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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)

Interim Results Announcement for the Six Months Ended 30 June 2012

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2012, the Group recorded revenue of RMB8,435 million, representing an increase of 8.3% over the corresponding period of 2011.
- For the six months ended 30 June 2012, profit before taxation amounted to RMB1,988 million, representing an increase of 0.6% over the corresponding period of 2011.
- For the six months ended 30 June 2012, net profit attributable to shareholders of the Company amounted to RMB1,460 million, representing an increase of 3.6% over the corresponding period of 2011.
- For the six months ended 30 June 2012, earnings per share amounted to approximately RMB0.1957.

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 2012, together with comparative figures for the corresponding period of 2011. The results were prepared in accordance with the International Accounting Standards ("IAS") 34, *Interim financial reporting* issued by the International Accounting Standards Board ("IASB") 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 profit or loss and other comprehensive income
For the six months ended 30 June 2012 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
			(restated — note 14)
Revenue	4	**8,435,059**	7,792,196
Other net income	5	**767,503**	590,290
Operating expenses			
Depreciation and amortisation		**(1,773,535)**	(1,444,042)
Coal consumption		**(1,386,070)**	(1,398,041)
Coal sales costs		**(1,595,246)**	(1,799,398)
Service concession construction costs		**(175,116)**	(47,928)
Personnel costs		**(416,705)**	(358,559)
Material costs		**(227,402)**	(238,229)
Repairs and maintenance		**(85,979)**	(104,243)
Administration expenses		**(118,631)**	(92,798)
Other operating expenses		**(184,860)**	(185,951)
		(5,963,544)	(5,669,189)
Operating profit		**3,239,018**	2,713,297

	Note	Six months ended 30 June 2012 RMB'000	2011 RMB'000 (restated — note 14)
Finance income		**40,235**	60,037
Finance expenses		**(1,339,766)**	(846,044)
Net finance expenses	6	**(1,299,531)**	(786,007)
Share of profits less losses of associates and jointly controlled entities		**48,355**	49,790
Profit before taxation	7	**1,987,842**	1,977,080
Income tax	8	**(118,855)**	(203,754)
Profit for the period		**1,868,987**	1,773,326
Other comprehensive income/(losses)			
Available-for-sale financial assets: net movement in the fair value reserve		**(224)**	(2,372)
Exchange difference on net investment		**1,089**	(4,016)
Exchange difference on translation of financial statements		**(826)**	(245)
Other comprehensive income/(losses) for the period, net of tax	9	**39**	(6,633)
Total comprehensive income for the period		**1,869,026**	1,766,693

		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
			(restated — note 14)
Profit attributable to:			
Shareholders of the Company		**1,460,443**	1,408,925
Non-controlling interests		**408,544**	364,401
Profit for the period		**1,868,987**	1,773,326
Total comprehensive income attributable to:			
Shareholders of the Company		**1,460,482**	1,402,292
Non-controlling interests		**408,544**	364,401
Total comprehensive income for the period		**1,869,026**	1,766,693
Basic and diluted earnings per share (RMB cents)	10	**19.57**	18.88

Consolidated balance sheet
At 30 June 2012 — unaudited
(Expressed in Renminbi)

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

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000 (restated — note 14)
Current liabilities			
Borrowings		**21,850,680**	19,078,207
Trade creditors and bills payable	12	**1,216,940**	1,597,000
Other payables		**7,432,105**	9,003,550
Tax payable		**98,311**	157,557
Total current liabilities		**30,598,036**	29,836,314
Net current liabilities		**(15,468,174)**	(16,363,631)
Total assets less current liabilities		**67,010,204**	64,787,705
Non-current liabilities			
Borrowings		**33,654,583**	31,828,121
Deferred income		**1,925,505**	1,992,723
Deferred tax liabilities		**102,254**	100,550
Other non-current liabilities		**662,151**	541,094
Total non-current liabilities		**36,344,493**	34,462,488
NET ASSETS		**30,665,711**	30,325,217

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000 (restated — note 14)
CAPITAL AND RESERVES			
Share capital		**7,464,289**	7,464,289
Reserves		**18,556,077**	18,444,302
Total equity attributable to the shareholders of the Company		**26,020,366**	25,908,591
Non-controlling interests		**4,645,345**	4,416,626
TOTAL EQUITY		**30,665,711**	30,325,217

1 BASIS OF PREPARATION

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements and has been restated for a business combination under common control as disclosed in note 14. The annual financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2012.

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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, biomass and solar power generation, 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, trading securities, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and other corporate liabilities.

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2012 and 2011 is set out below:

For the six months ended 30 June 2012

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

For the six months ended 30 June 2011 (restated - note 14)

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

For the year ended 31 December 2011 (restated - note 14)

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

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Revenue		
Reportable segment revenue	**8,349,438**	7,828,784
Service concession construction revenue	**175,116**	47,928
Elimination of inter-segment revenue	**(89,495)**	(84,516)
Consolidated revenue	**8,435,059**	7,792,196
Profit		
Reportable segment profit	**3,321,413**	2,794,718
Elimination of inter-segment profits	**(25,869)**	(29,538)
	3,295,544	2,765,180
Share of profits less losses of associates and jointly controlled entities	**48,355**	49,790
Net finance expenses	**(1,299,531)**	(786,007)
Unallocated head office and corporate expenses	**(56,526)**	(51,883)
Consolidated profit before taxation	**1,987,842**	1,977,080

	At 30 June 2012	At 31 December 2011
	RMB'000	*RMB'000* *(restated — note 14)*
Assets		
Reportable segment assets	**98,671,503**	94,102,268
Inter-segment elimination	**(3,225,523)**	(2,627,720)
	95,445,980	91,474,548
Investments in associates and jointly controlled entities	**1,603,732**	1,554,483
Available-for-sale investments	**10,195**	10,493
Unquoted equity investments	**699,334**	510,180
Trading securities	**304,918**	406,041
Tax recoverable	**169,034**	72,303
Deferred tax assets	**190,621**	180,827
Unallocated head office and corporate assets	**40,342,799**	39,307,430
Elimination	**(41,158,373)**	(38,892,286)
Consolidated total assets	**97,608,240**	94,624,019
Liabilities		
Reportable segment liabilities	**74,115,383**	72,522,298
Inter-segment elimination	**(3,025,213)**	(2,413,807)
	71,090,170	70,108,491
Tax payable	**98,311**	157,557
Deferred tax liabilities	**102,254**	100,550
Unallocated head office and corporate liabilities	**36,810,167**	32,824,490
Elimination	**(41,158,373)**	(38,892,286)
Consolidated total liabilities	**66,942,529**	64,298,802

(c) Geographical information

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

(d) Seasonality of operations

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

4 REVENUE

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Sales of electricity	**6,082,013**	5,335,044
Sales of steam	**155,990**	169,024
Service concession construction revenue	**175,116**	47,928
Sales of electricity equipment	**92,253**	145,395
Sales of coal	**1,715,076**	1,902,464
Others	**214,611**	192,341
	8,435,059	7,792,196

5 OTHER NET INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Government grants		
— Sales of Certified Emission Reductions ("CERs") and Voluntary Emission Reductions ("VERs")	**446,854**	383,315
— Others	**197,474**	187,304
Rental income from investment properties	**6,646**	8,749
Net gain on disposal of plant, property and equipment	**159**	54
Penalty income from wind turbine suppliers *(note (i))*	**115,089**	8,628
Others	**1,281**	2,240
	767,503	590,290

Notes:

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

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Interest income on financial assets	**29,316**	23,754
Gain on disposal of unquoted equity investments	**—**	19,691
Dividend income from other investments	**8,588**	—
Foreign exchange gains	**2,331**	16,592
Finance income	**40,235**	60,037
Interest on bank and other borrowings	**1,567,163**	1,029,623
Less: interest expenses capitalised into property, plant and equipment and intangible assets	**(352,835)**	(225,505)
	1,214,328	804,118
Foreign exchange losses	**40,539**	3,744
Net unrealised losses on trading securities	**67,833**	17,881
Impairment losses on trade and other receivables	**874**	200
Bank charges and others	**16,192**	20,101
Finance expenses	**1,339,766**	846,044
Net finance expenses recognised in profit or loss	**(1,299,531)**	(786,007)

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

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

8 INCOME TAX

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Current tax		
Provision for the period	**213,572**	203,739
Over provision in respect of prior years *(note (ii))*	**(86,701)**	(1,192)
	126,871	202,547
Deferred tax		
Origination and reversal of temporary differences	**(8,016)**	1,207
	118,855	203,754

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated — note 14)
Profit before taxation	**1,987,842**	1,977,080
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**496,961**	494,270
Tax effect of non-deductible expenses	**4,832**	5,827
Tax effect of share of profits less losses of associates and jointly controlled entities	**(12,089)**	(12,447)
Effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(333,041)**	(294,522)
Tax effect of unused tax losses and timing differences not recognised	**49,858**	31,604
Tax credits for purchase of domestic equipment	**—**	(19,667)
Over provision in respect of prior years *(note (ii))*	**(86,701)**	(1,192)
Others	**(965)**	(119)
Income tax	**118,855**	203,754

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2012 and the six months ended 30 June 2011, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

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

9 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the period	**(298)**	(3,162)
— Tax credit	**74**	790
Net of tax amount	**(224)**	(2,372)
Translation of financial statements		
— Before and net of tax amount	**(826)**	(245)
Exchange difference on net investment		
— Before tax amount	**1,089**	(5,355)
— Tax credit	**—**	1,339
Net of tax amount	**1,089**	(4,016)
Other comprehensive income	**39**	(6,633)

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 2012 of RMB1,460,443,000 (six months ended 30 June 2011 (restated - note 14): RMB1,408,925,000) and the number of shares in issue of 7,464,289,000 during the six months ended 30 June 2012 and 2011.

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

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

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

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

12 TRADE CREDITORS AND BILLS PAYABLE

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

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

13 DIVIDENDS

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

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

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

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

14 ACQUISITION OF BUSINESSES

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

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

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

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

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

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

15 SUBSEQUENT EVENTS

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

II. MANAGEMENT DISCUSSION & ANALYSIS

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

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

(I) BUSINESS REVIEW

1. Optimised layout and continuous improvement in development

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

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

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

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

2. Consolidated leading position in offshore wind power development

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

3. Project construction progressing ahead in an orderly manner

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

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

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

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

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

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

5. ***Stable growth in profit***

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

6. ***Sustained increase in tariffs***

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

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

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

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

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

9. Remarkable result in the registration of CDM Projects

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

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

The Group always prioritises technology innovation and talents cultivation. 18 new technology projects were launched in the first half of 2012, among which 4 are high technology projects under the National 863 Planned Projects approved by the State Ministry of Science and Technology, 2 are projects of 973 Plan (973課題), 4 are technology projects initiated by Guodian Group and 8 are projects initiated by the Company. The Group was honored with a 2nd class award for technological advancement of 2012 from Guodian Group for self-developed technology projects, namely "New Model and Application of Condition Monitoring of Key Equipment in Wind Power Generating Units" (風電機組關鍵設備狀態監測創新模式與應用) and "Research on the Estimation System of Power Generation and Wind Power (Loads) Prediction System of Wind Farms" (風電場發電量評估及功率(負

荷)預測系統的研究). Meanwhile, the Group enhanced the development of a team of talents and the Group's core competitiveness through management, technique, power generation output and efficiency competitions among employees from wind power enterprises under Guodian Group. It improved the mechanism of cultivation and evaluation of experts and refined the incentive mechanism in this respect. During the reporting period, three frontline staff of companies of the Group were awarded "technical experts of central State-owned enterprises" by State-owned Assets Supervision and Administration Commission of the State Council. Solid expertise, state-of-the-art techniques and outstanding quality set a batch of employees apart from others.

(II) RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Overview

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

Operating revenue

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

Other net income

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

Operating expenses

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

Depreciation and amortisation expenses

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

Coal consumption costs

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

Cost of coal sales

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

Service concession construction costs

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

Personnel costs

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

Material costs

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

Repair and maintenance expenses

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

Administrative expenses

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

Other operating expenses

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

Net finance expenses

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

Share of profits less losses of associates and jointly controlled entities

The Group's share of profits less losses of associates and jointly controlled entities amounted to RMB48 million in the first half of 2012, representing a decrease of 4.0% as compared to RMB50 million in the corresponding period of 2011, primarily due to a decline in business of the associates in the first half of 2012 as compared to the corresponding period of 2011.

Income tax

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

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

Segment results of operation

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

Assets and liabilities

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

Capital liquidity

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

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

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

Capital expenditures

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

Net gearing ratio

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

Material investments

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

Material acquisitions and disposals

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

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

Pledged assets

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

Contingent liabilities/Guarantees

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

Cash flow analysis

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

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

(III) PROSPECT IN THE SECOND HALF OF 2012

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

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

1. Comprehensive Measures to Safeguard Electricity Output

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

2. Speed up construction progress in full swing

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

3. Optimise investment strategy

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

4. Strengthen internal management

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

5. Foster Corporate Transformation

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

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 2012.

Interim Dividend

The Board of Directors has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2012.

Compliance with the Requirements of Appendix 14 of the Listing Rules

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

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

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

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

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

Audit Committee

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

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

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

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.hk and the Company’s website at http://www.clypg.com.cn.

The Company's 2012 interim report containing all the information required under the Listing Rules will be dispatched 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

Hong Kong, PRC, 27 August 2012

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

* *For identification purpose only*