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)

Interim Results Announcement for the Six Months Ended 30 June 2010

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2010, the Group recorded revenue of RMB6,244 million, representing an increase of 59.6% over the corresponding period of 2009.
- For the six months ended 30 June 2010, profit before taxation amounted to RMB1,474 million, representing an increase of 55.3% over the corresponding period of 2009.
- For the six months ended 30 June 2010, net profit attributable to shareholders/equity owner of the Company amounted to RMB852 million, representing an increase of 100.5% over the corresponding period of 2009.
- For the six months ended 30 June 2010, earnings per share amounted to approximately RMB0.1141.

The board of directors (the "Board") of China Longyuan Power Group Corporation Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010, together with comparative figures for the corresponding period in 2009. The results were prepared in accordance with the International Accounting Standards 34, "Interim financial reporting" issued by the International Accounting Standards Board and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

I. FINANCIAL INFORMATION

Consolidated statement of comprehensive income

For the six months ended 30 June 2010 — unaudited

(Expressed in Renminbi)

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

	Note	Six months ended 30 June 2010 RMB'000	2009 RMB'000
Profit before taxation		**1,473,556**	949,423
Income tax	8	**(214,861)**	(150,718)
Profit for the period		**1,258,695**	798,705
Other comprehensive income			
Available-for-sale financial assets:			
net movement in the fair value reserve		**(5,620)**	4,648
Exchange difference on translation of			
financial statements of overseas subsidiaries		**660**	(2,056)
Other comprehensive income for the period, net of tax	9	**(4,960)**	2,592
Total comprehensive income for the period		**1,253,735**	801,297
Profit attributable to:			
Shareholders/equity owner of the Company		**851,707**	425,317
Non-controlling interests		**406,988**	373,388
Profit for the period		**1,258,695**	798,705

	Note	Six months ended 30 June **2010** ***RMB'000***	2009 *RMB'000*
Total comprehensive income attributable to:			
Shareholders/equity owner of the Company		**846,747**	427,909
Non-controlling interests		**406,988**	373,388
Total comprehensive income for the period		**1,253,735**	801,297
Basic and diluted earnings per share ***(RMB cents)***	10	***11.41***	*8.51*

Consolidated balance sheet

At 30 June 2010 — unaudited

(Expressed in Renminbi)

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

	Note	At 30 June 2010 RMB'000	At 31 December 2009 RMB'000
Net current liabilities		**(10,674,717)**	(3,325,030)
Total assets less current liabilities		**40,930,472**	44,261,866
Non-current liabilities			
Borrowings		**12,597,293**	16,219,301
Obligations under finance leases		**—**	50,000
Deferred income		**2,211,224**	2,267,661
Deferred tax liabilities		**46,464**	44,930
Total non-current liabilities		**14,854,981**	18,581,892
NET ASSETS		**26,075,491**	25,679,974
CAPITAL AND RESERVES			
Share capital		**7,464,289**	7,464,289
Reserves		**14,650,223**	14,435,518
Total equity attributable to the shareholders of the Company		**22,114,512**	21,899,807
Non-controlling interests		**3,960,979**	3,780,167
TOTAL EQUITY		**26,075,491**	25,679,974

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The comparative figures for the six months ended 30 June 2009 represent the information from consolidated financial statements of China Longyuan Electric Power Group Corporation ("CLEPG") and its subsidiaries for the period since the Company has not been established by then. Upon establishment of the Company in July 2009, assets and liabilities of CLEPG and its subsidiaries were injected into the Company. As there was no change in controlling shareholders before and after the establishment of the Company, the consolidated financial statements for the six months ended 30 June 2009 have been prepared as a reorganisation under common control.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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 in the interim report to be sent to shareholders.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2010.

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2010 and 2009 is set out below:

For the six months ended 30 June 2010:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	**2,153,332**	**1,891,085**	**24,693**	**4,069,110**
— Others	**156**	**1,921,610**	**76,191**	**1,997,957**
Subtotal	**2,153,488**	**3,812,695**	**100,884**	**6,067,067**
Inter-segment revenue	**—**	**—**	**101,716**	**101,716**
Reportable segment revenue	**2,153,488**	**3,812,695**	**202,600**	**6,168,783**
Reportable segment profit (operating profit)	**1,540,440**	**447,003**	**35,046**	**2,022,489**
Depreciation and amortisation before inter-segment elimination	**(777,259)**	**(245,322)**	**(18,894)**	**(1,041,475)**
Impairment of trade and other receivables	**(739)**	**—**	**(299)**	**(1,038)**
Interest income	**976**	**8,198**	**15,561**	**24,735**
Interest expense	**(385,143)**	**(72,201)**	**(62,518)**	**(519,862)**
Reportable segment assets	**48,273,484**	**7,546,471**	**1,570,581**	**57,390,536**
Expenditures for reportable segment non-current assets during the period	**4,741,291**	**93,923**	**32,405**	**4,867,619**
Reportable segment liabilities	**34,734,554**	**5,166,561**	**2,547,693**	**42,448,808**

For the six months ended 30 June 2009:

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

For the year ended 31 December 2009:

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

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

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

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

(c) Geographical information

All of the Group's operations are located in the People's Republic of China ("PRC"), therefore no geographic segment reporting is presented.

(d) Seasonality of operations

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

4 REVENUE

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

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

5 OTHER NET INCOME

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

6 FINANCE INCOME AND EXPENSES

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

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

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

8 INCOME TAX

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

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

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

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

Notes:

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

9 OTHER COMPREHENSIVE INCOME

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

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2010 of RMB851,707,000 (six months ended 30 June 2009: RMB425,317,000) and the number of shares in issue during the six months ended 30 June 2010 of 7,464,289,000 (six months ended 30 June 2009: 5,000,000,000). The shares in issue during the six months ended 2009 represented the number of shares issued and outstanding upon the establishment of the Company in July 2009 as if such shares were outstanding for the period.

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

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

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

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

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

12 TRADE CREDITORS AND BILLS PAYABLE

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

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

13 DIVIDENDS

(i) Special distribution

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

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

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

II. MANAGEMENT DISCUSSION & ANALYSIS

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

(I) BUSINESS REVIEW

1. Sustained growth in electricity generation

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

During the reporting period, the Group successively commenced the construction of a number of projects, emphasized on the construction quality and progress and strived to achieve the commissioning target for the year. The installed capacity of the Group's wind power projects commenced operation in the first half of 2010 was 49.5 MW. During the first half of 2010, the average utilisation hours of the Group's wind power generating units was 1,086 hours while certain regions still experienced limitations on electricity output.

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

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

2. ***Substantial growth in profit***

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

3. Tariff rate remained stable

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

4. Decrease in purchase costs of wind power equipment

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

5. Diversified financing sources for cost saving

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

6. Improved wind power project development and construction

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

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

7. Strengthened CDM development

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

(II) RESULTS OF OPERATIONS AND ANALYSIS THEREOF

1. Overview

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

(1) Operating Revenue

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

(2) Other net income

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

(3) Operating expenses

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

- Coal consumption

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

- Depreciation and amortisation expenses

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

- Personnel costs

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

- Cost of coal sales

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

- Material costs

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

- Repair and maintenance expenses

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

- Administrative expenses and other operating expenses

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

(4) Operating profit

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

(5) Net finance expenses

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

(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 RMB37 million in the first half of 2010, representing an increase of 27.6% from RMB29 million over the corresponding period of 2009.

(7) Income tax

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

2. *Segment results of operations*

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

3. *Liquidity and sources of fund*

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

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

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

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

4. *Capital expenditure*

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

5. Net gearing ratio

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

6. Material investment

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

7. Material acquisition and disposal

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

8. Pledged assets

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

9. Contingent liabilities

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

(III) BUSINESS OUTLOOK FOR THE SECOND HALF OF 2010

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

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

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

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

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

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

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

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

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

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

III. OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2010.

Compliance with the Code on Corporate Governance Practices

Being a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, 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 Listing Rules. For the six months ended 30 June 2010, the Company had not deviated from the code provisions.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and Supervisors in the securities of the Company. Having made specific enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers during the reporting period.

Audit Committee

The Company has established the audit committee in accordance with the requirements of the Listing Rules to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review their work. The audit committee of the Board consists of three Directors: Mr. Zhang Songyi (independent non-executive Director), Mr. Meng Yan (independent non-executive Director) and Mr. Luan Baoxing. Mr. Meng Yan serves as the chairman of the audit committee. On 19 August 2010, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2010, the 2010 interim report and the unaudited interim financial statements for the six months ended 30 June 2010 prepared under International Accounting Standards 34 “Interim Financial Reporting”.

Publication of Interim Results and 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 2010 interim 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, the PRC, 19 August 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*