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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 2015

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2015, the revenue amounted to RMB10,541 million, representing an increase of 17.0% over the corresponding period of 2014
- For the six months ended 30 June 2015, profit before taxation amounted to RMB3,238 million, representing an increase of 48.7% over the corresponding period of 2014
- For the six months ended 30 June 2015, net profit attributable to shareholders of the Company amounted to RMB2,207 million, representing an increase of 61.6% over the corresponding period of 2014
- For the six months ended 30 June 2015, basic earnings per share amounted to RMB0.2746, representing an increase of RMB0.1046 over the corresponding period of 2014

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 2015, together with comparative figures for the corresponding period of 2014. 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**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
			<i>(restated-note 14)</i>
Revenue	4	10,540,624	9,008,071
Other net income	5	209,900	217,590
Operating expenses			
Depreciation and amortisation		(2,682,972)	(2,415,935)
Coal consumption		(760,632)	(892,660)
Coal sales costs		(1,060,412)	(1,076,539)
Service concession construction costs		(381,050)	(20,461)
Personnel costs		(547,812)	(495,715)
Material costs		(187,857)	(180,472)
Repairs and maintenance		(205,711)	(190,504)
Administration expenses		(134,052)	(114,774)
Other operating expenses		(366,351)	(239,453)
		(6,326,849)	(5,626,513)
Operating profit		4,423,675	3,599,148
Finance income		131,594	63,007
Finance expenses		(1,541,009)	(1,650,657)
Net finance expenses	6	(1,409,415)	(1,587,650)
Share of profits less losses of associates and joint ventures		223,669	166,884

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(restated-note 14)</i>
Profit before taxation	7	3,237,929	2,178,382
Income tax	8	<u>(362,791)</u>	<u>(286,688)</u>
Profit for the period		<u>2,875,138</u>	<u>1,891,694</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange difference on translation of Senior Perpetual Securities		<u>(1,055)</u>	<u>23,480</u>
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Net movement in the fair value reserve		4,259	293
Exchange difference on net investment		(26,990)	15,535
Exchange difference on translation of financial statements of overseas subsidiaries		<u>(31,083)</u>	<u>(160)</u>
		<u>(53,814)</u>	<u>15,668</u>
Other comprehensive income for the period, net of tax	9	<u>(54,869)</u>	<u>39,148</u>
Total comprehensive income for the period		<u>2,820,269</u>	<u>1,930,842</u>

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(restated-note 14)</i>
Profit attributable to:			
Shareholders of the Company		2,206,743	1,366,497
Non-controlling interests		668,395	525,197
		<u> </u>	<u> </u>
Profit for the period		2,875,138	1,891,694
		<u> </u>	<u> </u>
Total comprehensive income attributable to:			
Shareholders of the Company		2,152,929	1,382,165
Non-controlling interests		667,340	548,677
		<u> </u>	<u> </u>
Total comprehensive income for the period		2,820,269	1,930,842
		<u> </u>	<u> </u>
Basic and diluted earnings per share			
<i>(RMB cents)</i>	10	27.46	17.00
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AT 30 JUNE 2015 – UNAUDITED***(Expressed in Renminbi unless otherwise stated)*

		At 30 June 2015	At 31 December 2014
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		93,028,073	88,306,598
Investment properties		4,700	4,878
Lease prepayments		1,971,728	1,872,602
Intangible assets		8,683,974	8,529,856
Goodwill		11,541	11,541
Investments in associates and joint ventures		3,836,106	3,602,146
Other assets		5,900,727	6,282,480
Deferred tax assets		157,295	154,728
Total non-current assets		113,594,144	108,764,829
Current assets			
Inventories		1,072,317	1,017,073
Trade debtors and bills receivable	11	5,823,733	6,410,610
Prepayments and other current assets		3,434,008	4,072,194
Tax recoverable		194,259	202,027
Trading securities		95,512	222,639
Restricted deposits		111,078	439,512
Cash at bank and on hand		2,789,303	2,388,971
Total current assets		13,520,210	14,753,026

		At 30 June 2015	At 31 December 2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Borrowings		37,312,309	36,069,670
Trade creditors and bills payable	12	1,159,974	1,020,623
Other payables		9,640,623	9,038,981
Tax payable		159,694	112,165
Derivative financial instrument		2,527	6,319
Total current liabilities		48,275,127	46,247,758
Net current liabilities		(34,754,917)	(31,494,732)
Total assets less current liabilities		78,839,227	77,270,097
Non-current liabilities			
Borrowings		33,067,982	33,762,179
Deferred income		1,753,331	1,790,056
Deferred tax liabilities		107,214	106,667
Other non-current liabilities		724,705	761,755
Total non-current liabilities		35,653,232	36,420,657
NET ASSETS		43,185,995	40,849,440

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CAPITAL AND RESERVES		
Share capital	8,036,389	8,036,389
Reserves	26,694,006	25,020,849
Total equity attributable to the shareholders of the Company	34,730,395	33,057,238
Non-controlling interests	8,455,600	7,792,202
TOTAL EQUITY	43,185,995	40,849,440

NOTES:

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, 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 18 August 2015.

This interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group as at 30 June 2015 amounting to RMB34,754,917,000. The directors of the Company (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 banks as at 30 June 2015, 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 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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 2014 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 2014 that is included in the interim financial report does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2015.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3 SEGMENT REPORTING

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

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

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

(a) Segment results

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

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

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 2015 and 2014 is set out below:

For the six months ended 30 June 2015:

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
– Sales of electricity	6,713,141	1,647,735	216,616	8,577,492
– Others	–	1,407,950	174,132	1,582,082
Subtotal	6,713,141	3,055,685	390,748	10,159,574
Inter-segment revenue	–	–	347,798	347,798
Reportable segment revenue	<u>6,713,141</u>	<u>3,055,685</u>	<u>738,546</u>	<u>10,507,372</u>
Reportable segment profit (operating profit)	<u>3,827,312</u>	<u>563,814</u>	<u>71,245</u>	<u>4,462,371</u>
Depreciation and amortisation before inter-segment elimination	(2,392,901)	(217,415)	(88,775)	(2,699,091)
Reversal of impairment of trade and other receivables	–	–	1,691	1,691
Interest income	11,329	12,359	44,316	68,004
Interest expense	(1,272,368)	(39,878)	(189,093)	(1,501,339)
Expenditures for reportable segment non-current assets during the period	7,313,867	193,824	260,691	7,768,382

For the six months ended 30 June 2014 (*restated-note 14*)

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from				
external customers				
– Sales of electricity	5,605,968	1,641,170	276,568	7,523,706
– Others	25,499	1,357,488	80,917	1,463,904
Subtotal	5,631,467	2,998,658	357,485	8,987,610
Inter-segment revenue	–	–	142,869	142,869
Reportable segment revenue	5,631,467	2,998,658	500,354	9,130,479
Reportable segment profit (operating profit)	3,118,106	415,608	93,222	3,626,936
Depreciation and amortisation before inter-segment elimination	(2,119,267)	(243,990)	(78,896)	(2,442,153)
Reversal of impairment of trade and other receivables	332	–	169	501
Interest income	7,717	11,565	4,725	24,007
Interest expense	(1,312,147)	(44,070)	(118,913)	(1,475,130)
Expenditures for reportable segment non-current assets during the period	4,378,409	267,366	122,644	4,768,419

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
		<i>(restated-note 14)</i>
Revenue		
Reportable segment revenue	10,507,372	9,130,479
Service concession construction revenue	381,050	20,461
Elimination of inter-segment revenue	(347,798)	(142,869)
Consolidated revenue	10,540,624	9,008,071
Profit		
Reportable segment profit	4,462,371	3,626,936
Elimination of inter-segment profits	2,303	11,379
	4,464,674	3,638,315
Share of profits less losses of associates and joint ventures	223,669	166,884
Net finance expenses	(1,409,415)	(1,587,650)
Unallocated head office and corporate expenses	(40,999)	(39,167)
Consolidated profit before taxation	3,237,929	2,178,382

(c) Geographical information

As the Group does not have material operations outside the People's Republic of China ("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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(restated-note 14)</i>
Sales of electricity	8,577,492	7,523,706
Sales of steam	122,388	125,262
Service concession construction revenue	381,050	20,461
Sales of electricity equipment	106,560	40,209
Sales of coal	1,120,292	1,140,780
Others	232,842	157,653
	<u>10,540,624</u>	<u>9,008,071</u>

5 OTHER NET INCOME

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i> (restated- note 14)
Government grants	200,533	191,926
Rental income from investment properties	3,428	2,744
Net gain on disposal of property, plant and equipment and lease prepayments	348	956
Penalty income from wind turbine suppliers (<i>note (i)</i>)	282	10,423
Others	5,309	11,541
	<u>209,900</u>	<u>217,590</u>

Note:

- (i) Penalty income from wind turbine suppliers mainly represented compensations from a third party wind turbine supplier 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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i> (restated- note 14)
Interest income on financial assets	68,004	24,007
Dividend income from other investments	208	–
Net realised and unrealised gains on trading securities	39,110	–
Net unrealised gains on derivative financial instruments	–	14,403
Foreign exchange gains	24,272	24,597
Finance income	131,594	63,007
Interest on bank and other borrowings	1,783,171	1,638,137
Less: interest expenses capitalised into property, plant and equipment and intangible assets	(281,832)	(163,007)
	1,501,339	1,475,130
Foreign exchange losses	14,412	62,598
Net unrealised losses on derivative financial instruments	2,527	–
Net realised and unrealised losses on trading securities	–	86,233
Bank charges and others	22,731	26,696
Finance expenses	1,541,009	1,650,657
Net finance expenses recognised in profit or loss	(1,409,415)	(1,587,650)

The borrowing costs have been capitalised at rates of 4.57% to 7.15% for the period ended 30 June 2015 (six months ended 30 June 2014: 2.52% to 7.15%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(restated- note 14)</i>
Amortisation		
– lease prepayments	39,535	29,373
– intangible assets	213,994	212,150
Depreciation		
– investment properties	178	116
– property, plant and equipment	2,429,265	2,174,296
Operating lease charges		
– hire of plant and machinery	30	96
– hire of properties	9,582	8,764
Cost of inventories	2,075,624	2,217,732

8 INCOME TAX

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for the period	361,688	278,611
Under provision in respect of prior years	4,522	33,533
	366,210	312,144
Deferred tax		
Origination and reversal of temporary differences	(3,419)	(25,456)
	362,791	286,688

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
		<i>(restated-note 14)</i>
Profit before taxation	<u>3,237,929</u>	<u>2,178,382</u>
Applicable tax rate	25%	25%
Notional tax on profit before taxation	809,482	544,596
Tax effect of non-deductible expenses	4,903	11,375
Tax effect of share of profits less losses of associates and joint ventures	(55,917)	(41,721)
Tax effect of non-taxable income	(52)	–
Effect of differential tax rate of certain subsidiaries of the Group (<i>note (i)</i>)	(432,836)	(304,971)
Use of unrecognised tax losses in prior years	(2,129)	(4,061)
Tax effect of unused tax losses and timing differences not recognised	32,830	46,568
Under provision in respect of prior years	4,522	33,533
Others	<u>1,988</u>	<u>1,369</u>
Income tax	<u>362,791</u>	<u>286,688</u>

Note:

- (i) The provision for income tax of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group for the six months ended 30 June 2015 and the six months ended 30 June 2014, as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

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

9 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of		
Senior Perpetual Securities	(1,055)	23,480
Items that may be reclassified		
subsequently to profit or loss:		
Available-for-sale financial assets:		
Net movement in fair value reserve		
– Before tax amount		
Change in fair value recognised		
during the period	5,679	390
– Tax expense	(1,420)	(97)
Net of tax amount	4,259	293
Exchange difference on net investment		
– Before and net of tax amount	(26,990)	15,535
Translation of financial statements		
– Before and net of tax amount	(31,083)	(160)
	(53,814)	15,668
Other comprehensive income	(54,869)	39,148

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 2015 of RMB2,206,743,000 (six months ended 30 June 2014 (restated-note 14): RMB1,366,497,000) and the number of shares in issue during the six months ended 30 June 2015 of 8,036,389,000 (six months ended 30 June 2014: 8,036,389,000).

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Amounts due from third parties	5,695,203	6,192,631
Amounts due from fellow subsidiaries	110,826	204,205
Amounts due from associates	23,112	19,218
	5,829,141	6,416,054
Less: allowance for doubtful debts	(5,408)	(5,444)
	<u>5,823,733</u>	<u>6,410,610</u>

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

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Current	5,819,744	6,405,554
Past due within 1 year	2,819	2,593
Past due between 1 to 2 years	1,810	4,248
Past due between 2 to 3 years	1,109	2,267
Past due over 3 years	3,659	1,392
	<u>5,829,141</u>	<u>6,416,054</u>
Less: allowance for doubtful debts	<u>(5,408)</u>	<u>(5,444)</u>
	<u><u>5,823,733</u></u>	<u><u>6,410,610</u></u>

12 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Bills payable	783,328	576,253
Creditors and accrued charges	338,081	392,565
Amounts due to associates	15,203	51,805
Amounts due to fellow subsidiaries	23,362	–
	<u>1,159,974</u>	<u>1,020,623</u>

As at 30 June 2015 and 31 December 2014, all trade creditors and bills payable are payable and expected to be settled within one year.

13 DIVIDENDS

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

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB nil).

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2014, approved during the following interim period, of RMB0.0597 per share (year ended 31 December 2013: RMB0.0475)	479,772	381,728

14 ACQUISITION OF BUSINESS

On 29 December 2014, the Company entered into an equity transfer agreement with China Guodian Corporation (“**Guodian Group**”). Pursuant to the equity transfer agreement, the Company acquired equity interest held by Guodian Group in the wind power business at a cash consideration of RMB58,954,000. Details are as follows:

Business name	Acquisition date	Percentage of interest acquired
Guodian Chongqing Wind Power Development Co., Ltd.	29 December 2014	51%

Details of the restatement of the Group's consolidated financial statements are as follows:

	The Group (as previously reported) <i>RMB'000</i>	Acquired Business <i>RMB'000</i>	Elimination <i>RMB'000</i>	The Group (as restated) <i>RMB'000</i>
Results of operations for the period ended 30 June 2014:				
Operating profit	3,588,472	10,676	–	3,599,148
Profit for the period	1,889,566	2,128	–	1,891,694
Profit attributable to:				
– Shareholders of the Company	1,365,412	2,128	(1,043)	1,366,497
– Non-controlling interests	524,154	–	1,043	525,197
Basic and diluted earnings per share (<i>RMB cents</i>)	16.99	0.01	–	17.00

MANAGEMENT DISCUSSION & ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with IFRS unless otherwise specified)

In the first half of 2015, the national economy operated within a reasonable range. With key indicators witnessing a gradual recovery, Chinese economy took on a moderating but stabilizing and positive development trend. However, the economic environment was still complicated at home and abroad. The recovery process of world economy has been tortuous and slow, while the basis for the stabilization of Chinese economy needs further consolidation.

From January to June, the nationwide power supply and demand were ample viewed as a whole. According to the “Statistics of China Power Industry from January to June 2015” (《2015年1–6月份電力工業運行簡況》) issued by the China Electricity Council, the power consumption across the country was 2,662.4 billion kWh from January to June, representing an increase of 1.3% year-on-year, and 4.0 percentage points lower than the corresponding period of last year. The total electrical output reached 2,709.1 billion kWh, representing an increase of 0.6% year-on-year and a decrease of 5.2 percentage points as compared to the corresponding period of last year. As at the end of June 2015, the installed capacity of above-the-scale power plants across the country reached 1,359,514 MW, representing an increase of 8.7% as compared to last year.

In the first half of 2015, wind power generation across the country reached 99 billion kWh, accounting for 3.7% of the total power generation across the country, and 0.7 percentage points higher than the corresponding period of last year. The average utilisation hours of wind power across the country reached 1,002 hours, representing an increase of 16 hours year-on-year.

In the first half of 2015, the Group, with the strong leadership of the Board, proactively coped with the new normal of operation and development, strengthened managing administration, deepened reform and innovation and spared no effort to carry out its work, and thus sustained a sound momentum in its operation and development.

I. BUSINESS REVIEW

1. With safety production management being strengthened continuously, the leading position in terms of wind power production indicators was sustained

With the rapid growth of the size of wind power installed capacity, management of the existing assets is becoming increasingly important. Taking the fundamental management reinforcement as the starting point, the Group made a lot of efforts in ensuring production safety. The management of production safety of the Group was strengthened continuously through increased efforts in building capacity for safe production, improving management rules and system for production safety and promoting the construction of group standardization, conducting the program to implement anti-accident measures and increasing efforts in safety inspection and rectification.

In the first half of 2015, the Group maintained its leading position in terms of power generation and utilisation hours of wind power. First, electricity output benchmarking was enhanced. We made innovation in benchmarking method to further detail the benchmarking by region within the province and carried out in-depth study on the distribution characteristics of wind power projects, which enhanced the comparability, fairness and guidance quality of benchmarking. We strengthened the benchmarking against the leading indicators in the industry to uplift the benchmarking standard and expand the benchmarking scope. Second, the electricity output assessment was detailed. The assessment system was improved to enhance the accuracy and scientificity of indicator calculation. Through steering the assessment incentives toward production line, we aimed to guide wind farms to intensify the economic operation model so as to uplift the awareness of capturing every single kWh of electricity. Third, we adopted multiple measures to address grid curtailment. We spared no efforts in securing power consumption through control over both the percentage and quantity of our electricity subject to grid curtailment and actively developing external channels for consumption. In the first half of 2015, the Group generated a cumulative gross electricity output of 19,383 GWh, of which electricity generated from our wind power business amounted to 14,191 GWh, representing an increase of 22.09% year-on-year. In the first half of 2015, the average utilisation hours of the wind power business was 1,085 hours, representing an increase of 49 hours as compared with the corresponding period of 2014, which was primarily attributable to the increase in wind resources, coupled with the on-going effective management measures of the Group.

During the reporting period, the consolidated gross power generation from coal power business of the Group was 4,908 GWh, representing an increase of 4.11% as compared with 4,714 GWh in the corresponding period of 2014. This was primarily due to the active efforts of the Group in securing planned output to strive for more power generation. The average number of utilisation hours of the Group's coal power business in the first half of 2015 was 2,618 hours, representing an increase of 104 hours as compared with 2,514 hours in the corresponding period of 2014.

2. With the preliminary work being pushed forward steadily, the development quality is elevated in a stable manner

In the first half of 2015, facing the complicated and dynamic external environment, the Group pushed forward project development in an active and sound manner with focus on economic benefits and through scientific planning, technology enhancement, optimization of layout and stringent control of risk. In the regions not subject to grid curtailment, the Group increased efforts in enriching project reserve and preliminary work. In the “three North” (northwest China, north China, and northeast China), the Group proactively enriched its reserve of wind power projects for which the grid connection plan has been ascertained. In coastal regions, the Group actively promoted the offshore wind power development with focus on Jiangsu and Fujian.

In the Fifth Batch of Wind Power Projects Approval Plan (第五批風電項目核准計劃) promulgated by the National Energy Administration in the first half of 2015, 28 projects of the Group with gross capacity of 1,557 MW were included, among which, the capacity located in regions not subject to grid curtailment accounted for over 95%. In the five batches of wind power projects approval plan, one batch of supplementary approval plan and one batch of offshore wind power construction plan promulgated by the National Energy Administration, projects of the Group with gross capacity of 13.2 GW were included, accounting for 8.74% of the total capacity of projects included in these plans and ranking first among the peer companies. In the first half of 2015, the Group obtained approvals for three wind power projects with total capacity of 397.5 MW, all of which are located in regions not subject to grid curtailment. In the second half of 2015, the Group will increase efforts in obtaining project approvals to ensure that the approvals are obtained for all projects of exploitable value included in the approval plan. As of 30 June 2015, the Group had wind power projects of 6.1 GW which were approved but not yet put into operation, and wind power projects of 10.6 GW which included project approved but not yet put into operation and projects listed in the national plan but not yet approved, indicating an abundant project reserve.

In the first half of 2015, the Group deepened joint development and made innovations in the mode of joint development. The Group set up the first batch of provincial-level investment platform for cooperative development in Chongqing and Guangdong to cover all of its wind power projects within relevant province. In addition, we continued to promote the cooperation with other branches and subsidiaries of Guodian Group and signed new cooperation agreements with the members of Guodian Group in regions such as Gansu, Hainan, Jiangxi and Guizhou. Up to today, the Group signed a total of 33 projects under joint development which covered 11 provinces with gross capacity of 2,870 MW.

During the reporting period, the preliminary work of the Group had a clearer target, more scientific planning, more reasonable distribution and more stringent management, which added guarantee for project return rate and created a more extensive development prospect.

3. With effective promotion of project progress, the project quality continued to improve

In the first half of 2015, taking the infrastructure “double enhancements” (“雙提升”) program as an opportunity, the Group achieved excellent performance in putting its projects into operation. The Group witnessed the commencement of operation of its projects with capacity of over one million kW in the first half year, a record high as compared to the corresponding period of previous years in terms of project construction. With proactive and sufficient preparation for project construction such as the early efforts in arrangement of bid invitation, satisfaction of conditions for commencement of production and staffing of infrastructure personnel, all the planned projects for 2015 of the Group have commenced construction in the first half of 2015. In addition, the Group continued to strengthen the schedule control of project to check the progress on a weekly basis and assign staged work on a monthly basis and increased efforts in on-site inspection. We spared no efforts in coordinating equipment supply with emphasis on “guaranteeing quality and promoting supply” and took full advantage of the supply coordination team of wind turbines and towers, as well as the role of the equipment surveillance, to detect problem in advance and make timely warning, so as to make coordination and optimization of equipment supply.

In the first half of 2015, the Group compiled the plan for implementation of the infrastructure “double enhancements” (“雙提升”) program of Longyuan and earnestly carried out the infrastructure “double enhancements” work to strive for Excellence Project and Benefit Project. The 150MW Jiyangshan Wind Power Project in Shenchì, Shanxi (山西神池繼陽山150MW風電工程) of the Company was awarded the “Premium Quality Power Construction in China” (中國電力優質工程獎) in 2015. The Group implemented design optimization to strictly control project cost. Meanwhile, we strengthened project quality management by establishing and improving the supervision system for project quality and responsibility, strengthening rectification of on-site problems identified at the front line of project construction and implementing closed-loop management of project construction.

In the first half of 2015, the Group had 19 wind power projects newly put into production, with an additional installed capacity of 1,025.5 MW put into production. As of 30 June 2015, the consolidated installed capacity of the Group was 16,723 MW, among which, the consolidated installed capacity of the wind power business was 14,568 MW, while the consolidated installed capacity of the coal power business and the consolidated installed capacity of other renewable power business were 1,875 MW and 280 MW, respectively.

4. Maintaining steady in the tariff

The average on-grid tariffs for overall power generation of the Group for the first half of 2015 amounted to RMB552 per MWh (value-added tax (“VAT”) inclusive), maintaining basically the same level as the average on-grid tariffs of RMB550 per MWh (VAT inclusive) in the corresponding period of 2014. The average on-grid tariffs for wind power amounted to RMB588 per MWh (VAT inclusive), representing an increase of RMB5 per MWh as compared with RMB583 per MWh (VAT inclusive) in the corresponding period of 2014, which was primarily due to a higher share of electricity sold in the regions which enjoy a higher tariff. The average on-grid tariffs for coal power amounted to RMB423 per MWh (VAT inclusive), representing a decrease of RMB14 per MWh as compared with the average on-grid tariffs for coal power of RMB437 per MWh (VAT inclusive) in the corresponding period of 2014, which was mainly attributable to a reduction of on-grid tariffs of coal power enterprises in September 2014 and April 2015 respectively in Jiangsu Province.

5. With the advantage of capital cost being further reinforced, the credit standing rose significantly

In the first half of 2015, the domestic and foreign currency market was changing. In response, the Group keenly grasped the favorable opportunity to aggressively conduct replacement of existing loans with an aim to adjust the interest rate. Meanwhile, the Group took full advantage of its diversified financing channels to successfully issue a total of five tranches of ultra short-term debentures of RMB13 billion, and the coupon rate of which was 23.7% lower than the interest rate for bank loans of the same term. In addition, the Group successfully registered private issuance of debt financing instruments of RMB10 billion with National Association of Financial Market Institutional Investors. Hero Asia Investment Limited, a subsidiary of the Company, successfully completed the interest rate adjustment for the existing borrowings of US\$890 million, which reduced the interest rate by over 25%. In June, Standard & Poor's raised the rating of the Group from BBB+ to A- and Moody's also raised the rating of the Group as issuer from Baa3 to Baa1. The improvement in credit standing will bring the Company stronger advantage in domestic and foreign capital operation and hence further reduce the cost of our debt financing.

6. Notable achievements in technological innovation

Staying in line with the trend of energy industry, the Group consolidated its cutting-edge technology leadership to lay a technological cornerstone for future development. In the first half of 2015, the Group capitalised on its strengths to keep paces with technology trends. As the first domestic wind power operator to initiate wind power big data project, the Group secured a favourable technological commanding height for future wind power development in a timely manner. The state-backed project has been filed successfully for inclusion into the list of national energy independent innovation projects. As one of the pacesetters in renewable energy, the Group co-edited the Energy Technological Innovation Programme of the National Energy Administration under the "Thirteenth Five-year Plan" as well as the proposal for a national new energy collaborative innovation community in Beijing, Tianjin and Hebei. As such, the Group aligns itself effectively with national blueprint and strategies, while further cementing its leadership and voice in domestic wind power development. According to its needs in wind power development, construction and operation, the Group filed 9 technological projects to Guodian Group and identified 13 in-house projects, as screened out from its programme for 2015 after strict review. In the first half of this year, the Company obtained 1 invention patent, 4 patents for utility models and 9 software copyrights. The Group took full advantage of technology as the supporting platform. The five subsidiaries specializing in technical services, while focusing on core businesses to further

strengthen service awareness, stepped up their technological endeavours in monitoring centre capacity improvement, technological supervision services, offshore wind power design consulting and Engineering, Procurement and Construction (EPC) project development so as to upgrade technological level and business capability.

7. Overseas business progressed in an orderly manner

In the first half of 2015, the Group carried out its overseas business in an orderly manner. Benefiting from the favorable on-grid tariffs, sound wind resources, relatively low financing cost and preferential tax policy on accelerated depreciation, the Canadian Dufferin project developed by the Company achieved desirable profitability. In the first half of 2015, generator units in wind farms operated well with 134,201 MWh gross power generated and average utilization hours reaching 1,471 hours. The wind power project in South Africa (南非德阿風電) developed by the Company, after closing the financing process as required by South Africa government in February 2015, has entered the preparation stage for construction and will break ground as scheduled in the second half of 2015. The Group will continue to stick to the basic principle for overseas investment and to prioritize projects with attractive returns in key regions such as “One Belt and One Road” (“一帶一路”), subject to risks being under control.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In the first half of 2015, the net profit of the Group amounted to RMB2,875 million, representing an increase of 52.0% as compared to RMB1,892 million in the corresponding period of 2014. Net profit attributable to shareholders amounted to RMB2,207 million, representing an increase of 61.6% as compared to RMB1,366 million in the corresponding period of 2014. Earnings per share amounted to RMB27.46 cents, representing an increase of RMB10.46 cents as compared to RMB17.00 cents in the corresponding period of 2014.

Operating revenue

Operating revenue of the Group amounted to RMB10,541 million in the first half of 2015, representing an increase of 17.0% as compared to RMB9,008 million in the corresponding period of 2014. The increase in operating revenue was primarily due to: 1) an increase of RMB1,082 million, or 19.2%, in electricity sales and other revenue of wind power business to RMB6,713 million in the first half of 2015 as compared to RMB5,631 million in the corresponding period of 2014, which was primarily due to the increase of wind power output; 2) a sharp increase in service concession construction revenue of wind power business to RMB381 million as compared to RMB20 million in the corresponding period of 2014, which was primarily attributable to the increase in the number and construction volume of service concession projects under construction; and 3) an increase of RMB87 million in other revenue, including an increase of maintenance and repair service revenue from Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) of coal power business in the first half of 2015.

Operating revenue of each segment and their respective proportions are set out in the table below:

Operating revenue	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Electricity sales and other wind power business	6,713	63.7%	5,631	62.5%
Electricity sales of coal power business	1,648	15.6%	1,641	18.2%
Steam sales of coal power business	122	1.2%	125	1.4%
Coal sales	1,120	10.6%	1,141	12.7%
Electricity sales of other renewable energies	217	2.1%	277	3.1%
Construction income of concession projects	381	3.6%	20	0.2%
Sales of electricity equipment	120	1.1%	40	0.4%
Others	220	2.1%	133	1.5%
Total	10,541	100%	9,008	100%

Other net income

Other net income of the Group amounted to RMB210 million in the first half of 2015, which decreased by 3.7% as compared to RMB218 million in the corresponding period of 2014, which was mainly caused by a penalty income of approximately RMB10 million from the wind turbine suppliers due to a delay in product delivery as recognized in the first half of 2014, compared to no similar income in the current period.

Other net income classification and the proportions are set out in the table below:

Other net income	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Other government grants	201	95.7%	192	88.1%
Others	9	4.3%	26	11.9%
Total	210	100%	218	100%

Operating expenses

Operating expenses of the Group amounted to RMB6,327 million in the first half of 2015, representing an increase of 12.4% as compared to RMB5,627 million in the corresponding period of 2014, primarily due to the increase in the depreciation and amortisation expenses of the wind power business, the increase in the construction cost of the service concession projects and the decrease in the coal consumption costs and the cost of coal sales in the coal power business.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB2,683 million in the first half of 2015, representing an increase of 11.1% as compared to RMB2,416 million in the corresponding period of 2014, primarily due to an increase of RMB273 million, or 12.9%, in depreciation and amortisation expenses of wind power business over the corresponding period of 2014 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

The coal consumption costs of the Group amounted to RMB761 million in the first half of 2015, representing a decrease of 14.8% as compared to RMB893 million in the corresponding period of 2014. The main reasons are as follows: 1) a decrease of approximately 18.2% in the average unit price of standard coal for power and steam generation as affected by the decrease in the price of coal in the first half of 2015; and 2) an increase of approximately 4.2% in the coal consumption as a result of the increase in power generation.

Coal sales costs

The coal sales costs of the Group in the first half of 2015 amounted to RMB1,060 million, representing a decrease of 1.6% as compared to RMB1,077 million in the corresponding period of 2014. The main reasons are as follows: 1) a decrease of approximately 9.7% in the average procurement price of coal for the first half of 2015 as compared to the corresponding period of 2014; and 2) an increase of approximately 8.8% in the sales volume of coal.

Service concession construction costs

The Group's service concession construction costs in the first half of 2015 amounted to RMB381 million, representing an increase of 1,805.0% as compared to RMB20 million in the corresponding period of 2014, primarily due to an increase of number and construction volume of service concession projects under construction in the first half of 2015 as compared with that of the corresponding period of 2014.

Personnel costs

Personnel costs of the Group amounted to RMB548 million in the first half of 2015, representing an increase of 10.5% as compared to RMB496 million in the corresponding period of 2014. The main reasons are as follows: 1) an increase in headcounts as a result of the Group's expansion; and 2) the fact that a portion of the personnel costs were expended instead of being capitalized as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB188 million in the first half of 2015, representing an increase of 4.4% as compared to RMB180 million in the corresponding period of 2014, which was primarily attributable to the increase in material costs as a result of the increase in sales volume of products of 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 RMB206 million in the first half of 2015, representing an increase of 7.9% as compared to RMB191 million in the corresponding period of 2014, mainly due to the increase in repair and maintenance expenses incurred by the wind power business as more wind power turbines' warranty periods expired.

Administrative expenses

Administrative expenses of the Group amounted to RMB134 million in the first half of 2015, representing an increase of 16.5% as compared to RMB115 million in the corresponding period of 2014, which was primarily due to the increase in rental and office expenses caused by business growth of the Group.

Other operating expenses

Other operating expenses of the Group amounted to RMB366 million in the first half of 2015, representing an increase of 53.1% as compared to RMB239 million in the corresponding period of 2014. The main reasons are as follows: 1) cost of RMB74 million incurred for maintenance and repair service provided by Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) of coal power business in the first half of 2015 (the corresponding period of 2014: no similar service cost); 2) an increase of RMB29 million in insurance premium, water and electricity expenses of wind power business due to an increase of projects in operation; and 3) an increase of RMB23 million in bidding service cost of other business in line with business growth.

Operating profit

In the first half of 2015, the operating profit of the Group amounted to RMB4,424 million, representing an increase of 22.9% as compared to RMB3,599 million in the corresponding period of 2014. The main reasons are as follows: 1) the operating profit of the wind power business amounted to RMB3,827 million in the first half of 2015, representing an increase of RMB709 million, or 22.7% from RMB3,118 million in the corresponding period of 2014. This was mainly attributable to the increase in revenue and operating profit from wind power sales, as a result of the installed capacity expansion of the wind power business and the improved average utilization hours of wind power equipment; 2) the operating profit of the coal power business amounted to RMB564 million in the first half of 2015, representing an increase of RMB148 million, or 35.6% as compared to RMB416 million in the corresponding period of 2014, which was primarily attributable to the increased gross margin of electricity and steam sales business resulting from the decrease in coal price as compared to the corresponding period of 2014; and 3) the operating profit of other business in the first half of 2015

was RMB71 million, representing a decrease of RMB22 million, or 23.7% as compared to RMB93 million in the corresponding period of 2014, which was primarily attributable to the adjustments to the charging standard and way of assessment for inter-group design consultancy service business.

Net finance expenses

The net finance expenses of the Group amounted to RMB1,409 million in the first half of 2015, representing a decrease of 11.3% as compared to RMB1,588 million in the corresponding period of 2014. The main reasons are as follows: 1) a gain on changes in fair value amounting to RMB39 million from the trading securities of Hero Asia Investment Limited for the first half of 2015, increasing by RMB125 million as compared with a loss on changes in fair value amounting to RMB86 million for the corresponding period of 2014; and 2) in the first half of 2015, foreign exchange losses from borrowings denominated in foreign currency decreased by RMB48 million as compared to that of the corresponding period in 2014.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB224 million in the first half of 2015, representing an increase of 34.1% as compared to RMB167 million in the corresponding period of 2014, which was mainly due to the increased operating results of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, in the first half of 2015 as compared to that of the corresponding period in 2014.

Income tax

Income tax of the Group amounted to RMB363 million in the first half of 2015, representing an increase of 26.5% as compared to RMB287 million in the corresponding period of 2014, which was mainly due to the increase in profit before tax of wind power business and coal power business in the first half of 2015.

Net profit

In the first half of 2015, the net profit of the Group amounted to RMB2,875 million, representing an increase of 52.0% as compared to RMB1,892 million in the corresponding period of 2014, mainly attributable to: the increase of RMB709 million in operating profit of wind power business as compared to the first half in 2014; the increase of RMB148 million in operating profit of coal power business as compared to the first half in 2014; and a net increase of RMB125 million in gain on changes in fair value from trading securities of Hero Asia Investment Limited as compared to the corresponding period of 2014.

Net profit attributable to shareholders

In the first half of 2015, net profit attributable to shareholders of the Group amounted to RMB2,207 million, representing an increase of 61.6% as compared to RMB1,366 million in the corresponding period of 2014, mainly attributable to the increase in net profit from wind power business and other business, most equity interests of which were held by shareholders of the Group in the first half of 2015.

Segment results of operations

Wind power business

Operating revenue

In the first half of 2015, the operating revenue of the wind power business of the Group amounted to RMB7,094 million, representing an increase of 25.5% from RMB5,652 million in the corresponding period of 2014, primarily due to the increase in electricity sales revenue derived from growing power generation led by the increase of installed capacity of wind power business and of the average utilisation hours of wind power equipment in the first half of 2015; and the fact that construction revenue from service concession projects increased significantly resulting from the increase in the numbers of projects under construction and construction volumes.

Operating revenue of the wind power business and proportions are set out in the table below:

Operating revenue	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	6,713	94.6%	5,606	99.2%
Service concession				
construction revenue	381	5.4%	20	0.4%
Others	–	–	26	0.4%
Total	7,094	100%	5,652	100%

Operating profit

In the first half of 2015, the operating profit of the wind power business of the Group amounted to RMB3,827 million, representing an increase of 22.7% as compared to RMB3,118 million in the corresponding period of 2014. The growth rate in operating profit of wind power business is higher than that of the revenue from electricity sales of wind power business, which was mainly due to the increase of average utilisation hours of generation equipment in the first half of 2015.

Coal power business

Operating revenue

In the first half of 2015, operating revenue of our coal power business amounted to RMB3,056 million, representing an increase of 1.9% as compared to RMB2,999 million in the corresponding period of 2014, primarily attributable to the increase of revenues from repair, maintenance and other services provided by Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) under coal power business in the first half of 2015.

Operating revenue of the coal power business and proportions are set out in the table below:

Operating revenue	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	1,648	53.9%	1,641	54.7%
Revenue from sales of steam	122	4.0%	125	4.2%
Revenue from coal trading	1,120	36.6%	1,141	38.0%
Others	166	5.5%	92	3.1%
Total	3,056	100%	2,999	100%

Operating profit

In the first half of 2015, operating profit of our coal power business amounted to RMB564 million, representing an increase of 35.6% as compared to RMB416 million in the corresponding period of 2014, which was mainly attributable to the decrease of the selling price of coal and the increase of the gross profit margin of sales of electricity and steam as compared with the corresponding period of 2014.

Operating profit of the coal power business and proportions are set out in the table below:

Operating profit	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Sales of electricity and steam and others	501	88.8%	352	84.6%
Coal trading business	63	11.2%	64	15.4%
Total	564	100%	416	100%

Other segments

Operating revenue

In the first half of 2015, the operating revenue of other segments amounted to RMB739 million, representing an increase of 47.5% as compared to RMB501 million in the corresponding period of 2014. The main reasons are as follows: 1) revenue of RMB222 million from the general contracting in respect of design, procurement and construction engineering was recorded under other segments in the first half of 2015, while there was no similar revenue recognized in the corresponding period of 2014; 2) increase of revenue from sales of products resulted from increase in sales volume of products such as flanges under other segments in the first half of 2015; and 3) year-on-year decrease of revenue from electricity sales of biomass companies under other segment as a result of the disposal of Guodian Liaocheng Biomass Power Co., Ltd. as compared with the corresponding period of 2014.

Operating revenue of other segments and proportions are set out in the table below:

Operating revenue	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	217	29.4%	277	55.3%
Revenue from other sales	174	23.5%	81	16.2%
Others	348	47.1%	143	28.5%
Total	739	100%	501	100%

Operating profit

In the first half of 2015, the operating profit of other segments of the Group amounted to RMB71 million, representing a decrease of 23.7% as compared to RMB93 million in the corresponding period of 2014, which was mainly due to the adjustments to the charging standard and way of assessment for inter-group design consultancy service business under other segment.

Assets and liabilities

As at 30 June 2015, total assets of the Group amounted to RMB127,114 million, representing an increase of RMB3,596 million as compared with total assets of RMB123,518 million as at 31 December 2014. This was primarily due to: 1) an increase of RMB4,829 million in non-current assets including property, plant and equipment; and 2) a decrease of RMB1,233 million in other current assets including prepayments.

As at 30 June 2015, total liabilities of the Group amounted to RMB83,928 million, representing an increase of RMB1,259 million as compared to total liabilities of RMB82,669 million as at 31 December 2014. This was primarily due to a decrease of RMB768 million in non-current liabilities including long-term borrowings and an increase of RMB2,027 million in current liabilities including short-term borrowings, trade creditors and bills payable.

As at 30 June 2015, equity attributable to the shareholders of the Company amounted to RMB34,730 million, representing an increase of RMB1,673 million as compared with RMB33,057 million as at 31 December 2014.

Details of assets and liabilities are set out in the table below:

	30 June 2015 (RMB million)	31 December 2014 (RMB million)
Assets		
Property, plant and equipment	93,028	88,307
Investment properties and lease prepayments	1,976	1,877
Intangible assets and goodwill	8,696	8,541
Other non-current assets	9,894	10,040
Current assets	13,520	14,753
Total	127,114	123,518
	30 June 2015 (RMB million)	31 December 2014 (RMB million)
Liabilities		
Long-term borrowings	33,068	33,762
Deferred income and deferred tax liabilities	1,860	1,897
Other non-current liabilities	725	762
Current liabilities	48,275	46,248
Total	83,928	82,669

Capital liquidity

As at 30 June 2015, current assets of the Group amounted to RMB13,520 million, among which, RMB2,900 million was cash at bank and on hand, RMB5,824 million was trade debtors and bills receivable primarily consisted of receivables from sales of electricity; RMB3,434 million was prepayments and other current assets primarily consisted of deductible value-added tax and advances.

Current assets and proportions are set out in the table below:

Current assets	30 June 2015		31 December 2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Trade debtors and bills receivable	5,824	43.1%	6,411	43.5%
Prepayments and other current assets	3,434	25.4%	4,072	27.6%
Cash at bank and on hand	2,900	21.4%	2,828	19.2%
Others	1,362	10.1%	1,442	9.7%
Total	13,520	100%	14,753	100%

As at 30 June 2015, current liabilities of the Group amounted to RMB48,275 million, including RMB1,160 million of trade creditors and bills payable (primarily consisting of payables for purchase of coal fuels and spare parts), RMB9,641 million of other payables (primarily consisting of payables for construction of wind power projects and related retention payables) and RMB37,312 million of short-term borrowings.

Details of current liabilities and proportions are set out in the table below:

Current liabilities	30 June 2015		31 December 2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Borrowings	37,312	77.3%	36,070	78.0%
Trade creditors and bills payable	1,160	2.4%	1,021	2.2%
Other payables	9,641	20.0%	9,039	19.6%
Tax payable	160	0.3%	112	0.2%
Derivative financial instrument	2	0.0%	6	0.0%
Total	48,275	100%	46,248	100%

As at 30 June 2015, net current liabilities of the Group amounted to RMB34,755 million, representing an increase of RMB3,260 million as compared with RMB31,495 million as at 31 December 2014. The liquidity ratio was 0.28 as at 30 June 2015, representing a decrease of 0.04 as compared with the liquidity ratio of 0.32 as at 31 December 2014.

Restricted deposits amounted to RMB111 million, mainly including deposits for bills and issuance of the letter of credit.

Borrowings and bills payable

As at 30 June 2015, the Group's outstanding balance of borrowings and bills payable amounted to RMB71,163 million, representing an increase of RMB705 million as compared with the balance of borrowings and bills payable of RMB70,458 million as at 31 December 2014. As at 30 June 2015, the Group's outstanding borrowings and bills including short-term borrowings and bills payable of RMB38,095 million (including long-term borrowings due within one year of RMB7,424 million and bills payable of RMB783 million) and long-term borrowings amounting to RMB33,068 million (including debentures payable of RMB9,750 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB63,757 million, borrowings denominated in U.S. dollars of RMB6,529 million and borrowings denominated in other foreign currencies of RMB94 million. As at 30 June 2015, the long-term liabilities with fixed interest rates of the Group including long-term borrowings with fixed interest rates of RMB1,467 million and corporate bonds with fixed interest rates of RMB9,750 million. As at 30 June 2015, the balance of bills payable issued by the Group amounted to RMB783 million.

Borrowings and bills payable by category and proportions are set out in the table below:

Borrowings and bills payable	30 June 2015		31 December 2014	
	Amount <i>(RMB million)</i>	Proportion <i>(%)</i>	Amount <i>(RMB million)</i>	Proportion <i>(%)</i>
Bank loans	39,392	55.3%	38,911	55.2%
Loans from other financial institutions	41	0.1%	2,472	3.5%
Loans from Guodian Group and fellow subsidiaries	2,202	3.1%	2,538	3.6%
Corporate bonds	28,745	40.4%	25,911	36.8%
Bills Payable	783	1.1%	626	0.9%
Total	71,163	100%	70,458	100%

Borrowings and bills payable by term and proportions are set out in the table below:

Borrowings and bills payable	30 June 2015		31 December 2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Within 1 year	38,095	53.5%	36,696	52.1%
1–2 years	9,468	13.3%	11,344	16.1%
2–5 years	10,295	14.5%	6,383	9.0%
Over 5 years	13,305	18.7%	16,035	22.8%
Total	71,163	100%	70,458	100%

Borrowings and bills payable by interest rate structures and proportions are set out in the table below:

Borrowings and bills payable	30 June 2015		31 December 2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bills Payable	783	1.1%	626	0.9%
Borrowings with fixed rate	37,740	53.0%	35,731	50.7%
Borrowings with floating rate	32,640	45.9%	34,101	48.4%
Total	71,163	100%	70,458	100%

Capital expenditures

The capital expenditures of the Group amounted to RMB7,768 million in the first half of 2015, representing an increase of 62.9% as compared with RMB4,768 million in the corresponding period of 2014, among which, the expenditures for the construction of wind power projects amounted to RMB7,314 million, and the expenditures for the construction of other renewable energy projects amounted to RMB260 million. The sources of funds mainly included the proceeds from borrowings from banks and other financial institutions and the issue of bonds.

Capital expenditures classified by use and proportions are set out in the table below:

Capital expenditures	For the six months ended 30 June			
	2015		2014	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Wind power projects	7,314	94.2%	4,378	91.8%
Other renewable energy projects	260	3.3%	123	2.6%
Others	194	2.5%	267	5.6%
Total	7,768	100%	4,768	100%

Net gearing ratio

As at 30 June 2015, 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 61.02%, representing a decrease of 1.26 percentage points from 62.28% as at 31 December 2014. This was primarily due to the similar debt structure and the increase in total equity of the Group in the first half of 2015.

Major investments

The Group made no major investment in the first half of 2015.

Material acquisitions and disposals

The Group had no material acquisition or disposal in the first half of 2015.

Pledged assets

The Group has pledged wind turbine equipment to secure certain bank loans. As at 30 June 2015, the aggregate net book value of the pledged assets amounted to RMB223 million, representing a decrease of 3.5% as compared with RMB231 million as at 31 December 2014. This was primarily due to the corresponding decrease in the net book value of pledged assets as a result of the depreciation of wind turbines.

Contingent liabilities/guarantees

As at 30 June 2015, the Group provided a RMB40 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 2015, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB13 million.

Cash flow analysis

As at 30 June 2015, cash at bank and on hand held by the Group amounted to RMB2,789 million, representing an increase of RMB400 million as compared with RMB2,389 million as at 31 December 2014. The principal sources of funds of the Group mainly include cash inflow generated from operating activities, the issuance of corporate bonds and bank loans. The Group mainly used the funds for the construction of projects and repayment of borrowings.

The net cash inflow of the Group's operating activities amounted to RMB8,954 million in the first half of 2015, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses.

The net cash outflow from investing activities of the Group for the first half of 2015 was RMB7,289 million. The cash outflow for investment activities were mainly used for the construction of wind power project.

The net cash outflow from financing activities of the Group for the first half of 2015 was RMB1,258 million. The cash inflow from financing activities was mainly generated from the issue of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group's investments are carried out abroad and a small amount of its loans are denominated in foreign currencies, therefore fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group closely monitors and analyses the fluctuations in the foreign exchange rate, reasonably designs approaches to use foreign currencies, reduces cross exchanges transaction and adopts various approaches to reinforce risk management of the currency exchange rate.

III. PROSPECT IN THE SECOND HALF OF 2015

In the second half of 2015, the general business guidelines of the Group are as follows: to vigorously follow and implement the purport of the 2015 interim working conference of the Group, take the “One, Five and Five (一五五)” core strategy as guidance, stress “double enhancements (雙提升)”, stick to “eight focuses (八個注重)”, pursue “four first-classes (四個一流)” and carry out the activity of “year for improvement of normalized and standardized management” in a deep-going way, so as to strengthen operation and management, deepen reform and innovation, promote advantageous development, comprehensively enhance the Company’s comprehensive strength and competitiveness, and speed up building a top tier international listed new energy company.

In order to ensure the completion of the annual targets, emphasis will be laid on the following aspects in the second half of the year:

1. Fully intensify the “double enhancements” to improve operation of stock assets

The Group will vigorously press ahead the “double enhancements (雙提升)” work and intensify the “double enhancements” from the perspective of cognition, connotation, reform, methodology and combination, so as to achieve the full enhancement of both management and economic benefits. The Group will consolidate the base for safe production, foster the concept of “comprehensive safety (大安全)”, establish the standardized system for safe production of wind power enterprises, and devote more efforts to implement safety production responsibility system. The regulations and rules as well as the anti-accident measures will be observed and implemented strictly while the education and training on safety will be strengthened. It will include the quality of equipment overhaul in the evaluation standards for a star-level enterprise, thus building a safety culture featuring “caring for life”. By capturing every single kWh of electricity, the Group will spare no efforts to increase power generation and explore new markets, continuously reinforce the benchmarking of power generation, fully respond to power curtailment, and strengthen management of equipment to actively maximize power generation. Meanwhile, the Group will enhance operation and management of assets, put more efforts to raise low-cost funds at home and abroad, and deepen the dynamic management of the existing interest-bearing debts while further controlling the losses, speeding up the collection of historical subsidies receivable, strengthening operation and management of thermal power business, improving operation conditions of other renewable energy business, and enhancing production and operation capacity.

2. Strengthen efficiency awareness and enhance the development quality of incremental assets

The Group will stably develop quality resources, stress strategic guidance, strengthen and deepen high-quality resource reserve, speed up approval of projects, vigorously press ahead cooperation and development, and expedite the implementation of “going-global” strategy, so as to facilitate the diversified development. In respect of the preliminary works, the Group will improve the work quality, maximize the input effort of the preliminary work, and intensify the benchmarking management. Meanwhile, it will conscientiously carry out post-project evaluation, and improve the technology level of selection of micro-sites and generating units. Project progress control, schedule management, equipment supply and site management will be strengthened to ensure completion of the projects as scheduled. Aiming to build high quality fine projects, the Group will enhance management of safety and quality, strictly control the project costs, and fully leverage the function of audit and supervision so as to commence the construction of the South Africa project in compliance with high standards.

3. Intensify reform of system and mechanism and upgrade corporate management standards

The Group will cement the fundamental management in an all-round way. By leveraging the opportunity arising from the “year for improvement of normalized and standardized management (「規範化、標準化管理提升年」)”, it will fully streamline its regulations, rules and working procedures of the Company, standardize the management of spare parts, and build a technical supervision system with wind power features, thus managing the Company in full compliance with laws, regulating the management of overseas projects and properly maintaining the investor relations. Further, it will innovate management system and mechanism, vigorously press ahead the localization of the “world leading” management standards, continuously carry out innovation and reform of performance assessment mechanism, standardize the organisation structure and the allocation of personnel of the wind power enterprises, and fully promote the standardization of “six types” of work groups. The Group will innovate in mechanism for selection and allocation of personnel, make greater effort to build leadership group, regulate remuneration management, reinforce building of professional and skilled talents team and strengthen education and training of employees. By implementing the technological innovation-driven mechanism and accelerating the construction of wind power “big data” center, it will make significant endeavors in consolidation of technology resources, addressing of challenges from key projects, and application of technological achievements. Entities providing technology services will play a leading role in the technological work and serve as technical backbones.

4. Strengthen ideological and political work for Party building and create harmonious atmosphere

The Group will comprehensively strengthen the building of Party organisations, proactively carry out education on the theme of “Three Stricts and Three Earnests (三嚴三實)”, enhance the construction of the grass-root organizations and deepen the anti-corruption initiatives. In addition, it will endeavour to build a happy Longyuan, comprehensively promote the construction of “interior quality and exterior image” (「內強素質、外樹形象」), vigorously carry out the projects for the benefits of the people, diversify the forms of Labor Union activities, and be fully prepared for the skill competition on wind power operation and inspection.

OTHER INFORMATION

Share Capital

As of 30 June 2015, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the reporting period.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2015.

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 2015.

Compliance with the Requirements of Appendix 14 of the Listing Rules

On 29 May 2015, the Company held the 2014 annual general meeting. Mr. Wang Baole, the non-executive Director, Mr. Huang Qun, the executive Director and Mr. Meng Yan, the independent non-executive Director, who were incumbent on the date when the annual general meeting was held, attended the abovementioned annual general meeting. Mr. Qiao Baoping (Chairman of the Board), Mr. Shao Guoyong and Mr. Chen Jingdong, non-executive Directors, Mr. Li Enyi, the executive Director, Mr. Zhang Songyi and Mr. Han Dechang, independent non-executive Directors, were absent from the abovementioned annual general meeting due to business engagement. Save as disclosed above, from 1 January 2015 to 30 June 2015, the Company had fully complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Upon specific enquiries to the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders’ interests.

Audit Committee

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

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

On 18 August 2015, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2015, the 2015 interim report and the unaudited interim financial statements for the six months ended 30 June 2015 prepared under IAS 34, *Interim financial reporting*.

Publication of Interim Results and Report

This results announcement is 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 2015 interim report, containing all the information required under the Listing Rules, will be dispatched to the shareholders and will be published on the above 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*
Qiao Baoping
Chairman of the Board

Beijing, PRC, 18 August 2015

As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Wang Baole, Mr. Shao Guoyong and Mr. Chen Jingdong; the executive directors are Mr. Li Enyi and Mr. Huang Qun; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* *For identification purpose only*