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)

Results Announcement For The Year Ended 31 December 2012

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2012, revenue amounted to RMB16,770 million (excluding service concession construction revenue), representing an increase of 6.2% over last year

- For the year ended 31 December 2012, profit before taxation amounted to RMB3,667 million, representing an increase of 4.0% over last year

- For the year ended 31 December 2012, net profit attributable to shareholders of the Company amounted to RMB2,593 million, representing an increase of 0.6% over last year

- For the year ended 31 December 2012, earnings per share amounted to RMB0.3466, representing an increase of RMB0.0012 over last year

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2012, together with comparative figures for the corresponding period in 2011. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

(Expressed in Renminbi unless otherwise stated)

	Note	**2012**	2011
		RMB'000	*RMB'000*
			(restated - note 15)
Revenue	4	**17,288,185**	16,584,536
Other net income	5	**1,295,837**	1,295,871
Operating expenses			
Depreciation and amortisation		**(3,696,763)**	(2,997,634)
Coal consumption		**(2,627,216)**	(2,877,254)
Coal sales cost		**(3,197,217)**	(3,896,635)
Service concession construction costs		**(518,519)**	(793,129)
Personnel costs		**(924,754)**	(804,880)
Material costs		**(478,519)**	(477,911)
Repairs and maintenance		**(304,780)**	(257,474)
Administration expenses		**(401,614)**	(308,170)
Other operating expenses		**(389,651)**	(364,260)
		(12,539,033)	(12,777,347)
Operating profit		**6,044,989**	5,103,060
Finance income		**142,752**	400,651
Finance expenses		**(2,660,423)**	(2,038,380)
Net finance expenses	6	**(2,517,671)**	(1,637,729)
Share of profits less losses of associates and jointly controlled entities		**140,069**	60,221
Profit before taxation	7	**3,667,387**	3,525,552
Income tax	8	**(342,093)**	(304,964)
Profit for the year		**3,325,294**	3,220,588

	Note	2012 RMB'000	2011 RMB'000 (restated - note 15)
Other comprehensive income:			
Available-for-sale financial assets: net movement in the fair value reserve		**1,002**	(4,912)
Exchange difference on translation of financial statements of overseas subsidiaries		**(6,169)**	(2,442)
Exchange difference on net investment		**67**	(7,379)
Other comprehensive income for the year, net of tax	9	**(5,100)**	(14,733)
Total comprehensive income for the year		**3,320,194**	3,205,855
Profit attributable to:			
Shareholders of the Company		**2,593,239**	2,578,290
Non-controlling interests		**732,055**	642,298
Profit for the year		**3,325,294**	3,220,588
Total comprehensive income attributable to:			
Shareholders of the Company		**2,591,101**	2,563,557
Non-controlling interests		**729,093**	642,298
Total comprehensive income for the year		**3,320,194**	3,205,855
Basic and diluted earnings per share *(RMB cents)*	10	**34.66**	34.54

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012

(Expressed in Renminbi unless otherwise stated)

	Note	**2012**	2011
		RMB'000	*RMB'000*
			(restated - note 15)
Non-current assets			
Property, plant and equipment		**73,352,443**	64,967,071
Investment properties		**76,163**	98,138
Lease prepayments		**1,417,432**	1,214,628
Intangible assets		**8,321,840**	8,162,785
Goodwill		**11,541**	11,541
Investments in associates and jointly controlled entities		**2,127,151**	1,554,483
Other assets		**4,552,962**	4,961,863
Deferred tax assets		**194,214**	180,827
Total non-current assets		**90,053,746**	81,151,336
Current assets			
Inventories		**816,414**	925,784
Trade debtors and bills receivable	11	**7,997,537**	5,429,937
Prepayments and other current assets		**3,155,428**	2,898,687
Tax recoverable		**145,883**	72,303
Trading securities		**301,737**	406,041
Restricted deposits		**231,530**	31,741
Cash at bank and on hand		**5,137,584**	3,708,190
Total current assets		**17,786,113**	13,472,683

	Note	2012	2011
		RMB'000	*RMB'000*
			(restated - note 15)
Current liabilities			
Borrowings		**26,169,965**	19,078,207
Trade creditors and bills payable	12	**1,261,005**	1,597,000
Other payables		**8,525,118**	9,003,550
Tax payable		**118,860**	157,557
Total current liabilities		**36,074,948**	29,836,314
Net current liabilities		**(18,288,835)**	(16,363,631)
Total assets less current liabilities		**71,764,911**	64,787,705
Non-current liabilities			
Borrowings		**32,482,141**	31,828,121
Deferred income		**1,903,165**	1,992,723
Deferred tax liabilities		**97,691**	100,550
Other non-current liabilities		**859,988**	541,094
Total non-current liabilities		**35,342,985**	34,462,488
NET ASSETS		**36,421,926**	30,325,217
CAPITAL AND RESERVES			
Share capital	14	**8,036,389**	7,464,289
Reserves		**21,393,045**	18,444,302
Total equity attributable to the shareholders of the Company		**29,429,434**	25,908,591
Non-controlling interests		**6,992,492**	4,416,626
TOTAL EQUITY		**36,421,926**	30,325,217

NOTES:

1 STATEMENT OF COMPLIANCE

The Group's financial statements included in the annual report have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable International Financial Reporting Standards, International Accounting Standards and interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods are reflected in these financial statements.

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 early. 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.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Group and its interest in associates and jointly controlled entities.

The consolidated financial statement have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2012 amounting to RMB18,288,835,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as available-for-sale or as trading securities are stated at their fair value.

Non-current assets held for sale (or disposal groups held for sale) are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 SEGMENT REPORTING

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

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

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

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

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, 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 bank 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.

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 years ended 31 December 2012 and 2011 is set out below:

For the year ended 31 December 2012

	Wind power	Coal power	All others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers				
— Sales of electricity	7,977,703	4,055,109	371,470	12,404,282
— Others	2,880	3,997,332	365,172	4,365,384
Subtotal	7,980,583	8,052,441	736,642	16,769,666
Inter-segment revenue	—	—	322,662	322,662
Reportable segment revenue	7,980,583	8,052,441	1,059,304	17,092,328
Reportable segment profit (operating profit)	5,109,288	989,805	157,694	6,256,787
Depreciation and amortisation before inter-segment elimination	(3,119,471)	(497,693)	(124,782)	(3,741,946)
Impairment of trade and other receivables	5,488	—	(13)	5,475
Interest income	19,011	11,219	30,049	60,279
Interest expense	(2,227,634)	(162,992)	(160,241)	(2,550,867)
Reportable segment assets	91,789,318	7,064,499	11,287,310	110,141,127
Expenditures for reportable segment non-current assets during the year	11,130,319	275,863	1,054,871	12,461,053
Reportable segment liabilities	66,581,239	5,188,311	10,056,816	81,826,366

For the year ended 31 December 2011 ***(restated – note 15)***

	Wind power	Coal power	All others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers				
— Sales of electricity	6,449,400	3,945,119	300,939	10,695,458
— Others	6,236	4,679,561	410,152	5,095,949
Subtotal	6,455,636	8,624,680	711,091	15,791,407
Inter-segment revenue	—	—	210,352	210,352
Reportable segment revenue	6,455,636	8,624,680	921,443	16,001,759
Reportable segment profit (operating profit)	4,433,832	782,603	51,148	5,267,583
Depreciation and amortisation before inter-segment elimination	(2,431,512)	(501,499)	(101,047)	(3,034,058)
Impairment of trade and other receivables	(3,719)	—	(3,054)	(6,773)
Interest income	11,923	6,902	92,068	110,893
Interest expense	(1,547,920)	(166,933)	(110,899)	(1,825,752)
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	13,227,674	111,233	1,165,852	14,504,759
Reportable segment liabilities	59,729,122	5,256,092	7,537,084	72,522,298

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

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Revenue		
Reportable segment revenue	**17,092,328**	16,001,759
Service concession construction revenue	**518,519**	793,129
Elimination of inter-segment revenue	**(322,662)**	(210,352)
Consolidated revenue	**17,288,185**	16,584,536
Profit		
Reportable segment profit	**6,256,787**	5,267,583
Elimination of inter-segment profits	**(60,599)**	(31,034)
	6,196,188	5,236,549
Share of profits less losses of associates and jointly controlled entities	**140,069**	60,221
Net finance expenses	**(2,517,671)**	(1,637,729)
Unallocated head office and corporate expenses	**(151,199)**	(133,489)
Consolidated profit before taxation	**3,667,387**	3,525,552

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Assets		
Reportable segment assets	**110,141,127**	94,102,268
Inter-segment elimination	**(4,749,387)**	(2,627,720)
	105,391,740	91,474,548
Investments in associates and jointly controlled entities	**2,127,151**	1,554,483
Available-for-sale investments	**11,830**	10,493
Unquoted equity investments	**699,334**	510,180
Trading securities	**301,737**	406,041
Tax recoverable	**145,883**	72,303
Deferred tax assets	**194,214**	180,827
Unallocated head office and corporate assets	**42,034,199**	39,307,430
Elimination	**(43,066,229)**	(38,892,286)
Consolidated total assets	**107,839,859**	94,624,019

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Liabilities		
Reportable segment liabilities	**81,826,366**	72,522,298
Inter-segment elimination	**(4,688,788)**	(2,596,686)
	77,137,578	69,925,612
Tax payable	**118,860**	157,557
Deferred tax liabilities	**97,691**	100,550
Unallocated head office and corporate liabilities	**37,130,033**	33,007,369
Elimination	**(43,066,229)**	(38,892,286)
Consolidated total liabilities	**71,417,933**	64,298,802

(c) Geographical information

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

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB12,327,259,000 for the year ended 31 December 2012 (2011 (restated-note 15): RMB10,636,806,000). Service concession construction revenue is all from the PRC government.

4 REVENUE

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

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Sales of electricity	**12,404,282**	10,695,458
Sales of steam	**273,608**	319,195
Service concession construction revenue	**518,519**	793,129
Sales of electricity equipment	**232,115**	289,312
Sales of coal	**3,395,362**	4,109,261
Others	**464,299**	378,181
	17,288,185	16,584,536

5 OTHER NET INCOME

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Government grants		
— Certified emission reductions ("CERs") and Voluntary emission reductions ("VERs")	**742,136**	746,022
— Others	**401,764**	405,847
Rental income from investment properties	**11,262**	14,552
Net gain on disposal of plant, property and equipment and assets held for sale	**8,032**	111,967
Penalty income from wind turbine suppliers *(note(i))*	**124,081**	9,589
Others	**8,562**	7,894
	1,295,837	1,295,871

Notes:

(i) Penalty income from wind turbine suppliers mainly represented compensation from third party turbine suppliers 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.

6 FINANCE INCOME AND EXPENSES

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Interest income on financial assets	**60,279**	110,893
Gain on disposal of unquoted equity investments	**5,004**	211,118
Foreign exchange gains	**31,969**	16,566
Dividend income from other investments	**45,500**	62,074
Finance income	**142,752**	400,651
Interest on bank and other borrowings wholly repayable within five years	**2,134,732**	1,554,933
Interest on bank and other borrowings repayable more than five years	**1,072,151**	846,484
Less: interest expenses capitalised into property, plant and equipment and intangible assets	**(656,016)**	(575,665)
	2,550,867	1,825,752
Foreign exchange losses	**5,478**	67,456
Net realised and unrealised losses on trading securities	**69,250**	105,229
(Reversal)/provision of impairment losses on trade and other receivables	**(5,475)**	6,773
Bank charges and others	**40,303**	33,170
Finance expenses	**2,660,423**	2,038,380
Net finance expenses recognised in profit or loss	**(2,517,671)**	(1,637,729)

The borrowing costs have been capitalised at rates of 4.57% to 7.40% for the year ended 31 December 2012 (2011: 4.86% to 7.40%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Salaries, wages and other benefits	**819,605**	712,508
Contributions to defined contribution retirement plan	**105,149**	92,372
	924,754	804,880

(b) Other items

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Amortisation		
— lease prepayment	**45,525**	34,650
— intangible assets	**359,252**	343,479
Depreciation		
— investment properties	**3,704**	3,892
— property, plant and equipment	**3,288,282**	2,615,613
Auditors' remuneration-audit services		
— annual audit service	**27,500**	24,350
— interim review service	**6,800**	5,500
Operating lease charges		
— hire of plant and machinery	**5,223**	2,401
— hire of properties	**9,536**	6,742

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Direct outgoings for investment properties		
— occupied	**1,040**	2,018
— vacant	**16**	—
Cost of inventories	**6,501,715**	7,395,832
Including: personnel costs, depreciation, amortisation, and operating lease charges	**1,867**	1,787

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Current tax		
Provision for the year	**445,375**	290,999
Over provision in respect of prior years *(Note (iii))*	**(86,701)**	(10,842)
	358,674	280,157
Deferred tax		
Origination and reversal of temporary differences	**(16,581)**	24,807
	342,093	304,964

Notes:

(i) The provision for income tax of the Group is calculated based on 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 years ended 31 December 2011 and 2012, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

(ii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008. According to the Implementation Rules of the New Tax Law and GuoFa [2007] No. 39 Notice on the Implementation of the Transitional Preferential Tax Policies ("Circular 39"), certain subsidiaries of the Group are entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, Circular 39 grandfathers the 2+3 tax holidays, a 2-year full exemption followed by a 3-year 50% exemption commencing from their respective first profit-making year after offsetting accumulated tax losses, and requires them to commence on 1 January 2008 should they be not started earlier. Accordingly, certain subsidiaries of the Group can continue to enjoy the 2+3 tax holidays until they expire.

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

(iii) 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 the 3+3 tax holiday. Certain subsidiaries of the Group, which are qualified for the 3+3 tax holiday but were taxed at the statutory rate of 25% prior to 2012 are eligible to request refunds for tax paid prior to 2012.

(iv) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the years ended 31 December 2011 and 2012. Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Under the New Tax Law, Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

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

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Profit before taxation	**3,667,387**	3,525,552
Applicable tax rates	**25%**	25%
Notional tax on profit before taxation	**916,847**	881,388
Tax effect of non-deductible expenses	**14,927**	11,225
Tax effect of share of profits less losses of associates and jointly controlled entities	**(35,017)**	(15,055)
Tax effect of non-taxable income	**(11,375)**	(15,519)
Effect of differential tax rate of certain subsidiaries of the Group	**(541,214)**	(520,170)
Use of unrecognised tax losses in prior years	**(251)**	(63,666)
Tax effect o f unused tax losses and timing differences not recognised	**84,341**	40,384
Tax credits for purchase of domestic equipment	**(527)**	(1,250)
Over provision in respect of prior years	**(86,701)**	(10,842)
Others	**1,063**	(1,531)
Income tax	**342,093**	304,964

9 OTHER COMPREHENSIVE INCOME

	2012	2011
	RMB'000	*RMB'000*
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the year	**1,337**	(6,549)
— Tax credit	**(335)**	1,637
Net of tax amount	**1,002**	(4,912)
Exchange differences on translation of financial statement of overseas subsidiaries	**(6,169)**	(2,442)
Exchange difference on net investment — Before and net of tax amount	**67**	(7,379)
Other comprehensive income	**(5,100)**	(14,733)

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2012 of RMB2,593,239,000 (2011 (restated – note 15): RMB2,578,290,000) and the weighted average number of shares in issue during the year ended 31 December 2012 of 7,481,483,000 (2011: 7,464,289,000). The weighted average number of shares for the year ended 31 December 2012 reflects the issuance of 572,100,000 shares in 2012 in connection with the Company's placing of new H shares.

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Amounts due from third parties	**7,785,972**	5,238,138
Amounts due from China Guodian Corporation ("Guodian Group")	**84**	870
Amounts due from fellow subsidiaries	**59,317**	188,491
Amounts due from associates	**155,910**	16,684
	8,001,283	5,444,183
Less: allowance for doubtful debts	**(3,746)**	(14,246)
	7,997,537	5,429,937

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

	2012	2011
	RMB'000	*RMB'000*
		(restated - note 15)
Current	**7,996,039**	5,432,121
Past due within 1 year	**3,852**	5,104
Past due between 1 to 2 years	**1,006**	2,631
Past due between 2 to 3 years	**191**	245
Past due over 3 years	**195**	4,082
	8,001,283	5,444,183
Less: allowance for doubtful debts	**(3,746)**	(14,246)
	7,997,537	5,429,937

The Group's trade debtors are mainly wind power and other renewable energy electricity sales receivable from local grid companies. Generally, the debtors are due within 15 – 30 days from the date of billing, except for the tariff premium, representing 15% to 80% of total electricity sales, collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local gird companies, which consequently takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, standardized procedures for the settlement of the tariff premium come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2012, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval.

12 TRADE CREDITORS AND BILLS PAYABLE

	2012	2011
	RMB'000	*RMB'000*
Bills payable	**874,966**	889,560
Creditors and accrued charges	**262,349**	456,956
Amounts due to associates	**—**	244,000
Amounts due to fellow subsidiaries	**123,690**	6,484
	1,261,005	1,597,000

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

13 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2012	2011
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0637 per share (2011: RMB0.069)	**511,918**	515,215

The directors of the Company resolved on 25 March 2013 that a dividend of RMB0.0637 per share is to be distributed to the shareholders for 2012, subject to approval of the shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

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

14 SHARE CAPITAL

	2012	2011
	RMB'000	*RMB'000*
Issued and fully paid:		
4,696,360,000 (2011: 4,753,570,000) domestic state-owned ordinary shares of RMB1.00 each	**4,696,360**	4,753,570
3,340,029,000 (2011: 2,710,719,000) H shares of RMB1.00 each	**3,340,029**	2,710,719
	8,036,389	7,464,289

In December 2012, the Company issued 572,100,000 H shares with a par value of RMB1.00, at the placing price of HK$5.08 per share. In accordance with relevant government rules, 57,210,000 domestic state-owned shares of RMB1.00 per share owned by Guodian Group and Guodian Northeast Electric Power Co., Ltd. were converted into H shares and subsequently transferred to National Council for Social Security Fund of the PRC in connection with the placing.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15 ACQUISITION OF 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 acquired 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.

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.

16 SUBSEQUENT EVENT

The Company issued a debt financing instrument on 21 February 2013. The total issuance amount of the debt financing instrument is RMB5 billion with a maturity period of one year at a coupon rate of 4.5% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Review

In 2012, the global economy was complex and challenging, with the national economy stabilised whilst economic and social developments improved steadily. The gross domestic product for the year increased by 7.8% as compared with last year. Due to the general slowdown in economic growth, the growth of electricity consumption in the PRC was moderate, as revealed by the slower growth in the first three quarters and gradual improvement in the fourth quarter. According to the "National Power Industry Statistics Express in 2012(2012年全國電力工業統計快報)"(hereafter as "CEC Express") issued by the China Electricity Council, the power consumption across the country was 4,959.1 billion kWh in 2012, representing an increase of 5.5% over last year. The power generation installed capacity across the country reached 1,144,912 MW, representing an increase of 7.8% over last year. Installed capacity of the additional power generation infrastructure facilities across the country dropped below 90,000 MW to 80,206MW, among which the additional installed capacity of hydropower, coal power, wind power and solar power reached 15,513 MW, 50,648 MW, 12,855 MW and 1,190 MW, respectively. The investment in wind power became better regulated and in order.

In order to solve the problems of the excessively rapid growth in wind power installed capacity and the intensified abandonment of wind power generation and grid curtailment in some regions, the National Energy Administration promulgated "Notice of Strengthening the Requirements of Wind Power Absorption and Grid Connection (《關於加強風電併網和消納工作有關要求的通知》)" to ensure the on-grid operation of the wind power concession projects and the full purchase of the electricity generated, as well as no restriction on the electricity output of the concession projects and the pilot projects approved by the competent energy authorities of the PRC. In the meantime, on-grid review of new wind power projects has to be enhanced and the electricity output of the completed wind power projects should not be limited by new wind power projects. To a certain extent, this protected the electricity output of the existing wind power projects. By launching the plans such as "Twelfth Five-Year Plan for Wind Power Development Plan (《風電發展「十二五」規劃》)", "Twelfth Five-Year Plan for Solar Power Development Plan (《太陽能發電發展「十二五」規劃》)" and "Twelfth Five-Year Plan for Biomass Power Development Plan (《生物質能發展「十二五」規劃》)", the National Energy Administration made key arrangements for the development layout of renewable energy, construction of auxiliary grids and optimisation of systems, technology equipment and industry system, as well as global development and cooperation. The overall development of renewable energy was favorable.

The general objectives of the development of renewable energy in the "Twelfth Five-Year Period" is that, by 2015, the annual utilisation of renewable energy shall reach 478 million tons of standard coal, accounting for more than 9.5% of energy consumption. The objectives of the development of different categories of renewable energy include: by 2015, the installed capacity of hydropower shall reach 290 GW, of which conventional hydropower and pumped storage power stations shall account for 260 GW and 30 GW respectively; the installed capacity of cumulative on-grid wind power shall reach 100 GW, of which offshore wind power shall account for 5 GW; the installed capacity of solar power and cumulative solar collector area for the utilisation of solar thermal power shall reach 21 GW and 400 million square meters respectively; annual utilisation of biomass power shall reach 50 million tons of standard coal; aggregate utilisation of different categories of geothermal power development shall reach 15 million tons of standard coal, and different categories of power station of ocean power shall account for 50,000 kW.

According to the CEC Express, as at the end of 2012, the length of the loops of the transmission lines of 220 kV or above in the power grids across the country and the capacity of the public transformer facility increased by 6.7% and 8.3% respectively over last year. The State Grid invested huge amount of resources in solving the problem of the delivery of wind power, and the completion and operation of the Northeast - North China (Gaoling) Direct Current Back to Back Expansion Project (東北-華北(高嶺)直流背靠背擴建工程) significantly increased the capacity of energy transmission between the power grids of Northeast and North China and was critical in solving the wind power delivery problem in the Northeast China. The commencement of the double pole operation of the ±660 kV Direct Current Transmission Project from Ningdong to Shandong (寧東至山東±660千伏直流輸電工程) hewed a channel in the north of China for transmitting electricity from the west to the east. In addition, the construction of the Xinjiang - Northwest Main Grid 750 kV Second Channel Project (新疆-西北主網750千伏第二通道) and South Hami - Zhengzhou 800 kV Ultra High Voltage Direct Current Transmission Project (哈密南-鄭州800千伏特高壓直流輸電工程) commenced construction in 2012 and the completion and operation of these two aerial electricity highways will significantly improve the existing capacity of electricity transmission in Xinjiang and Gansu, thereby promote the expansion of the scope for the absorption of energy resources.

Despite the State Grid has increased its investment, it would be difficult to solve the problem of grid curtailment of wind power in short term. The problem of delivery and grid curtailment of wind power has not yet been materially improved in 2012. The average utilisation hours of wind power across the country were 1,893 hours in 2012, which remained basically stable with that of 2011. From the year as a whole, the problem of abandonment in wind power still existed at numerous wind farms across the country.

II. Business Review

1. Continuous Optimisation in Investment Strategy and More Reasonable Layout of Development

In 2012, the wind power industry faced with obvious conflict of grid connection, serious problem of grid curtailment, increased approval formalities and heightened standard of review. The Group made adjustments to the "Development Plan For The Twelfth Five-year Period", reduced the scale of wind power development in regions where the grid curtailment issue was serious. The risk of investment was controlled strategically and systemically so as to secure investment return. During the reporting period, 50 projects of the Group were listed under the second batch of plans for wind power projects to be approved (supplemented projects included) during the "Twelfth Five-Year Period" issued by the National Energy Administration, with aggregate installed capacity of 2,824.8 MW, of which projects in regions not subject to grid curtailment* accounted for 89.4%. The aggregate installed capacity of the Group's projects included in the first and second batch of projects to be approved under the plan of the PRC was 6,354.8 MW, which ranked the first among the development enterprises. Approvals for preliminary work from the National Energy Administration were received for three projects with aggregate installed capacity of 790 MW, all of which are located in regions not subject to grid curtailment. The layout of project development was optimised and the foundation of the preliminary works was further reinforced.

In 2012, the Group obtained approvals for its wind power projects with 2,231.8 MW. The projects are located in Yunnan, Guizhou, Fujian, Jiangsu etc., of which 73.3% of the projects are in the regions not subject to grid curtailment. As at the end of 2012, wind power projects of the Group which were approved but had not yet been commissioned exceeded 3,000 MW. The Group's accumulated pipeline capacity of wind power projects reached 63.10 GW, providing more flexibility in further screening of projects and optimising the Group's investment layout.

* Regions not subject to grid curtailment are regions excluding Heilongjiang Province, Jilin Province, Liaoning Province, Inner Mongolia Autonomous Region and Gansu Province.

2. Largest Offshore Wind Farm Developed and Leading Position in the Development of Offshore Wind Power in the PRC Maintained

In 2012, the Group implemented the principal strategy of "small scale trial first, medium scale demonstration second, large scale development last" and proceeded with the development of offshore wind power in a proactive and steady manner. In 2012, the Group's offshore wind power projects with an additional installed capacity of 100 MW have commenced operation, and the accumulated operating installed capacity has reached 232 MW. As at the end of 2012, the Group entered into development agreements for offshore wind power projects with an aggregated installed capacity of 5,900 MW, which covers areas such as Jiangsu, Fujian, Liaoning, Hebei and Tianjin.

Whilst completing the construction of its projects, the Group emphasised on technological innovation. The construction technology of the Group reached a standard that is leading in the PRC and advanced in the world, which enabled the Group to effectively lower the construction costs of its projects whilst improving its efficiency. With relentless exploration and successful implementation, the Group made a number of technological breakthroughs in the development of offshore wind power businesses. It has 35 patents under application, of which 22 inventions and utility model patents were authorised by the State Intellectual Property Office. The Group has also undertaken 3 projects of the National 863 Projects (國家863課題). During the year, the Group was awarded one First Prize of Science and Technology from China Association of Construction Enterprise Management (中國施工企業管理協會科學技術一等獎), one Third Prize of Science and Technology from China Water Transportation Construction Association (中國水運建設行業協會科學技術三等獎), one First Prize of Science and Technology Achievement for China Electric Power Construction (中國電力建設科學技術成果一等獎), one First Prize of Enterprise Management Innovation Achievement for China Electricity Power Industry (全國電力行業企業管理創新成果一等獎), one Technology Achievement Award for National Power Industry Staff (全國電力職工技術成果獎) and one Method of Power Construction of China (中國電力建設工法). The Group's development and construction technology in offshore wind power projects has become more mature, and more experienced while the pipeline capacity of its projects has become more reasonable.

During the "Twelfth Five-Year Period", the Group will gradually develop the offshore wind power projects in such areas as Liaoning, Tianjin, Hebei, Shandong, Zhejiang and Guangdong, whilst focusing on the development in Jiangsu and Fujian where the condition for resources and construction are satisfactory.

3. Construction Objectives Achieved with Satisfactory Quality and Quantity, and Wind Power Installed Capacity Exceeded 10 GW

In 2012, the Group comprehensively enhanced the control over its project construction process and persisted in refined management. It further improved the safety supervision and control system for its project construction, and completed the mission of its annual project construction with satisfactory quality and quantity. The Group's projects, namely the 300 MW Large-scale Self-developed Pilot Wind Farm in Guazhou, Gansu (甘肅瓜州300兆瓦大型自主化示範風電場), the 150 MW Longyuan Wind Farm Project in Shangyi, Hebei (河北尚義龍源風電場(150兆瓦)工程), the 4×49.5 MW Longyuan Laian Wind Farm Project in Anhui (安徽龍源來安4×49.5兆瓦風電場) and the Phase II 49.5 MW Wind Farm Project of Alashankou (阿拉山口風電二期49.5兆瓦風電場) were honoured as Premium Quality Power Construction in China (中國電力優質工程獎). Among these projects, the project in Guazhou, Gansu and the Longyuan Laian project in Anhui were granted National Premium Quality Construction Award (國家優質工程獎), while the project in Shangyi, Hebei was granted the most prestigious award of project quality in the construction industry in China ---Luban Award (魯班獎), which was the first wind power project in wind power industry in the PRC to have obtained this honour.

In 2012, the Group had 30 wind power projects and 4 photovoltaic power generation projects newly put into operation, with installed capacity of 1,598.9 MW and 59 MW, respectively. The Group completed the acquisition of 7 wind power projects and 4 biomass power generation projects, with installed capacity of 346.5 MW and 120 MW, respectively. As at 31 December 2012, the consolidated installed capacity of the Group was 12,698 MW, of which the consolidated installed capacity of our wind power, coal power and other renewable power businesses were 10,544 MW, 1,875 MW and 279 MW respectively.

4. Management on Safe Production Continuously Deepened and the Leading Position in the Wind Power Generation Industry Maintained

2012 was the Year of Safe Production and Operation Management (安全生產與經營管理年) for the Group. The Group fully tapped the space and efficiency for the potential improvement of its power plants through formulating a series of implementation measures and prudently implementing all these rules and measures, and endeavoured to ensure the safety, stability and efficiency in its power generation. The Group introduced the establishment of safety standards for power generation and commenced assessment and evaluation on 30 wind farms, further enhancing the foundation for safe production. In addition, the Group further pressed on the special research and transformation on the optimisation of operation and adopted an optimised pilot mode of operation and control for its generating units in 36 wind farms located at such areas as Tianjin, Inner Mongolia, Jilin, Xinjiang, Hebei and Gansu, so as to improve their generating capacity. The Group also commenced benchmarking management on wind power enterprises, conducted in-depth analysis on the underlying reasons and took measures to boost the electricity output. The Group took initiative to organize activities of star-rated enterprise among the wind power enterprises of Guodian Group, leading to improvement of its management on safe production. The operation and supervision centre, having developed the function of statistical analysis as well as defect and failure tracking and handling, supervised and provided guidance to deal with defects of the wind power companies in a timely manner to ensure the normal operation of generating units. A provincial regional supervision centre was preliminarily established in each of Jiangsu, Heilongjiang and Liaoning. The Group comprehensively promoted the checking of equipment, so as to ensure the reliability of the power generating units.

During the year, the Group generated a cumulative gross electricity output of 28,638 GWh, of which electricity generated from our wind power business amounted to 16,820 GWh, representing an increase of 25.95% over last year. The increase in the Group's wind power electricity output was attributable to (i) the growth in wind power installed capacity and (ii) the improvement of management which to some extent offset the adverse impact of grid curtailment. The Group maintained a high availability factor of its equipment, with an average availability factor of its wind power generating units at 98.43%. The average utilisation hours of wind power business was 1,985 hours in 2012, representing a decrease of 41 hours from the corresponding period in 2011. The decrease was primarily due to the worsening of grid curtailment in certain regions.

During the year, the power generation from coal power business of the Group was 11,232 GWh, representing a decrease of 4.40% as compared with 11,749 GWh of last year. This was primarily attributable to the slowdown in the growth of the electricity consumption of the society. The average number of utilisation hours of the Group's coal power business for 2012 was 5,990 hours, representing a decrease of 276 hours as compared with 6,266 hours for 2011.

5. Steady Increase in Tariffs

In 2012, the average on-grid tariffs for wind power of the Group amounted to RMB582 per MWh (value-added tax (VAT) inclusive), representing an increase of RMB4 per MWh as compared with the average on-grid tariffs for wind power of RMB578 per MWh (VAT inclusive) for 2011. The annual increase in the wind power tariffs was mainly due to the fact that the additional wind power projects of the Group are located in regions not subject to grid curtailment and regions with higher tariffs. The average on-grid tariffs for the Group's coal power amounted to RMB452 per MWh (VAT inclusive), representing an increase of RMB19 per MWh (VAT inclusive) as compared with the average on-grid tariffs for coal power of RMB433 per MWh (VAT inclusive) for 2011. The annual increase in the coal power tariffs was mainly due to the increase of RMB25 per MWh in the benchmark tariff of electricity generated from desulphurisation coal-fired power generating units located in Jiangsu Province since 1 December 2011.

6. Optimisation on Designs, Stringent Control on Budget and Stable Construction Cost Maintained

The Group effectively lowered the procurement price of its equipment by means of centralised procurement and joint invitation to tender. In 2012, the Group increased the proportion of wind turbine units with larger installed capacity in its procurement. With average installed capacity of a single unit increased by 8.87%, the average procurement costs of wind turbines only increased by 2.5% as compared to 2011. In 2012, staff expenses and prices of such construction materials as steel and cement grew rapidly, and environment protection and land use expenses also increased. Meanwhile, more construction works occurred in newly developed sites of the construction projects during the year, resulting in an increase in the construction costs of the ancillary segment. In spite of these, the Group brought construction costs for wind power projects under effective control throughout the process by optimising design proposals, as well as other management practices such as exercising stringent control over changes in design during the construction process. In 2012, the average construction cost per kW of wind power projects was substantially in line with that of 2011.

7. Overall Enhancement of Financing Capability and Continued Rise in Credit Standing

In 2012, the Company successfully completed a private issue of debt financing instruments of RMB4,000 million and received a short-term loan of RMB3,500 million from Guodian Group. The Group also issued short-term debentures of RMB1,000 million and Hero Asia Investment Limited, a subsidiary of the Company, issued senior perpetual securities of USD400 million overseas. Through all of these, the Group has established diversified financing channels both domestically and overseas with financing costs lower than the industry average. In 2012, the Group entered into strategic financial cooperation agreements with a number of major domestic and foreign financial institutions with total amount exceeding RMB150,000 million, and successfully registered private debt financing instruments of RMB10,000 million with the National Association of Financial Market Institutional Investors, thereby significantly improved the subsequent financing capacity of the Company. In November, the Company was assigned a BBB+ rating by Standard and Poor's Rating Services and its credit standing is continuously rising.

8. Rapid Increase in the Number of Registered Clean Development Mechanism ("CDM") Projects

During the reporting period, the development of the Group's CDM projects proceeded smoothly, with rapid increase in the number of registered projects. As of 31 December 2012, an aggregate of 190 CDM projects of the Group were successfully registered with the CDM Executive Board, involving a cumulative installed capacity of 9,878 MW. Those projects were comprised of 181 wind power projects with a cumulative installed capacity of 9,660 MW, 5 biomass projects with installed capacity of 138 MW and 4 solar power projects with installed capacity of 80MW. In 2012, additional 83 CDM projects were successfully registered with total installed capacity of 3,826 MW. The Group's net income from sales of CERs and VERs for 2012 amounted to RMB742 million in total.

9. Strengthened Technological Research and Development and Enhanced Contribution by Technological Advance to the Development of the Company

In 2012, the Group commenced 33 science and technology projects in total (comprising of 7 subsisting projects and 26 newly commenced projects), including one project under the National Science and Technology Support Program (國家科技支撐計劃項目), six National 863 Planned Projects (國家863計劃項目), two National 973 Planned Projects (國家973計劃項目) and one National Oceanic Renewable Energy Fund Project (國家海洋可再生能源專項基金項目). In 2012, one project under the National Science and Technology Support Program and two National 863 Planned Projects were successfully completed and passed the review by the PRC. The National Oceanic Renewable Energy Fund Project provided financial support for the research and development of new tidal generating units and renovation of existing power stations. The Group worked out three basic industry standards for safety regulations, operation regulations and inspection and maintenance regulations of wind farms. Those regulations were promulgated and implemented after they passed the review by the National Energy Administration. The Company successfully convened the Advanced Seminar on Critical Technology of Offshore Wind Power Businesses (海上風電關鍵技術高級研討會), thereby facilitated the exchange of wind power technology between the PRC and the other countries and improved the technological skills of the offshore wind power professionals of the Group and the PRC.

10. Coordinated Development of Other Renewable Energy Sources

In addition to wind power development, the Group has been actively expanding solar and other renewable energy projects. During the reporting period, four solar photovoltaic power generation stations with an installed capacity of 59 MW were put into operation. As at 31 December 2012, the cumulative installed capacity of the Group's solar energy projects was 129 MW. Five solar energy projects were approved during the year, with installed capacity of 57.4 MW, located in such regions as Qinghai, Gansu, Beijing and Xinjiang. The project in Turpan, Xinjiang was the first project among the 100 new locations mentioned in the Notice of the National Energy Administration on the Reporting of Pilot Cities and Industrial Parks of New Energy (《國家能源局關於申報新能源示範城市和產業園區的通知》) issued by the National Energy Administration in August 2012. As at 31 December 2012, the pipeline installed capacity of the Group's solar energy projects amounted to 2,000 MW, located in such regions as Tibet, Qinghai, Gansu, Xinjiang, Inner Mongolia and Yunnan. In 2012, the Group was the first power corporation to undertake the project of "sending electricity to households" for the households with no access to electricity in the Tibet Autonomous Region and put that into production, thereby solved the problem of the 160,000 households having no access to electricity in the whole Tibet. In 2013, the Group will base its development on the large scale ground power station projects that are equipped with better conditions in those western regions with abundant resources, focus on "distributed photovoltaic power generation" projects and continue to push forward the power supply projects for those households with no access to electricity in such regions as Xinjiang and Qinghai.

III. Results of Operations and Analysis Thereof

Overview

In 2012, the net profit of the Group amounted to RMB3,325 million, representing an increase of 3.2% as compared to RMB3,221 million in 2011. Net profit attributable to shareholders amounted to RMB2,593 million, representing an increase of 0.6% as compared to RMB2,578 million in 2011.

Operating revenue

Operating revenue of the Group amounted to RMB17,288 million in 2012, representing an increase of 4.2% as compared to RMB16,585 million in 2011. Such increase in operating revenue was primarily due to: 1) an increase of RMB1,525 million, or 23.6%, in the revenue from electricity sales and other revenue of our wind power business to RMB7,981 million in 2012 as compared to RMB6,456 million in 2011, which is attributable to an increase in both electricity sales volume and the average tariff; and 2) an increase of RMB141 million, or 3.1%, in the revenue from sales of electricity and steam, and other revenue of our coal power business to RMB4,657 million in 2012 as compared to RMB4,516 million in 2011, which is primarily attributable to the upward adjustment to the benchmark tariff of electricity generated by desulphurisation coal-fired power generating units by the PRC government in December 2011. Average tariff of coal power electricity sales in 2012 increased by RMB19 per MWh as compared to that in 2011. Sales revenue of the coal trading business in our coal power segment was RMB3,395 million in 2012, representing a decrease of RMB714 million or 17.4% as compared to RMB4,109 million in 2011, mainly due to a drop in both the volume of coal trading business and coal price.

Other net income

Other net income of the Group amounted to RMB1,296 million in 2012, which remained stable as compared to RMB1,296 million in 2011, primarily due to 1) a decrease of RMB4 million in the total net income from sales of CERs and VERs from RMB746 million in 2011 to RMB742 million in 2012, owing to a drop in the unit CERs sale price of certain CDM projects despite of more wind power projects successfully registered with CDM Executive Board and more electricity generated by registered projects in 2012; 2) an increase of RMB114 million in the penalty income from wind turbine suppliers from RMB10 million in 2011 to RMB124 million in 2012; and 3) a decrease of RMB104 million in the income from disposal of assets from RMB112 million in 2011 to RMB8 million in 2012.

Operating expenses

The operating expenses of the Group amounted to RMB12,539 million in 2012, representing a decrease of 1.9% from RMB12,777 million in 2011, primarily due to the increase in the depreciation and amortisation expenses of our wind power business and the decrease in both the coal consumption costs and cost of coal sales in the coal power business.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB3,697 million in 2012, representing an increase of 23.3% as compared to RMB2,998 million in 2011, primarily due to an increase of RMB688 million, or 28.3%, in depreciation and amortisation expenses of our wind power business over 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 RMB2,627 million in 2012, representing a decrease of 8.7% as compared to RMB2,877 million in 2011, primarily due to: 1) a decrease of approximately 7.1% in the average unit price of standard coal for power and steam generation as affected by the coal market price in 2012; and 2) a decrease in the volume of coal consumption.

Cost of coal sales

The cost of coal sales of the Group in 2012 amounted to RMB3,197 million, representing a decrease of 18.0% as compared to RMB3,897 million in 2011, primarily due to: 1) a slight decrease in the volume of the coal trading business compared to 2011; and 2) a decrease of approximately 16.5% in the annual average procurement price of coal compared to 2011.

Service concession construction costs

The Group's construction costs of service concession projects in 2012 amounted to RMB519 million, representing a decrease of 34.6% as compared to RMB793 million in 2011, primarily due to a decrease of construction activities of service concession projects under construction in 2012 compared to 2011.

Personnel costs

Personnel costs of the Group amounted to RMB925 million in 2012, representing an increase of 14.9% as compared to RMB805 million in 2011, primarily due to: 1) an 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 RMB479 million in 2012, representing an increase of 0.2% as compared to RMB478 million in 2011, primarily including the procurement costs for equipment sales of certain subsidiaries of the Company and the fuel costs of biomass power business.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB305 million in 2012, representing an increase of 18.7% as compared to RMB257 million in 2011, primarily due to the facts that: 1) coal power business carried out overhauls to certain coal power generating units in the second half of 2012, resulting in an increase in repair and maintenance expenses of RMB29 million, or 39.2%, as compared to 2011; and 2) as the warranty period of certain wind power projects has expired, the repair and maintenance expenses of our wind power business increased by RMB18 million, or 10.3%, as compared to 2011.

Administrative expenses

Administrative expenses of the Group amounted to RMB402 million in 2012, representing an increase of 30.5% as compared to RMB308 million in 2011. Such increase was primarily due to an increase in office expenses, transportation expenses and other expenses along 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 RMB390 million in 2012, representing an increase of 7.1% as compared to RMB364 million in 2011. Such increase was primarily due to an increase in insurance premium, utilities and other expenses as more projects commenced operation.

Net finance expenses

The net finance expenses of the Group amounted to RMB2,518 million in 2012, representing an increase of 53.7% as compared to RMB1,638 million in 2011, primarily due to: 1) the substantial increase in external borrowings, debentures payable and other interest-bearing liabilities, driven by the growing capital demand for the expansion of the Group's business; and 2) higher average interest rate of borrowings in 2012 as compared with that in 2011.

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 RMB140 million in 2012, representing an increase of 133.3% as compared to RMB60 million in 2011, primarily due to a better operating result of associates in 2012 as compared to 2011.

Income tax

Income tax of the Group amounted to RMB342 million in 2012, representing an increase of 12.1% as compared to RMB305 million in 2011, primarily attributable to 1) the increase in profit before tax in 2012 of the coal power business of the Group, which is applicable to the tax rate of 25%; and 2) income tax refunds of RMB84 million recognised by certain wind power subsidiaries of the Group in 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稅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稅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 operations

In 2012, operating profit of the wind power business of the Group amounted to RMB5,109 million, representing an increase of 15.2% as compared to RMB4,434 million in 2011, primarily due to 1) an increase of electricity sales of our wind power business; and 2) an increase of RMB114 million in the penalty income from wind turbine suppliers from RMB10 million in 2011 to RMB124 million in 2012. The growth in operating profit of the wind power business of the Group was less significant than the growth in income, primarily attributable to the impact of certain factors such as grid curtailment, resulting in a more significant increase in operating cost such as depreciation than the increase in electricity sales.

In 2012, operating profit of our coal power business amounted to RMB990 million, representing an increase of 26.4% as compared to RMB783 million in 2011, among which operating profit excluding coal trading business amounted to RMB909 million, representing an increase of 32.1% as compared to RMB688 million in 2011, primarily due to upward adjustment to the on-grid tariffs of coal power generating units and the drop in coal procurement cost. The operating profit from the coal trading business amounted to RMB81 million, representing a decrease of 14.7% as compared to RMB95 million in 2011, primarily due to the decrease in the volume of coal trading business.

In 2012, the operating profit of other businesses amounted to RMB158 million, representing an increase of 209.8% as compared to RMB51 million in 2011, primarily due to: 1) an increase in operating profit as a result of the increase in the number of the Group's photovoltaic power generation projects that commenced operation; and 2) an increase in operating profit as a result of the growth in wind power consulting business of the Group as compared with 2011.

Assets and liabilities

As at 31 December 2012, total assets of the Group amounted to RMB107,840 million, representing an increase of RMB13,216 million as compared to that of RMB94,624 million as at 31 December 2011, primarily due to: 1) an increase of RMB8,903 million in non-current assets such as property, plant and equipment; and 2) an increase of RMB4,313 million in current assets such as receivables and prepayments. Total liabilities amounted to RMB71,418 million, representing an increase of RMB7,119 million as compared to that of RMB64,299 million as at 31 December 2011, primarily due to an increase in non-current liabilities such as long-term borrowings for construction projects amounting to RMB880 million and an increase in current liabilities such as short-term bank loans amounting to RMB6,239 million.

Capital liquidity

As at 31 December 2012, current assets of the Group amounted to RMB17,786 million, including cash at bank and on hand of RMB5,138 million, trade debtors and bills receivable of RMB7,998 million (primarily consisting of receivables from sales of electricity) as well as prepayments and other current assets of RMB3,155 million (primarily consisting of deductible value-added tax and receivables from sales of CERs).

Current liabilities amounted to RMB36,075 million, including trade creditors and bills payable of RMB1,261 million (primarily consisting of payables for purchases of equipment and coal), other payables of RMB8,525 million (primarily consisting of payables for construction of wind power projects and related retention) and short-term borrowings of RMB26,170 million.

As at 31 December 2012, net current liabilities amounted to RMB18,289 million, representing an increase of RMB1,925 million as compared to RMB16,364 million as at 31 December 2011. The liquidity ratio was 0.49 as at 31 December 2012, representing an increase of 0.04 as compared to that of 0.45 as at 31 December 2011. The increase in liquidity ratio was due to an increase of trade debtors and an increase in cash and cash equivalents as a result of the issue of new H shares and debt securities.

Restricted deposits amounted to RMB232 million, mainly including deposits for bills payable and issuance of the letter of credit.

As at 31 December 2012, the Group's outstanding borrowings amounted to RMB58,652 million, representing an increase of RMB7,746 million as compared to the outstanding borrowings as at 31 December 2011. As at 31 December 2012, the Group's outstanding borrowings included short-term borrowings of RMB26,170 million (including long-term borrowings due within one year of RMB3,019 million) and long-term borrowings amounting to RMB32,482 million (including debentures payable of RMB10,484 million). Abovementioned borrowings include borrowings denominated in Renminbi of RMB57,083 million, borrowings denominated in U.S. dollars of RMB776 million and borrowings denominated in other currencies of RMB793 million.

Capital expenditures

The capital expenditures of the Group amounted to RMB12,461 million in 2012, representing a decrease of 14.1% as compared to RMB14,505 million in 2011. Among the capital expenditures, the expenditures for the construction of wind power projects amounted to RMB11,130 million, and the expenditures for the construction of other renewable energy projects amounted to RMB1,055 million. The sources of funds mainly include borrowings from banks and other financial institutions and the issuance of debentures.

Net gearing ratio

As at 31 December 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 59.53%, representing a decrease of 1.53 percentage points from 61.06% as at 31 December 2011, primarily due to our issue of new H shares in December 2012 as well as the USD400 million senior perpetual securities issued overseas by our subsidiary.

Major investments

The Group made no major investments in 2012.

Material acquisitions and disposals

In 2012, the Group completed the acquisitions of 7 wind power projects and 4 biomass power projects from Guodian Group and its subsidiaries at a consideration of RMB1,507 million and completed the acquisition of 20% equity interests in Zhongneng Power-Tech Development Company Limited (中能電力科技開發有限公司) held by Guodian Power Development Co., Ltd at a consideration of RMB36 million.

The Group made no material disposals in 2012.

Pledged assets

The Group has pledged certain wind turbine equipment to secure certain bank loans. As at 31 December 2012, the aggregate net book value of the pledged assets amounted to RMB266 million, representing a decrease of 8.9% as compared to RMB292 million as at 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 31 December 2012, the Group provided a RMB69 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 31 December 2012, the bank loan balance for which the Group provided counter-guarantee amounted to RMB29 million.

Cash flow analysis

As at 31 December 2012, cash at bank and on hand held by the Group amounted to RMB5,138 million, representing an increase of RMB1,430 million as compared to RMB3,708 million as at 31 December 2011. The principal sources of funds of the Group mainly include cash flow generated from operation activities, issue of new H shares, issue of senior perpetual securities, bank loans and issue of debentures. The Group mainly used the funds for capital expenditure and repayment of borrowings.

The net cash inflow of the Group's operating activities amounted to RMB6,998 million in 2012, among which the cash inflow was primarily attributable to revenue from sales of electricity, steam and others. The net cash outflow of the Group was mainly attributable to purchase of fuels and spare parts, taxation payments and expenses of operating cost. The net cash outflow of the Group's investing activities amounted to RMB14,117 million in 2012, among which cash inflow of investing activities primarily resulted from disposal of assets held for sale, collection of loans and advances, dividend and interest income. Cash outflow of investing activities was primarily attributable to wind power project construction, investment in associates and jointly controlled entities, and acquisitions of wind power and biomass power businesses. In 2012, the net cash inflow of the Group's financing activities amounted to RMB8,855 million, primarily attributable to obtaining and repaying bank loans, issue of new H shares, issue of senior pepertual securities, issue of debentures and interest payment.

IV. Risk Factors and Risk Management

Currently, the Group is not exposed to any material business and development risks but is subject to the following individual factors in the short run:

1. Climatic risk

The amount of electricity generated by wind farms depend on local climatic conditions, particularly wind resources conditions. Annual fluctuations exist in wind resources. As the reasons for the formation of wind resources in each region vary, the Group primarily adopts the strategy of optimising the development layout of wind power to cope with wind resources fluctuations during years of high and low wind speed, so as to curb the economic effects on projects resulting from such fluctuations. The Group will further optimise wind farm layouts reasonably and continue to vigorously develop wind power projects in eastern and southeast coastal regions, southwest inland and central inland regions such as Tianjin, Shandong, Shanxi, Shaanxi, Anhui, Jiangsu, Zhejiang, Fujian, Hainan, Yunnan and Guizhou.

2. *Risks relating to grids*

Given rapid wind power development in the PRC in recent years, yet subject to factors such as uneven distribution of power utility loads in the society and unreasonable grid connection structure, the problem of grid curtailment in the Three-North Regions still exists. The Group will make adjustments to the development layout of wind power and expand the scale of construction in regions not subject to grid curtailment. The Group will reinforce external coordination, enhance proactive communication with the government and grid companies, and take the initiative of capturing market share of power generation. Internally, it will strengthen production and operation management, optimise means of operation, arrange examination and maintenance of power generating units in a proper manner and minimize decommission time of power generating units as far as possible.

3. *Risks relating to CDM project development*

The United Nations Climate Change Conference, Doha 2012 confirmed a second commitment period for Kyoto Protocol, jurisprudentially specifying that CDM mechanism will subsist which guarantees a further registration and trading of CDM projects after 2012. However, as the efforts made by developed countries on the emission reduction arrangement in the second commitment period for Kyoto Protocol were not sound, the prospects of CDM development and trading subsequent to 2012 are affected. At present, the secondary markets price of CERs is at a lower level and uncertainty looms over the future contract pricing of CERs. In addition, with active advancement of a trial run of a national carbon trading system in the PRC and in light of the current progress, demand for CDM would be expected to arise. However, there are uncertainties in the prospects of CDM development and trading, given the absence of specific requirements in respect thereof. The Group will make vigorous efforts to push forward the continuous trading of existing projects based on current businesses, subject to how the situation unfolds, and seize opportunities to foster its new project development on a timely basis to maximise its gains from CDM.

4 Interest rate risk

The Group is principally engaged in domestic investment in wind farms, which requires enormous capital expenditure, and its capital is partially sourced from bank loans. Therefore, any changes in domestic interest rate will have certain impacts on the Group's cost of funds. With sound performance and credibility, a stable debt structure and diversified financing channels, the Group is able to ensure the financing costs incurred in any phases remain significantly lower than the average level among the peers. Meanwhile, the Group will, through active participation in direct financing markets within and outside the PRC, extensively widen its access to domestic and overseas financial products with long term fixed interest rates in order to effectively avert interest rate risks. Additionally, the Group will keep abreast of policies and changes in the domestic and international financial markets, adopt a targeted financing model during rate hikes and cut channels respectively so as to partially offset the impacts on financial costs brought by changes in interest rates.

5. Risk in foreign exchange rate

The business of the Group is mainly centered in mainland China where most of its revenue as well as expenses are denominated in Renminbi. A small portion of the Group's overseas investments, foreign borrowings and revenue from the CDM business are denominated in foreign currencies. Therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. To strengthen the management over exchange rate risks, the Group closely monitored and analysed the fluctuations in the foreign exchange rate and adopted various management approaches to cope with such risks.

6. *Risk in fuel prices*

The Company owns two coal power plants with installed capacity of 1,875 MW. The fluctuations in coal prices will have impacts on the operating results of the Company's coal power business. The Group reinforced its investigation and research analysis on coal and shipping markets and proactively sought to achieve the best balance between supply guarantee and cost reduction. The Group grasped favorable opportunities, conscientiously maintained coal strategic pipelines and continuously explored resources for coal procurement as well as stabilized thermal coal supply channels. By means of proactive liaison and communication with large scale coal supply enterprises, the Group strived to increase the rate of fulfillment of planned coal capacity. It increased its efforts in laying good foundation for minimising the unit price of coal equivalent, through improving economic coal mixture for burning and blending to effectively minimize the energy level of coal into the furnace (入爐煤). The Company enhanced its profitability by leveraging various methods of coping with changes in fuel prices and streamlining fuel management.

V. Outlook in 2013

In 2013, the general working guidelines of the Group are, in profound adherence to the implementation of the spirits of "promoting scientific development as main theme, expediting adjustment to economic development roadmap as major principle, improving quality and efficiency of economic growth as key focus" introduced by the 18th National Congress of the Communist Party of China and the Central Economic Work Conference. Under the strong leadership of the Board of the Company, with an emphasis on economic efficiency, the Group will foster corporate transformation and development, comprehensively activate the third start of business for the Company and undertake the planning and deployment on various tasks according to the mindset of "six insistences and six improvements" in order to ensure sound and sustainable development of the Company.

In 2013, the Group will strive to achieve the following goals:

1. To insist on strategic transformation and improve sustainability

The Group will continuously optimise the development layout of wind power business to lay foundation for ongoing large scale development; adhere to the implementation of the "outbound" strategy and push forward overseas business in a proactive and steady manner; step up the development of offshore wind power business and accelerate the construction of offshore wind power projects in Jiangsu and Fujian; bolster its efforts in the development of solar photovoltaic projects and closely track the solar energy policies of the PRC; speed up preliminary and construction work for the "developing large units to replace small ones" project of Nantong Tianshenggang power plant; and explore new industry domain in conjunction of the Company's principal business and seek new focal point for profit growth.

2. To insist on exploring potentials and increasing efficiency and improve corporate profitability

The Group will strive to reduce the cost of capital, explore the profitability of stock assets of the Company and make vigorous efforts to develop the independent financing capability of subsidiaries; strengthen marketing efforts and solicit policy support for electricity output and tariffs by various means; reinforce capital operation and acquire projects with strong profitability through acquisitions, mergers and reorganization; comprehensively push forward CDM work in the second commitment period of Kyoto Protocol by broadening the domestic sale channels; and lower enterprise management costs, reinforce corporate internal integration and improve working efficiency.

3. *To insist on professional management and improve corporate core competitiveness*

The Group will reinforce operation and management to effectively improve the standardisation, institutionalisation and structuralisation of management; improve technological standards of preliminary work and place emphasis on the quality of preliminary work; strengthen management over the whole process of safe production, perfect the management mechanism, consolidate safety foundation, optimise equipment operation management and minimise loss arising from grid curtailment; reinforce streamlined management on infrastructure, focus on optimised designs, improve safety management system and mechanism and ensure construction safety and quality; reinforce financial management, boost intensive control standard and pioneer enterprise production and operation through budget management; and enhance management on investor relationship and improve information disclosure mechanism.

4. *To insist on the stable operation and improve risk control capability of the enterprise*

The Group will reinforce the investment control by stringently executing investment plans and fiscal budgets, seriously adhering to the decision making procedures and mastering investment frequency in a scientific and reasonable manner; further develop preliminary operations in depth by adequately considering external conditions such as grid connection; prevent political and exchange rate risks of overseas projects and ensure project profitability; improve operations of other new energies by improving the management on other new energy operations such as biomass, tidal and geothermal power; strengthen the enforcement on systems and establish the legal risks consulting mechanism; push forward the establishment of a penalty and prevention system and refine the supervision and inspection on the major decisions as well as significant projects of the Company.

5. To insist on science and technology innovation and improve the technical support

The Group will improve the research and development on wind power operation technology and expedite the hardware and software development in new energy laboratories; actively coordinate efforts in research and development of the National 863 Projects and other technological projects and facilitate technological improvement of the enterprise through project research and development; refine and promote the Company's technology standards with a view to promote the Company's standards to the new energy industry; and place great emphasis on the development of technology innovation by promoting equipment optimisation and grasping advanced control technologies on wind power equipment, and continuously perfect the supporting system for the top ten technologies to polish Longyuan's brand as a project technology provider.

6. To insist on harmony development and improve the corporate soft power

The leaders of the Group will further enhance and improve their ideological and working style by apprehending the spirits suggested in the 18th National Congress of the Communist Party of China. The Group will strengthen its talent pipeline, establish a more competitive appointment and employment system and perfect the leadership management system; improve the performance review and assessment and talent incentive measures; provide security to people's livelihood and their living standards, implement the "Public Welfare Projects" (惠民工程) with more efforts and at a higher level, raise the subsidies for less developed regions and improve the living quality of staffs. Aiming at promoting corporate harmony throughout the company, predominance management will be enhanced, so that a harmonious employee relationship could be nourished and maintained and corporate culture could be promoted. Promotion and branding will also be emphasised when perfecting the promotion system, so as to safeguard the Company's image as a highly reputable brand in the new energy industry.

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 year ended 31 December 2012.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.0637 per share (tax inclusive) in cash for the year ended 31 December 2012 to shareholders whose names appear on the Company's register of members as at Thursday, 13 June 2013. The above-mentioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Friday, 31 May 2013.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2012 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

The Company will determine the resident status of the individual H-share shareholders based on the registered address as recorded in the register of members of the Company on Thursday, 13 June 2013 (the "Registered Address"). If the resident status of any individual H-share shareholder is not in consistency with that indicated by the Registered Address, such individual H-share shareholder shall notify the Company's H share registrar on or before Friday, 7 June 2013, and provide relevant supporting documents to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Any individual H-share shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share shareholders or any disputes over the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting to be held on Friday, 31 May 2013, the register of members of the Company will be closed from Wednesday, 1 May 2013 to Friday, 31 May 2013, both days inclusive. To be eligible to attend and vote at the said Annual General Meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 April 2013.

In order to determine the holders of shares who are entitled to receive the above-mentioned final dividend, the register of members of the Company will be closed from Saturday, 8 June 2013 to Thursday, 13 June 2013, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2012 (subject to the approval of the Company's shareholders), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance practices. For the year ended 31 December 2012, save as disclosed below, the Company has complied with all the code provisions as set out in the "Corporate Governance Code" contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (applicable to the period from 1 April 2012 to 31 December 2012) and all the code provisions set out in the previous version "Code on Corporate Governance Practices" (applicable to the period from 1 January 2012 to 31 March 2012). The Company has also adopted certain recommended best practices contained in the above Codes, as appropriate.

In respect of code provisions A.6.7 and E.1.2 of the "Corporate Governance Code", the Company's former executive director, Mr. Tian Shicun (resigned); the chairman and non-executive director, Mr. Zhu Yongpeng; the former independent non-executive director, Mr. Li Junfeng (resigned); and the independent non-executive directors, Mr. Zhang Songyi and Mr. Meng Yan were absent from the 2011 Annual General Meeting held on 18 May 2012 due to work reasons. Besides, Mr. Zhu Yongpeng and Mr. Zhang Songyi were absent from the first extraordinary general meeting in 2012, the first domestic shareholder class meeting in 2012 and the first H shareholders class meeting in 2012 held on 3 July 2012 due to work reasons.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its directors and supervisors in the securities of the Company. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

AUDITORS

KPMG (畢馬威會計師事務所) and RSM China Certified Public Accountants Co., Ltd. (中瑞岳華會計師事務所) were appointed as the Company's auditors for the financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2012. The 2012 financial statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has appointed KPMG and RSM China Certified Public Accountants Co., Ltd. as the Company's auditors since the date of preparation of its listing. A resolution to reappoint KPMG and RSM China Certified Public Accountants Co., Ltd. as the Company's international and domestic auditors respectively will be proposed at the Annual General Meeting to be held on Friday, 31 May 2013.

AUDIT COMMITTEE

The 2012 annual results of the Group and the financial statements for the year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of HKExnews of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.clypg.com.cn.

The Company's 2012 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Zhu Yongpeng
Chairman of the Board

Beijing, PRC, 25 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. Xie Changjun and Mr. Huang Qun; the non-executive directors are Mr. Zhu Yongpeng, Mr. Wang Baole, Mr. Chen Bin and Mr. Luan Baoxing; and the independent non-executive directors are Mr. Lv Congmin, Mr. Zhang Songyi and Mr. Meng Yan.

* *For identification purpose only*