# 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**

# 2013
# Interim Report


* For identification purpose only

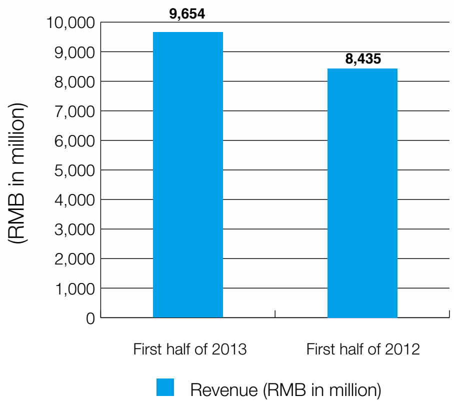
# CONTENTS



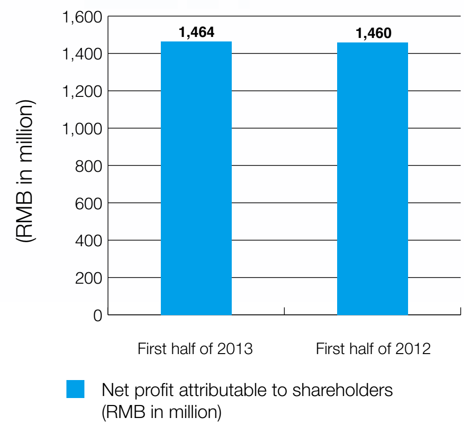
# INTERIM RESULTS AND FINANCIAL DATA

The Board of China Longyuan Power Group Corporation Limited hereby announced the unaudited operating results for the six months ended 30 June 2013 and a comparison with the operating results for the six months ended 30 June 2012 (the "corresponding period of 2012"). For the six months ended 30 June 2013, the Group recorded consolidated operating revenue of RMB9,654 million, representing an increase of 14.5% over RMB8,435 million for the corresponding period of 2012. Profit before taxation amounted to RMB2,290 million, representing an increase of 15.2% over RMB1,988 million for the corresponding period of 2012. Net profit attributable to shareholders of the Company amounted to RMB1,464 million, representing an increase of 0.3% from RMB1,460 million for the corresponding period of 2012. Basic earnings per share attributable to shareholders of the Company amounted to RMB0.1822, representing a decrease of RMB0.0135 from RMB0.1957 for the corresponding period of 2012. As of 30 June 2013, net assets per share (excluding non-controlling interests) amounted to RMB3.78.

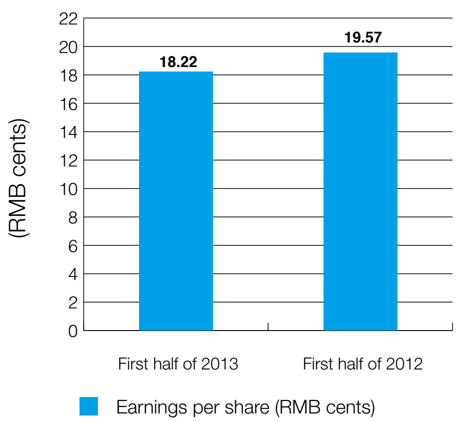
## 1. Revenue



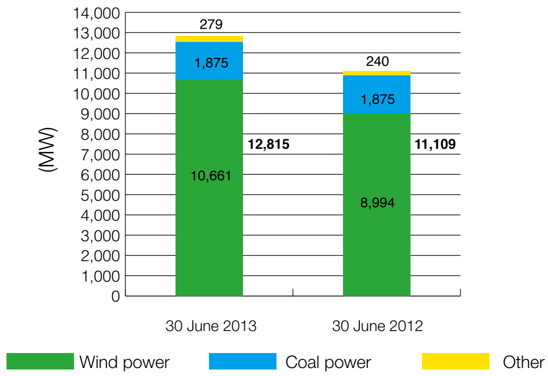

## 2. Net profit attributable to shareholders



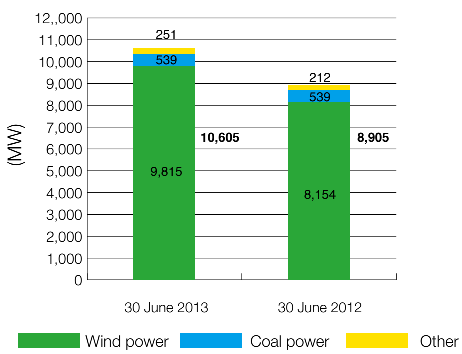

## 3. Earnings per share



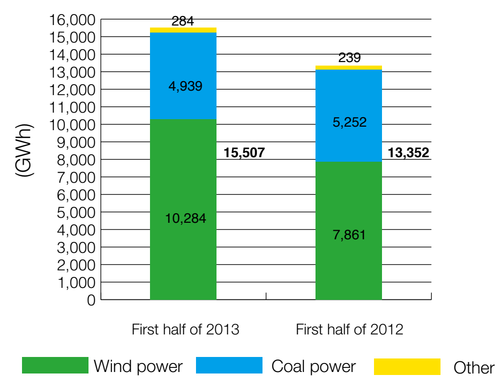

## 4. Consolidated installed capacity




## 5. Attributable installed capacity




## 6. Electricity Sales



| | For the six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | **9,653,974** | 8,435,059 |
| **Profit before taxation** | **2,289,521** | 1,987,842 |
| Income tax | **(362,240)** | (118,855) |
| **Profit for the period** | **1,927,281** | 1,868,987 |
| **Attributable to:** | | |
| Shareholders of the Company | **1,464,414** | 1,460,443 |
| Non-controlling equity owners | **462,867** | 408,544 |
| **Total comprehensive income for the period** | **1,863,506** | 1,869,026 |
| **Attributable to:** | | |
| Shareholders of the Company | **1,442,867** | 1,460,482 |
| Non-controlling interests | **420,639** | 408,544 |
| **Basic and diluted earnings per share** *(RMB cents)* | **18.22** | 19.57 |

| | At 30 June 2013 RMB'000 | At 31 December 2012 RMB'000 |
|---|---|---|
| Total non-current assets | **92,035,718** | 90,053,746 |
| Total current assets | **14,858,836** | 17,786,113 |
| **Total Assets** | **106,894,554** | 107,839,859 |
| Total current liabilities | **34,874,692** | 36,074,948 |
| Total non-current liabilities | **34,358,722** | 35,342,985 |
| **Total liabilities** | **69,233,414** | 71,417,933 |
| **Net assets** | **37,661,140** | 36,421,926 |
| Total equity attributable to the shareholders of the Company | **30,338,379** | 29,429,434 |
| Non-controlling interests | **7,322,761** | 6,992,492 |
| **Total equity** | **37,661,140** | 36,421,926 |

# MANAGEMENT DISCUSSION & ANALYSIS

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

The global economy continues to recover with difficulty but the international situation is still very complicated. The global economy steers into the period of in-depth transformation and adjustment. In the first half of 2013, China's economy remained steady on the whole, with GDP increased by 7.6% year on year. The structural adjustment advanced steadily, while transformation and upgrading improved steadily.

In the first half of 2013, supply and demand of China's electricity was basically balanced. There was medium-speed growth in the national electricity market, as it was last year. The total national electricity consumption was 2,496.1 billion KWh, representing an increase of 5.1% year on year. The growth rate dropped slightly as compared with the corresponding period of 2012. The gross power generation of hydropower maintained a double-digit growth, representing an increase of 11.8% year on year. There was a considerable increase in the utilisation hours of hydropower. Its national average utilisation hours had rose by 76 hours as compared to the corresponding period of 2012. The gross power generation of coal power grew slowly, with a year-on-year increase of 2.6%, and its national average utilisation hours fell by 83 hours as compared to the corresponding period of 2012. The gross power generation of wind power rose significantly by 39.3% year on year. Its national average utilisation hours increased by 91 hours to 1,101 hours year on year.

Under the strong leadership of the Board, the Group focused on economic efficiency, promoted restructuring and development in enterprises and launched the "third venture" comprehensively and deployed working strategies according to the idea of "Six Adherence, Six Elevation", thus sustaining a sound momentum in its operation and development while it was facing a severe and complex operating environment.

# I. BUSINESS REVIEW

## 1. Scientific layout and steady development

In the first half of 2013, the Group, committed itself to the efficiency-foremost principle, reinforced its management, controlled risks, planned scientifically, optimised the layout and pushed forward development of projects actively and steadily amidst a complex and changing external environment. It devoted its greater efforts in increasing and preparing for projects with favourable resources and construction conditions in regions not subject to grid curtailment. It reserved wind power projects in areas where power grid connection planning had taken place in the Three-North Regions. The Group also concentrated on Jiangsu and Fujian for the development of offshore wind power. In the meantime, to ensure considerable project profitability, the Group deepened and streamlined the management of its preliminary processes, strictly assessed the accountability system for the preliminary processes, continue to conduct special researches, further refined the rules and regulations, improved the quality and depth of the technical and economic evaluations of the projects with a continuous effort and prevented investment risks.

During the reporting period, 33 projects of the Group were included in the third batch of the wind power projects approved plans under the "Twelfth Five-Year Plan" (十二五) released by the National Energy Administration. With the total capacity up to 2,270 MW, the Group ranked the first among its peers. 8,874.3 MW of the Group's projects were included in the first three batches of the approved plans (including supplement), which accounted for 10.71% of the total approved plans. The proportion was the highest among similar enterprises. In the first half of 2013, the Group obtained approvals for 6 wind power projects with total capacity of 397.5 MW, all being located in regions not subject to grid curtailment. It also obtained approval for 1 solar power project with capacity of 20 MW in Qinghai Province. As of 30 June 2013, the Group had wind power projects of 3,596 MW capacity which were approved but not yet put into operation. It had a total of 63.41 GW wind power project reserves, distributed in 27 provinces, municipalities and autonomous regions other than Qinghai, Sichuan, Chongqing, Henan, Hong Kong, Macao and Taiwan.

The State Council issued the "Decisions on Cancellation and Decentralisation of Certain Projects Subject to Administrative Examination and Approval and Other Matters" (關於取消和下放一批行政審批專案等事項的決定) (Guo Fa [2013] No. 19) on 15 May 2013, cancelling and decentralising some projects which used to be subject to administrative examination and approval. The General Office of National Development and Reform Commission then issued the "Notice on the Follow-up of Cancellation and Decentralisation of the First Batch of Investment Examination and Approval" (關於做好第一批取消和下放投資審批事項後續工作的通知) (Fa Gai Ban Investment [2013] No. 1226) on 24 May 2013 to assist the implementation of Guo Fa [2013] No. 19. The National Energy Administration issued the "Letter on Matters Related to Wind Power Project Approval" (關於風電專案核准有關事項的函) on 23 June 2013, passing a portion of the projects which were pending for approval to the local investment authorities.

The approval of wind power projects with capacity of more than 50 MW will be authorised by the local governments after the decentralisation of approval authority. The project approval process will be simplified and the approval of wind power projects in areas with better conditions for power grid connection and power absorption and in offshore areas will be accelerated. In the meantime, economies of scale will increase, for project capacity can be reasonably assured according to the resources, land and other conditions for construction. The decentralisation of approval authority of AC line, 330kV and 500kV will assist the acceleration of the preliminary processes of power transmission projects. It will also facilitate the connection to the grid in a timely manner and the power absorption. According to the above regulations, the Dafeng (大豐) 200 MW offshore wind power concession project in Jiangsu and the Qilinshan (麒麟山) 150 MW wind power project Phase III in Hebei had been transmitted to local investment authorities for approval. The Group will seize the opportunity of the approval policy adjustment to optimize and adjust the layout of the wind power, enhance the quality of project reserves and accelerate project approval.

**2. Enhancement of work process management and steady progress in project construction**

In the first half of 2013, the Group strengthened the overall management on the progress of project construction. The Group reinforced benchmarking management on its schedule. It attempted to locate problems and defects and timely track, inspect, coordinate and supervise the difficulties encountered, thereby assured the construction progress of its projects. The Group established supervision groups to tackle the issues such as grid connection, forest and land expropriation as well as project approval on site. In particular, supervision and inspection were carried out by the supervision groups in key regions such as Yunnan, Guizhou, Fujian, Shanxi and Shaanxi. The supervision groups played a key role in solving issues of road transportation, equipment supply and infrastructure construction and assuring the progress of projects. In addition, the Group reinforced site management of its infrastructure construction and reached conditions for project commencement in advance. By reinforcing communication and co-ordination as well as expanding the scope of work, the Group orderly advanced the progress of its projects. In the meantime, the Group insisted to foster the awareness of quality and reinforced meticulous management in the four phases of designing, tendering, construction and inspection. In addition, the Group enhanced the quality control of its construction through digital collection, thereby allowed its infrastructure management to be more regulated, standardised and systematic. Meanwhile, the Group reinforced the inspection and improvement on its design, compared construction plans in detail, thereby strictly controlled quality from the beginning. During the reporting period, two of the Group's projects, the 30 MW+150 MW project of Longyuan Rudong Offshore Wind Farm (龍源如東海上風電場30 MW+150 MW工程) and the 20 MWp Longyuan Yangbajing Phase II grid-connected photovoltaic power generation station (龍源羊八井二期20MWp併網光伏電站工程) were honoured as "Premium Quality Power Construction in China" (中國電力優質工程獎) respectively.

In the first half of 2013, the Group had one wind power project newly put into production, with an additional consolidated installed capacity of 37.5 MW. The Group also completed the acquisition of one wind power project, with an aggregate installed capacity of 79.5 MW. As of 30 June 2013, the consolidated installed capacity of the Group was 12,815 MW, among which the consolidated installed capacity of the wind power business, the consolidated installed capacity of the coal power business and the consolidated installed capacity of other renewable power business were 10,661 MW, 1,875 MW and 279 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as of 30 June 2012 and 30 June 2013:

| **Region** | **As of 30 June 2013 *(MW)*** | As of 30 June 2012 *(MW)* | **Percentage of change** |
|---|---|---|---|
| Heilongjiang | **1,136.9** | 1,051.1 | 8.16% |
| Jilin | **348.9** | 348.9 | 0.00% |
| Liaoning | **1,003.2** | 904.2 | 10.95% |
| Inner Mongolia | **2,175.6** | 2,076.6 | 4.77% |
| Jiangsu | **932.3** | 702.8 | 32.66% |
| Zhejiang | **137.6** | 137.6 | 0.00% |
| Fujian | **506.1** | 408.1 | 24.01% |
| Hainan | **99.0** | 99.0 | 0.00% |
| Gansu | **1,039.3** | 957.3 | 8.57% |
| Xinjiang | **744.3** | 546.3 | 36.24% |
| Hebei | **971.1** | 871.5 | 11.43% |
| Yunnan | **346.5** | 148.5 | 133.33% |
| Anhui | **346.5** | 247.5 | 40.00% |
| Shandong | **99.0** | 49.5 | 100.00% |
| Tianjin | **99.0** | 99.0 | 0.00% |
| Shanxi | **348.0** | 198.0 | 75.76% |
| Ningxia | **179.0** | 49.5 | 261.62% |
| Guizhou | **148.5** | 99.0 | 50.00% |
| Total | **10,660.8** | 8,994.4 | 18.53% |

**3. Continuous improvement in operating wind farms and the highest year-on-year power generation in record**

The Group had been continuously strengthening production safety management during the first half of 2013, with a firm grip on the implementation of the responsibility mechanism of production safety. Such responsibility was targeted on individuals. The Group conducted special inspections of production safety to identify security weaknesses carefully so that hazards would be investigated and eliminated in a timely manner and production safety could be well secured. Areas which were up to our standard were expanded. The reasons of disparities were analysed in detail after which effective measures were implemented. As a result, additional power generation capacity was enhanced. The operation optimisation of the wind power equipment which involved the major wind turbine manufacturers and thirteen regional companies continued. The Group strived to improve the productivity of the equipment and the meticulous management level. With the objective of establishing a star-rated power enterprise, the Group pressed ahead with standardised and regulated development as well as boosted the general and professional production safety with itself as a benchmark enterprise.

In the first half of 2013, the Group's cumulative gross power generation was 16,684 million kWh, of which electricity generated from our wind power business accounted for 11,085 million kWh, representing an increase of 31.44% year on year. The increase in the Group's wind power generation was primarily attributable to the growth in wind power installed capacity, the improvement of grid curtailments and the improvement of wind resources. The average availability factor of the Group's wind power generating units was 98.40%, being basically flat with corresponding period of 2012. The average utilisation hours of wind power in the first half of 2013 was 1,104 hours, representing an increase of 101 hours as compared with the corresponding period of 2012, which was primarily attributed to the improvement of grid curtailments and the improvement of wind resources.

Geographical breakdown of the consolidated gross power generation of the Company's wind farms for the first half of 2012 and the first half of 2013:

| **Region** | **First half of 2013 *(MWh)*** | First half of 2012 *(MWh)* | **Percentage of change** |
|---|---|---|---|
| Heilongjiang | **1,227,994** | 892,403 | 37.61% |
| Jilin | **307,227** | 221,742 | 38.55% |
| Liaoning | **803,280** | 698,111 | 15.06% |
| Inner Mongolia | **2,391,092** | 2,002,311 | 19.42% |
| Jiangsu | **1,161,407** | 723,511 | 60.52% |
| Zhejiang | **114,986** | 119,468 | –3.75% |
| Fujian | **547,672** | 565,993 | –3.24% |
| Hainan | **67,693** | 77,252 | –12.37% |
| Gansu | **863,061** | 750,718 | 14.96% |
| Xinjiang | **910,703** | 612,396 | 48.71% |
| Hebei | **1,120,211** | 999,152 | 12.12% |
| Yunnan | **463,204** | 192,593 | 140.51% |
| Anhui | **308,237** | 207,513 | 48.54% |
| Shandong | **48,528** | 45,059 | 7.70% |
| Tianjin | **128,791** | 109,016 | 18.14% |
| Shanxi | **301,232** | 158,094 | 90.54% |
| Ningxia | **125,289** | 36,496 | 243.30% |
| Guizhou | **194,736** | 21,963 | 786.65% |
| Total | **11,085,343** | 8,433,793 | 31.44% |

Geographical breakdown of the average utilisation hours/load factor of wind power of the Company's wind farms for the first half of 2012 and the first half of 2013:

| Region | Average utilisation hours of wind power for the first half of 2013 *(hr)* | Average load factor of wind power for the first half of 2013 | Average utilisation hours of wind power for the first half of 2012 *(hr)* | Average load factor of wind power for the first half of 2012 | Percentage of change of the average utilisation hours of wind power |
|---|---|---|---|---|---|
| Heilongjiang | **1,156** | **27%** | 898 | 21% | 28.73% |
| Jilin | **881** | **20%** | 636 | 15% | 38.52% |
| Liaoning | **851** | **20%** | 809 | 19% | 5.19% |
| Inner Mongolia | **1,103** | **25%** | 964 | 22% | 14.42% |
| Jiangsu | **1,257** | **29%** | 1,144 | 26% | 9.88% |
| Zhejiang | **836** | **19%** | 868 | 20% | –3.69% |
| Fujian | **1,333** | **31%** | 1,645 | 38% | –18.97% |
| Hainan | **684** | **16%** | 780 | 18% | –12.31% |
| Gansu | **842** | **19%** | 784 | 18% | 7.40% |
| Xinjiang | **1,361** | **31%** | 1,233 | 28% | 10.38% |
| Hebei | **1,156** | **27%** | 1,323 | 30% | –12.62% |
| Yunnan | **1,654** | **38%** | 1,945 | 45% | –14.96% |
| Anhui | **1,094** | **25%** | 838 | 19% | 30.55% |
| Shandong | **511** | **12%** | 910 | 21% | –43.85% |
| Tianjin | **1,241** | **29%** | 1,101 | 25% | 12.72% |
| Shanxi | **1,262** | **29%** | 1,127 | 26% | 11.98% |
| Ningxia | **907** | **21%** | 885 | 20% | 2.49% |
| Guizhou | **1,321** | **30%** | 887 | 20% | 48.93% |
| Total | **1,104** | **25%** | 1,003 | 23% | 10.07% |

Geographical breakdown of the average availability factor of wind power of the Company's wind farms for the first half of 2012 and the first half of 2013:

| Region | **Average availability factor of wind power for the first half of 2013** **(%)** | Average availability factor of wind power for the first half of 2012 (%) | **Change** |
|---|---|---|---|
| Heilongjiang | **98.67** | 99.02 | –0.35% |
| Jilin | **98.63** | 99.02 | –0.39% |
| Liaoning | **98.00** | 98.71 | –0.71% |
| Inner Mongolia | **98.56** | 98.57 | –0.01% |
| Jiangsu | **98.41** | 98.70 | –0.29% |
| Zhejiang | **98.79** | 97.87 | 0.92% |
| Fujian | **98.75** | 97.74 | 1.01% |
| Hainan | **99.25** | 98.37 | 0.88% |
| Gansu | **98.65** | 98.75 | –0.10% |
| Xinjiang | **96.80** | 97.47 | –0.67% |
| Hebei | **98.10** | 98.09 | 0.01% |
| Yunnan | **98.47** | 98.16 | 0.31% |
| Anhui | **99.13** | 99.05 | 0.08% |
| Shandong | **99.49** | 99.28 | 0.21% |
| Tianjin | **99.16** | 98.34 | 0.82% |
| Shanxi | **98.70** | 97.94 | 0.76% |
| Ningxia | **97.43** | — | — |
| Guizhou | **98.88** | — | — |
| Total | **98.40** | 98.52 | –0.12% |

During the reporting period, the consolidated power generation from our coal power business decreased by 5.89% to 5,285 million kWh as compared with 5,616 million kWh for the corresponding period of 2012, and this was primarily affected by denitrification renovation of certain generating units. The average utilisation hours of the Group's coal power generating units for the first half of 2013 decreased by 176 hours, from 2,995 hours for the corresponding period of 2012 to 2,819 hours.

### 4. Slight increase in the tariff

The average on-grid tariffs for wind power of the Group for the first half of 2013 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 the corresponding period of 2012. The increase in the average wind power tariffs was mainly due to the percentage increase of wind power installed capacity of the Group located in regions not subject to grid curtailment and regions with higher tariffs. The average on-grid tariffs for coal power amounted to RMB454 per MWh (VAT inclusive), representing an increase of RMB3 per MWh (VAT inclusive) as compared with the average on-grid tariffs for coal power of RMB451 per MWh (VAT inclusive) for the corresponding period of 2012. The average increase in the coal power tariffs was mainly due to (1) the increase in the proportion of planned power generation; and (2) the tariffs of some of the generating units with denitration renovation completed increased by RMB8 per MWh.

### 5. Full intensification of management and strict project cost control

In the first half of 2013, the Group further ensured the suitability of equipment tenders through refining the bidding process and further reduced the cost of procurement through scale advantages. The Group's average procurement cost of wind turbines for the first half of 2013 declined by 5.3% as compared to the average level of 2012. Meanwhile, under the premise of a continual increase of forest and land expropriation, infrastructure construction and labour costs, the Group had effectively suppressed the cost of wind power projects through design reviews and design proposal optimisation, as well as strict control over the changes in designs during the construction process and other management endeavors. In the first half of 2013, the average construction cost per kW of wind power projects was basically the same as the average level in 2012.

### 6. Declining financing costs and continuous improvement in capital management and control

In the first half of 2013, the Company introduced low cost funds, including privately raised company bonds, short-term debentures, ultra short-term debentures, and asset management and financing, etc. The financing cost continued to decline. The balance of interest-bearing liabilities was RMB57.2 billion by the end of June 2013, while the net gearing ratio was 58.8%, representing a decrease of RMB1.5 billion and 0.7 percentage point as compared to that in the beginning of the year, respectively. Solvency indictors were optimising. The Group utilised and upgraded the management platforms of existing funds comprehensively. By auditing and controlling the revenue and expenditure of funds of the subordinate units remotely, centralised capital management was strengthened. Capital precipitation was reduced. Fund management and control standards were continuously enhancing.

### 7. Increase in the number of CDM project registrations and satisfactory recovery of funds

In the first half of 2013, the Group's registrations of CDM projects continued to increase. There were a total of 25 newly registered CDM projects, accounted for 1,338 MW installed capacity in total. According to the UN CDM rules, 24 projects were retroactively registered in 2012, and accounted for 1,288.5 MW installed capacity in total. As of 30 June 2013, the Group had accumulated 215 successfully registered CDM projects in the CDM Executive Board, with 11,216.3 MW cumulative installed capacity, among which there were 206 wind power projects with 10,998.3 MW installed capacity, 5 biomass power projects with 138 MW installed capacity, and 4 solar power projects with 80 MW installed capacity. In the first half of 2013, the payment collection for CERs sales of the Group was satisfactory. Despite the continual depression in the carbon market, the Group successfully collected EUR52.27 million in the first half of 2013 through continuous effort on CER verification and actively ensuring the performance of CERs sales contracts.

**8. Reinforcement of technical strength to heighten the contribution of technological progresses to the development of the Company**

As the Group valued the effect of scale expansion and continued to maintain the leading position in wind power installed capacity, it attached even greater importance to reinforcing technological strengths to raise the contribution of science and technology to the development of the Company. During the reporting period, besides having carried out projects under the National 863 Projects (國家863課題) and 973 Projects (國家973課題) as planned, the Group had established 6 technological projects of Guodian Group and 8 independent projects of the Company. Some research projects meeting the needs of production had made certain progress, and have been underway of producing sample machines and conducting experiments on a larger scale. Four National 863 Projects such as Operation and Maintenance Technology and Equipment Design for Offshore Wind Farm (《海上風電場運維技術及裝備設計》) passed interim review. In addition, four projects including Research and Application on New Single Pile Basic and Auxiliary Installation Equipment for Offshore Wind Farm (《海上風電新型單樁基礎及配套安裝設備研究與應用》) were awarded 1 first prize, 2 second prizes and 1 third prize in the evaluation of the Technology Advancement Award of the Guodian Group in 2013. The Group further improved the development of its production and operation control centre, thereby allowed less or no personnel to be stationed in some of its wind farms. Findings from A Research in Modelling Strategies of Statistics for Prediction of the Power of Wind Power Plants and Development of An Operational System (《風電場功率預測統計模塊建模策略的研究及其業務化系統的開發》) have been applied on a large scale to all the wind farms of the Company, thus effectively increased the accuracy for short-term and ultra short-term power prediction.

**9. Breakthroughs in overseas projects**

After two years' unremitted effort, the 100 MW wind power project of the Group in Ontario, Canada obtained approval on environment assessment issued by Ministry of the Environment of Ontario, Canada on 10 June 2013. It has also obtained approval on line construction issued by Ontario Energy Board and approval on project construction by Ontario Power Authority. Up till now, all approvals required for the commencement of the project have been obtained and it is ready to commence construction officially. The Group is coordinating between relevant suppliers and construction teams to make sure all preparations have fallen into place with the endeavour to start the project as soon as possible.

## II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

### Overview

In the first half of 2013, the net profit of the Group amounted to RMB1,927 million, representing an increase of 3.1% as compared to RMB1,869 million in the corresponding period of 2012. Net profit attributable to shareholders amounted to RMB1,464 million, representing an increase of 0.3% as compared to RMB1,460 million in the corresponding period of 2012.

### *Operating revenue*

Operating revenue of the Group amounted to RMB9,654 million in the first half of 2013, representing an increase of 14.5% as compared to RMB8,435 million in the corresponding period of 2012. Such increase in operating revenue was primarily due to an increase of RMB1,228 million, or 31.6%, in the revenue from electricity sales and other revenue of our wind power business to RMB5,119 million in the first half of 2013 as compared to RMB3,891 million in the corresponding period of 2012, primarily attributable to the significant increase in the power generation due to the expansion in the operating capacity of our wind power business, less strict grid curtailment and improvement in the wind resources. The operating revenue of each segment is set out as follows:

| Operating Revenue | For the six months ended 30 June | | Percentage of change |
|---|---|---|---|
| | **2013** **(RMB million)** | 2012 (RMB million) | |
| Wind power business | **5,618** | 4,066 | 38.2% |
| Including: Revenue from electricity sales and other revenue | **5,119** | 3,891 | 31.6% |
| Service concession construction revenue | **499** | 175 | 185.1% |
| Coal power business | **3,764** | 4,056 | –7.2% |
| Including: Revenue from sales of electricity & steam, and other revenue | **2,244** | 2,341 | –4.1% |
| Revenue from coal sales | **1,520** | 1,715 | –11.4% |
| Other segments | **405** | 402 | 0.7% |
| Elimination of inter-segment revenue | **–133** | –89 | 49.4% |
| Total | **9,654** | 8,435 | 14.5% |

### *Other net income*

Other net income of the Group amounted to RMB210 million in the first half of 2013, representing a decrease of 72.7% from RMB768 million in the corresponding period of 2012, primarily due to 1) a decrease of RMB409 million, or 91.5%, in the total net income from sales of CERs and VERs amounting to RMB38 million in the first half of 2013 as compared to RMB447 million in the corresponding period of 2012 as the Group did not enter into new fixed-price CERs sales contracts in the first half of 2013 and all the fixed-price contracts signed in previous years expired at the end of 2012; 2) the penalty income of approximately RMB115 million from a wind turbine supplier was recognised in the first half of 2012, while no such income was recorded in the first half of 2013; and 3) the recognition of a loss of approximately RMB16 million due to the disposal of certain fixed assets in the coal power business in the first half of 2013.

### *Operating expenses*

The operating expenses of the Group amounted to RMB6,290 million in the first half of 2013, representing an increase of 5.5% from RMB5,964 million in the corresponding period of 2012, primarily due to the increase in the depreciation and amortisation expenses of our wind power business, the decrease in the coal consumption costs in the coal power business and the increase in the service concession construction costs.

*Depreciation and amortisation expenses*

Depreciation and amortisation expenses of the Group amounted to RMB2,086 million in the first half of 2013, representing an increase of 17.6% from RMB1,774 million in the corresponding period of 2012, primarily due to an increase of RMB278 million, or 18.6%, in depreciation and amortisation expenses of our wind power business over the corresponding period of 2012 as a result of the expansion in the operating capacity of our wind power projects.

*Coal consumption costs*

The coal consumption costs of the Group amounted to RMB1,084 million in the first half of 2013, representing a decrease of 21.8% from RMB1,386 million in the corresponding period of 2012, primarily due to 1) a decrease of approximately 17.1% in the average unit price of standard coal for power and steam generation in the first half of 2013 as compared with the corresponding period of 2012; and 2) a decrease in the volume of coal consumption.

*Cost of coal sales*

The cost of coal sales of the Group in the first half of 2013 amounted to RMB1,445 million, representing a decrease of 9.4% as compared to RMB1,595 million in the corresponding period of 2012, primarily due to decrease of the coal prices in the first half of 2013.

*Service concession construction costs*

The Group's construction costs of service concession projects in the first half of 2013 amounted to RMB499 million, representing an increase of 185.1% as compared to RMB175 million in the corresponding period of 2012, primarily due to an increase of construction activities of service concession projects under construction in the first half of 2013 compared to the corresponding period of 2012.

*Personnel costs*

Personnel costs of the Group amounted to RMB445 million in the first half of 2013, representing an increase of 6.7% as compared to RMB417 million in the corresponding period of 2012, 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 instead of being capitalised as more projects commenced operation.

*Material costs*

Material costs of the Group amounted to RMB164 million in the first half of 2013, representing a decrease of 27.8% as compared to RMB227 million in the corresponding period of 2012, primarily due to a decrease in external sales of products in the first half of 2013 from subsidiaries of the Group, Zhongneng Power-Tech Development Company Limited (中能電力科技開發有限公司) and Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. (龍源(北京)風電工程技術有限公司).

*Repair and maintenance expenses*

The repair and maintenance expenses of the Group amounted to RMB221 million in the first half of 2013, representing an increase of 157.0% as compared to RMB86 million in the corresponding period of 2012. Such increase was mainly due to the fact that: 1) in the first half of 2013, examination and maintenance for the coal power business were arranged during non-peak period, which gave rise to higher repair and maintenance costs; 2) examination and maintenance for wind turbines were strengthened in order to improve the operation of wind power projects and increase the utilization of the wind turbines, and 3) as the warranty periods of wind turbines expired successively, repair and maintenance costs had increased gradually.

*Administrative expenses*

Administrative expenses of the Group amounted to RMB125 million in the first half of 2013, representing an increase of 5.0% as compared to RMB119 million in the corresponding period of 2012. Such increase was primarily due to an increase in lease charges and taxes 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 RMB220 million in the first half of 2013, representing an increase of 18.9% as compared to RMB185 million in the corresponding period of 2012, primarily due to an increase in the operating cost such as insurance premium as more projects commenced operation.

### *Net finance expenses*

The net finance expenses of the Group amounted to RMB1,307 million in the first half of 2013, representing an increase of 0.5% as compared to RMB1,300 million in the corresponding period of 2012, primarily due to: 1) the increase of approximately RMB184 million in the expensed interest expenses as compared with that in the corresponding period of 2012 as the capitalised interest expenses decreased as more projects under construction commenced operations; and 2) impairment losses of RMB144 million recognised for the CDM receivables with low recoverability based on the Group's assessment of the recoverability during the period.

### *Share of profits less losses of associates and joint ventures*

The Group's share of profits less losses of associates and jointly ventures amounted to RMB23 million in the first half of 2013, representing a decrease of 52.1% as compared to RMB48 million in the corresponding period of 2012, primarily due to a decline in business of the associates in the first half of 2013 as compared to the corresponding period of 2012.

### *Income tax*

Income tax of the Group amounted to RMB362 million in the first half of 2013, representing an increase of 204.2% as compared to RMB119 million in the corresponding period of 2012, mainly attributable to the fact that: 1) in the first half of 2013, profit before tax of the coal power business increased as compared with the corresponding period in 2012, therefore income tax of the coal power business increased accordingly; 2) the tax rate increased as compared with the corresponding period of 2012 following the expiry of the tax holidays for certain wind power projects in the first half of 2013; and 3) the corporate income tax refunds of RMB84 million was recognised in the corresponding period of 2012, while there was no similar tax refunds during the first half of 2013.

### Segment results of operation

| Operating profit | For the six months ended 30 June 2013 (RMB million) | 2012 (RMB million) | Percentage of Change |
|---|---|---|---|
| Wind power business | **3,010** | 2,797 | 7.6% |
| Coal power business | **556** | 483 | 15.1% |
| Including: Sales of electricity & Steam and Others | **510** | 442 | 15.4% |
| Coal trading business | **46** | 41 | 12.2% |
| All others | **89** | 42 | 111.9% |
| Elimination and other corporate expenses | **–82** | –83 | –1.2% |
| Total | **3,573** | 3,239 | 10.3% |

In the first half of 2013, the operating profit of the wind power business of the Group amounted to RMB3,010 million, representing an increase of 7.6% from RMB2,797 million in the corresponding period of 2012, primarily due to the increase of electricity sales of our wind power business. The growth in operating profit of the wind power business of the Group was less significant than the growth in operating revenue, which was mainly attributable to the fact that the net income from sales of CERs and VERs dropped sharply.

Operating profit of our coal power business amounted to RMB556 million, representing an increase of 15.1% as compared to RMB483 million in the corresponding period of 2012, among which operating profit excluding coal trading business amounted to RMB510 million, representing an increase of 15.4% as compared to RMB442 million in the corresponding period of 2012. The increase in operating profit of our coal power business was primarily attributable to the increase in gross profit from sales of electricity and steam resulting from the decrease in coal prices. The operating profit of the coal trading business amounted to RMB46 million, representing an increase of 12.2% as compared to RMB41 million in the corresponding period of 2012, which was primarily due to a decrease in the unit price of coal purchases and transportation costs, which led to an increase in the profit margin of coal trading business.

The operating profit of other businesses amounted to RMB89 million, representing an increase of 111.9% as compared to RMB42 million in the corresponding period of 2012, which was primarily due to the increase in revenue from electricity sales and operating profit of solar power business of the Group as a result of the increase in operating capacity.

## Assets and liabilities

As at 30 June 2013, total assets of the Group amounted to RMB106,895 million, representing a decrease of RMB945 million as compared to total assets of RMB107,840 million as at 31 December 2012, primarily due to: 1) an increase of RMB1,982 million in non-current assets including property, plant and equipment; and 2) a decrease of RMB2,927 million in current assets including cash at bank and on hand, trade debtors and prepayments. Total liabilities amounted to RMB69,233 million, representing a decrease of RMB2,185 million as compared to total liabilities of RMB71,418 million as at 31 December 2012, primarily due to an decrease of RMB985 million in non-current liabilities including long-term borrowings for construction projects and a decrease of RMB1,200 million in current liabilities including short-term bank loans.

### *Capital liquidity*

As at 30 June 2013, current assets of the Group amounted to RMB14,859 million, including cash at bank and on hand of RMB3,328 million, trade debtors and bills receivable of RMB7,172 million (primarily consisting of receivables from sales of electricity), as well as prepayments and other current assets of RMB2,703 million (primarily consisting of deductible value-added tax and advances).

Current liabilities amounted to RMB34,875 million, including trade creditors and bills payable of RMB835 million (primarily consisting of payables for purchase of coal and spare parts), other payables of RMB8,215 million (primarily consisting of payables for construction of wind power projects and related retention) and short-term borrowings of RMB25,652 million.

As at 30 June 2013, net current liabilities amounted to RMB20,016 million, representing an increase of RMB1,727 million as compared to RMB18,289 million as at 31 December 2012. The liquidity ratio was 0.43 as at 30 June 2013, representing a decrease of 0.06 as compared to the liquidity ratio of 0.49 as at 31 December 2012. The increase in net current liabilities and the decrease in liquidity ratio was primarily due to the decrease in current assets as the Group used the proceeds from the issue of new H shares and senior perpetual securities at the end of the year 2012 for its projects under construction in the first half of 2013.

Restricted deposits amounted to RMB114 million, mainly including deposits for bills payable and issuance of the letter of credit.

As at 30 June 2013, the Group's outstanding borrowings amounted to RMB57,169 million, representing a decrease of RMB1,483 million as compared to the outstanding borrowings of RMB58,652 million as at 31 December 2012. As at 30 June 2013, the Group's outstanding borrowings included short-term borrowings of RMB25,652 million (including long-term borrowings due within one year of RMB3,217 million) and long-term borrowings amounting to RMB31,517 million (including debentures payable of RMB9,815 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB55,400 million, borrowings denominated in U.S. dollar of RMB1,035 million and borrowings denominated in other foreign currencies of RMB734 million. On 30 June 2013, the Group's fixed rate long-term liabilities include fixed rate long-term loans of RMB4,898 million and fixed rate corporate bonds of RMB9,815 million.

### Capital expenditures

The capital expenditures of the Group amounted to RMB4,084 million in the first half of 2013, representing an increase of 11.1% as compared to RMB3,676 million in the corresponding period of 2012. Among which, the expenditures for the construction of wind power projects amounted to RMB3,686 million, and the expenditures for the construction of other renewable energy projects amounted to RMB161 million. The sources of funds mainly include the proceeds from the issuance of new H shares, upon placing at the end of 2012, borrowings from banks and other financial institutions and issue of bonds.

### Net gearing ratio

As at 30 June 2013, 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 58.8%, representing a decrease of 0.7 percentage point from 59.5% as at 31 December 2012, primarily due to the unchanged net debt and the increase in total equity of the Group in the first half of 2013.

### Material investments

The Group made no major investment during the first half of 2013.

### Material acquisitions and disposals

During the first half of 2013, the Group acquired the 100% equity interests in Ningxia Tianjing Wing Power Generation Corporation Limited* (寧夏天淨風力發電股份有限公司) at a consideration of RMB100 million.

During the first half of 2013, the Group disposed its 33% equity interests in Shanghai Wind Power Generation Co., Ltd. Upon completion of the disposal, the Group would not held any interest in that company.

### Pledged assets

The Group has pledged wind turbine equipment to secure certain bank loans. As at 30 June 2013, the aggregate net book value of the pledged assets amounted to RMB257 million, representing a decrease of 3.4% compared to RMB266 million on 31 December 2012, primarily due to the decrease in the net book value of pledged assets as a result of depreciation of wind turbine equipment.

### Contingent liabilities/guarantees

As at 30 June 2013, the Group provided a RMB66 million guarantee for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 30 June 2013, the balance of bank loan counter-guaranteed by the Group amounted to RMB30 million.

## Cash flow analysis

As at 30 June 2013, bank deposits and cash held by the Group amounted to RMB3,328 million, representing a decrease of RMB1,810 million compared to RMB5,138 million as at 31 December 2012, primarily due to that the Group used the proceeds from the issue of new H shares and senior perpetual securities at the end of the year 2012 for the projects under construction and repaid borrowings. The Group's sources of funds mainly included cash flow generated from operating activities, issue of corporate bonds and bank loans. The Group mainly used the funds for construction of projects and repayment of borrowings.

The net cash inflow of the Group is operating activities amounted to RMB8,040 million in the first half of 2013, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to the purchase of coals and spare parts, payments for taxation and operating costs.

The net cash outflow of the Group's investing activities amounted to RMB5,631 million in the first half of 2013. Cash outflow of investing activities was primarily attributable to payments for wind power project construction and payments for the acquisition of a wind power subsidiary.

The net cash outflow of the Group's financing activities amounted to RMB4,141 million in the first half of 2013, primarily attributable to the repayment of borrowings and the payment of loan interest during the period.

## 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.

## III. PROSPECT IN THE SECOND HALF OF 2013

In the second half of 2013, the general business guidelines of the Group are focusing on economic benefits, taking adjusting development roadmap and improving development quality as main principles, emphasizing on enhancing management and deepening reform and innovation, seeking the growing and powerful influence of the brand of Longyuan and deliver a sound and sustainable development.

In the second half of 2013, the Group will endeavour to achieve the following objectives:

### 1. To expedite corporate transformation and comprehensively improve the development quality

The Group will continue to reinforce its strategic management and control in order to strengthen its major business of new energy. Meanwhile, the Group will also refine its investment management system and enhance its project accountability system. As part of the efforts to strengthen the discipline of decision-making for investment, the decision-making procedures and investment plans of the Group will be strictly implemented. The Group will optimise its development layout of wind power on an on-going basis, which means that it will expand the scale of project development in regions not subject to grid curtailment, selectively develop wind power projects with high returns and prudently advance wind power projects with low wind speed whilst reserving the wind power projects under the grid planning and suspending the advancement of projects with intensified abandonment of wind power generation and grid curtailment in regions subject to grid curtailment. The Group will speed up its development of offshore wind power and effectively foster its advantages in offshore wind power. In addition, the benefits of the Group's projects will be assured through improvement in the quality of its feasibility studies. The Group will steadily advance its development of new energy, such as photovoltaic, tidal and geothermal power. Adhering to the implementation of the "going global" strategy, the Group will commence the high-standard construction of its project in Canada, continue to advance the preliminary work for its projects in countries such as the United States, South Africa and Australia according to its three principles of overseas investment.

**2. To strengthen infrastructure management and assure commencement of production**

The Group will meet the required conditions before construction, optimise the design for its plans of equipment selection, ensure a clear construction plan and explicit control on key points, communicate with relevant parties in advance and coordinate the supply for its main generating units and supporting equipment. It will also enhance its schedule management and process control with a more stringent assessment on project construction. It will raise the standards set for commissioning operation and refine its safety management system. In the meantime, the Group will foster a sense of quality in its endeavour for quality projects. It will also enhance the accuracy of its budget and increase the steps in its review process. By adopting approaches such as bulk purchase and centralised procurement, the Group will maintain an effective control on its construction costs. The Group will strictly limit changes in design and implement its budgetary estimates. It will also fully perform audit function throughout the construction period so as to avoid risks of projects. In addition, the Group will assure the achievement of its annual production target.

**3. To reinforce safe production and improve the operation of stock assets**

The Group will reinforce its management of safe production and implement accountability for safe production at different levels. It will conduct a thorough investigation of the hidden perils in key fields, critical parts and facilities in a bid to fix them, and establish itself as a star-rated power enterprise. In order to extend the service life of its equipment, the Group will prepare a running account for each wind turbine and conduct in-depth statistical measurement and analysis of operation, which will enable a specific malfunction analysis and operation optimisation. The supervision and guidance on technology will be reinforced to guarantee the control on the operating equipment. The Group will carry out the environment-friendly renovation of coal power, in particular to ensure that the two substantial renovation projects of denitration and electric precipitation can commence operation on schedule and reach the emission standards.

**4. To insist on exploring potential and increasing efficiency for the comprehensive improvement of corporate profitability**

The Group will enhance its management of marketing and further implement the Methods for the Assessment of Power Generation (《發電量專項考核辦法》). It will endeavour for power trading and lower the proportion of power curtailment. The Group will also attempt to obtain an ideal price of power and timely settle and apply for subsidies on renewable energy. In addition, it will expand sales channels in the domestic carbon market, so as to generate more revenue. Financial control of the Group will be reinforced to reduce the cost of funds. The Group will deepen its comprehensive budget management for locating, analysing and tackling the problems in crucial points. It will press on with application of information technology in finance and the development of its management system for internal control. In the meantime, the Group will improve its tax management to prevent the external risks. The Group will improve its operation of the other new energy as well as the management of the other new energy such as photovoltaic, biomass, tidal and geothermal power. It will also improve the operation of its projects.

**5. To innovate system and mechanism so as to further enhance the corporate competitiveness**

The Group will innovate its assessment and incentive mechanism such that those can be performance-oriented. It will innovate its performance appraisal mechanism so that the income for front-line employees can be increased. In the meantime, the Group will improve its skill appraisal, and refine the monitory system for cultivating talents. In addition, it will innovate its selection and appointment mechanism, deepen the reform on its management system with more management members to be elected through recommendation, appraisals and competition. The Group will put more resources on trainings for management, technical and production positions as well as the testing of occupational skills. It will also provide more chances for employees to exchange ideas and show their talents. The Group will innovate its technology support system, fully utilise its function as the core platform for wind power development so as to improve its capacity to provide technology service for projects. The Group will expedite the development of "One Centre, Two Research Institutes and Three Laboratories", continue the research on key projects including the 863 Offshore Wind Power Project, promote patents application for scientific achievements and recommend them for awards and advance its scientific innovation.

**6. To increase corporate soft power and absorb positive energy from harmony**

The Group will promote anti-corruption behavior, earnestly implement the “Eight Rules” (「八項規定」) proposed by the central government, improve its working style and maintain close contact with the masses. The Group will deepen democratic management and consult the people, so as to leverage on collective wisdom. The Group will vitalize the corporate growth in its pursuit of the National Civilised Unit (「全國精神文明單位」). It will also continue to improve the production and living standards of employees, and promote team building and provide platforms for the employees to grow and make achievements on their positions. In addition, the Group will actively participate in the operation and inspection skills competition in the national wind power industry. It will also consolidate its investor relations and safeguard the sound image of the Company in the global capital market. It will reinforce its publicity and guidance on public opinion, thereby creating a favourable environment of public opinion for the Company’s development.

# CORPORATE GOVERNANCE

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

## COMPLIANCE WITH THE REQUIREMENTS OF APPENDIX 14 OF THE LISTING RULES

On 31 May 2013, the Company held the 2012 annual general meeting. Mr. Zhu Yongpeng (resigned on 30 July 2013) and Mr. Wang Baole, non-executive Directors, Mr. Huang Qun, an executive Director, Mr. Zhang Songyi and Mr. Meng Yan, independent non-executive Directors, were absent from abovementioned annual general meeting due to business engagement. Save as disclosed above, from 1 January 2013 to 30 June 2013, the Company had fully complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

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

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUDIT COMMITTEE

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

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

On 19 August 2013, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2013, the 2013 interim report and the unaudited interim financial statements for the six months ended 30 June 2013 prepared under International Accounting Standards 34, *Interim financial reporting*.

## SHARE CAPITAL

As of 30 June 2013, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the reporting period.

## INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2013.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

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

On 30 June 2013, none of the Directors or supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2013, so far as known to the Directors, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

| Name of Shareholder | Class of Share | Capacity | Number of Shares/ Underlying Shares Held *(Share)* | Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)* | Percentage in the Total Share Capital *(Note 1)* *(%)* |
|---|---|---|---|---|---|
| Guodian Group | Domestic shares | Beneficial owner and interest of corporation controlled by substantial shareholders | 4,696,360,000 *(Note 2)* (Long position) | 100% | 58.44% |
| National Council for Social Security Fund (全國社會保障基金理事會) | H shares | Beneficial owner | 303,640,000 (Long position) | 9.09% | 3.78% |
| FIL Limited | H shares | Investment manager | 268,669,000 (Long position) | 8.04% | 3.34% |
| JPMorgan Chase & Co. | H shares | Beneficial owner, investment manager and custodian | 264,514,140 *(Note 3)* (Long position) | 7.92% | 3.29% |
| JPMorgan Chase & Co. | H shares | Custodian | 236,454,236 *(Note 4)* (interest in a lending pool) | 7.08% | 2.94% |
| JPMorgan Chase & Co. | H shares | Beneficial owner | 520,000 *(Note 5)* (Short position) | 0.02% | 0.01% |
| China Life Insurance (Group) Company | H shares | Beneficial owner and interest of corporation controlled by substantial shareholders | 262,191,000 *(Note 6)* (Long position) | 7.85% | 3.26% |
| China Investment Corporation | H shares | Interest of corporation controlled by substantial shareholders | 243,442,000 *(Note 7)* (Long Position) | 7.29% | 3,03% |

*Notes:*

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 30 June 2013.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by Guodian Group while the remaining 93,927,200 domestic shares were held by Guodian Northeast Electric Power Co., Ltd., a subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the holder of the equity interests owned by Guodian Northeast Electric Power Co., Ltd.

3. Among these 264,514,140 H shares, 236,454,236 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., 7,450,974 H shares were held by J.P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 363,497 H shares were held by J.P. Morgan Securities plc, an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co., 14,913,000 H shares were held by JF Asset Management Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 2,653,000 H shares were held by JP Morgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 91,433 H shares were held by J.P. Morgan Clearing Corp, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., and 2,588,000 H shares were held by JF International Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., accordingly, JPMorgan Chase & Co. was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

4. These 236,454,236 H shares in lending pool were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., accordingly, JPMorgan Chase & Co. was deemed as the holder of H shares in lending pool owned by its aforesaid subsidiary.

5. The short position in these 520,000 H shares was held by J.P. Morgan Whitefriars, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., accordingly, JPMorgan Chase & Co. was deemed as the holder of short position in H shares owned by its aforesaid subsidiary.

6. Among these 262,191,000 H shares, 24,830,000 H shares were directly held by China Life Insurance (Group) Company, 231,411,000 H shares were held by China Life Insurance (Overseas) Company Limited, a wholly-owned subsidiary of China Life Insurance (Group) Company, and 5,950,000 H shares were held by China Life Insurance Company Limited, a subsidiary of China Life Insurance (Group) Company. Accordingly, China Life Insurance (Group) Company was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

7. Among these 243,442,000 H shares, 229,901,000 H shares were held by Chengdong Investment Corporation, an indirect wholly-owned subsidiary of China Investment Corporation, 9,532,000 H shares were held by Best Investment Corporation, an indirect wholly-owned subsidiary of China Investment Corporation, 4,009,000 H shares were held by Flourish Investment Corporation, an indirect wholly-owned subsidiary of China Investment Corporation, accordingly, China Investment Corporation was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

## EMPLOYEES

As at 30 June 2013, the Group had a total of 6,195 employees. The employee remuneration of the Group comprises basic salary and bonus payment, which is made with reference to the operating results of the Group and results of performance assessment on the employees.

## MATERIAL LITIGATION

As at 30 June 2013, the Group was not involved in any material litigation or arbitration. So far as known to the Directors, no material litigation or claims are pending or threatened against the Group.

## CHANGE OF DIRECTORS AND SUPERVISORS

At the extraordinary general meeting of the Company held on 30 July 2013, resolutions were considered and passed to appoint Mr. Qiao Baoping as a non-executive Director, appoint Mr. Li Enyi as an executive Director and appoint Mr. Xie Changjun as a supervisor of the Company, with effect from 30 July 2013 until the expiration of the term of the current session of the Board/supervisory board. Mr. Qiao Baoping was also appointed by the Board as the chairman of the Company and the chairman of nomination committee of the Board, with the same term of office as his term as a non-executive Director. Mr. Li Enyi was also appointed by the Board as the chairman of strategic committee of the Board, with the same term of office as his term as an executive Director. Mr. Xie Changjun was also appointed by the supervisory board as the chairman of supervisory board of the Company, with the same term of office as his term as a supervisor. Mr. Zhu Yongpeng has resigned as a non-executive Director, chairman and the chairman of the nomination committee of the Board since 30 July 2013. Mr. Xie Changjun has resigned as an executive Director and the chairman of the strategic committee of the Board since 30 July 2013. Mr. Qiao Baoping has resigned as a supervisor and chairman of the supervisory board since 30 July 2013.

## CHANGES OF INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of information of the Directors and supervisors of the Company are listed as follows:

1. Mr. Zhang Songyi no longer served as an independent non-executive director of China Renewable Energy Investment Limited (listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0987) since 23 April 2013; and

2. Mr. Qiao Baoping no longer served as a director of GDPD since 9 July 2013.

# REVIEW REPORT

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

## INTRODUCTION

We have reviewed the interim financial report set out on pages 38 to 83, which comprises the consolidated balance sheet of China Longyuan Power Group Corporation Limited as at 30 June 2013, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

## SCOPE OF REVIEW

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

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

19 August 2013

# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the Six Months ended 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Revenue** | 5 | **9,653,974** | 8,435,059 |
| **Other net income** | 6 | **209,880** | 767,503 |
| **Operating expenses** | | | |
| Depreciation and amortisation | | **(2,085,553)** | (1,773,535) |
| Coal consumption | | **(1,084,300)** | (1,386,070) |
| Coal sales costs | | **(1,445,237)** | (1,595,246) |
| Service concession construction costs | | **(499,433)** | (175,116) |
| Personnel costs | | **(445,189)** | (416,705) |
| Material costs | | **(164,342)** | (227,402) |
| Repairs and maintenance | | **(221,306)** | (85,979) |
| Administration expenses | | **(125,132)** | (118,631) |
| Other operating expenses | | **(219,914)** | (184,860) |
| | | **(6,290,406)** | (5,963,544) |
| **Operating profit** | | **3,573,448** | 3,239,018 |
| Finance income | | **332,237** | 40,235 |
| Finance expenses | | **(1,639,366)** | (1,339,766) |
| **Net finance expenses** | 7 | **(1,307,129)** | (1,299,531) |
| Share of profits less losses of associates and joint ventures | | **23,202** | 48,355 |
| **Profit before taxation** | 8 | **2,289,521** | 1,987,842 |
| **Income tax** | 9 | **(362,240)** | (118,855) |
| **Profit for the period, carried forward** | | **1,927,281** | 1,868,987 |

The notes on pages 47 to 83 form part of this interim financial report.

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Profit for the period, brought forward** | | **1,927,281** | 1,868,987 |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange difference on translation of Senior Perpetual Securities *(note 22)* | | **(42,228)** | – |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale financial assets: net movement in the fair value reserve | | **(983)** | (224) |
| Exchange difference on net investment | | **(8,761)** | 1,089 |
| Exchange difference on translation of financial statements | | **(11,803)** | (826) |
| | | **(21,547)** | 39 |
| **Other comprehensive income for the period, net of tax** | 10 | **(63,775)** | 39 |
| **Total comprehensive income for the period** | | **1,863,506** | 1,869,026 |
| **Profit attributable to:** | | | |
| Shareholders of the Company | | **1,464,414** | 1,460,443 |
| Non-controlling interests | | **462,867** | 408,544 |
| **Profit for the period** | | **1,927,281** | 1,868,987 |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the Company | | **1,442,867** | 1,460,482 |
| Non-controlling interests | | **420,639** | 408,544 |
| **Total comprehensive income for the period** | | **1,863,506** | 1,869,026 |
| **Basic and diluted earnings per share *(RMB cents)*** | 11 | **18.22** | 19.57 |

The notes on pages 47 to 83 form part of this interim financial report.

# UNAUDITED CONSOLIDATED BALANCE SHEET

*At 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | Note | **At 30 June 2013 RMB'000** | At 31 December 2012 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **75,226,445** | 73,352,443 |
| Investment properties | | **47,937** | 76,163 |
| Lease prepayments | | **1,539,584** | 1,417,432 |
| Intangible assets | 13 | **8,618,288** | 8,321,840 |
| Goodwill | | **11,541** | 11,541 |
| Investments in associates and joint ventures | | **2,256,964** | 2,127,151 |
| Other assets | 14 | **4,175,037** | 4,552,962 |
| Deferred tax assets | | **159,922** | 194,214 |
| **Total non-current assets** | | **92,035,718** | 90,053,746 |
| **Current assets** | | | |
| Inventories | | **837,442** | 816,414 |
| Trade debtors and bills receivable | 15 | **7,172,434** | 7,997,537 |
| Prepayments and other current assets | 16 | **2,703,454** | 3,155,428 |
| Tax recoverable | | **161,185** | 145,883 |
| Trading securities | | **541,480** | 301,737 |
| Restricted deposits | | **114,495** | 231,530 |
| Cash at bank and on hand | 17 | **3,328,346** | 5,137,584 |
| **Total current assets** | | **14,858,836** | 17,786,113 |

The notes on pages 47 to 83 form part of this interim financial report.

| | Note | **At 30 June 2013** *RMB'000* | At 31 December 2012 *RMB'000* |
|---|---|---|---|
| **Current liabilities** | | | |
| Borrowings | 18(b) | **25,652,379** | 26,169,965 |
| Trade creditors and bills payable | 19 | **835,220** | 1,261,005 |
| Other payables | 20 | **8,214,781** | 8,525,118 |
| Tax payable | | **172,312** | 118,860 |
| **Total current liabilities** | | **34,874,692** | 36,074,948 |
| **Net current liabilities** | | **(20,015,856)** | (18,288,835) |
| **Total assets less current liabilities** | | **72,019,862** | 71,764,911 |
| **Non-current liabilities** | | | |
| Borrowings | 18(a) | **31,516,819** | 32,482,141 |
| Deferred income | | **1,837,129** | 1,903,165 |
| Deferred tax liabilities | | **123,819** | 97,691 |
| Other non-current liabilities | | **880,955** | 859,988 |
| **Total non-current liabilities** | | **34,358,722** | 35,342,985 |
| **NET ASSETS** | | **37,661,140** | 36,421,926 |

The notes on pages 47 to 83 form part of this interim financial report.

*At 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | Note | At 30 June 2013 RMB'000 | At 31 December 2012 RMB'000 |
|---|---|---|---|
| **CAPITAL AND RESERVES** | | | |
| Share capital | 21(b) | **8,036,389** | 8,036,389 |
| Reserves | | **22,301,990** | 21,393,045 |
| **Total equity attributable to the shareholders of the Company** | | **30,338,379** | 29,429,434 |
| **Non-controlling interests** | | **7,322,761** | 6,992,492 |
| **TOTAL EQUITY** | | **37,661,140** | 36,421,926 |

Authorised for issue by the board of directors on 19 August 2013.

**Qiao Baoping**
*Chairman*

**Li Enyi**
*Executive Director*

The notes on pages 47 to 83 form part of this interim financial report.

# UNAUDITED CONSOLDIATED STATEMENT OF CHANGES IN EQUITY

*For the Six Months ended 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | | Attributable to the shareholders of the Company | | | | | | | Non-controlling interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital<br>*RMB'000* | Capital reserve<br>*RMB'000*<br>*(note 21 (c)(i))* | Statutory surplus reserve<br>*RMB'000*<br>*(note 21 (c)(ii))* | Exchange reserve<br>*RMB'000*<br>*(note 21 (c)(iii))* | Fair value reserve<br>*RMB'000*<br>*(note 21 (c)(iv))* | Retained earnings<br>*RMB'000* | Subtotal<br>*RMB'000* | Senior perpetual securities<br>*RMB'000*<br>*(note 22)* | Others<br>*RMB'000* | Subtotal<br>*RMB'000* | Total equity<br>*RMB'000* |
| **At 1 January 2013** | | 8,036,389 | 14,689,550 | 275,153 | (19,684) | (952) | 6,448,978 | 29,429,434 | 2,481,594 | 4,510,898 | 6,992,492 | 36,421,926 |
| **Changes in equity:** | | | | | | | | | | | | |
| Profit for the period | | – | – | – | – | – | 1,464,414 | 1,464,414 | 71,948 | 390,919 | 462,867 | 1,927,281 |
| Other comprehensive income | | – | – | – | (20,564) | (983) | – | (21,547) | (42,228) | – | (42,228) | (63,775) |
| Total comprehensive income | | – | – | – | (20,564) | (983) | 1,464,414 | 1,442,867 | 29,720 | 390,919 | 420,639 | 1,863,506 |
| Capital contributions | | – | – | – | – | – | – | – | – | 20,178 | 20,178 | 20,178 |
| Appropriation | | – | – | 177,642 | – | – | (177,642) | – | – | – | – | – |
| Dividends by subsidiaries to non-controlling equity owners | | – | – | – | – | – | – | – | – | (60,604) | (60,604) | (60,604) |
| Dividends to shareholders of the Company | 21(a) | – | – | – | – | – | (511,918) | (511,918) | – | – | – | (511,918) |
| Acquisition of non-controlling interests | | – | (22,004) | – | – | – | – | (22,004) | – | 22,004 | 22,004 | – |
| Interest payment for senior perpetual securities | | – | – | – | – | – | – | – | (71,948) | – | (71,948) | (71,948) |
| **At 30 June 2013** | | 8,036,389 | 14,667,546 | 452,795 | (40,248) | (1,935) | 7,223,832 | 30,338,379 | 2,439,366 | 4,883,395 | 7,322,761 | 37,661,140 |

The notes on pages 47 to 83 form part of this interim financial report.

*For the Six Months ended 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | | Attributable to the shareholders of the Company | | | | | | | Non-controlling interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RMB'000 | Capital reserve RMB'000 (note 21 (c)(i)) | Statutory surplus reserve RMB'000 (note 21 (c)(ii)) | Exchange reserve RMB'000 (note 21 (c)(iii)) | Fair value reserve RMB'000 (note 21 (c)(iv)) | Retained earnings RMB'000 | Subtotal RMB'000 | Senior perpetual securities RMB'000 (note 22) | Others RMB'000 | Subtotal RMB'000 | Total equity RMB'000 |
| **At 1 January 2012** | | 7,464,289 | 13,816,693 | 148,171 | (16,544) | (1,954) | 4,497,936 | 25,908,591 | – | 4,416,626 | 4,416,626 | 30,325,217 |
| **Changes in equity:** | | | | | | | | | | | | |
| Profit for the period | | – | – | – | – | – | 1,460,443 | 1,460,443 | – | 408,544 | 408,544 | 1,868,987 |
| Other comprehensive income | | – | – | – | 263 | (224) | – | 39 | – | – | – | 39 |
| Total comprehensive income | | – | – | – | 263 | (224) | 1,460,443 | 1,460,482 | – | 408,544 | 408,544 | 1,869,026 |
| Capital contributions | | – | – | – | – | – | – | – | – | 17,800 | 17,800 | 17,800 |
| Appropriation | | – | – | 126,982 | – | – | (126,982) | – | – | – | – | – |
| Dividends by subsidiaries to non-controlling equity owners | | – | – | – | – | – | – | – | – | (189,499) | (189,499) | (189,499) |
| Dividends to shareholders of the Company | 21(a) | – | – | – | – | – | (515,215) | (515,215) | – | – | – | (515,215) |
| Acquisition of non-controlling interests | | – | (2,884) | – | – | – | – | (2,884) | – | (8,126) | (8,126) | (11,010) |
| Acquisition of businesses under common control | | – | (830,608) | – | – | – | – | (830,608) | – | – | – | (830,608) |
| **At 30 June 2012** | | 7,464,289 | 12,983,201 | 275,153 | (16,281) | (2,178) | 5,316,182 | 26,020,366 | – | 4,645,345 | 4,645,345 | 30,665,711 |

The notes on pages 47 to 83 form part of this interim financial report.

| | Note | Attributable to the shareholders of the Company | | | | | | | Non-controlling interests | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Share capital** | **Capital reserve** | **Statutory surplus reserve** | **Exchange reserve** | **Fair value reserve** | **Retained earnings** | **Subtotal** | **Senior perpetual securities** | **Others** | **Subtotal** | **Total equity** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | *(note 21 (c)(i))* | *(note 21 (c)(ii))* | *(note 21 (c)(iii))* | *(note 21 (c)(iv))* | | | *(note 22)* | | | |
| **At 30 June 2012** | | 7,464,289 | 12,983,201 | 275,153 | (16,281) | (2,178) | 5,316,182 | 26,020,366 | – | 4,645,345 | 4,645,345 | 30,665,711 |
| **Changes in equity:** | | | | | | | | | | | | |
| Profit for the period | | – | – | – | – | – | 1,132,796 | 1,132,796 | 8,810 | 314,701 | 323,511 | 1,456,307 |
| Other comprehensive income | | – | – | – | (3,403) | 1,226 | – | (2,177) | (2,962) | – | (2,962) | (5,139) |
| Total comprehensive income | | – | – | – | (3,403) | 1,226 | 1,132,796 | 1,130,619 | 5,848 | 314,701 | 320,549 | 1,451,168 |
| Capital contributions | | – | – | – | – | – | – | – | – | 11,700 | 11,700 | 11,700 |
| Issuance of shares upon placing, net of Issuing costs | | 572,100 | 1,723,273 | – | – | – | – | 2,295,373 | – | – | – | 2,295,373 |
| Dividends by subsidiaries to non-controlling equity owners | | – | – | – | – | – | – | – | – | (365,032) | (365,032) | (365,032) |
| Issuance of senior perpetual securities, net of issuing costs | 22 | – | – | – | – | – | – | – | 2,475,746 | – | 2,475,746 | 2,475,746 |
| Disposal of a subsidiary | | – | – | – | – | – | – | – | – | 2,829 | 2,829 | 2,829 |
| Acquisition of non-controlling interests | | – | (16,924) | – | – | – | – | (16,924) | – | (98,645) | (98,645) | (115,569) |
| **At 31 December 2012** | | 8,036,389 | 14,689,550 | 275,153 | (19,684) | (952) | 6,448,978 | 29,429,434 | 2,481,594 | 4,510,898 | 6,992,492 | 36,421,926 |

The notes on pages 47 to 83 form part of this interim financial report.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the Six Months ended 30 June 2013 (Expressed in Renminbi unless otherwise stated)*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2013** | 2012 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Cash generated from operations** | | **8,315,029** | 3,620,260 |
| **Tax paid** | | **(275,415)** | (282,848) |
| **Net cash generated from operating activities** | | **8,039,614** | 3,337,412 |
| **Net cash used in investing activities** | | **(5,630,929)** | (5,635,713) |
| **Net cash (used in)/generated from financing activities** | | **(4,141,423)** | 2,744,066 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,732,738)** | 445,765 |
| **Cash and cash equivalents at 1 January** | 17 | **5,080,718** | 3,358,190 |
| **Effect of foreign exchange rate changes** | | **(19,634)** | (4,732) |
| **Cash and cash equivalents at 30 June** | 17 | **3,328,346** | 3,799,223 |

The notes on pages 47 to 83 form part of this interim financial report.

## 1 PRINCIPAL ACTIVITIES

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

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 19 August 2013.

This interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2013 amounting to RMB20,015,856,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the unutilised banking facilities and the unutilised credit lines with PRC banks as at 30 June 2013, the Group will have necessary liquid funds to finance its working capital and capital expenditure.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

## 2 BASIS OF PREPARATION *(CONTINUED)*

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2013.

## 3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRSs 2009-2011 Cycle*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

## 3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

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

**Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income**

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group has early adopted the amendments to IAS 1 in previous years, therefore there is no impact on the Group's interim financial report.

**IFRS 10, Consolidated financial statements**

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and I-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with its subsidiaries and other entities as at 1 January 2013.

## 3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

**IFRS 11, Joint arrangements**

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

**IFRS 12, Disclosure of interests in other entities**

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

## 3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

**IFRS 13, Fair value measurement**

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 23. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

**Annual Improvements to IFRSs 2009-2011 Cycle**

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, because segment assets and segment liabilities are not regularly provided to CODM and there is no material change from the amounts disclosed in the last annual financial statements, the Group no longer discloses segment assets and segment liabilities on the Group's interim financial report.

**Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities**

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

## 4 SEGMENT REPORTING

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

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

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

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

### (a) Segment results

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

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 4 SEGMENT REPORTING *(CONTINUED)*

### (a) Segment results *(Continued)*

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2013 and 2012 is set out below:

**For the six months ended 30 June 2013**

| | **Wind power** *RMB'000* | **Coal power** *RMB'000* | **All others** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| Revenue from external customers | | | | |
| — Sales of electricity | 5,119,042 | 1,918,282 | 216,840 | 7,254,164 |
| — Others | 24 | 1,845,981 | 54,372 | 1,900,377 |
| Subtotal | 5,119,066 | 3,764,263 | 271,212 | 9,154,541 |
| Inter-segment revenue | — | — | 133,721 | 133,721 |
| **Reportable segment revenue** | 5,119,066 | 3,764,263 | 404,933 | 9,288,262 |
| **Reportable segment profit (operating profit)** | 3,009,771 | 556,400 | 88,705 | 3,654,876 |
| Depreciation and amortisation before inter-segment elimination | (1,774,363) | (246,026) | (79,805) | (2,100,194) |
| Impairment of trade and other receivables | (156,422) | — | (774) | (157,196) |
| Inventory write-down and losses net of reversal | — | — | (12,631) | (12,631) |
| Interest income | 6,207 | 7,393 | 16,631 | 30,231 |
| Interest expense | (1,199,345) | (64,256) | (134,395) | (1,397,996) |
| Expenditures for reportable segment non-current assets during the period | 3,685,986 | 236,861 | 161,393 | 4,084,240 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 4 SEGMENT REPORTING *(CONTINUED)*

### (a) Segment results *(Continued)*

**For the six months ended 30 June 2012**

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 4 SEGMENT REPORTING *(CONTINUED)*

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenue | **9,288,262** | 8,349,438 |
| Service concession construction revenue | **499,433** | 175,116 |
| Elimination of inter-segment revenue | **(133,721)** | (89,495) |
| Consolidated revenue | **9,653,974** | 8,435,059 |
| **Profit** | | |
| Reportable segment profit | **3,654,876** | 3,321,413 |
| Elimination of inter-segment profits | **(23,200)** | (25,869) |
| | **3,631,676** | 3,295,544 |
| Share of profits less losses of associates and joint ventures | **23,202** | 48,355 |
| Net finance expenses | **(1,307,129)** | (1,299,531) |
| Unallocated head office and corporate expenses | **(58,228)** | (56,526) |
| Consolidated profit before taxation | **2,289,521** | 1,987,842 |

### (c) Geographical information

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

### (d) Seasonality of operations

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 5 REVENUE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Sales of electricity | **7,254,164** | 6,082,013 |
| Sales of steam | **138,897** | 155,990 |
| Service concession construction revenue | **499,433** | 175,116 |
| Sales of electricity equipment | **26,018** | 92,253 |
| Sales of coal | **1,519,844** | 1,715,076 |
| Others | **215,618** | 214,611 |
| | **9,653,974** | 8,435,059 |

## 6 OTHER NET INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Government grants | | |
| — Sales of Certified Emission Reductions ("CERs") and Voluntary Emission Reductions ("VERs") | **38,420** | 446,854 |
| — Others | **175,728** | 197,474 |
| Rental income from investment properties | **2,908** | 6,646 |
| Net (loss)/gain on disposal of property, plant and equipment | **(15,999)** | 159 |
| Penalty income from wind turbine suppliers *(note (i))* | **1,718** | 115,089 |
| Gain on disposal of an associate | **4,935** | — |
| Others | **2,170** | 1,281 |
| | **209,880** | 767,503 |

*Note:*

(i) Penalty income from wind turbine suppliers for the six months ended 30 June 2012 mainly represented compensations from third party wind turbine suppliers for revenue losses incurred due to the delay on delivery of the wind turbines and certain domestic spare parts of the wind turbines not running stably during the early stage of the operations.

(Expressed in thousands of Renminbi unless otherwise stated)

## 7 FINANCE INCOME AND EXPENSES

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Interest income on financial assets | **30,231** | 29,316 |
| Dividend income from other investments | **208** | 8,588 |
| Net unrealised gains on trading securities | **245,064** | — |
| Foreign exchange gains | **56,734** | 2,331 |
| Finance income | **332,237** | 40,235 |
| Interest on bank and other borrowings | **1,617,885** | 1,567,163 |
| Less: interest expenses capitalised into property, plant and equipment and intangible assets | **(219,889)** | (352,835) |
| | **1,397,996** | 1,214,328 |
| Foreign exchange losses | **45,579** | 40,539 |
| Net unrealised losses on trading securities | **—** | 67,833 |
| Net unrealised losses on derivative financial instrument | **10,860** | — |
| Impairment losses on trade and other receivables | **157,196** | 874 |
| Bank charges and others | **27,735** | 16,192 |
| Finance expenses | **1,639,366** | 1,339,766 |
| Net finance expenses recognised in profit or loss | **(1,307,129)** | (1,299,531) |

The borrowing costs have been capitalised at rates of 4.50% to 7.05% for the period ended 30 June 2013 (six months ended 30 June 2012: 4.42% to 7.40%).

(Expressed in thousands of Renminbi unless otherwise stated)

## 8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Amortisation | | |
| — lease prepayment | **14,562** | 20,737 |
| — intangible assets | **201,155** | 177,605 |
| Depreciation | | |
| — investment properties | **1,426** | 2,020 |
| — property, plant and equipment | **1,868,410** | 1,573,173 |
| Operating lease charges | | |
| — hire of plant and machinery | **1,407** | 600 |
| — hire of properties | **4,501** | 3,074 |
| Cost of inventories | **2,723,343** | 3,268,007 |
| Inventory write-down and losses net of reversal | **12,631** | — |

## 9 INCOME TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| Provision for the period | **294,121** | 213,572 |
| Under/(over) provision in respect of prior years | **19,444** | (86,701) |
| | **313,565** | 126,871 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **48,675** | (8,016) |
| | **362,240** | 118,855 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 9 INCOME TAX *(CONTINUED)*

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Profit before taxation | **2,289,521** | 1,987,842 |
| Applicable tax rate | **25%** | 25% |
| Notional tax on profit before taxation | **572,380** | 496,961 |
| Tax effect of non-deductible expenses | **4,199** | 4,832 |
| Tax effect of share of profits less losses of associates and joint ventures | **(5,801)** | (12,089) |
| Effect of differential tax rate of certain subsidiaries of the Group *(note (i))* | **(301,978)** | (333,041) |
| Use of unrecognised tax losses in prior years | **(1,503)** | — |
| Tax effect of unused tax losses and timing differences not recognised | **77,621** | 49,858 |
| Under/(over) provision in respect of prior years | **19,444** | (86,701) |
| Others | **(2,122)** | (965) |
| Income tax | **362,240** | 118,855 |

*Note:*

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2013 and the six months ended 30 June 2012, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 10 OTHER COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Items that will not be reclassified to profit or loss: | | |
| Translation of Senior Perpetual Securities | **(42,228)** | — |
| Items that may be reclassified subsequently to profit or loss: | | |
| Available-for-sale financial assets: | | |
| Net movement in fair value reserve | | |
| — Before tax amount | | |
| Change in fair value recognised during the period | **(1,310)** | (298) |
| — Tax credit | **327** | 74 |
| Net of tax amount | **(983)** | (224) |
| Translation of financial statements | | |
| — Before and net of tax amount | **(11,803)** | (826) |
| Exchange difference on net investment | | |
| — Before and net of tax amount | **(8,761)** | 1,089 |
| | **(21,547)** | 39 |
| Other comprehensive income | **(63,775)** | 39 |

## 11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2013 of RMB1,464,414,000 (six months ended 30 June 2012: RMB1,460,443,000) and the number of shares in issue during the six months ended 30 June 2013 of 8,036,389,000 (six months ended 30 June 2012: 7,464,289,000).

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

## 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment of approximately RMB3,473,162,000 (six months ended 30 June 2012: approximately RMB3,439,909,000). Items of property, plant and equipment with net book value of approximately RMB23,462,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: approximately RMB2,172,000), resulting in a loss on disposal of approximately RMB15,999,000 (six months ended 30 June 2012: gain on disposal of approximately RMB159,000).

## 13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB8,566,400,000 (31 December 2012: approximately RMB8,267,910,000), software and other assets of approximately RMB51,888,000 (31 December 2012: approximately RMB53,930,000).

During the six months ended 30 June 2013, the additions of intangible assets mainly represent service concession assets of approximately RMB499,433,000 (six months ended 30 June 2012: approximately RMB175,116,000).

(Expressed in thousands of Renminbi unless otherwise stated)

## 14 OTHER ASSETS

| | **At 30 June 2013** | At 31 December 2012 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other financial assets: | | |
| Available-for-sale investments, measured at fair value | **10,520** | 11,830 |
| Unquoted equity investments in non-listed companies, at cost *(note (i))* | **699,334** | 699,334 |
| Loans and advances to associates *(note (ii))* | **48,580** | 50,370 |
| Others | **4,000** | 4,000 |
| Subtotal | **762,434** | 765,534 |
| Deductible Value-added Tax ("VAT") *(note (iii))* | **3,412,603** | 3,787,428 |
| | **4,175,037** | 4,552,962 |

*Notes:*

(i) Fair value for the unquoted equity investments has not been disclosed as the fair value cannot be measured reliably due to lack of an active market for those equity investments. As at 30 June 2013, the Group does not plan to dispose any of these equity investments.

(ii) The loans to associates are designated loans and are unsecured, not past due as at balance sheet dates, and bear interest at the rates of 6.16% per annum for the period ended 30 June 2013 (31 December 2012: 6.16%). The current portion is recorded in other current assets.

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

(Expressed in thousands of Renminbi unless otherwise stated)

## 15 TRADE DEBTORS AND BILLS RECEIVABLE

| | At 30 June 2013 RMB'000 | At 31 December 2012 RMB'000 |
|---|---|---|
| Amounts due from third parties | **7,280,376** | 7,785,972 |
| Amounts due from China Guodian Group Corporation ("Guodian Group") | **–** | 84 |
| Amounts due from fellow subsidiaries | **34,341** | 59,317 |
| Amounts due from associates | **5,883** | 155,910 |
| | **7,320,600** | 8,001,283 |
| Less: allowance for doubtful debts | **(148,166)** | (3,746) |
| | **7,172,434** | 7,997,537 |

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

| | At 30 June 2013 RMB'000 | At 31 December 2012 RMB'000 |
|---|---|---|
| Current | **7,311,999** | 7,996,039 |
| Past due within 1 year | **3,703** | 3,852 |
| Past due between 1 to 2 years | **3,582** | 1,006 |
| Past due between 2 to 3 years | **1,006** | 191 |
| Past due over 3 years | **310** | 195 |
| | **7,320,600** | 8,001,283 |
| Less: allowance for doubtful debts | **(148,166)** | (3,746) |
| | **7,172,434** | 7,997,537 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 16 PREPAYMENTS AND OTHER CURRENT ASSETS

| | **At 30 June 2013** **RMB'000** | At 31 December 2012 *RMB'000* |
|---|---|---|
| Loans and advances to *(note (i))*: | | |
| — associates and joint ventures | **144,379** | 181,798 |
| — Guodian Group | **7,045** | 5,323 |
| — fellow subsidiaries | **469,507** | 251,485 |
| — third parties | **138,631** | 172,941 |
| Government grant and CERs receivables | **123,940** | 834,735 |
| Dividend receivable from associates | **140,847** | 146,779 |
| Deductible VAT | **1,540,986** | 1,367,708 |
| Prepayments and others | **195,113** | 252,127 |
| | **2,760,448** | 3,212,896 |
| Less: allowance for doubtful debts | **(56,994)** | (57,468) |
| | **2,703,454** | 3,155,428 |

*Note:*

(i) Included in the loans and advances are interest bearing loans to associates and a fellow subsidiary amounting to RMB275,210,000 with annum interest rates of 4.98%~6.16% as at 30 June 2013 (31 December 2012: RMB75,053,000, 4.98%~6.80%).

## 17 CASH AT BANK AND ON HAND

| | **At 30 June 2013** **RMB'000** | At 31 December 2012 *RMB'000* |
|---|---|---|
| Cash on hand | **2,768** | 1,518 |
| Cash at bank and other financial institutions | **3,325,578** | 5,136,066 |
| | **3,328,346** | 5,137,584 |
| Representing: | | |
| Cash and cash equivalents | **3,328,346** | 5,080,718 |
| Time deposits with original maturity over three months | **—** | 56,866 |
| | **3,328,346** | 5,137,584 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 18 BORROWINGS

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

| | **At 30 June 2013** **RMB'000** | At 31 December 2012 *RMB'000* |
|---|---|---|
| Bank loans | | |
| — Secured | **8,009,334** | 7,933,099 |
| — Unsecured | **11,732,878** | 12,742,963 |
| Loans from other financial institutions | | |
| — Secured | **2,400,970** | 2,400,970 |
| Loans from Guodian Group | | |
| — Unsecured | **1,000,000** | 1,000,000 |
| Loans from fellow subsidiaries | | |
| — Unsecured | **1,090,000** | 940,000 |
| Other borrowings *(note 18(c)(i))* | | |
| — Secured | **6,966,579** | 6,960,442 |
| — Unsecured | **3,534,292** | 3,523,510 |
| | **34,734,053** | 35,500,984 |
| Less: Current portion of long-term borrowings *(note 18(b))* | | |
| — Bank loans | **(2,531,161)** | (2,332,770) |
| — Other borrowings | **(686,073)** | (686,073) |
| | **31,516,819** | 32,482,141 |

As at 30 June 2013, the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB9,744,948,000 (31 December 2012: RMB9,751,808,000).

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 18 BORROWINGS *(CONTINUED)*

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

| | **At 30 June 2013 *RMB'000*** | At 31 December 2012 *RMB'000* |
|---|---|---|
| Bank loans | | |
| — Secured | **2,501,358** | 2,524,375 |
| — Unsecured | **8,290,967** | 10,579,123 |
| Loans from other financial institutions | | |
| — Unsecured | **41,000** | 41,000 |
| Loans from Guodian Group | | |
| — Unsecured | **4,500,000** | 3,500,000 |
| Loans from fellow subsidiaries | | |
| — Unsecured | **1,109,000** | 1,511,000 |
| Other borrowings *(note 18(c)(ii)(iii))* | | |
| — Secured | **400,000** | 400,000 |
| — Unsecured | **5,591,365** | 4,593,988 |
| Loan from government | | |
| — Unsecured | **1,455** | 1,636 |
| Current portion of long-term borrowings *(note 18(a))* | | |
| — Bank loans | **2,531,161** | 2,332,770 |
| — Other borrowings | **686,073** | 686,073 |
| | **25,652,379** | 26,169,965 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 18 BORROWINGS *(CONTINUED)*

### (c) Significant terms of other borrowings

| | **At 30 June 2013** | At 31 December 2012 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Long-term** | | |
| Corporate bonds *(note (i))* | **10,500,871** | 10,483,952 |
| **Short-term** | | |
| Debentures *(note (ii))* | **1,000,000** | 1,000,000 |
| Corporate bonds *(note (iii))* | **4,991,365** | 3,993,988 |

*Notes:*

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

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

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

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

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 18 BORROWINGS *(CONTINUED)*

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

*Notes: (Continued)*

(ii) On 24 August 2012, Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司) issued short-term debentures of RMB600 million at par with a maturity period of 365 days in the PRC inter-bank debenture market. The effective interest rate of the debentures is 4.71%.

On 16 November 2012, Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) issued short-term debentures of RMB400 million at par with a maturity period of 365 days in the PRC inter-bank debenture market, which are guaranteed by Jiangsu Communication Holding Co., Ltd. (江蘇交通控股有限公司), a non-controlling equity owner of Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司). The effective interest rate of the debentures is 4.92%.

(iii) On 22 February 2013, the Company issued a one-year unsecured corporate bond of RMB5,000 million at par with a coupon rate of 4.50% per annum. The effective interest rate is 4.81% per annum.

## 19 TRADE CREDITORS AND BILLS PAYABLE

| | **At 30 June 2013** *RMB'000* | At 31 December 2012 *RMB'000* |
|---|---|---|
| Bills payable | **308,068** | 874,966 |
| Creditors and accrued charges | **482,505** | 262,349 |
| Amounts due to associates | **22,000** | — |
| Amounts due to fellow subsidiaries | **22,647** | 123,690 |
| | **835,220** | 1,261,005 |

As at 30 June 2013 and 31 December 2012, all trade creditors and bills payable are payable and expected to be settled within one year.

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 20 OTHER PAYABLES

| | **At 30 June 2013** *RMB'000* | At 31 December 2012 *RMB'000* |
|---|---|---|
| Payables for acquisition of property, plant and equipment | **4,707,176** | 5,001,823 |
| Payables for staff related costs | **229,384** | 210,762 |
| Payables for other taxes | **110,066** | 149,240 |
| Dividends payable | **428,884** | 423,176 |
| Receipts in advance | **106,142** | 151,830 |
| Amounts due to associates and joint ventures *(note (i))* | **1,065,986** | 1,092,337 |
| Amounts due to fellow subsidiaries | **642,552** | 567,097 |
| Amounts due to Guodian Group | **70,815** | 86,872 |
| Other accruals and payables | **842,916** | 841,981 |
| Financial liabilities measured at amortised cost | **8,203,921** | 8,525,118 |
| Derivative financial instruments measured at fair value | **10,860** | — |
| | **8,214,781** | 8,525,118 |

*Notes:*

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

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 21 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB nil).

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

| | **At 30 June 2013** **RMB'000** | At 31 December 2012 *RMB'000* |
|---|---|---|
| Final dividend in respect of the financial year ended 31 December 2012, approved during the following interim period, of RMB0.0637 per share (year ended 31 December 2011: RMB0.069) | **511,918** | 515,215 |

### (b) Share capital

| | **At 30 June 2013** **RMB'000** | At 31 December 2012 *RMB'000* |
|---|---|---|
| **Issued and fully paid:** | | |
| 4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each | **4,696,360** | 4,696,360 |
| 3,340,029,000 H shares of RMB1.00 each | **3,340,029** | 3,340,029 |
| | **8,036,389** | 8,036,389 |

## 21 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

### (c) Nature and purpose of reserves

#### (i) Capital reserve

Capital reserve includes share premium and other capital reserve.

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

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

#### (ii) Statutory surplus reserve

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

#### (iii) Exchange reserve

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

#### (iv) Fair value reserve

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

## 22 SENIOR PERPETUAL SECURITIES

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

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

(Expressed in thousands of Renminbi unless otherwise stated)

# 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

## (a) Financial instruments carried at fair value

### (i) Fair value hierarchy

| | | Fair value measurements as at 30 June 2013 using | | |
|---|---|---|---|---|
| | Fair value at 30 June 2013 | Quoted prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Recurring fair value measurement** | | | | |
| Financial assets: | | | | |
| Available-for-sale equity securities – listed | 10,520 | 10,520 | – | – |
| Trading securities | 541,480 | 541,480 | – | – |
| Financial liabilities: | | | | |
| Derivative financial instruments: | | | | |
| – Forward exchange contracts | 10,860 | – | 10,860 | – |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(CONTINUED)*

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

#### (i) Fair value hierarchy *(Continued)*

| | | Fair value measurements as at 31 December 2012 using | | |
|---|---|---|---|---|
| | Fair value at 31 December 2012 | Quoted prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Recurring fair value measurement** | | | | |
| Financial assets: | | | | |
| Available-for-sale equity securities – listed | 11,830 | 11,830 | – | – |
| Trading securities | 301,737 | 301,737 | – | – |

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2012: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(CONTINUED)*

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2013 and 31 December 2012 except as follows:

| | **30 June 2013** | | 31 December 2012 | |
|---|---|---|---|---|
| | **Carrying Amount** *RMB'000* | **Fair value** *RMB'000* | Carrying amount *RMB'000* | Fair value *RMB'000* |
| Corporate bonds | **9,814,798** | **9,763,701** | 9,797,879 | 9,754,650 |
| Fixed rate long-term loans | **4,897,562** | **4,614,833** | 5,255,267 | 4,934,007 |
| | **14,712,360** | **14,378,534** | 15,053,146 | 14,688,657 |

## 24 CAPITAL COMMITMENTS

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

| | **At 30 June 2013** *RMB'000* | At 31 December 2012 *RMB'000* |
|---|---|---|
| Contracted for | **17,323,016** | 16,957,609 |
| Authorised but not contracted for | **29,445,332** | 34,393,935 |
| | **46,768,348** | 51,351,544 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 25 CONTINGENT LIABILITIES

### (a) Financial guarantees issued

At 30 June 2013, the Group issued the following guarantees:

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

| | **At 30 June 2013** *RMB'000* | At 31 December 2012 *RMB'000* |
|---|---|---|
| Associates and joint ventures | **65,703** | 69,174 |

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd.（湖北能源集團股份有限公司）, the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd.（湖北省九宮山風力發電有限責任公司）which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd.（湖北能源集團股份有限公司）for a banking facility granted to the associate. As at 30 June 2013, the balance counter-guaranteed by the Company amounted to RMB30,408,000 (31 December 2012: RMB29,320,000). The directors of the Company are of the opinion that the default of repaying the bank loans by Hubei Jiugongshan Wind Power Co., Ltd.（湖北省九宮山風力發電有限責任公司）is remote.

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

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 26 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transaction with related parties

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

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| *Sales of goods and provide service to* | | |
| Guodian Group | **–** | 510 |
| Fellow subsidiaries | **213,871** | 102,432 |
| Associates and joint ventures | **3,316** | 3,601 |
| *Purchase of goods and receive service from* | | |
| Fellow subsidiaries | **153,816** | 237,742 |
| Associates and joint ventures | **96,633** | 452,948 |
| *Working capital received from/(provided to)* | | |
| Guodian Group | **–** | (893) |
| Fellow subsidiaries | **(23,035)** | 13,968 |
| Associates and joint ventures | **20,488** | 89,793 |
| *Loan guarantees revoked by* | | |
| Guodian Group | **(6,860)** | (2,434) |
| *Loan guarantees revoked to* | | |
| Associates and joint ventures | **3,471** | 3,471 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 26 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| *Loans provided to/(repayment from)* | | |
| Fellow subsidiary | **200,000** | – |
| Associates and joint ventures | **(8,053)** | 14,886 |
| *Loans received from/(repayment to)* | | |
| Guodian Group | **1,000,000** | 1,165,000 |
| Fellow subsidiaries | **(252,000)** | (686,630) |
| *Interest income* | | |
| Fellow subsidiaries | **1,437** | 2,242 |
| Associates and joint ventures | **5,852** | 3,229 |
| *Interest expense* | | |
| Guodian Group | **99,067** | 87,539 |
| Fellow subsidiaries | **62,061** | 7,201 |
| *Deposits place with* | | |
| Fellow subsidiaries | **161,891** | 87,714 |
| *Acquisition of businesses from* | | |
| Guodian Group | **–** | 190,308 |
| Fellow subsidiaries | **–** | 1,316,965 |
| *Investments in* | | |
| Associates and joint ventures | **–** | 24,500 |
| Fellow subsidiaries | **144,000** | 189,154 |

### (b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB304,655,000 as at 30 June 2013 (31 December 2012: RMB142,764,000). Details of outstanding balances with related parties are set out in notes 14, 15, 16, 18, 19, and 20.

## 26 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

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

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

— Sales of electricity;

— Depositing and borrowing money;

— Purchase of materials and receiving construction work services; and

— Service concession arrangements.

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

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 26 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Sales of electricity | **7,499,852** | 6,178,152 |
| Sales of other products | **134,259** | 280,348 |
| Interest income | **22,940** | 20,306 |
| Interest expenses | **1,016,470** | 809,647 |
| Loans (repayment)/increased | **(1,631,957)** | 1,640,971 |
| Deposits withdrawn | **(1,155,907)** | (1,975,189) |
| Purchase of materials and receiving construction service | **749,303** | 803,246 |
| Service concession construction revenue | **499,433** | 175,116 |

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

| | **At 30 June** | At 31 December |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Receivables from sales of electricity | **5,866,155** | 6,411,075 |
| Receivables from sales of other products | **71,135** | 58,679 |
| Bank deposits (including restricted deposits) | **3,134,507** | 4,290,414 |
| Borrowings | **33,904,243** | 35,536,200 |
| Payable for purchase of materials and receiving construction work service | **1,770,243** | 1,039,918 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 26 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

### (d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| Salaries and other emoluments | **1,099** | 1,165 |
| Discretionary bonus | **2,101** | 2,829 |
| Retirement scheme contributions | **278** | 277 |
| | **3,478** | 4,271 |

### (e) Contributions to defined contribution retirement plans

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

### (f) Commitment with related parties

Commitment with related parties is as follows:

| | **At 30 June** | At 31 December |
|---|---|---|
| | **2013** | 2012 |
| | ***RMB'000*** | *RMB'000* |
| *Sales commitment with* | | |
| Fellow subsidiaries | **5,822** | 2,530 |
| Associates and joint ventures | **5,582** | 4,673 |
| *Capital commitment with* | | |
| Associates and joint ventures | **535,161** | 546,148 |
| *Other commitment with* | | |
| Associates and joint ventures | **14,000** | 158,000 |

*(Expressed in thousands of Renminbi unless otherwise stated)*

## 27 ACQUISITION OF BUSINESSES

During the six months ended 30 June 2013, the Group acquired a subsidiary from third parties for the purpose of business expansion. Acquisition of equity interests in the subsidiary have been accounted for using the acquisition method of accounting effective from the date when the subsidiary is controlled by the Group. Details are as follows:

| Company name | Acquisition date | Percentage of interest acquired | Cash consideration |
|---|---|---|---|
| Ningxia Tianjing Wind Power Corporation Limited | 9 April 2013 | 100% | RMB100,000,000 |

The aggregate assets and liabilities at the date of acquisition are as follows:

| | At the acquisition date | |
|---|---|---|
| | **Carrying value of the acquiree** | **Fair value** |
| | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 1,128 | 1,128 |
| Trade debtors and bills receivable | 7,653 | 7,653 |
| Prepayments and other current assets | 33,397 | 33,397 |
| Inventory | 1,192 | 1,192 |
| Property, plant and equipment | 447,588 | 495,877 |
| Intangible assets | 221 | 221 |
| Investments in associate | 400 | 400 |
| Less: Current liabilities | (80,821) | (80,821) |
| Non-current liabilities | (346,850) | (346,850) |
| Net assets | 63,908 | 112,197 |
| Less: Deferred tax liabilities | — | (12,072) |
| | 63,908 | 100,125 |

## 27 ACQUISITION OF BUSINESSES *(CONTINUED)*

An analysis of the net outflow/(inflow) of cash and cash equivalents in respect of the acquisition of the subsidiary is as follows:

| | **At the acquisition date** *RMB'000* |
|---|---|
| Cash consideration paid/to be paid | 100,000 |
| Less: Cash and cash equivalents acquired | (1,128) |
| Net outflow of cash and cash equivalents in respect of the acquisition | 98,872 |

## 28 SUBSEQUENT EVENTS

A subsidiary of the Company issued a senior bond on 5 August 2013. The total issuance amount of the senior bond is US$300,000,000 with a maturity period of three years at a coupon rate of 3.25% per annum.

# GLOSSARY OF TERMS

| | |
|---|---|
| "attributable installed capacity" or "attributable installed capacity under construction" | the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership |
| "availability factor" | the amount of time that a wind turbine or a power plant is able to produce electricity over a certain period, divided by the amount of time in such period |
| "average utilisation hours" | the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW) |
| "biomass" | plant material, vegetation, or agricultural waste used as a fuel or energy source |
| "Board" | the board of directors of the Company |
| "CDM" | the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialised countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits |
| "CDM EB" | the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nation Framework Convention on Climate Change |

| | |
|---|---|
| "CERs" | certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol |
| "our Company", "Company", "we" or "us" | 龍源電力集團股份有限公司 (China Longyuan Power Group Corporation Limited) |
| "consolidated gross power generation" or "consolidated net power generation" | the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period |
| "consolidated installed capacity" | the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies |
| "Director(s)" | the directors of the Company |
| "electricity sale" | the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less comprehensive auxiliary electricity |
| "GDPD" | 國電電力發展股份有限公司 (GD Power Development Co., Ltd) |
| "Group" | China Longyuan Power Group Corporation Limited and its subsidiaries |
| "Guodian Group" | 中國國電集團公司 (China Guodian Corporation) |
| "GW" | unit of energy, gigawatt. 1GW = 1,000MW |

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

# CORPORATE INFORMATION

## THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

## THE COMPANY'S NAME IN ENGLISH

China Longyuan Power Group Corporation Limited*

## REGISTERED OFFICE

Room 1206, 12th Floor
No. 7, Baishiqiao Street
Haidian District
Beijing
PRC

## HEAD OFFICE IN THE PRC

Tower C, International Investment Plaza
6-9 Fuchengmen North Street
Xicheng District
Beijing
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong

## THE BOARD

### Non-executive Directors

Mr. Qiao Baoping *(Chairman)*
Mr. Wang Baole
Mr. Chen Bin
Mr. Luan Baoxing

### Executive Directors

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

### Independent Non-executive Directors

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

## THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Qiao Baoping

## AUTHORISED REPRESENTATIVES

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

## JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Soon Yuk Tai

## AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

* *For identification purposes only*

RSM China Certified Public
Accountants Co., Ltd.
8-9th Floor, Block A Corporation Building
No. 35, Financial Street
Xicheng District
Beijing
PRC

## LEGAL ADVISERS

**as to Hong Kong law**
Clifford Chance
28th Floor, Jardine House
One Connaught Place
Central
Hong Kong

**as to PRC law**
Beijing Jiayuan Law Firm
F407-F408, Ocean Plaza
158 Fuxingmennei Avenue
Xicheng District
Beijing
PRC

Beijing Tianchi Law Firm
14th Floor, Tower A
Huixin Plaza
Asian Games Village
No. 8, Beisihuan Middle Road
Chaoyang District
Beijing
PRC

## PRINCIPAL BANKS

China Development Bank
No. 29 Fuchengmenwai Avenue
Xicheng District
Beijing
PRC

China Construction Bank Corporation
Beijing Branch
Building 28
Xuanwumenxi Street
Xuanwu District
Beijing
PRC

Bank of Communications Co., Ltd.
Beijing Branch
No. 33 Financial Street
Xicheng District
Beijing
PRC

## H SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716
17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

## STOCK CODE

00916

## FOR INVESTOR ENQUIRIES

Investor hotline: 86 10 6657 9988
Fax: 86 10 6609 1661
Website: www.clypg.com.cn
Email: ir@clypg.com.cn


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