan	192,593	145,845	32.05%
Anhui	207,513	91,556	126.65%
Shandong	45,059	14,747	205.55%
Tianjin	109,016	—	—
Shanxi	158,094	—	—
Ningxia	36,496	—	—
Guizhou	21,963	—	—
Total	8,433,793	7,068,658	19.31%

Geographical breakdown of the average utilisation hours / capacity factor of wind power of the Company's wind farms for the first half of 2012 and the first half of 2011:

Region	Average utilisation hours of wind power for the first half of 2012 *(hr)*	Average capacity factor of wind power for the first half of 2012	Average utilisation hours of wind power for the first half of 2011 *(hr)*	Average capacity factor of wind power for the first half of 2011	Percentage of change of the average utilisation hours of wind power
Heilongjiang	898	21%	963	22%	–6.75%
Jilin	636	15%	925	21%	–31.24%
Liaoning	809	19%	1,158	27%	–30.14%
Inner Mongolia	964	22%	922	21%	4.56%
Jiangsu	1,144	26%	1,064	24%	7.52%
Zhejiang	868	20%	771	18%	12.58%
Fujian	1,645	38%	1,714	39%	–4.03%
Hainan	780	18%	769	18%	1.43%
Gansu	784	18%	976	22%	–19.67%
Xinjiang	1,233	28%	1,123	26%	9.80%
Hebei	1,323	30%	1,473	34%	–10.18%
Yunnan	1,945	45%	1,473	34%	32.04%
Anhui	838	19%	584	13%	43.49%
Shandong	910	21%	894	21%	1.79%
Tianjin	1,101	25%	–	–	–
Shanxi	1,127	26%	–	–	–
Ningxia	885	20%	–	–	–
Guizhou	887	20%	–	–	–
Total	1,003	23%	1,070	25%	–6.26%

Geographical breakdown of the average availability factor of wind power of the Company's wind farms for the first half of 2012 and the first half of 2011:

Region	**Average availability factor of wind power for the first half of 2012** *(%)*	**Average availability factor of wind power for the first half of 2011** *(%)*	**Percentage of change**
Heilongjiang	99.02	99.00	0.02%
Jilin	99.02	98.20	0.82%
Liaoning	98.71	99.01	–0.30%
Inner Mongolia	98.57	98.35	0.22%
Jiangsu	98.70	98.49	0.21%
Zhejiang	97.87	98.82	–0.95%
Fujian	97.74	98.63	–0.89%
Hainan	98.37	99.25	–0.88%
Gansu	98.75	98.80	–0.05%
Xinjiang	97.47	96.74	0.73%
Hebei	98.09	98.04	0.05%
Yunnan	98.16	96.49	1.67%
Anhui	99.05	97.45	1.60%
Shandong	99.28	—	—
Tianjin	98.34	—	—
Shanxi	97.94	—	—
Total	98.52	98.37	0.15%

During the reporting period, the consolidated power generation from our coal power business decreased by 3.75% to 5,616 million kWh as compared with 5,835 million kWh for the corresponding period of 2011, and this was primarily attributable to the slowdown growth in society's power utility demands. The average utilisation hours of the Group's coal power generating units for the first half of 2012 decreased by 117 hours, from 3,112 hours for the corresponding period of 2011 to 2,995 hours.

5. Stable growth in profit

The Group continued to bring in more comprehensive budget management by breaking down budget targets into different levels, imposing strict control on various costs and expenses and fully leveraging on its economies of scale. The Group paid close attention to the national legislation of taxation and strived for reduction and exemption policies of income tax. In addition, it raised low-cost funds through various channels and sought swap of loans amidst the downward adjustments to interest rates of bank loans to reduce its financial costs effectively. During the first half of 2012, net profit attributable to shareholders of the Group amounted to RMB1,460 million, representing an increase of 3.62% as compared to RMB1,409 million for the corresponding period of 2011.

6. Sustained increase in tariffs

The average on-grid tariffs for wind power of the Group for the first half of 2012 amounted to RMB578 per MWh (value-added tax (VAT) inclusive), representing an increase of RMB6 per MWh as compared with the average on-grid tariffs for wind power of RMB572 per MWh (VAT inclusive) for the corresponding period of 2011, the year-on-year increase of which was due to a rise in the proportion of electricity sales in region with high tariffs. The average on-grid tariffs for coal power amounted to RMB451 per MWh (VAT inclusive), representing an increase of RMB20 per MWh (VAT inclusive) as compared with the average on-grid tariffs for coal power of RMB431 per MWh (VAT inclusive) for the corresponding period of 2011. The year-on-year increase in the tariffs was due to an increase in the benchmark tariff of electricity generated from desulphurisation coal-fired generating units located in Jiangsu Province since 1 December 2011.

7. Effective cost control on projects on the back of economies of scale

In the first half of 2012, the Group kept leveraging its economies of scale and centralised bidding to procure wind power generating units and ancillary equipment. As the average installed capacity of a single unit of the generating units increased by 7.77%, the Group's average procurement cost of wind turbines for the first half of 2012 declined by 1.91% as compared to the corresponding period of 2011. Meanwhile, the Group had effectively suppressed cost of wind power projects through design reviews and design proposal optimization, as well as strict control over the changes in designs during the construction process. In the first half of 2012, the average construction cost per kW of wind power projects decreased by 3.0% as compared to the corresponding period of 2011.

8. Overall enhancement of fund raising capability and reduction of funding cost in full swing

To cope with the unfavorable situation brought by credit tightening and high funding costs in the first half of 2012, the Group comprehensively enhanced its fund raising capacity via centralised management of capital and diversification of its financing system, and made every effort to suppress the cost of funding as long as funds were safeguarded. In the first half of 2012, the Company successfully conducted private issue of debt financing instruments of RMB4,000 million with average cost of 5.70% and received short-term debentures from Guodian Group of RMB3,500 million at par with a coupon rate of 4.24% per annum. As at 30 June 2012, the Group had accumulated debentures of RMB22,500 million with average capital cost of 5.07%. Meanwhile, besides making the best of project financing, the Group actively carried out short-term financing initiatives such as accounts receivable factoring and trade chain finance so as to upgrade its financing capacity and cut capital costs.

9. Remarkable result in the registration of CDM Projects

During the reporting period, the Group witnessed noticeable result in the registration of CDM projects by reinforcing their procedure management and implementing strict crisis management. As of 30 June 2012, an aggregate of 137 CDM projects of the Group were successfully registered with the CDM EB, involving a cumulative installed capacity of 7,323 MW. Those projects were comprised of 131 wind power projects with a cumulative installed capacity of 7,165 MW, 5 biomass projects with installed capacity of 138 MW and one solar power project with installed capacity of 20MW, among which 30 CDM projects were successfully registered in the first half of 2012 with a total installed capacity of 1,271 MW. In the first half of 2012, the Group's net income from sales of CERs and VERs amounted to RMB447 million in total, representing an increase of 16.7% as compared with RMB383 million for the corresponding period of 2011.

10. Emphasis on technology innovation and talents cultivation along with reinforcement of core competitiveness

The Group always prioritises technology innovation and talents cultivation. 18 new technology projects were launched in the first half of 2012, among which 4 are high technology projects under the National 863 Planned Projects approved by the State Ministry of Science and Technology, 2 are projects of 973 Plan (973課題), 4 are technology projects initiated by Guodian Group and 8 are projects initiated by the Company. The Group was honored with a 2nd class award for technological advancement of 2012 from Guodian Group for self-developed technology projects, namely "New Model and Application of Condition Monitoring of Key Equipment in Wind Power Generating Units" (風電機組關鍵設備狀態監測創新模式與應用) and "Research on the Estimation System of Power Generation and Wind Power (Loads) Prediction of Wind Farms" (風電場發電量評估及功率(負荷)預測系統的研究). Meanwhile, the Group enhanced the development of a team of talents and the Group's core competitiveness through management, technique, power generation output and efficiency competitions among employees from wind power enterprises under Guodian Group. It improved the mechanism of cultivation and evaluation of experts and refined the incentive mechanism in this respect. During the reporting period, three frontline staff of companies of the Group were awarded "technical experts of central state-owned enterprises" by State-owned Assets Supervision and Administration Commission of the State Council. Solid expertise, state-of-the-art techniques and outstanding quality set a batch of employees apart from others.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Overview

In the first half of 2012, the net profit of the Group amounted to RMB1,869 million, representing an increase of 5.4% as compared to RMB1,773 million in the corresponding period of 2011. Net profit attributable to shareholders amounted to RMB1,460 million, representing an increase of 3.6% as compared to RMB1,409 million in the corresponding period of 2011.

Operating revenue

Operating revenue of the Group amounted to RMB8,435 million in the first half of 2012, representing an increase of 8.3% as compared to RMB7,792 million in the corresponding period of 2011. Such increase in operating revenue was primarily due to: 1) an increase of RMB622 million, or 19.0%, in the revenue from electricity sales and other revenue of our wind power business to RMB3,891 million in the first half of 2012 as compared to RMB3,269 million in the corresponding period of 2011, primarily attributable to an increase in electricity sales resulting from the expansion in the operating capacity of our wind power business; and 2) an increase of RMB100 million, or 4.5%, in the revenue from sales of electricity and steam and other revenue of our coal power business to RMB2,341 million in the first half of 2012 as compared to RMB2,241 million in the corresponding period of 2011, primarily attributable to the upward adjustment in the benchmark tariffs of electricity generated by desulphurisation coal power generating units by the PRC government. Average tariff of coal power electricity sales for the first half of 2012 increased by RMB20 per kWh as compared to the corresponding period of 2011. The operating revenue of each segment is set out as follows:

	For the six months ended 30 June		
Operating Revenue	**2012** **(RMB million)**	2011 *(RMB million)*	**Percentage of change**
Wind power business	**4,066**	3,317	22.6%
Including: Revenue from electricity sales and other revenue	**3,891**	3,269	19.0%
Service concession construction revenue	**175**	48	264.6%
Coal power business	**4,056**	4,143	–2.1%
Including: Revenue from sales of electricity & steam, and other revenue	**2,341**	2,241	4.5%
Revenue from coal sales	**1,715**	1,902	–9.8%
Other segments	**402**	416	–3.4%
Elimination of inter-segment revenue	**–89**	–84	6.0%
Total	**8,435**	7,792	8.3%

Other net income

Other net income of the Group amounted to RMB768 million in the first half of 2012, representing an increase of 30.2% from RMB590 million in the corresponding period of 2011, primarily due to: 1) an increase of RMB64 million, or 16.7%, in total net income from sales of CERs and VERs amounting to RMB447 million in the first half of 2012 as compared to RMB383 million in the corresponding period of 2011 as more wind power projects of the Group were successfully registered with the CDM EB, as well as an increase in electricity generated by registered projects in 2012; and 2) the penalty income of approximately RMB115 million from a wind turbine supplier in the first half of 2012, representing an increase of RMB106 million from RMB9 million during the corresponding period of 2011.

Operating expenses

The operating expenses of the Group amounted to RMB5,964 million in the first half of 2012, representing an increase of 5.2% from RMB5,669 million in the corresponding period of 2011, primarily due to the increase in the depreciation and amortisation expenses of our wind power business.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB1,774 million in the first half of 2012, representing an increase of 22.9% from RMB1,444 million in the corresponding period of 2011, primarily due to an increase of RMB350 million, or 30.5%, in depreciation and amortisation expenses of our wind power business over the corresponding period of 2011 as a result of expansion in the operating capacity of our wind power projects.

Coal consumption costs

The coal consumption costs of the Group amounted to RMB1,386 million in the first half of 2012, representing a decrease of 0.9% from RMB1,398 million in the corresponding period of 2011, primarily due to the slight decline in the price of standard coal and the standard coal consumption for power and steam generation in the first half of 2012.

Cost of coal sales

The cost of coal sales of the Group in the first half of 2012 amounted to RMB1,595 million, representing a decrease of 11.3% as compared to RMB1,799 million in the corresponding period of 2011, primarily due to: 1) a decline in the sales volume of the coal trading business; and 2) a slight decline in the procurement price of coal.

Service concession construction costs

The Group's construction costs of service concession projects in the first half of 2012 amounted to RMB175 million, representing an increase of 264.6% as compared to RMB48 million in the corresponding period of 2011, primarily because there are four more service concession projects under construction in the first half of 2012 than those projects under construction in to the corresponding period of 2011.

Personnel costs

Personnel costs of the Group amounted to RMB417 million in the first half of 2012, representing an increase of 16.2% as compared to RMB359 million in the corresponding period of 2011, primarily due to: 1) the increase in headcount as a result of the Group's expansion; and 2) the fact that a portion of the personnel costs were expensed as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB227 million in the first half of 2012, representing a decrease of 4.6% as compared to RMB238 million in the corresponding period of 2011, primarily due to a decrease in external sales in the first half of 2012 from subsidiaries of the Group, Zhongneng Power-Tech Development Company Limited (中能電力科技開發有限公司) and Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源(北京)風電工程技術有限公司).

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB86 million in the first half of 2012, representing a decrease of 17.3% as compared to RMB104 million in the corresponding period of 2011. Such decrease was mainly due to the fact that in the first half of 2011, our coal power business carried out certain overhaul and technical modification to the coal power generating units and the repair and maintenance expenses amounted to RMB57 million, whilst in the first half of 2012, there was no such repair and maintenance by the coal power business, resulting in a decrease of 29.8% in repair and maintenance expenses to RMB40 million.

Administrative expenses

Administrative expenses of the Group amounted to RMB119 million in the first half of 2012, representing an increase of 28.0% as compared to RMB93 million in the corresponding period of 2011. Such increase was primarily due to the increase in office expenses and taxes in line with the expansion of the Group's business and growth in the number of subsidiaries.

Other operating expenses

Other operating expenses of the Group amounted to RMB185 million in the first half of 2012, representing a decrease of 0.5% as compared to RMB186 million in the corresponding period of 2011. There was no significant change during the period.

Net finance expenses

The net finance expenses of the Group amounted to RMB1,300 million in the first half of 2012, representing an increase of 65.4% as compared to RMB786 million in the corresponding period of 2011, primarily due to: 1) the substantial increase in external borrowings, debentures payable and other interest-bearing borrowings, driven by the growing capital demand for the expansion of the Group's business; and 2) hikes in the average interest rate of borrowings in the first half of 2012 as compared with that in the first half of 2011 as a result of the adjustments to the benchmark lending rate by the People's Bank of China.

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 RMB48 million in the first half of 2012, representing a decrease of 4.0% as compared to RMB50 million in the corresponding period of 2011, primarily due to a decline in business of the associates in the first half of 2012 as compared to the corresponding period of 2011.

Income tax

Income tax of the Group amounted to RMB119 million in the first half of 2012, representing a decrease of 41.7% as compared to RMB204 million in the corresponding period of 2011, mainly attributable to income tax refunds of RMB84 million recognised by certain wind power subsidiaries of the Group in the first half of 2012.

Pursuant to Cai Shui [2008] No. 46, the Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (《關於執行公共基礎設施項目企業所得税優惠目錄有關問題的通知》), enterprises which are set up after 1 January 2008 and are engaged in public infrastructure projects, are entitled to a tax holiday of a 3-year tax exemption followed by a 3-year 50% exemption commencing from the year in which the project first generates operating income (the "3+3 tax holiday"). Certain subsidiaries of the Group engaging in wind power business, which are set up prior to 1 January 2008, were not entitled to above tax holiday and were taxed at the statutory rate of 25% before 2012. Pursuant to Cai Shui [2012] No.10, the Notice on Tax Issues Related to Enterprise Income Tax Preferential Policies for Public Infrastructure, Environmental Protection, Energy Saving and Water Conservation Projects (《關於公共基礎設施項目和環境保護節能節水項目企業所得税優惠政策問題的通知》) issued on 5 January 2012, enterprises engaging in qualified public infrastructure projects which were approved before 31 December 2007, shall be eligible for the 3+3 tax holiday from 1 January 2008.

Segment results of operation

Operating profit	For the six months ended 30 June		Percentage of Change
	2012 **(RMB million)**	2011 *(RMB million)*	
Wind power business	**2,797**	2,409	16.1%
Coal power business	**483**	341	41.6%
Including: Sales of electricity & Steam and Others	**442**	321	37.7%
Coal trading business	**41**	20	105.0%
All others	**42**	44	–4.5%
Elimination and other corporate expenses	**–83**	–81	2.5%
Total	**3,239**	2,713	19.4%

In the first half of 2012, the operating profit of the wind power business of the Group amounted to RMB2,797 million, representing an increase of 16.1% from RMB2,409 million in the corresponding period of 2011, primarily due to the fact that: 1) the increase in installed capacity of our wind power business, which led to an increase in our electricity sales; and 2) the increase in CDM registered projects which led to the increase in net income from sales of CERs and VERs. Operating profit of our coal power business amounted to RMB483 million, representing an increase of 41.6% as compared to RMB341 million in the corresponding period of 2011, among which operating profit excluding coal trading business amounted to RMB442 million, representing an increase of 37.7% as compared to RMB321 million in the corresponding period of 2011. The increase was primarily attributable to the upward adjustment to the on-grid tariffs of coal power generating units and the decrease in coal prices. The operating profit of the coal trading business amounted to RMB41 million, representing an increase of 105.0% as compared to RMB20 million in the corresponding period of 2011, which was primarily due to a decline in the unit procurement cost of coal which led to an increase in gross profit from coal sales.

Assets and liabilities

As at 30 June 2012, total assets of the Group amounted to RMB97,608 million, representing an increase of RMB2,984 million as compared to total assets of RMB94,624 million as at 31 December 2011, primarily due to: 1) an increase of RMB1,657 million in current assets such as receivables and prepayments; and 2) an increase of RMB1,327 million in non-current assets such as property, plant and equipment. Total liabilities amounted to RMB66,943 million, representing an increase of RMB2,644 million as compared to total liabilities of RMB64,299 million as at 31 December 2011, primarily due to an increase of RMB1,882 million in non-current liabilities such as long-term borrowings for construction projects and an increase of RMB762 million in current liabilities such as short-term bank loans.

Capital liquidity

As at 30 June 2012, current assets of the Group amounted to RMB15,130 million, including cash at bank and on hand of RMB3,899 million, trade debtors and bills receivable of RMB6,395 million (primarily consisting of receivables from sales of electricity), as well as prepayments and other current assets of RMB3,039 million (primarily consisting of deductible value-added tax and receivables from sales of CERs). Current liabilities amounted to RMB30,598 million, including trade creditors and bills payable of RMB1,217 million (primarily consisting of payables for purchases of equipment and coal), other payables of RMB7,432 million (primarily consisting of payables for construction of wind power projects and related retention) and short-term borrowings of RMB21,851 million. As at 30 June 2012, net current liabilities amounted to RMB15,468 million, representing a decrease of RMB895 million as compared to RMB16,363 million as at 31 December 2011. The liquidity ratio was 0.49 as at 30 June 2012, representing an increase of 0.04 as compared to the liquidity ratio of 0.45 as at 31 December 2011. The decrease in net current liabilities and an increase in liquidity ratio were primarily due to the increase in receivables as a result of the increase in the electricity sales by the wind power business and the substantial increase in restricted bank deposits of the Group in the first half of 2012.

Restricted deposits amounted to RMB333 million, mainly including deposits for bills payable and issuance of the letter of credit.

As at 30 June 2012, the Group's outstanding borrowings amounted to RMB55,505 million, representing an increase of RMB4,599 million as compared to the outstanding borrowings of RMB50,906 million as at 31 December 2011. As at 30 June 2012, the Group's outstanding borrowings included short-term borrowings of RMB21,851 million (including long-term borrowings due within one year of RMB1,603 million) and long-term borrowings amounting to RMB33,654 million (including debentures payable of RMB10,489 million). Abovementioned borrowings include borrowings denominated in Renminbi of RMB53,917 million, borrowings denominated in U.S. dollar of RMB1,145 million and borrowings denominated in other foreign currencies of RMB443 million.

Capital expenditures

The capital expenditures of the Group amounted to RMB3,676 million in the first half of 2012, representing a decrease of 9.3% as compared to RMB4,054 million in the corresponding period of 2011. Among which, the expenditures for the construction of wind power projects amounted to RMB3,342 million, and the expenditures for the construction of other renewable energy projects amounted to RMB291 million. The sources of funds mainly include borrowings from banks and other financial institutions and the issuance of debentures.

Net gearing ratio

As at 30 June 2012, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by the sum of net debt and total equity, was 62.7%, representing an increase of 1.8 percentage points from 60.9% as at 31 December 2011, primarily due to the increase in net debt as a result of the increase in borrowings for the increased construction of wind power projects.

Material investments

The Group made no major investment during the first half of 2012.

Material acquisitions and disposals

The Group completed the acquisitions of 7 wind power projects and 4 biomass power projects from Guodian Group and its subsidiaries during the first half of 2012.

The Group made no material disposals during the first half of 2012.

Pledged assets

The Group has pledged wind turbine equipment to secure certain bank loans. As at 30 June 2012, the aggregate net book value of the pledged assets amounted to RMB283 million, representing a decrease of 3.1% as compared to RMB292 million in 31 December 2011, primarily due to the decrease in the net book value of pledged assets as a result of depreciation of wind turbines.

Contingent liabilities/Guarantees

As at 30 June 2012, the Group provided a RMB73 million guarantee for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate, as at 30 June 2012, the bank loan balance of which amounted to RMB27 million.

Cash flow analysis

As at 30 June 2012, bank deposits and cash held by the Group amounted to RMB3,899 million, representing an increase of RMB191 million as compared to RMB3,708 million as at 31 December 2011. The principal sources of funds of the Group included cash generated from operating activities, bank loans and issuance of debentures. The Group mainly used the funds for construction of projects and repayment of borrowings.

The net cash inflow of the Group's operating activities amounted to RMB3,337 million in the first half of 2012, among which the cash inflow was primarily attributable to the income from sales of electricity whereas the cash outflow was primarily attributable to the procurement of fuels and spare parts, taxation payment and operating expenses. The net cash outflow of the Group's investing activities amounted to RMB5,636 million in the first half of 2012, among which the cash inflow primarily include collection of borrowing repayment from related parties whereas the cash outflow was primarily attributable to payment for construction of wind power projects, investment in associates and jointly controlled entities, as well as acquisition of subsidiaries engaging in wind power and biomass power businesses. In the first half of 2012, the net cash inflow of the Group's financing activities amounted to RMB2,744 million, primarily including cash inflows from obtaining new borrowings.

III. PROSPECT IN THE SECOND HALF OF 2012

In spite of the various challenges surrounding the world economy and certain issues and uncertainties hanging over China's new energy development, the State will continue to foster new energy development as a whole and an energy industry reform symbolised by new energy has become an inevitable trend. Against this backdrop, the new energy industry still sees ample room for the future. As Liu Tienan, director of National Energy Administration, indicated in "Qiushi" (issue 13, 2012): during the period of the "Twelfth Five-year Plan", China will unswervingly develop new energy and renewable energy through orderly developing wind power, expediting comprehensive utilisation of solar energy and actively developing biomass energy, geothermal energy and other new energy. A distributed energy system will be promoted to maximise the contribution of new energy and renewable energy in the restructuring of its energy portfolio. Relevant parties have already noted with great concern over certain problems revealed in the development of the wind power industry. Governments at all levels, grid companies, power plants and other relevant departments are adopting countermeasures with a certain degree of success. From now on, the State will pay more attention to guiding the standardisation of new energy development by taking the following measures: tightening control over wind power development planning, strictly complying with project approval procedures, expediting the establishment of industry standard and handling the problems of grid connection of wind power and power absorption of the market. Currently, the "Administrative Measures for Renewable Energy Quota System"(《可再生能源電力配額限制管理辦法》) issued by National Energy Administration is soliciting public opinion, which is expected to be promulgated by the end of the year. It is foreseeable that the wind power industry will gradually see standardised and sound development.

In recent years, the Group has achieved breakthrough in innovation and new progress in strengthening its management. These led to a notable increase in its overall competitiveness, continuous optimisation of its wind power distribution and energy portfolio as well as stronger resilience against risk. The unity and harmony which favor its development have become all the more significant, while its industry presence and brand influence improved continuously. As a whole, the current situation is favorable for the Group's sound and sustainable development. With a view to achieve the operational targets set for the year, the Group will focus on the following tasks in the second half of 2012:

1. Comprehensive Measures to Safeguard Electricity Output

The Group will build closer ties with grid companies to reduce losses arising from grid curtailment; reinforce the operational management of equipment for more efficient power generation; and speed up the construction of projects to commence production for earlier commissioning and power generation. It will reinforce safety management and implement production safety, so as to ensure safe and stable equipment operations.

2. Speed up construction progress in full swing

The Group will press ahead with the construction of roads of wind farms, infrastructure of facilities for wind turbine equipment, substation civil work and connection lines, and guarantee the quality and timely delivery of equipments based on the reasonable arrangement of construction period. Construction safety will be ensured through more stringent site management, and production quality of projects being put into operation will be maintained by ensuring completion of transfer of production of these projects. The Group will construct pilot projects in Turpan, Xinjiang, Ali, Tibet and Yanqing, Beijing up to high specifications, with a view to establishing brands in the domestic solar energy field.

3. Optimise investment strategy

In order to ensure a better return on investment from its projects, the Group will accurately evaluate and verify projects, with a focus on the depth and quality in preliminary work and an emphasis on controlling the investment risks of projects. In respect of wind power development, the Group will make efforts in the development of offshore wind power in Jiangsu, Fujian, Guangdong and other provinces, advancing wind power development in regions with low wind speed actively yet prudently, and realizing the early commissioning of the wind power project in Canada. The Group will be well prepared for reporting of the third batch of wind power plans and seeking approvals for these projects. The Group will quicken the process of planning for its solar energy segment and complete the preliminary and technical preparation for its tidal power generation, geothermal power generation and other new energy projects.

4. Strengthen internal management

The Group will strictly control project development cost through careful management, enhance capital management whilst further expanding its financing channels; reinforce management on tenders to lower the purchasing cost; intensify marketing management to solicit policy support for electronic output and tariffs and trim administrative cost by improving working efficiency on all fronts.

5. Foster Corporate Transformation

The Company will, by sizing up the situation, foster corporate transformation in line with external trends and changes. Taking advantage of strategic opportunities, the Company will expand its presence in new developments. It will keep abreast of domestic industry policies, and pay close attention to cutting-edge technology and learn to master these technologies. By taking full account of the practical situation of the corporation, the Group will explore and reserve some medium and long term strategic projects. The "Going Out" strategy will be firmly implemented and the Group will strive for a breakthrough within a short period of time through bold exploration and innovation.

The Company has committed to enhancing corporate governance standard 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 of Directors, the supervisory board and senior management with reference to the code provisions as set out in the Code on Corporate Governance Practices, and the Corporate Governance Code and Corporate Governance Report which came into effect since 1 April 2012 in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has also adopted the Corporate Governance Code as our own corporate governance practices.

COMPLIANCE WITH THE REQUIREMENTS OF APPENDIX 14 OF THE LISTING RULES

From 1 January 2012 to 31 March 2012, the Company had fully complied with the Code of Corporate Governance Practice set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

From 1 April 2012 to 30 June 2012, the Company had fully complied with the amended Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

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

The Company has adopted the Model Code 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. Upon specific enquiries 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 of Directors will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

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

On 27 August 2012, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2012, the 2012 interim report and the unaudited interim financial statements for the six months ended 30 June 2012 prepared under International Accounting Standards 34 “Interim Financial Reporting”.

SHARE CAPITAL

As of 30 June 2012, the total share capital of the Company amounted to 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 of Directors has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2012.

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 2012.

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

On 30 June 2012, 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 Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2012, 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 *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
Guodian Group	Domestic shares	Interests of beneficial owner and controlled corporation	4,753,570,000 *(Note 2)* (Long position)	100%	63.68%
China Investment Corporation	H shares	Interests of controlled corporation	379,901,000 *(Note 3)* (Long position)	14.01%	5.09%
China Life Insurance (Group) Company	H shares	Interests of beneficial owner and controlled corporation	298,631,000 *(Note 4)* (Long position)	11.02%	4.00%
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%

Notes:

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 30 June 2012.

2. Among these 4,753,570,000 domestic shares, 4,658,498,600 shares were directly held by Guodian Group while the remaining 95,071,400 shares were held by Guodian Northeast Electric Power Co., Ltd., a wholly-owned subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the holder of the equity interests owned by Guodian Northeast Electric Power Co., Ltd..

3. Chengdong Investment Corporation was a wholly-owned subsidiary of China Investment Corporation. Accordingly, China Investment Corporation was regarded as the holder of the equity interests of 379,901,000 H shares owned by Chengdong Investment Corporation.

4. Among these 298,631,000 H shares, 28,269,000 H shares were directly held by China Life Insurance (Group) Company, 175,400,000 H shares were held by China Life Insurance (Overseas) Company Limited, a wholly-owned subsidiary of China Life Insurance (Group) Company, and 94,962,000 H shares were held by China Life Insurance Company Limited, a subsidiary of China Life Insurance (Group) Company. Accordingly, China Life Insurance (Group) Company was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

EMPLOYEES

As of 30 June 2012, the Group had a total of 5,571 employees. The employee remuneration of the Group comprises 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 2012, the Group 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 Group.

CHANGE OF DIRECTORS

At the annual general meeting of the Company held on 18 May 2012, a resolution was passed to appoint Mr. Huang Qun as an executive Director of the Company from 18 May 2012 until the expiration of the term of the first session of the Board of Directors. He was also appointed by the Board of Directors as a member of strategic committee. The reappointment of Mr. Huang Qun as an executive Director of the second session of the Board of Directors of the Company was approved at the Company's extraordinary general meeting held on 3 July 2012 with a term of three years. Mr. Tian Shicun no longer served as an executive Director and a member of strategic committee of the Company since 18 May 2012.

Having been approved by the Company's annual general meeting held on 18 May 2012, Mr. Lv Congmin was appointed as an independent non-executive Director of the Company from 18 May 2012 until the expiration of the term of the first session of the Board of Directors. He was also appointed by the Board of Directors as a member of remuneration and assessment committee and nomination committee. The reappointment of Mr. Lv Congmin as an independent non-executive Director of the second session of the Board of Directors of the Company was approved at the Company's extraordinary general meeting held on 3 July 2012 with a term of three years. Mr. Li Junfeng no longer served as an independent non-executive Director and a member of remuneration and assessment committee and nomination committee of the Company since 18 May 2012.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors of the Company are set out as follows:

A resolution was passed at the board meeting held on 11 May 2012, pursuant to which Mr. Xie Changjun has resigned as the chairman of the nomination committee and Mr. Zhu Yongpeng has been appointed as the chairman of the nomination committee, both with effect from 11 May 2012.

A resolution was passed at the board meeting held on 11 May 2012, pursuant to which Mr. Wang Baole has been changed from being the chairman of the remuneration and assessment committee to a member of the committee whereas Mr. Zhang Songyi has been changed from being a member of the remuneration and assessment committee to the chairman of the committee.

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 36 to 81, which comprises the consolidated balance sheet of China Longyuan Power Group Corporation Limited as at 30 June 2012, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 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

27 August 2012

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2012**	2011
		RMB'000	*RMB'000*
			(restated — note 26)
Revenue	5	**8,435,059**	7,792,196
Other net income	6	**767,503**	590,290
Operating expenses			
Depreciation and amortisation		**(1,773,535)**	(1,444,042)
Coal consumption		**(1,386,070)**	(1,398,041)
Coal sales costs		**(1,595,246)**	(1,799,398)
Service concession construction costs		**(175,116)**	(47,928)
Personnel costs		**(416,705)**	(358,559)
Material costs		**(227,402)**	(238,229)
Repairs and maintenance		**(85,979)**	(104,243)
Administration expenses		**(118,631)**	(92,798)
Other operating expenses		**(184,860)**	(185,951)
		(5,963,544)	(5,669,189)
Operating profit		**3,239,018**	2,713,297
Finance income		**40,235**	60,037
Finance expenses		**(1,339,766)**	(846,044)
Net finance expenses	7	**(1,299,531)**	(786,007)
Share of profits less losses of associates and jointly controlled entities		**48,355**	49,790
Profit before taxation	8	**1,987,842**	1,977,080
Income tax	9	**(118,855)**	(203,754)
Profit for the period, carried forward		**1,868,987**	1,773,326

The notes on pages 45 to 81 form part of this interim financial report.

For the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
			(restated — note 26)
Profit for the period, brought forward		**1,868,987**	1,773,326
Other comprehensive income/(losses)			
Available-for-sale financial assets: net movement in the fair value reserve		**(224)**	(2,372)
Exchange difference on net investment		**1,089**	(4,016)
Exchange difference on translation of financial statements		**(826)**	(245)
Other comprehensive income/(losses) for the period, net of tax	10	**39**	(6,633)
Total comprehensive income for the period		**1,869,026**	1,766,693
Profit attributable to:			
Shareholders of the Company		**1,460,443**	1,408,925
Non-controlling interests		**408,544**	364,401
Profit for the period		**1,868,987**	1,773,326
Total comprehensive income attributable to:			
Shareholders of the Company		**1,460,482**	1,402,292
Non-controlling interests		**408,544**	364,401
Total comprehensive income for the period		**1,869,026**	1,766,693
Basic and diluted earnings per share *(RMB cents)*	11	**19.57**	18.88

The notes on pages 45 to 81 form part of this interim financial report.

Unaudited Consolidated Balance Sheet

At 30 June 2012 (unaudited) (Expressed in Renminbi)

	Note	**At 30 June 2012 RMB'000**	At 31 December 2011 RMB'000 (restated — note 26)
Non-current assets			
Property, plant and equipment	12	**66,789,417**	64,967,071
Investment properties	13	**94,605**	98,138
Lease prepayments		**1,290,429**	1,214,628
Intangible assets	14	**8,161,115**	8,162,785
Investments in associates and jointly controlled entities		**1,603,732**	1,554,483
Goodwill		**11,541**	11,541
Other assets	15	**4,336,918**	4,961,863
Deferred tax assets		**190,621**	180,827
Total non-current assets		**82,478,378**	81,151,336
Current assets			
Inventories		**990,412**	925,784
Trade debtors and bills receivable	16	**6,395,020**	5,429,937
Prepayments and other current assets	17	**3,038,525**	2,898,687
Tax recoverable		**169,034**	72,303
Trading securities		**304,918**	406,041
Restricted deposits		**332,730**	31,741
Cash at bank and on hand	18	**3,899,223**	3,708,190
Total current assets		**15,129,862**	13,472,683

The notes on pages 45 to 81 form part of this interim financial report.

	Note	**At 30 June 2012** **RMB'000**	At 31 December 2011 *RMB'000* (restated — note 26)
Current liabilities			
Borrowings	19(b)	**21,850,680**	19,078,207
Trade creditors and bills payable	20	**1,216,940**	1,597,000
Other payables	21	**7,432,105**	9,003,550
Tax payable		**98,311**	157,557
Total current liabilities		**30,598,036**	29,836,314
Net current liabilities		**(15,468,174)**	(16,363,631)
Total assets less current liabilities		**67,010,204**	64,787,705
Non-current liabilities			
Borrowings	19(a)	**33,654,583**	31,828,121
Deferred income		**1,925,505**	1,992,723
Deferred tax liabilities		**102,254**	100,550
Other non-current liabilities		**662,151**	541,094
Total non-current liabilities		**36,344,493**	34,462,488
NET ASSETS		**30,665,711**	30,325,217

The notes on pages 45 to 81 form part of this interim financial report.

At 30 June 2012 (unaudited) (Expressed in Renminbi)

	Note	**At 30 June 2012 *RMB'000***	At 31 December 2011 *RMB'000* (restated — note 26)
CAPITAL AND RESERVES			
Share capital	22(b)	**7,464,289**	7,464,289
Reserves		**18,556,077**	18,444,302
Total equity attributable to the shareholders of the Company		**26,020,366**	25,908,591
Non-controlling interests		**4,645,345**	4,416,626
TOTAL EQUITY		**30,665,711**	30,325,217

Authorised for issue by the board of directors on 27 August 2012.

Zhu Yongpeng
Chairman

Xie Changjun
Executive Director

The notes on pages 45 to 81 form part of this interim financial report.

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi)

		Attributable to the shareholders of the Company								
	Note	Share 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
At 1 January 2012										
(as previously reported)		7,464,289	13,341,356	148,171	(16,544)	(1,954)	4,554,890	25,490,208	4,375,443	29,865,651
Effect on acquisition of businesses under common control	26	–	475,337	–	–	–	(56,954)	418,383	41,183	459,566
At 1 January 2012 (as restated)		7,464,289	13,816,693	148,171	(16,544)	(1,954)	4,497,936	25,908,591	4,416,626	30,325,217
Changes in equity:										
Profit for the period		–	–	–	–	–	1,460,443	1,460,443	408,544	1,868,987
Other comprehensive income		–	–	–	263	(224)	–	39	–	39
Total comprehensive income		–	–	–	263	(224)	1,460,443	1,460,482	408,544	1,869,026
Capital contributions		–	–	–	–	–	–	–	17,800	17,800
Appropriation		–	–	126,982	–	–	(126,982)	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	(189,499)	(189,499)
Dividends to shareholders of the Company	22(a)	–	–	–	–	–	(515,215)	(515,215)	–	(515,215)
Acquisition of non-controlling interests		–	(2,884)	–	–	–	–	(2,884)	(8,126)	(11,010)
Acquisition of businesses under common control	26	–	(830,608)	–	–	–	–	(830,608)	–	(830,608)
At 30 June 2012		7,464,289	12,983,201	275,153	(16,281)	(2,178)	5,316,182	26,020,366	4,645,345	30,665,711

The notes on pages 45 to 81 form part of this interim financial report.

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi)

		Attributable to the shareholders of the Company								
	Note	Share 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
At 1 January 2011 (as previously reported)		7,464,289	13,349,816	4,447	(6,723)	2,958	2,460,000	23,274,787	4,138,968	27,413,755
Effect on acquisition of businesses under common control	26	–	212,690	–	–	–	6,442	219,132	76,247	295,379
At 1 January 2011 (as restated)		7,464,289	13,562,506	4,447	(6,723)	2,958	2,466,442	23,493,919	4,215,215	27,709,134
Changes in equity:										
Profit for the period		–	–	–	–	–	1,408,925	1,408,925	364,401	1,773,326
Other comprehensive income		–	–	–	(4,261)	(2,372)	–	(6,633)	–	(6,633)
Total comprehensive income		–	–	–	(4,261)	(2,372)	1,408,925	1,402,292	364,401	1,766,693
Capital contributions		–	–	–	–	–	–	–	36,857	36,857
Appropriation		–	–	143,724	–	–	(143,724)	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	(394,967)	(394,967)
Dividends to shareholders of the Company	22(a)	–	–	–	–	–	(403,072)	(403,072)	–	(403,072)
Acquisition of businesses under common control	26	–	(11,310)	–	–	–	–	(11,310)	522	(10,788)
At 30 June 2011		7,464,289	13,551,196	148,171	(10,984)	586	3,328,571	24,481,829	4,222,028	28,703,857

The notes on pages 45 to 81 form part of this interim financial report.

		Attributable to the shareholders of the Company								
	Note	Share 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
At 30 June 2011		7,464,289	13,551,196	148,171	(10,984)	586	3,328,571	24,481,829	4,222,028	28,703,857
Changes in equity:										
Profit for the period		–	–	–	–	–	1,169,365	1,169,365	277,898	1,447,263
Other comprehensive income		–	–	–	(5,560)	(2,540)	–	(8,100)	–	(8,100)
Total comprehensive income		–	–	–	(5,560)	(2,540)	1,169,365	1,161,265	277,898	1,439,163
Capital contributions		–	–	–	–	–	–	–	34,949	34,949
Capital contributions to the businesses acquired under common control *(note(i))*		–	265,497	–	–	–	–	265,497	–	265,497
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	(116,249)	(116,249)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	(2,000)	(2,000)
At 31 December 2011		7,464,289	13,816,693	148,171	(16,544)	(1,954)	4,497,936	25,908,591	4,416,626	30,325,217

Note:

(i) The amount represents the capital contributions from the ultimate controlling owner of the businesses under common control acquired in 2012 (see note 26(a) for details).

The notes on pages 45 to 81 form part of this interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2012** ***RMB'000***	2011 *RMB'000* (restated — note 26)
Cash generated from operations		**3,620,260**	2,907,079
Tax paid		**(282,848)**	(234,711)
Net cash generated from operating activities		**3,337,412**	2,672,368
Net cash used in investing activities		**(5,635,713)**	(6,412,138)
Net cash generated from financing activities		**2,744,066**	2,945,287
Net increase/(decrease) in cash and cash equivalents		**445,765**	(794,483)
Cash and cash equivalents at 1 January	18	**3,358,190**	4,173,530
Effect of foreign exchange rate changes		**(4,732)**	(1,912)
Cash and cash equivalents at 30 June	18	**3,799,223**	3,377,135

The notes on pages 45 to 81 form part of this interim financial report.

1 PRINCIPAL ACTIVITIES

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

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 27 August 2012.

This interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2012 amounting to RMB15,468,174,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the unutilised banking facilities and the unutilised credit lines with PRC banks as at 30 June 2012, the Group will have necessary liquid funds to finance its working capital and capital expenditure.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

2 BASIS OF PREPARATION *(CONTINUED)*

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 2011 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").

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.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements and has been restated for a business combination under common control as disclosed in note 26. The annual financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2012.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures — Transfers of financial assets*

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with exception of the amendments to IAS 1, *Presentation of financial statements - Presentation of items of other comprehensive income.* The amendments are effective for annual periods beginning on or after 1 July 2012, but as permitted by the amendments, the Group has decided to adopt the amendments for periods beginning on or after 1 January 2011. As a result of the adoption of the amendments of IAS 1, the Group has changed the title "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". The items of other comprehensive income that may be reclassified to profit or loss in the future have been presented separately from that would never be reclassified to profit or loss.

The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in current period which require disclosure in the current accounting period under the amendments.

4 SEGMENT REPORTING

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

— Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

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

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

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, trading securities, 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.

(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 2012 and 2011 is set out below:

For the six months ended 30 June 2012

	Wind power *RMB'000*	**Coal power** *RMB'000*	**All others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers				
— Sales of electricity	3,885,580	2,024,190	172,243	6,082,013
— Others	5,145	2,031,896	140,889	2,177,930
Subtotal	3,890,725	4,056,086	313,132	8,259,943
Inter-segment revenue	—	—	89,495	89,495
Reportable segment revenue	3,890,725	4,056,086	402,627	8,349,438
Reportable segment profit (operating profit)	2,797,038	482,617	41,758	3,321,413
Depreciation and amortisation before inter-segment elimination	(1,496,367)	(249,269)	(56,231)	(1,801,867)
Impairment of trade and other receivables	—	—	(874)	(874)
Interest income	8,570	4,588	16,158	29,316
Interest expense	(1,030,484)	(111,217)	(72,627)	(1,214,328)
Reportable segment assets	84,363,041	6,723,083	7,585,379	98,671,503
Expenditures for reportable segment non-current assets during the period	3,342,154	42,733	290,876	3,675,763
Reportable segment liabilities	61,043,249	4,432,076	8,640,058	74,115,383

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

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

For the six months ended 30 June 2011 (restated — note 26)

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	3,266,305	1,939,639	129,100	5,335,044
— Others	2,866	2,203,689	202,669	2,409,224
Subtotal	3,269,171	4,143,328	331,769	7,744,268
Inter-segment revenue	—	—	84,516	84,516
Reportable segment revenue	3,269,171	4,143,328	416,285	7,828,784
Reportable segment profit (operating profit)	2,409,286	341,335	44,097	2,794,718
Depreciation and amortisation before inter-segment elimination	(1,145,565)	(252,140)	(45,000)	(1,442,705)
Impairment of trade and other receivables	—	—	(200)	(200)
Interest income	1,483	3,895	18,376	23,754
Interest expense	(693,020)	(79,969)	(31,129)	(804,118)

For the year ended 31 December 2011 (restated — note 26)

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Reportable segment assets	80,400,043	7,440,618	6,261,607	94,102,268
Expenditures for reportable segment non-current assets during the year	13,228,907	111,233	1,165,612	14,505,752
Reportable segment liabilities	59,729,122	5,256,092	7,537,084	72,522,298

(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	
	2012	2011
	RMB'000	*RMB'000* (restated — note 26)
Revenue		
Reportable segment revenue	**8,349,438**	7,828,784
Service concession construction revenue	**175,116**	47,928
Elimination of inter-segment revenue	**(89,495)**	(84,516)
Consolidated revenue	**8,435,059**	7,792,196
Profit		
Reportable segment profit	**3,321,413**	2,794,718
Elimination of inter-segment profits	**(25,869)**	(29,538)
	3,295,544	2,765,180
Share of profits less losses of associates and jointly controlled entities	**48,355**	49,790
Net finance expenses	**(1,299,531)**	(786,007)
Unallocated head office and corporate expenses	**(56,526)**	(51,883)
Consolidated profit before taxation	**1,987,842**	1,977,080

(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 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Assets		
Reportable segment assets	**98,671,503**	94,102,268
Inter-segment elimination	**(3,225,523)**	(2,627,720)
	95,445,980	91,474,548
Investments in associates and jointly controlled entities	**1,603,732**	1,554,483
Available-for-sale investments	**10,195**	10,493
Unquoted equity investments	**699,334**	510,180
Trading securities	**304,918**	406,041
Tax recoverable	**169,034**	72,303
Deferred tax assets	**190,621**	180,827
Unallocated head office and corporate assets	**40,342,799**	39,307,430
Elimination	**(41,158,373)**	(38,892,286)
Consolidated total assets	**97,608,240**	94,624,019
Liabilities		
Reportable segment liabilities	**74,115,383**	72,522,298
Inter-segment elimination	**(3,025,213)**	(2,413,807)
	71,090,170	70,108,491
Tax payable	**98,311**	157,557
Deferred tax liabilities	**102,254**	100,550
Unallocated head office and corporate liabilities	**36,810,167**	32,824,490
Elimination	**(41,158,373)**	(38,892,286)
Consolidated total liabilities	**66,942,529**	64,298,802

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING *(CONTINUED)*

(c) Geographical information

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

(d) Seasonality of operations

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

5 REVENUE

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Sales of electricity	**6,082,013**	5,335,044
Sales of steam	**155,990**	169,024
Service concession construction revenue	**175,116**	47,928
Sales of electricity equipment	**92,253**	145,395
Sales of coal	**1,715,076**	1,902,464
Others	**214,611**	192,341
	8,435,059	7,792,196

(Expressed in thousands of Renminbi)

6 OTHER NET INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Government grants		
— Sales of Certified Emission Reductions ("CERs") and Voluntary Emission Reductions ("VERs")	**446,854**	383,315
— Others	**197,474**	187,304
Rental income from investment properties	**6,646**	8,749
Net gain on disposal of plant, property and equipment	**159**	54
Penalty income from wind turbine suppliers *(note(i))*	**115,089**	8,628
Others	**1,281**	2,240
	767,503	590,290

Notes:

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

(Expressed in thousands of Renminbi)

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000* (restated — note 26)
Interest income on financial assets	**29,316**	23,754
Gain on disposal of unquoted equity investments	**—**	19,691
Dividend income from other investments	**8,588**	—
Foreign exchange gains	**2,331**	16,592
Finance income	**40,235**	60,037
Interest on bank and other borrowings	**1,567,163**	1,029,623
Less: interest expenses capitalised into property, plant and equipment and intangible assets	**(352,835)**	(225,505)
	1,214,328	804,118
Foreign exchange losses	**40,539**	3,744
Net unrealised losses on trading securities	**67,833**	17,881
Impairment losses on trade and other receivables	**874**	200
Bank charges and others	**16,192**	20,101
Finance expenses	**1,339,766**	846,044
Net finance expenses recognised in profit or loss	**(1,299,531)**	(786,007)

The borrowing costs have been capitalised at rates of 4.42% to 7.40% for the period ended 30 June 2012 (six months ended 30 June 2011: 3.72% to 6.80%).

(Expressed in thousands of Renminbi)

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Amortisation		
— lease prepayment	**20,737**	14,033
— intangible assets	**177,605**	165,395
Depreciation		
— investment properties	**2,020**	1,708
— property, plant and equipment	**1,573,173**	1,262,906
Operating lease charges		
— hire of plant and machinery	**600**	490
— hire of properties	**3,074**	2,221
Cost of inventories	**3,268,007**	3,521,359

9 INCOME TAX

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Current tax		
Provision for the period	**213,572**	203,739
Over provision in respect of prior years *(note(ii))*	**(86,701)**	(1,192)
	126,871	202,547
Deferred tax		
Origination and reversal of temporary differences	**(8,016)**	1,207
	118,855	203,754

(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	
	2012	2011
	RMB'000	*RMB'000* (restated — note 26)
Profit before taxation	**1,987,842**	1,977,080
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**496,961**	494,270
Tax effect of non-deductible expenses	**4,832**	5,827
Tax effect of share of profits less losses of associates and jointly controlled entities	**(12,089)**	(12,447)
Effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(333,041)**	(294,522)
Tax effect of unused tax losses and timing differences not recognised	**49,858**	31,604
Tax credits for purchase of domestic equipment	**—**	(19,667)
Over provision in respect of prior years *(note (ii))*	**(86,701)**	(1,192)
Others	**(965)**	(119)
Income tax	**118,855**	203,754

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 2012 and the six months ended 30 June 2011, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

(ii) Pursuant to Cai Shui [2012] No.10, the Notice on Tax Issues Related to Enterprise Income Tax Preferential Policies for Public Infrastructure, Environmental Protection, Energy Saving and Water Conservation Projects (關於公共基礎設施項目和環境保護節能節水項目企業所得稅優惠政策問題的通知) issued on 5 January 2012, income derived by an enterprise from engaging in qualified public infrastructure projects which were approved prior to 31 December 2007 shall be eligible for a 3-year tax exemption followed by a 3-year 50% tax exemption, starting from the year in which the project first generates operating income (the "3+3 tax holiday"). Certain subsidiaries of the Group, which are qualified for the 3+3 tax holiday, were taxed at the statutory rate of 25% prior to 2012. As at 30 June 2012, these subsidiaries had filed applications to request refunds for tax paid prior to 2012.

(Expressed in thousands of Renminbi)

10 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	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	**(298)**	(3,162)
— Tax credit	**74**	790
Net of tax amount	**(224)**	(2,372)
Translation of financial statements		
— Before and net of tax amount	**(826)**	(245)
Exchange difference on net investment		
— Before tax amount	**1,089**	(5,355)
— Tax credit	**—**	1,339
Net of tax amount	**1,089**	(4,016)
Other comprehensive income	**39**	(6,633)

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 2012 of RMB1,460,443,000 (six months ended 30 June 2011 (restated - note 26): RMB1,408,925,000) and the number of shares in issue of 7,464,289,000 during the six months ended 30 June 2012 and 2011.

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 2012, the Group acquired items of property, plant and equipment of approximately RMB3,439,909,000 (six months ended 30 June 2011 (restate - note 26): approximately RMB3,900,351,000). Items of property, plant and equipment with net book value of approximately RMB2,172,000 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: approximately RMB1,744,000), resulting in a gain on disposal of approximately RMB159,000 (six months ended 30 June 2011: RMB54,000).

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 20 August and 13 March 2012, the fair values of the Group's investment properties as at 30 June 2012 and 31 December 2011 are RMB427,349,000 and RMB400,698,000, respectively.

14 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB8,104,030,000 (31 December 2011: approximately RMB8,107,191,000), software and others assets of approximately RMB57,085,000 (31 December 2011 (restated - note 26): approximately RMB55,594,000).

During the six months ended 30 June 2012, the additions of intangible assets mainly represent service concession assets of approximately RMB175,116,000 (six months ended 30 June 2011: approximately RMB47,928,000).

(Expressed in thousands of Renminbi)

15 OTHER ASSETS

	At 30 June 2012 **RMB'000**	At 31 December 2011 *RMB'000* (restated — note 26)
Other financial assets:		
Available-for-sale investments, measured at fair value	**10,195**	10,493
Unquoted equity investments in non-listed companies, at cost	**699,334**	510,180
Prepayments for acquisition of businesses *(note 26 (a))*	**–**	482,415
Loans and advances to		
— associates *(note (i))*	**125,580**	125,580
— third parties	**1,191**	6,990
Subtotal	**836,300**	1,135,658
Deductible Value-added Tax ("VAT") *(note (ii))*	**3,500,618**	3,826,205
	4,336,918	4,961,863

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 4.98% to 6.12% per annum for the period ended 30 June 2012 (31 December 2011: 4.98% to 6.12%). The current portion is recorded in other current assets.

(ii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets.

(Expressed in thousands of Renminbi)

16 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Amounts due from third parties	**6,334,164**	5,238,138
Amounts due from China Guodian Group Corporation ("Guodian Group")	**—**	870
Amounts due from fellow subsidiaries	**60,165**	188,491
Amounts due from associates	**15,005**	16,684
	6,409,334	5,444,183
Less: allowance for doubtful debts	**(14,314)**	(14,246)
	6,395,020	5,429,937

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Current	**6,397,754**	5,432,121
Past due within 1 year	**2,159**	5,104
Past due between 1 to 2 years	**2,854**	2,631
Past due between 2 to 3 years	**2,631**	245
Past due over 3 years	**3,936**	4,082
	6,409,334	5,444,183
Less: allowance for doubtful debts	**(14,314)**	(14,246)
	6,395,020	5,429,937

(Expressed in thousands of Renminbi)

17 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Loans and advances to *(note (i))*:		
— associates and jointly controlled entities	**661,868**	736,775
— Guodian Group	**4,764**	3,871
— fellow subsidiaries	**59,403**	74,970
— third parties	**75,873**	213,721
Government grant and CERs receivables	**927,361**	702,461
Dividend receivable from:		
— associates	**17,262**	15,183
— fellow subsidiaries	**—**	17,605
Deductible VAT	**1,002,787**	918,756
Prepayments and others	**347,175**	273,220
	3,096,493	2,956,562
Less: allowance for doubtful debts	**(57,968)**	(57,875)
	3,038,525	2,898,687

Notes:

(i) Included in the loans and advances are interest bearing loans to associates amounting to RMB37,436,000 with annum interest rates of 5.85%~6.80% as at 30 June 2012 (31 December 2011: RMB45,210,000, 5.85%~6.56%).

(Expressed in thousands of Renminbi)

18 CASH AT BANK AND ON HAND

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Cash on hand	**1,157**	1,015
Cash at bank and other financial institutions	**3,898,066**	3,707,175
	3,899,223	3,708,190
Representing:		
Cash and cash equivalents	**3,799,223**	3,358,190
Time deposits with original maturity over three months	**100,000**	350,000
	3,899,223	3,708,190

(Expressed in thousands of Renminbi)

19 BORROWINGS

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

	At 30 June 2012 **RMB'000**	At 31 December 2011 *RMB'000* (restated — note 26)
Bank loans		
— Secured	**6,716,653**	5,875,357
— Unsecured	**14,200,668**	13,614,509
Loans from other financial institutions		
— Secured	**2,400,970**	2,400,970
Loans from Guodian Group		
— Unsecured	**1,000,000**	1,000,000
Loans from fellow subsidiaries		
— Unsecured	**450,000**	200,000
Other borrowings *(note 19(c)(i))*		
— Secured	**6,964,085**	6,953,070
— Unsecured	**3,525,404**	3,520,764
	35,257,780	33,564,670
Less: Current portion of long-term borrowings *(note 19(b))*		
— Bank loans	**(1,603,197)**	(1,736,549)
	33,654,583	31,828,121

As at 30 June 2012, the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB9,767,537,000 (31 December 2011: RMB9,769,971,000).

(Expressed in thousands of Renminbi)

19 BORROWINGS *(CONTINUED)*

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Bank loans		
— Secured	**2,016,769**	1,811,520
— Unsecured	**8,578,068**	7,015,991
Loans from other financial institutions and others		
— Unsecured	**41,000**	2,520,699
Loans from Guodian Group		
— Unsecured	**3,500,000**	2,335,000
Loans from fellow subsidiaries		
— Unsecured	**1,720,000**	2,656,630
Other borrowings *(note 19(c)(ii)(iii))*		
— Secured	**400,000**	400,000
— Unsecured	**3,990,010**	600,000
Loan from government		
— Unsecured	**1,636**	1,818
Current portion of long-term borrowings *(note 19(a))*		
— Bank loans	**1,603,197**	1,736,549
	21,850,680	19,078,207

(Expressed in thousands of Renminbi)

19 BORROWINGS *(CONTINUED)*

(c) Significant terms of other borrowings

	At 30 June 2012 **RMB'000**	At 31 December 2011 *RMB'000*
Long-term		
Corporate bonds *(note (i))*	**10,489,489**	10,473,834
Short-term		
Debentures *(note (ii))*	**400,000**	1,000,000
Corporate bonds *(note (iii))*	**3,990,010**	–

Notes:

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

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

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

On 12 December 2011, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 5.72% per annum. The effective interest rate is 6.06% per annum.

On 15 December 2011, a subsidiary of the Company, Hero Asia Investment Limited, issued a two-year unsecured bond of RMB690 million at par with a coupon rate of 4.50% per annum and a three-year unsecured corporate bond of RMB260 million at par with a coupon rate of 4.75% per annum. The effective interest rates of above bonds are 5.12% and 5.18%, respectively.

(Expressed in thousands of Renminbi)

19 BORROWINGS *(CONTINUED)*

(c) Significant terms of other borrowings *(Continued)*

Notes: (Continued)

(ii) On 30 March 2012, Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) issued short-term debentures of RMB400 million at par with a maturity period of 180 days in the PRC inter-bank debenture market, which are guaranteed by Jiangsu Communication Holding Co., Ltd. (江蘇交通控股有限公司), a non-controlling equity owner of Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司). The effective interest rate of the debentures is 4.35%.

(iii) On 30 March 2012, the Company issued a one-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 5.50% per annum, and a three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 5.90% per annum. Because the three-year unsecured corporate bond is redeemable after one year of issuance at the option of either the Company or the bond holders, the Group recorded it as a current liability.

20 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000*
Bills payable	**472,857**	889,560
Creditors and accrued charges	**453,047**	456,956
Amounts due to associates	**224,896**	244,000
Amounts due to fellow subsidiaries	**66,140**	6,484
	1,216,940	1,597,000

As at 30 June 2012 and 31 December 2011, all trade creditors and bills payable are payable and expected to be settled within one year.

(Expressed in thousands of Renminbi)

21 OTHER PAYABLES

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Payables for acquisition of property, plant and equipment	**4,394,729**	5,763,295
Payables for staff related costs	**209,205**	163,313
Payables for other taxes	**96,492**	156,879
Dividends payable	**353,380**	340,361
Receipts in advance	**134,451**	187,580
Amounts due to associates and jointly controlled entities *(note (i))*	**1,065,184**	1,029,839
Amounts due to fellow subsidiaries	**359,062**	651,975
Amounts due to Guodian Group	**49,207**	67,708
Other accruals and payables	**770,395**	642,600
	7,432,105	9,003,550

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.

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB nil).

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Final dividend in respect of the financial year ended 31 December 2011, approved during the following interim period, of RMB0.069 per share (year ended 31 December 2010: RMB0.054)	**515,215**	403,072

(b) Share capital

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Issued and fully paid:		
4,753,570,000 domestic 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

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 initial public offering 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, the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of acquisition of businesses under common control.

(ii) Statutory surplus reserve

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

(iii) Exchange reserve

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

(iv) Fair value reserve

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

(Expressed in thousands of Renminbi)

23 CAPITAL COMMITMENTS

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Contracted for	**16,336,230**	12,027,981
Authorised but not contracted for	**21,041,383**	30,091,286
	37,377,613	42,119,267

24 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 30 June 2012, the Group issued the following guarantees:

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Associates and jointly controlled entities	**72,645**	76,116

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 30 June 2012, the balance counter-guaranteed by the Company amounted to RMB26,870,000 (31 December 2011: RMB33,000,000). The directors of the Company are of the opinion that the default of repaying the bank loans by Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) is remote.

(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 value-added tax or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs and VERs. Therefore, the Group has not made any provision on such contingencies.

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	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Sales of goods to		
Guodian Group	**510**	3,752
Fellow subsidiaries	**102,432**	128,940
Associates and jointly controlled entities	**3,601**	1,291
Purchase of goods and receive service from		
Fellow subsidiaries	**237,742**	1,715
Associates and jointly controlled entities	**452,948**	423,357
Working capital received from/(provided to)		
Guodian Group	**(893)**	(489)
Fellow subsidiaries	**13,968**	(20,976)
Associates and jointly controlled entities	**89,793**	(4,563)

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Loan guarantees provided/(revoked) by		
Guodian Group	**(2,434)**	2,978,681
Loan guarantees revoked to		
Associates and jointly controlled entities	**3,471**	6,342
Loans provided to/(repayment from)		
Associates and jointly controlled entities	**14,886**	(705)
Loans received from/(repayment to)		
Guodian Group	**1,165,000**	300,000
Fellow subsidiaries	**(686,630)**	500,000
Interest income		
Fellow subsidiaries	**2,242**	6,316
Associates and jointly controlled entities	**3,229**	1,445
Interest expense		
Guodian Group	**87,539**	58,605
Fellow subsidiaries	**7,201**	16,193
Deposits place with/(withdrawn from)		
Fellow subsidiaries	**87,714**	(1,129,330)
Acquisition of businesses from		
Guodian Group	**190,308**	—
Fellow subsidiaries	**1,316,965**	10,788
Investments in		
Associates and jointly controlled entities	**24,500**	163,860
Fellow subsidiaries	**189,154**	—

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB135,822,000 as at 30 June 2012 (31 December 2011 (restated - note 26): RMB48,108,000). Details of outstanding balances with related parties are set out in notes 15, 16, 17, 18, 19, 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.

(Expressed in thousands of Renminbi)

25 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

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

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 26)
Sales of electricity	**6,178,152**	5,385,073
Sales of other products	**280,348**	370,584
Interest income	**20,306**	21,644
Interest expenses	**809,647**	766,779
Loans increased/(repayment)	**1,640,971**	(4,622,598)
Deposits withdrawn	**(1,975,189)**	(1,732,495)
Purchase of materials and receiving construction service	**803,246**	896,236
Service concession construction revenue	**175,116**	47,928

(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 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated — note 26)
Receivables from sales of electricity	**5,638,462**	3,962,710
Receivables from sales of other products	**93,163**	65,427
Bank deposits (including restricted deposits)	**1,219,706**	3,194,895
Borrowings	**28,064,007**	26,423,036
Payable for purchase of materials and receiving construction work service	**1,478,802**	2,033,846

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2012 *RMB'000*	2011 *RMB'000*
Salaries and other emoluments	**1,165**	1,070
Discretionary bonus	**2,829**	3,659
Retirement scheme contributions	**277**	246
	4,271	4,975

(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.

(f) Commitment with related parties

Commitment with related parties is as follows:

	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000*
Sales commitment with		
Guodian Group	**–**	3,360
Fellow subsidiaries	**18,773**	36,113
Associates and jointly controlled entities	**251**	4,877
Capital commitment with		
Associates and jointly controlled entities	**596,708**	405,365
Other commitment with		
Guodian Group	**–**	85,639
Fellow subsidiaries	**–**	939,219
Associates and jointly controlled entities	**630,000**	630,000

(Expressed in thousands of Renminbi)

26 ACQUISITION OF BUSINESSES

(a) Acquisition of wind power businesses and biomass power businesses

On 7 November 2011, the Company entered into several equity transfer agreements and an assets transfer agreement with Guodian Group and certain subsidiaries of Guodian Group. Pursuant to the equity transfer agreements and the assets transfer agreement, the Company acquires equity interests and assets held by Guodian Group and its subsidiaries in the wind power business and the biomass power business (the "Acquired Businesses") at a cash consideration of approximately RMB1,507,273,000. Details of the Acquired Businesses are as follows:

Business name	Acquisition date	Percentage of interest acquired
Guodian Shanxi Jieneng Youyu Wind Power Co., Ltd.	5 January 2012	100%
Guodian Wuchuan Hongshan Wind Power Co., Ltd.	5 January 2012	100%
Guodian Xinjiang Alashankou Wind Power Co., Ltd.	25 April 2012	70%
Guodian Chifeng Wind Power Plant	30 April 2012	100%
Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd.	5 January 2012	100%
Guodian Youyi Biomass Power Co., Ltd.	5 January 2012	100%
Guodian Tangyuan Biomass Power Co., Ltd.	5 January 2012	60%
Guodian Liaocheng Biomass Power Co., Ltd.	5 January 2012	52%

As the Company and the Acquired Businesses are under common control of Guodian Group, the above acquisition has been recorded as a business combination under common control. The assets and liabilities of the Acquired Businesses have been recognised at the carrying amounts recognised previously in Guodian Group's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combination had occurred prior to the start of the earliest period presented.

(Expressed in thousands of Renminbi)

26 ACQUISITION OF BUSINESSES *(CONTINUED)*

(a) Acquisition of wind power business and biomass power business *(Continued)*

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

	The Group (as previously reported)	Acquired Businesses	Elimination	The Group (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Results of operations for the six months ended 30 June 2011:				
Operating profit	2,676,804	36,493	–	2,713,297
Profit/(loss) for the period	1,789,099	(15,773)	–	1,773,326
Profit/(loss) attributable to:				
– Shareholders of the Company	1,412,146	(3,221)	–	1,408,925
– Non-controlling interests	376,953	(12,552)	–	364,401
Basic and diluted earnings per share *(RMB cents)*	18.92	(0.04)	–	18.88
Balance sheet as at 31 December 2011:				
Non-current assets	77,132,523	4,018,813	–	81,151,336
Current assets	12,974,307	521,376	(23,000)	13,472,683
Current liabilities	26,345,362	3,527,768	(36,816)	29,836,314
Non-current liabilities	33,895,817	566,671	–	34,462,488
Total equity attributable to the shareholders of the Company	25,490,208	445,750	(27,367)	25,908,591
Non-controlling interests	4,375,443	–	41,183	4,416,626

(Expressed in thousands of Renminbi)

26 ACQUISITION OF BUSINESSES *(CONTINUED)*

(a) Acquisition of wind power business and biomass power business *(Continued)*

(ii) The carrying amount of aggregate assets and liabilities at the date of acquisition are as follows:

	Acquired Businesses *RMB'000*
Net assets as at the acquisition date	
Non-current assets	4,055,029
Current assets	541,739
Current liabilities	(3,621,112)
Non-current liabilities	(534,810)
Net assets	440,846

(b) Acquisition of Shandong Longyuan Environment Co., Ltd. ("Shandong Longyuan")

Pursuant to a share purchase agreement, the Company acquired 51% equity interests in Shandong Longyuan from Beijing Guodian Longyuan Environmental Engineering Co., Ltd., at a cash consideration of RMB10,787,640 on 29 June 2011, the acquisition date.

As the Company and Shandong Longyuan are under common control of Guodian Group, the above acquisition has been recorded as a business combination under common control. The assets and liabilities of Shandong Longyuan have been recognised at the carrying amounts recognised previously in Guodian Group's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combination had occurred prior to the start of the earliest period presented.

27 SUBSEQUENT EVENTS

According to a resolution of shareholders class meetings and the extraordinary general meeting dated 3 July 2012, the Company is proposing to issue new shares, representing no more than 30.0% of the total issued H shares of the Company prior to the issuance of new shares, to public overseas institutional investors and other qualified investors, which are to be listed on the Hong Kong Stock Exchange. Up to the date of this report, the Company is in the process of applying for approvals from relevant government authorities for the issuance of new shares.

GLOSSARY OF TERMS

"approved capacity"	the capacity of our projects approved by NDRC or the relevant provincial Development and Reform Commission based on the estimated capacity to be reached after construction work of the projects is completed and the projects become fully operational
"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 corresponding period (in MW or GW)
"Board of Directors"	the board of directors of the Company
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"capacity factor"	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
"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
"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
"our Company", "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 consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
"Director(s)"	the directors of the Company
"electricity sale"	the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less comprehensive auxiliary electricity
"Group"	China Longyuan Power Group Corporation Limited and its subsidiaries
"Guodian Finance"	國電財務有限公司 (Guodian Finance Corporation Ltd.)
"Guodian Group"	中國國電集團公司 (China Guodian Corporation)

"GW"	unit of energy, gigawatt. 1GW = 1,000MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"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 PRC)
"PRC"	People's Republic of China
"regions not subject to grid curtailment"	regions except Heilongjiang Province, Jilin Province, Liaoning Province, Inner. Mongolia Automous Region and Gansu Province
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"VERs" or "VER"	Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organisation's desire to take active part in climate change mitigation efforts

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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* *For identification purpose only*

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Mr. Huang Qun

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Mr. Zhu Yongpeng *(Chairman)*
Mr. Wang Baole
Mr. Chen Bin
Mr. Luan Baoxing

Independent Non-executive Directors

Mr. Lv Congmin
Mr. Zhang Songyi
Mr. Meng Yan

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Zhu Yongpeng

AUTHORISED REPRESENTATIVES

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

JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Soon Yuk Tai

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