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龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

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

(Stock Code: 00916)

Results Announcement For The Year Ended 31 December 2009

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2009, revenue amounted to RMB9,744 million, representing an increase of 13.9% over last year
- For the year ended 31 December 2009, profit before taxation amounted to RMB1,944 million, representing an increase of 215.6% over last year
- For the year ended 31 December 2009, net profit attributable to shareholders/equity owner of the Company amounted to RMB894 million, representing an increase of 165.3% over last year
- For the year ended 31 December 2009, earnings per share amounted to RMB0.174

The board of directors (the “Board”) of China Longyuan Power Group Corporation Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009, together with comparative figures for the corresponding period in 2008. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

(Expressed in Renminbi unless otherwise stated)

		2009	2008
	Note	RMB'000	RMB'000
Revenue	4	9,743,707	8,554,654
Other net income	5	573,832	390,168
Operating expenses			
Coal consumption		(2,290,372)	(3,127,886)
Service concession construction costs		(882,602)	(2,200,360)
Depreciation and amortisation		(1,590,224)	(1,082,895)
Personnel costs		(539,741)	(384,024)
Material costs		(1,703,270)	(294,585)
Repairs and maintenance		(107,820)	(87,369)
Administration expenses		(147,774)	(107,176)
Other operating expenses		(197,265)	(239,775)
		(7,459,068)	(7,524,070)
Operating profit		2,858,471	1,420,752
Finance income		50,514	145,600
Finance expenses		(1,070,861)	(1,003,059)
Net finance expenses	6	(1,020,347)	(857,459)
Share of profits less losses of associates and jointly controlled entities		105,472	52,698

		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	7	1,943,596	615,991
Income tax	8	<u>(296,490)</u>	<u>(2,082)</u>
Profit for the year		<u>1,647,106</u>	<u>613,909</u>
Other comprehensive income/(losses):			
Available-for-sale financial assets:			
net movement in the fair value reserve		7,947	(18,790)
Exchange difference on translation of			
financial statements of overseas subsidiaries		<u>(2,304)</u>	<u>1,175</u>
Other comprehensive income/(losses)			
for the year, net of tax	9	<u>5,643</u>	<u>(17,615)</u>
Total comprehensive income for the year		<u>1,652,749</u>	<u>596,294</u>
Profit attributable to:			
Shareholders/equity owner of the Company		894,126	337,448
Non-controlling interests		<u>752,980</u>	<u>276,461</u>
Profit for the year		<u>1,647,106</u>	<u>613,909</u>
Total comprehensive income attributable to:			
Shareholders/equity owner of the Company		899,769	319,833
Non-controlling interests		<u>752,980</u>	<u>276,461</u>
Total comprehensive income for the year		<u>1,652,749</u>	<u>596,294</u>
Basic and diluted earnings per share			
<i>(RMB cents)</i>	10	<u>17.40</u>	<u>6.75</u>

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

(Expressed in Renminbi unless otherwise stated)

		2009	2008
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		37,304,544	24,290,215
Investment properties		132,874	171,906
Lease prepayments		740,978	556,720
Intangible assets		6,086,215	5,083,453
Investments in associates and jointly controlled entities		799,029	526,560
Other assets		2,318,594	349,770
Deferred tax assets		204,662	190,326
Total non-current assets		47,586,896	31,168,950
Current assets			
Trading securities		—	54
Inventories		332,897	279,250
Trade debtors and bills receivable	11	2,180,667	1,240,868
Prepayments and other current assets		853,398	1,804,795
Tax recoverable		5,256	462
Restricted deposits		491,654	500,043
Cash at bank and on hand		16,502,934	1,054,985
Total current assets		20,366,806	4,880,457

		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Borrowings		17,087,069	4,686,238
Trade creditors and bills payable	12	1,943,103	2,728,694
Other payables		4,521,449	1,917,969
Tax payable		140,215	80,015
Total current liabilities		<u>23,691,836</u>	<u>9,412,916</u>
Net current liabilities		<u>(3,325,030)</u>	<u>(4,532,459)</u>
Total assets less current liabilities		<u>44,261,866</u>	<u>26,636,491</u>
Non-current liabilities			
Borrowings		16,219,301	17,345,042
Obligations under finance leases		50,000	50,000
Deferred income		2,267,661	2,145,284
Deferred tax liabilities		44,930	23,300
Total non-current liabilities		<u>18,581,892</u>	<u>19,563,626</u>
NET ASSETS		<u>25,679,974</u>	<u>7,072,865</u>
CAPITAL AND RESERVES			
Share capital		7,464,289	—
Reserves		14,435,518	3,875,329
Total equity attributable to the shareholders/equity owner of the Company		21,899,807	3,875,329
Non-controlling interests		<u>3,780,167</u>	<u>3,197,536</u>
TOTAL EQUITY		<u>25,679,974</u>	<u>7,072,865</u>

1 STATEMENT OF COMPLIANCE

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2009 comprise the Group and its interest in associates and jointly controlled entities.

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

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

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

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised IFRSs would not result in substantial changes in the Group's accounting policies applied in these financial statements for the year ended 31 December 2009.

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period.

3 SEGMENT REPORTING

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

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

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

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2009 and 2008 is set out below:

For the year ended 31 December 2009

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
— Sales of electricity	2,752,294	3,668,763	45,553	6,466,610
— Others	1,935	2,204,192	188,368	2,394,495
Subtotal	2,754,229	5,872,955	233,921	8,861,105
Inter-segment revenue	—	—	329,336	329,336
Reportable segment revenue	2,754,229	5,872,955	563,257	9,190,441
Reportable segment profit (operating profit)	1,924,059	985,066	109,683	3,018,808
Depreciation and amortisation before inter-segment elimination	(1,039,901)	(529,650)	(35,160)	(1,604,711)
Impairment of property, plant and equipment	—	—	—	—
Impairment of trade and other receivables	(4,237)	(11,713)	(879)	(16,829)
Interest income	7,933	14,950	9,891	32,774
Interest expense	(680,895)	(165,815)	(177,540)	(1,024,250)
Reportable segment assets	45,752,668	7,097,741	2,876,295	55,726,704
Expenditures for reportable segment non-current assets during the year	15,005,573	429,635	65,041	15,500,249
Reportable segment liabilities	34,547,567	5,017,679	3,934,798	43,500,044

For the year ended 31 December 2008

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
— Sales of electricity	1,634,852	4,089,698	27,551	5,752,101
— Others	3,257	283,672	315,264	602,193
Subtotal	1,638,109	4,373,370	342,815	6,354,294
Inter-segment revenue			112,375	112,375
Reportable segment revenue	1,638,109	4,373,370	455,190	6,466,669
Reportable segment profit				
(operating profit)	1,076,130	329,619	73,942	1,479,691
Depreciation and amortisation				
before inter-segment elimination	(566,099)	(493,595)	(29,807)	(1,089,501)
Impairment of property, plant and equipment	(103,813)	—	—	(103,813)
Impairment of trade and other receivables	(39,102)	(2,500)	(814)	(42,416)
Interest income	15,579	13,258	8,238	37,075
Interest expense	(508,653)	(264,129)	(159,457)	(932,239)
Reportable segment assets	27,851,977	6,928,655	1,004,007	35,784,639
Expenditures for reportable segment non-current assets during the year	12,491,835	159,495	32,924	12,684,254
Reportable segment liabilities	20,751,658	4,937,492	1,645,582	27,334,732

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

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	9,190,441	6,466,669
Service concession construction revenue	882,602	2,200,360
Elimination of inter-segment revenue	(329,336)	(112,375)
Consolidated revenue	9,743,707	8,554,654
Profit		
Reportable segment profit	3,018,808	1,479,691
Elimination of inter-segment profits	(46,023)	(16,765)
	2,972,785	1,462,926
Share of profits less losses of associates and jointly controlled entities	105,472	52,698
Net finance expenses	(1,020,347)	(857,459)
Unallocated head office and corporate expenses	(114,314)	(42,174)
Consolidated profit before taxation	1,943,596	615,991

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Assets		
Reportable segment assets	55,726,704	35,784,639
Inter-segment elimination	(17,974,264)	(9,412,137)
	37,752,440	26,372,502
Investments in associates and jointly controlled entities	799,029	526,560
Available-for-sale investments	23,662	13,174
Unquoted equity investments in companies	446,103	256,016
Trading securities	—	54
Tax recoverable	5,256	462
Deferred tax assets	204,662	190,326
Unallocated head office and corporate assets	28,722,550	8,690,313
Consolidated total assets	67,953,702	36,049,407
Liabilities		
Reportable segment liabilities	43,500,044	27,334,732
Inter-segment elimination	(17,930,212)	(9,357,648)
	25,569,832	17,977,084
Tax payable	140,215	80,015
Deferred tax liabilities	44,930	23,300
Unallocated head office and corporate liabilities	16,518,751	10,896,143
Consolidated total liabilities	42,273,728	28,976,542

(c) Geographical information

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

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB6,227,229,000 for the year ended 31 December 2009 (2008: RMB5,446,314,000). Service concession construction revenue is all from the PRC government.

4 REVENUE

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of electricity	6,466,610	5,752,101
Sales of steam	230,315	120,532
Service concession construction revenue	882,602	2,200,360
Sales of electricity equipment	128,020	263,706
Sales of coal	1,647,996	—
Others	388,164	217,955
	<u>9,743,707</u>	<u>8,554,654</u>

5 OTHER NET INCOME

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Government grants		
— CERs and VERs income	210,362	117,521
— Others	327,335	207,664
Rental income from investment properties	21,923	25,035
Net gain on disposal of plant, property and equipment and investment properties	4,455	21,367
Others	9,757	18,581
	<u>573,832</u>	<u>390,168</u>

6 FINANCE INCOME AND EXPENSES

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Interest income on financial assets	32,774	37,075
Foreign exchange gains	980	61,775
Net realised and unrealised gains on trading securities	200	—
Available-for-sale financial assets — gains on disposal	643	—
Dividend income from listed securities	139	24,363
Dividend income from other investments	15,778	22,387
Finance income	50,514	145,600
Interest on bank and other borrowings		
wholly repayable within five years	791,588	595,860
Interest on bank and other borrowings repayable		
more than five years	781,060	702,675
Less: interest expenses capitalised into property, plant and equipment and intangible assets	(548,398)	(366,296)
	1,024,250	932,239
Foreign exchange losses	6,587	9,204
Net realised and unrealised losses on trading securities	—	178
Impairment losses on trade and other receivables	16,829	42,416
Bank charges and others	23,195	19,022
Finance expenses	1,070,861	1,003,059
Net finance expenses recognised in profit or loss	(1,020,347)	(857,459)

The borrowing costs have been capitalised at rates of 3.60% to 7.05% for the year ended 31 December 2009 (2008: 5.02% to 7.83%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Salaries, wages and other benefits	484,278	341,413
Contributions to defined contribution retirement plan	55,463	41,571
Expenses recognised in respect of defined benefit retirement plan	<u>—</u>	<u>1,040</u>
	<u>539,741</u>	<u>384,024</u>

(b) Other items

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation		
— lease prepayment	18,016	14,367
— intangible assets	205,316	115,310
Depreciation		
— investment properties	5,307	7,541
— property, plant and equipment	1,361,585	945,677
Impairment losses		
— investment in associates and jointly controlled entities	—	25
— property, plant and equipment	—	103,813
Auditors' remuneration — audit services	13,700	4,137
Operating lease charges		
— hire of plant and machinery	672	13,738
— hire of properties	3,714	2,291
Direct outgoings for investment properties		
— occupied	4,321	5,666
— vacant	685	928
Cost of inventories	4,033,256	3,444,905
Including: personnel costs, depreciation, amortisation, and operating lease charges	1,874	1,764

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Current tax		
Provision for the year	291,358	103,024
Under/(over) provision in respect of prior years	488	(371)
	291,846	102,653
Deferred tax		
Origination and reversal of temporary differences	4,644	(100,571)
	296,490	2,082

Notes:

- (i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group except for certain subsidiaries of the Group, which are tax exempted or taxed at a preferential rate, as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2008 and 2009.
- (ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the years ended 31 December 2008 and 2009. Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

- (iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate in the PRC was adjusted from 33% to 25%. According to the Implementation Rules of the New Tax Law ("Implementation Rules") and GuoFa [2007] No. 39 Notice on the Implementation of the Transitional Preferential Tax Policies ("Circular 39"), certain subsidiaries of the Group are entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, Circular 39 grandfathers the 2+3 tax holidays, a 2-year full exemption followed by a 3-year 50% exemption commencing from their respective first profit-making year after offsetting accumulated tax losses, and requires them to commence on 1 January 2008 should they be not started earlier. Accordingly, certain subsidiaries of the Group can continue to enjoy the 2+3 tax holidays until they expire.

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

- (iv) Pursuant to GuoShuiFa [2009] No. 82 Notice on Issues concerning Determination of Tax Resident Enterprise Status of Overseas Registered Enterprises Controlled by China's Capitals in accordance with the Criteria of Place of Effective Management issued by the State Administration of Taxation ("SAT") on 22 April 2009 ("Circular 82"), the directors of the Company are of the opinion that it is more likely than not that Hero Asia Investment Limited and Hero Asia (BVI) Company Limited will be recognised as PRC tax residents under the New Tax Law effective from 1 January 2008 and are subject to PRC income tax at 25%. Accordingly, dividends receivable by them will be exempted from PRC dividend withholding tax under the New Tax Law. The determination of PRC tax resident status under Circular 82 is subject to final approval by the SAT. The Group has not received such approvals from the SAT.

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

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>1,943,596</u>	<u>615,991</u>
Applicable tax rates	25%	25%
Notional tax on profit before taxation	485,899	153,998
Tax effect of non-deductible expenses	15,319	10,324
Tax effect of share of profits less losses of associates and jointly controlled entities	(26,368)	(13,174)
Tax effect of non-taxable income	(3,979)	(11,688)
Effect of differential tax rate of certain subsidiaries of the Group	(230,004)	(125,906)
Tax effect of unused tax losses and timing differences not recognised	77,465	51,834
Tax credits for purchase of domestic equipment	(21,204)	(62,488)
Others	<u>(638)</u>	<u>(818)</u>
Income tax	<u>296,490</u>	<u>2,082</u>

9 OTHER COMPREHENSIVE INCOME

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the year	11,240	(25,054)
Reclassification adjustments for amounts transferred to gains on disposal	(643)	—
— Tax (expense)/credit	(2,650)	6,264
Net of tax amount	7,947	(18,790)
Translation of financial statements of overseas subsidiaries		
— Before tax amount	(2,304)	1,175
— Tax (expense)/credit	—	—
Net of tax amount	(2,304)	1,175
Other comprehensive income/(losses)	5,643	(17,615)

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2009 of RMB894,126,000 (2008: RMB337,448,000) and the weighted average number of shares in issue during the year ended 31 December 2009 of 5,137,965,000 (2008: 5,000,000,000). The weighted average number of shares in issue during the year ended 31 December 2008 represents the number of shares issued and outstanding upon the establishment of the Company on 9 July 2009 as if such shares have been outstanding for the above entire year. The weighted average number of shares for the year ended 31 December 2009 also reflects the issuance of 2,464,289,000 shares in 2009 in connection with the Company's initial public offering. The weighted average number of shares in issue is set out below:

	2009 <i>Thousands</i> <i>shares</i>	2008 <i>Thousands</i> <i>shares</i>
Shares issued to China Guodian Corporation ("Guodian Group") and Guodian Northeast Electric Power Co., Ltd. ("Guodian Northeast") upon formation of the Company in 2009 as if such shares have been outstanding for the entire year in 2009 and 2008	5,000,000	5,000,000
Effects of shares issued in December 2009	137,965	—
	<u>5,137,965</u>	<u>5,000,000</u>

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

The Group

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Amounts due from third parties	2,147,835	1,210,637
Amounts due from Guodian Group	497	—
Amounts due from fellow subsidiaries	34,714	26,764
Amounts due from associates	4,660	9,371
Amounts due from subsidiaries	—	—
	2,187,706	1,246,772
Less: allowance for doubtful debts	(7,039)	(5,904)
	<u>2,180,667</u>	<u>1,240,868</u>

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

The Group

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Current	2,179,292	1,238,095
Past due within 1 year	4,173	4,922
Past due between 1 to 2 years	3,816	120
Past due between 2 to 3 years	120	20
Past due over 3 years	305	3,615
	2,187,706	1,246,772
Less: allowance for doubtful debts	(7,039)	(5,904)
	<u>2,180,667</u>	<u>1,240,868</u>

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

12 TRADE CREDITORS AND BILLS PAYABLE

The Group

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Bills payable	1,513,086	2,689,475
Creditors and accrued charges	249,943	38,275
Amounts due to associates	178,161	—
Amounts due to fellow subsidiaries	1,913	944
	<u>1,943,103</u>	<u>2,728,694</u>

As at 31 December 2009 and 2008, all trade creditors and bills payable are payable and expected to be settled within one year.

13 DIVIDENDS

(i) Special distribution

As disclosed in the prospectus of the Company dated 27 November 2009, in accordance with the notice Provisional Regulation Relating to Corporate Reorganisation of Enterprises and Related Management of State-owned Capital and Financial Treatment (企業公司制改建有關國有資本管理與財務處理的暫行規定) issued by the Ministry of Finance (the “MOF”), which became effective from 27 August 2002, and pursuant to the resolution passed by the shareholders on 17 July 2009, the Company will make a distribution to Guodian Group, which represents an amount equal to the net profit attributable to the equity holder of the Company, generated during the period from 30 September 2008 (date of the Reorganisation) to 9 July 2009 by the businesses and operations contributed to the Group by China Longyuan Electric Power Group Corporation (together, the “Special Distribution”).

Pursuant to a resolution passed at directors' meeting on 30 March 2010, the directors resolved to pay the Special Distribution to Guodian Group amounting to RMB632,041,658.

- (ii) The directors resolved on 30 March 2010 that no dividend is to be distributed for the year 2009.

14 SUBSEQUENT EVENTS

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 bonds will be mature in seven years and are redeemable after five years of issuance at the option of the bond holders.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Review

In 2009, installed capacity of the PRC power industry continued to expand at a rapid pace. The installed capacity of coal and hydro power remained stable or contracted slightly, while the installed capacity of wind power grew significantly. According to the statistics issued by China Electricity Council, 2009 also saw an increase of 89,700 MW in the additional installed capacity of the PRC power industry, representing an increase of 10.2% over last year, of which 60,760 MW, 19,890 MW and 8,970 MW were attributable to coal power, hydro power and wind power respectively. In 2009, 67.73%, 22.17% and 10.00% of the additional installed capacity were attributable to coal power, hydro power and wind power respectively. As compared with its share of 75% of the total installed capacity, coal power took a much lesser share of additional installed capacity. The above figures indicate a progressive yet significant change in the power source structure wherein the electricity generation installed capacity of clean energy, represented by wind power and hydro power, will gradually increase in proportion while that of coal power will gradually decrease in proportion.

The PRC government has been relentless in promoting energy saving and emission reduction, endorsing renewable energy development, accelerating the economic restructuring and transformations, advocating recycling economy and vigorously working towards an energy-saving and eco-friendly society. With increasing wind power development worldwide and as an effect of deepening of the government's aid, China's wind power industry made remarkable progress and continued to quicken its pace in 2009. According to the statistics issued by China Electricity Council, the total installed capacity of on-grid wind power of the PRC reached 17,580 MW as at the end of 2009.

In 2009, the PRC government introduced a series of laws and regulations such as the “Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power” and “Renewable Energy Law of the PRC (Amended)” (《中華人民共和國可再生能源法(修正案)》). As stipulated under the “Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power”, the PRC is categorised into four wind resource zones, based on the wind resources and project construction conditions. Each zone is subject to a standard wind power on-grid tariff, which represents the first standardised tariff setting mechanism in the renewable power generation industry. The introduction of this policy has not only indicated the evolvement of wind power generation into a more mature power generation sector after recent years of rapid development, but has also further denoted a new phase of advanced and steady development of the PRC wind power industry going forward, which will further promote its rapid development. The document also required the continuous implementation of the wind power tariffs sharing system by the state and specified the ongoing application of a unified state-governed tariff surcharge mechanism for renewable energy, which secured stable funding for industry development of renewable energy including wind power. “Renewable Energy Law of the PRC (Amended)” (《中華人民共和國可再生能源(修正案)》) confirmed the implementation of a full-amount protective acquisition system for renewable power generation and the establishment of a renewable energy development fund by the state. Meanwhile, the PRC government lifted the standard of tariff surcharge for renewable energy from RMB0.002 per kWh to RMB0.004 per kWh in November 2009. In light of the above policies and regulations, the PRC renewable energy industry is set to blossom with healthy and fast-paced growth.

II. Business Review

1. Rapid expansion in wind power installed capacity and pipeline projects

In 2009, the Group continued to accelerate the development and construction of wind power projects and further improved the construction of six major wind power bases in Northeast China, Inner Mongolia, the Southeast coastal Provinces, Xinjiang, Gansu and Hebei. Through such effort, the installed capacity for the Group's pipeline wind power projects increased by 16,000 MW during the year and reached 45,000 MW as at the end of 2009. Through conscientious organisation, coordination and schedule planning as well as reasonable allocation of resources, the Group ultimately achieved its commissioning target for the year by putting 41 wind power projects into operation during the year, which generated an additional wind power consolidated installed capacity of 2,000.7 MW. As at the end of 2009, the total installed capacity of the Group was 6,746.3 MW, and for our wind power business, the total installed capacity, consolidated installed capacity and attributable installed capacity was 4,842.4 MW, 4,503.5 MW and 3,757.9 MW, respectively. Furthermore, the installed capacity of our coal power business and other renewable energy business amounted to 1,875.0 MW and 28.9 MW, respectively.

2. Steady increase in electricity generation

During the year, the Group accumulated a gross electricity generation of 17.184 billion kWh, of which electricity generated from our wind power business accounted for 6.211 billion kWh (including electricity generated during the construction period), representing an increase of 69.9% over last year. Such an increase in the Group's wind power electricity output was primarily attributable to the ongoing expansion in wind power installed capacity and the Company's extensive operating and management experience in the industry, which ensured safe and stable operation of wind power generating units. The average availability factor of the Group's wind power generating units was 97.69%, while the average utilisation hours in 2009 decreased by 86 hours from last year to 2,268 hours, primarily due to the limitation on the electricity output of some projects.

During the year, the electricity generated from our coal power business decreased to 10.910 billion kWh as compared to last year, primarily due to a decrease in power generation during the same period following the shutdown of four 137.5MW small coal power generating units of Nantong Tianshenggang Power Generation Co., Ltd., a subsidiary of the Company in 2008. However, upon the decommissioning of these small generating units, the Group actively engaged in the trading of substituting generation output. The average utilisation hours of coal power generating units of the Group were 5,819 hours in 2009.

3. *Simultaneous growth in profit and scale*

In view of the PRC government's attempts to develop wind power and other renewable energy, the Group leveraged on its edges to expand its scale and achieved a significant growth of its installed capacity. Measures were also introduced to improve the evaluation and optimisation of new projects under development, enforce the life-cycle management of project construction, optimise the production operation and administration and tighten the control on tariffs and electricity rate. Coupled with the active development of Clean Development Mechanism ("CDM") projects, the profit of the Group increased significantly. Net profit attributable to shareholders for this year was RMB894 million, representing an increase of 165.3% over last year.

4. *Tariff rate remained stable*

As of 31 December 2009, the annual average on-grid tariffs for wind power increased by RMB5 per MWh over last year to RMB567 per MWh (value-added tax ("VAT") included), while the average on-grid tariffs for coal power increased by RMB18 per MWh over last year to RMB421 per MWh (VAT included). Pursuant to the new wind power tariff policy promulgated by the National Development and Reform Commission of the PRC ("NDRC") in July 2009, the Company believes that the average on-grid tariffs for wind power projects approved after 1 August 2009 will be higher than the Group's average on-grid tariffs in 2009.

5. *Remarkable progress in the construction of offshore wind farms*

The PRC government had promulgated development plans on offshore wind power projects. As the forerunner of this domain in the PRC, the Group has the first-mover advantage in terms of both technology and construction experience. Making the best of its edges, the Group took the initiative to commence the preliminary development work of offshore wind power projects and pushed the construction of wind farms in intertidal areas ahead. Subsequent to meticulous designs and well-thought organisations, the Group took the lead in the construction of the first experimental generating units which became operational in the intertidal area in Rudong, Jiangsu Province. The project marked a breakthrough in international intertidal wind power generation. Further, it offered valuable experience to the Company and laid a solid foundation for development of large-scale offshore wind power projects in the future.

6. *Decrease in the purchase cost of equipment*

The Group has been seeking to reduce the purchase price of wind power equipment, and leveraging on its economy of scale to centralise the tender process of wind turbines and wind power equipment. This led to a substantial decrease in the purchase cost. The continuous development of the domestic and international wind turbine manufacturing market has left the Group with more options as to which model of turbines to purchase, thereby gradually decreasing the purchase price of equipment each year. In 2009, the purchase cost of wind power equipment of the Group decreased by 12% as compared to that in 2008.

7. *Strengthened finance and capital management and enhanced corporate efficiency*

Apart from the unified capital management, the Group actively diversified its financing channels, carried forward the control measures and utilised low-cost capital such as bills and trust loans. The average cost of the Group's borrowings was over 10% below the prevailing benchmark interest rates during the year, resulting in an effective reduction in the borrowing cost. The Group also enhanced the research on central capital management which reduced the amount of non-performing capital and enhanced the efficiency in use of funds which effectively ensured the availability of funds required for the Company's development.

8. *Active development of CDM projects*

The Group has been proactively developing CDM projects through CDM transaction mechanism. As of 31 December 2009, the Company had developed 116 CDM projects, of which 79 have obtained the approval of the NDRC and 25 have been successfully registered, comprising 24 wind power projects and 1 biomass power project. In 2009, the Company's revenue from CDM projects amounted to RMB197 million, representing an increase of 82% as compared to that of 2008. Apart from CDM projects, the Group has also been developing voluntary emission reduction ("VER") projects. In 2009, the revenue derived from VER projects amounted to RMB14 million.

9. *Further improvement and solidification of the supporting system of ten major wind power technical services*

Besides rapidly expanding its wind power installed capacity, the Group further improved the supporting system of its ten major wind power technical services, namely renewable energy research, wind power industry services, preliminary wind power development, wind power equipment procurement, wind power consulting and design, wind farm supervision, maintenance, management on spare parts, CDM development and training in respect of wind power technology. The development and improvement of the above supporting system of technical services has lifted the professional management standard and also the economic efficiency of the Company. By stepping up efforts in developing the supporting system of technical services, capitalising on its advantage in talents, technology and management, the Group continued to be the leading wind power generation company in the PRC in 2009.

10. *Strengthened core competitiveness as a whole*

Through the efforts and progress made by the Group over the year, all production and operating indicators were met and remarkable results were achieved. The overall strength was further enhanced and developments in terms of both scale and efficiency were made. The Group has significantly strengthened its core competitiveness as a whole and maintained its leading position in the PRC wind power industry.

III. Financial Review

In 2009, the Group recorded a significant increase in profit. The net profit amounted to RMB1,647 million for the year, representing an increase of 168.2% from RMB614 million in 2008. Net profit attributable to shareholders amounted to RMB894 million, representing an increase of 165.3% from RMB337 million in 2008.

1. Overview

(1) Operating revenue

Operating revenue of the Group amounted to RMB9,744 million in 2009, representing an increase of 13.9% from RMB8,555 million in 2008, primarily due to 1) an increase of RMB1,117 million or 68.4% in revenue from electricity sales as compared with RMB1,635 million in 2008 as a result of an increase in electricity sales following an expansion in the operating capacity of our wind power business; 2) revenue from construction of wind power service concession projects amounted to RMB883 million, representing a decrease of RMB1,317 million or 59.9% from RMB2,200 million in 2008; and 3) revenue from the sales of coal amounted to RMB1,648 million as a result of the establishment of a company engaged in coal trading business in 2009.

(2) Other net income

Other net income of the Group amounted to RMB574 million in 2009, representing an increase of 47.2% from RMB390 million in 2008, primarily due to an increase of RMB93 million or 79.0% in income from sales of CERs and VERs over 2008 as more wind power projects were successfully registered with the United Nations and put into operation. In addition, due to the increase in the electricity sales of our wind power business, other government grants (mainly including VAT rebates and the amortisation of VAT refunds) increased by RMB120 million or 57.2% over 2008.

(3) Operating expenses

The operating expenses of the Group amounted to RMB7,459 million in 2009, representing a decrease of 0.9% from RMB7,524 million in 2008, primarily due to the increase in depreciation and amortisation expenses of wind power business, the decrease in the construction costs of wind power service concession projects, the decrease in coal consumption of coal power business, the increase in material costs as well as the decrease in other operating expenses.

- **Coal consumption:** The coal consumption of the Group amounted to RMB2,290 million in 2009, representing a decrease of 26.8% from RMB3,128 million in 2008, primarily due to the decrease in the coal price in the domestic market in 2009 as compared to 2008, as well as the decrease in electricity generation by coal power companies as compared to 2008.
- **Service concession construction costs:** The Group's construction costs of the wind power service concession projects amounted to RMB883 million in 2009, representing a decrease of 59.9% from RMB2,200 million in 2008, primarily due to fewer wind power concession projects under construction.
- **Depreciation and amortisation:** Depreciation and amortisation expenses of the Group amounted to RMB1,590 million in 2009, representing an increase of 46.8% from RMB1,083 million in 2008, primarily due to the increase of 83.7% in depreciation and amortisation expenses of wind power business over 2008 as a result of the increased installed capacity.
- **Personnel costs:** Personnel costs of the Group amounted to RMB540 million in 2009, representing an increase of 40.6% from RMB384 million in 2008, primarily due to the increase in headcount as a result of the Group's expansion. Such increase was also due to the fact that a portion of the remuneration of employees was expensed instead of being capitalised as more projects commenced operation.

- **Material costs:** The material costs of the Group amounted to RMB1,703 million in 2009, representing an increase of 477.3% from RMB295 million in 2008. Excluding the impact of the increase of RMB1,553 million in the cost of coal sales and the decrease of RMB113 million as compared with 2008 in the external sales of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited, the material costs of wind power and coal power businesses remain stable as compared to 2008.
- **Repairs and maintenance:** The repairs and maintenance expenses of the Group amounted to RMB108 million in 2009, representing an increase of 24.1% from RMB87 million in 2008. This was mainly due to the increased installed capacity in wind power business and the expiration of the warranty period of certain wind power projects.
- **Administration expenses and other operating expenses:** The administration and other operating expenses of the Group amounted to RMB345 million in 2009, representing a decrease of 0.6% from RMB347 million in 2008. Excluding impairment losses provided in 2008 for the projects under construction and construction materials of RMB104 million, the administration and other operating expenses increased 42.0% compared to 2008. This was primarily due to the increases in operating expenses such as travel and office expenses as a result of the expansion in other regions and the extension of management functions. In addition, the relevant expenses such as insurance premiums and taxes increased as a result of more projects under construction and more projects commenced operation.

(4) Operating profit

The operating profit of the Group amounted to RMB2,858 million in 2009, representing an increase of 101.1% from RMB1,421 million in 2008, primarily due to the increase in sales of electricity from wind power business, the increase in average on-grid tariffs of coal power business and the decrease in coal consumption.

(5) *Net finance expenses*

The net finance expenses of the Group amounted to RMB1,020 million in 2009, representing an increase of 19.0% from RMB857 million in 2008, primarily due to the significant increase in interest-bearing loans, following the expansion of the Group's wind power business and the increase in working capital requirements. The expensed interests also increased significantly as the projects under construction were completed and commenced operation.

(6) *Share of profits less losses of associates and jointly controlled entities*

The Group's share of profits less losses of associates and jointly controlled entities amounted to RMB105 million in 2009, representing an increase of 98.1% from RMB53 million in 2008, primarily due to the RMB38 million increase in the Company's share of profits in Guodian United Power Technology Co., Ltd. (國電聯合動力技術有限公司), which recorded rapid business growth since its commencement of operations in the second half of 2008.

(7) *Income tax*

Income tax of the Group amounted to RMB296 million in 2009, representing a significant increase from RMB2 million in 2008, primarily due to the fact that certain wind power companies had the income tax credit approved in respect of the domestically manufactured equipment and recognised the deferred tax assets in 2008, whilst no such tax credits or deferred tax assets were recognised in 2009 due to the implementation of the New Tax Law. As such, deferred tax assets recognised during the year decreased compared to 2008. On the other hand, income tax for the year increased over 2008 due to the fact that the profit of coal power companies increased significantly in 2009, which subject to a higher income tax rate and that the tax holidays of certain wind power companies expired in 2009.

2. *Segment results of operations*

In 2009, revenue from electricity sales of wind power business of the Group amounted to RMB2,752 million, representing an increase of 68.3% from RMB1,635 million in 2008. Total operating profit from wind power business amounted to RMB1,924 million, representing an increase of 78.8% from RMB1,076 million in 2008, primarily due to the increase in installed capacity and electricity generated from our wind power companies. Revenue from electricity sales of coal power business amounted to RMB3,669 million, representing a decrease of 10.3% from RMB4,090 million in 2008, primarily due to the decrease in power generation after shutting down the small generating units. Total operating profit of our coal power business amounted to RMB985 million, representing an increase of 198.5% from RMB330 million in 2008, primarily due to the increase in average on-grid tariffs of coal power business in 2009 and the decrease in coal prices as compared to 2008.

3. *Liquidity and sources of fund*

As at 31 December 2009, the cash at bank and on hand of the Group amounted to RMB16,503 million, representing an increase of RMB15,448 million over the balance as at 31 December 2008. The principal sources of fund of the Group included cash generated from operating activities, bank loans and proceeds raised from capital markets.

Current assets amounted to RMB20,367 million, including trade debtors and bills receivable amounting to RMB2,180 million (primarily consisted of receivables due to the sales of electricity and equipment), prepayments and other current assets of RMB853 million (primarily consisted of receivables of VAT refund in connection with the domestically manufactured equipment and prepayments for the purchase of inventories and receivables from sales of CERs). Current liabilities amounted to RMB23,692 million, including trade creditors and bills payable amounting to RMB1,943 million (primarily consisted of payables for purchases of coal and bill payables in respect of the procurement of wind power equipment), other payables amounting to RMB4,521 million (primarily consisted of payables of construction and retention) and short-term borrowings amounting to RMB17,087 million. Net current liabilities as at 31 December 2009 amounted to RMB3,325 million, representing a decrease of RMB1,204 million as compared to that as at 31 December 2008. The liquidity ratio was 0.86 as at 31 December 2009 (31 December 2008: 0.52). The decrease in net current liabilities was primarily due to the increase in bank deposits as a result of the proceeds raised from the initial public offering of the Company.

Restricted deposits amounted to RMB492 million, mainly representing deposits for bills payables.

In 2009, the Group's borrowings increased by RMB11,275 million over 2008. As at 31 December 2009, the outstanding borrowings amounted to RMB33,306 million, of which short-term borrowings amounted to RMB17,087 million (including long-term borrowings due within one year of RMB1,166 million) and long-term borrowings amounted to RMB16,219 million. Above-mentioned borrowings include borrowings denominated in RMB amounting to RMB32,748 million, borrowings denominated in US dollars amounting to RMB529 million and borrowings denominated in other currencies amounting to RMB29 million.

4. *Capital expenditure*

The capital expenditure of the Group amounted to RMB15,500 million in 2009, representing an increase of 22.2% from RMB12,684 million in 2008. The capital expenditure mainly represented construction costs. The source of fund mainly includes capital, bank borrowings and cash generated from operating activities of the Group.

5. *Net gearing ratio*

As at 31 December 2009, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by sum of net debt and total equity, was 40%, representing a decrease of 35% from 75% in 2008, primarily due to the significant increase in total equity as a result of proceeds raised from the initial public offering of the Company during the year.

6. *Material investment*

The Group had no material investment during the year.

7. *Material acquisition and disposal*

The Group did not have any material acquisition and disposal during the year.

8. *Pledged assets*

The Group has pledged certain machinery and equipment to secure certain bank loans. As at 31 December 2009, the aggregate net book value of the assets pledged was RMB768 million.

9. *Contingent liabilities*

As at 31 December 2009, the Group provided RMB89 million guarantee for bank loans of a related party, and issued a counter-guarantee of no more than RMB42 million to the controlling shareholder of an associated company.

IV. Risk factors and risk management

The Group is principally engaged in the design, development, construction, management and operation of wind farms. The influence of state-run macro economic adjustments such as a tightened credit policy and changes in industry policies may pose certain risks to the operations and development of the Group. As the PRC government always provides massive support and incentives for the development of wind power and other renewable energy, the macro policy is expected to remain favorable to the wind power development of the Group in the future. The Group will closely monitor the domestic and international macro-economic situation and policy changes so as to grasp market opportunities, eliminate risk exposure and facilitate further development of the Group.

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

1. *Influence of climatic conditions*

Given the distinctive nature of the wind power industry, the amount of electricity generated by, and the profitability of, our wind farms depend on local climatic conditions, particularly wind conditions, which can vary dramatically across the seasons and between locations of our wind farms, and are also subject to general climatic changes.

If the seasonal variations and fluctuations in wind conditions of the areas where our wind farms are located do not conform to our historical observations or do not correspond to our assumptions, it may result in unexpected fluctuations in the electricity output of such wind farms and consequently, our results of operations. Similarly, extreme wind or weather conditions, particularly those affecting multiple wind farms, could reduce the operational efficiency and electricity production of our wind farms, which could have a material adverse effect on our business, financial conditions or results of operations.

2. *Influence of grid conditions*

The electricity output of the Group's operating projects will be dampened by the underdevelopment of local grids where certain projects of the Group are located due to delays in grid planning and construction progress. Meanwhile, as affected by factors such as the grid connection structure of the power grid in certain regions and the uneven distribution of power utility loads among different regions, certain projects of the Group in Gansu Province and Inner Mongolia have experienced limitations on their electricity output. Against such setback, however, the Group has adopted countermeasures by arranging a reasonable layout for its new projects, optimising the operation of wind farms and strengthening the management to ever increase the operating and risk resistance capability of the Group.

3. *Progress of CDM project*

Since the process to register CDM projects with the CDM Executive Board ("CDM EB") is relatively complicated, the timing and outcome of our registration applications are uncertain. In case of failure in registration or should there be any material policy changes in the course of project development, the operating results of the Group would be affected. The Group has designated an institution to take charge of the development and registration process of CDM projects. Striving for more successful registrations within a shorter period of time, the Group will continue to optimise the development process, maintain close communications with relevant authorities and offer comprehensive management on project development.

4. *Changes in interest rate*

The Group is principally engaged in wind power investment and its capital is mainly sourced from bank loans. Therefore, the benchmark lending rate announced by the People's Bank of China ("PBOC") will have a direct impact on the Group's cost of debt and future changes in interest rate will also have certain impacts on the Group's cost of debt. With a good credit record, a majority of the Group's cost of debt are charged at an interest rate approximately 10% below the prevailing interest rate of PBOC for RMB loans over the same period. The Group will strive to reduce the finance cost by actively monitoring the changes in credit policies, taking pre-emptive actions, strengthening capital management and expanding financing channels.

5. *Fluctuation in foreign exchange rate*

A majority of the revenue as well as expenses of the Group are denominated in Renminbi while a small portion of borrowings and revenue from the CDM business of the Group are denominated in foreign currencies. Accordingly, changes in foreign exchange rate will result in foreign exchange losses or gains in those businesses denominated in foreign currencies of the Group. However, as the revenue and loans denominated in foreign currencies made up an insignificant portion in the total revenue and total debt, the Group is not exposed to material and adverse impact. The Group will make efforts in observing and studying any fluctuation in foreign exchange rate whilst enhancing the management and controlling system of exchange risk in pro-active response to any changes in the foreign exchange market.

6. *Changes in fuel price*

The changes in coal price will have certain effect on the results of the coal power plants of the Company. The coal price varies depending on several factors such as market demand and supply, seasons and geographical location. In order to reduce the coal cost, the Group will proactively expand its purchasing channels, optimise coal procurement structure, enhance the whole management process over the coal operation and fuel management, as well as closely keep track of the market conditions, optimise the plan of coal procurement and storage and adjust the form of transportation.

As the above risks have limited impact on the operating results of the Group and with an array of corporate initiatives to control and manage such risks, a comprehensive internal risk management system has been established by the Group to ensure risks are assessed, minimised and monitored.

V. Outlook in 2010

Though the global economy looks set to return to slow growth with international trade expected to recover at a steady pace, there are still uncertainties surrounding the world's economic development in 2010. Structural adjustments and industry restructuring will become the next trend in global development while China's economy is on a smooth recovery. As the global temperatures continue to rise, the world has come to realise the considerable threats posed by global warming to human beings and has gone full steam ahead with various policies and measures to reduce greenhouse gas emissions. As part of the campaign, the future direction of development in the power industry is likely to lie in the adjustment and reform of energy structure. Unprecedented opportunities are arising in the development of renewable energy.

In respect of the global trend of renewable energy, the world shares a growing concern on the issue of the changing global climate and renewable energy high on the agenda of strategic planning of many countries when looking into the future as a major means to tackle the current financial crisis, stimulate economic recovery and increase employment opportunities, as well as a driving force for long term economic development and new economic boom. Furthermore, the PRC government has undertaken to meet the energy saving and emission reduction targets by 2020 and development plans for emerging strategic industries are expected to be delivered soon. The renewable energy industry is expected to undergo more rapid development with growing support from new energy policies, putting the Group in an extremely favourable position in wind power development.

In 2010, the Group will make its best endeavours to fulfil the following performance targets:

1. To enhance operation management by boosting wind power generation to over 10,000 GWh;
2. To enhance construction management by introducing an additional installed capacity of 2,000 MW in wind power production, boosting the consolidated installed capacity of wind power to 6,500 MW by the end of 2010;
3. To enhance market exploration by approving wind power projects of over 2,000 MW;
4. To enhance corporate profitability by achieving a relatively high level increase in profit;

5. To enhance capital market operation by maintaining a good corporate image in the market and steady growth in its results;
6. To enhance technology innovation by perfecting the supporting system of technical services, so as to further build up the “Long Yuan Wind Power” brand.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2009.

DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2009, except for the special distribution as stated in the prospectus of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 29 April 2010 to Friday, 28 May 2010, both days inclusive. To be eligible to attend and vote at the annual general meeting, all transfers must be lodged by holders of H shares of the Company with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 April 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Being a company listed on the Hong Kong Stock Exchange, the Company has strived all along to maintain a high standard of corporate governance and complied with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules as the code of conduct regarding all directors' and supervisors' dealings in the Company's securities. Having made specific enquiry with the directors and supervisors of the Company, all directors and supervisors confirmed that they had strictly complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Companies during the reporting period.

AUDITORS

KPMG and RSM China Certified Public Accountants Co., Ltd. (中瑞岳華會計師事務所) were appointed as the Company's international and domestic auditors respectively for the year ended 31 December 2009. The 2009 financial statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has retained the services of KPMG and RSM China Certified Public Accountants Co., Ltd. since the date of preparation of its listing. A resolution to reappoint KPMG and RSM China Certified Public Accountants Co., Ltd. as the Company's international and domestic auditors respectively will be proposed at the annual general meeting to be held on 28 May 2010.

AUDIT COMMITTEE

The 2009 annual results of the Group and the financial statements for the year ended 31 December 2009 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement will be published on the HKExnews website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.com.hk> and the Company's website at <http://www.clypg.com.cn>.

The Company's 2009 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Beijing, PRC, 30 March 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Xie Changjun, Mr. Tian Shicun and Mr. Wang Liansheng; the non-executive Directors are Mr. Zhu Yongpeng, Mr. Wang Baole and Mr. Luan Baoxing; and the independent non-executive Directors are Mr. Li Junfeng, Mr. Zhang Songyi and Mr. Meng Yan.

* *For identification purpose only*