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 2019

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2019, the revenue amounted to RMB14,038 million, representing an increase of 5.1% over the corresponding period of 2018
- For the six months ended 30 June 2019, profit before taxation amounted to RMB4,384 million, representing an increase of 0.3% over the corresponding period of 2018
- For the six months ended 30 June 2019, net profit attributable to equity holders of the Company amounted to RMB3,208 million, representing an increase of 0.5% over the corresponding period of 2018
- For the six months ended 30 June 2019, basic earnings per share amounted to RMB0.3841, representing an increase of RMB0.0018 over the corresponding period of 2018

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 2019, together with comparative figures for the corresponding period of 2018. 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**").

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

(Expressed in thousands of Renminbi)

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**14,037,658**	13,362,888
Other net income	5	**455,593**	443,424
Operating expenses			
Depreciation and amortisation		**(3,754,273)**	(3,548,992)
Coal consumption		**(1,072,492)**	(1,200,363)
Coal sales costs		**(1,740,122)**	(1,507,359)
Service concession construction costs		**(15,994)**	(5,817)
Personnel costs		**(854,282)**	(755,457)
Material costs		**(82,414)**	(84,402)
Repairs and maintenance		**(266,995)**	(254,408)
Administration expenses		**(179,008)**	(182,159)
Other operating expenses		**(411,266)**	(343,091)
		(8,376,846)	(7,882,048)
Operating profit		**6,116,405**	5,924,264
Finance income		**59,167**	115,118
Finance expenses		**(1,832,559)**	(1,737,027)
Net finance expenses	6	**(1,773,392)**	(1,621,909)

	Notes	Six months ended 30 June **2019** ***RMB'000***	 2018 *RMB'000*
Share of profits less losses of associates and joint ventures		**41,135**	69,839
Profit before taxation	7	**4,384,148**	4,372,194
Income tax	8	**(752,618)**	(769,202)
Profit for the period		**3,631,530**	3,602,992
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:			
Net profit/(loss) on equity investments at fair value through other comprehensive income		**125,065**	(147,017)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		**370**	(85,893)
Exchange difference on net investment in foreign operations		**8,515**	(53,547)
Other comprehensive income/(loss) for the period, net of tax	9	**133,950**	(286,457)
Total comprehensive income for the period		**3,765,480**	3,316,535

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**3,086,841**	3,072,499
– Perpetual medium-term note holders		**121,000**	121,000
Non-controlling interests		**423,689**	409,493
Profit for the period		**3,631,530**	3,602,992
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**3,232,171**	2,810,110
– Perpetual medium-term note holders		**121,000**	121,000
Non-controlling interests		**412,309**	385,425
Total comprehensive income for the period		**3,765,480**	3,316,535
Basic and diluted earnings per share *(RMB cents)*	10	**38.41**	38.23

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

(Expressed in thousands of Renminbi)

	Notes	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Non-current assets			
Property, plant and equipment		**109,406,903**	110,000,510
Investment properties		**9,222**	9,591
Right-of-use assets		**2,894,707**	–
Lease prepayments		**–**	2,152,429
Intangible assets		**7,665,010**	8,109,681
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,493,017**	4,549,432
Other assets		**3,826,770**	3,688,776
Deferred tax assets		**148,579**	146,376
Total non-current assets		**128,505,698**	128,718,285
Current assets			
Inventories		**940,029**	851,973
Trade and bills receivables	11	**18,075,627**	10,541,524
Prepayments and other current assets		**2,332,530**	2,818,545
Tax recoverable		**226,128**	210,578
Other financial assets		**603,220**	249,080
Restricted deposits		**168,108**	253,090
Cash at banks and on hand		**2,047,125**	2,861,261
Total current assets		**24,392,767**	17,786,051

	Notes	**At 30 June 2019** *RMB'000*	At 31 December 2018 *RMB'000*
Current liabilities			
Borrowings		**27,543,508**	28,335,804
Trade and bills payables	12	**2,208,873**	2,058,877
Other current liabilities		**9,739,000**	9,121,974
Lease liabilities		**94,447**	–
Obligations under finance leases		**–**	53,945
Tax payable		**297,412**	209,668
Total current liabilities		**39,883,240**	39,780,268
Net current liabilities		**(15,490,473)**	(21,994,217)
Total assets less current liabilities		**113,015,225**	106,724,068
Non-current liabilities			
Borrowings		**50,476,815**	46,644,884
Lease liabilities		**625,836**	–
Obligations under finance leases		**–**	361,478
Deferred income		**1,382,526**	1,449,938
Deferred tax liabilities		**201,700**	164,260
Other non-current liabilities		**1,289,097**	1,537,715
Total non-current liabilities		**53,975,974**	50,158,275
NET ASSETS		**59,039,251**	56,565,793

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
CAPITAL AND RESERVES		
Share capital	**8,036,389**	8,036,389
Perpetual medium-term notes	**4,894,737**	4,991,000
Reserves	**38,656,057**	36,209,041
Total equity attributable to equity holders of the Company	**51,587,183**	49,236,430
Non-controlling interests	**7,452,068**	7,329,363
TOTAL EQUITY	**59,039,251**	56,565,793

NOTES:

1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They were authorised for issuance by the board of directors of the Company on 20 August 2019.

The interim financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group had net current liabilities as at 30 June 2019 amounting to RMB15,490,473,000. The directors of the Company (the "**Directors**") are of the opinion that, based on a review of the forecasted cash flows of the Group, the unutilised banking facilities and the unutilised credit lines with banks as at 30 June 2019, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

The preparation of an interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the 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 statements contain condensed consolidated financial statements and selected explanatory notes, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2018 annual financial statements. The interim condensed consolidated financial statements and notes thereon 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 statements is unaudited, but has been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410, *"Review of interim financial information performed by the independent auditor of the entity"*, issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's independent review report to the Board is included in the interim report to be sent to shareholders.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 16.

Several other amendments and interpretation listed below have been applied for the first time in 2019, but they did not have any significant impact on the interim condensed consolidated financial statements of the Group:

- Amendments to IAS 28 *Long-term Interest in Associates and Joint Ventures*
- IFRIC interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*
- Annual IFRS Improvements:

IFRS 3	Business Combinations – *Previously held interest in a joint operation*
IFRS 11	Joint Arrangements – *Previously held interest in a joint operation*
IAS 12	Income Tax – *Income tax consequences of payments on financial instruments classified as equity*
IAS 23	Borrowing Costs – *Borrowing costs eligible for capitalisation*

(b) IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have any significant impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard was applied retrospectively with the cumulative effect of initial adoption as an adjustment to the operating balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component at the date of initial application.

As a lessee - Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those lease as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments discounted using the incremental borrowing rate at 1 January 2019 and included in non-current liabilities or current liabilities.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB449 million, prepayments on land use rights of RMB2,152 million and sea use rights of RMB217 million that were reclassified from property, plant and equipment, lease prepayments and intangible assets, respectively.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;

- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adoption of IFRS 16 as at 1 January 2019 was as follows:

	Increase/ (Decrease) *RMB'000*
Assets	
Increase in right-of-use assets	2,911,487
Decrease in property, plant and equipment	(448,876)
Decrease in lease prepayments	(2,152,429)
Decrease in intangible assets	(217,325)
Increase in total assets	92,857
Liabilities	
Increase in lease liabilities	719,711
Decrease in other non-current liabilities	(211,431)
Decrease in obligations under finance leases	(415,423)
Increase in total liabilities	92,857
Decrease in retained earnings	–

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 were as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	124,334
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	1,059
Add: Commitments relating to leases previously classified as finance leases as at 31 December 2018	484,598
Commitments relating to leases previously classified as other non-current liabilities as at 31 December 2018	366,934
Total undiscounted lease liabilities as at 1 January 2019 for adoption of IFRS 16	974,807
Weighted average incremental borrowing rate as at 1 January 2019	4.58%
Lease liabilities as at 1 January 2019	719,711

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application of 1 January 2019:

Right-of-use assets

The Group recognised right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or a rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain offices and apartments for employees (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the statements of financial position and profit or loss and other comprehensive income

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities, and the movements during the period:

	Right-of-use assets					
	Land use rights	**Buildings and structures**	**Generators and related equipment**	**Sea use rights**	**Total**	**Lease liabilities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	2,232,503	12,783	448,876	217,325	2,911,487	719,711
Addition	34,254	2,700	16,149	–	53,103	18,849
Depreciation charge	(48,229)	(4,968)	(13,828)	(6,130)	(73,155)	–
Currency translation differences	3,272	–	–	–	3,272	3,408
Interest expense	–	–	–	–	–	17,198
Payments	–	–	–	–	–	(38,883)
As at 30 June 2019	**2,221,800**	**10,515**	**451,197**	**211,195**	**2,894,707**	**720,283**

The Group recognised rental expenses from short-term leases of RMB12,379,000 and variable lease payments of RMB4,047,000 for the six months ended 30 June 2019.

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 the manufacturing and sale of power equipment, the provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(a) Segment results

In accordance with IFRS 8, segment information disclosed in the interim financial statements have 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 head office and 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 2019 and 2018 is set out below:

For the six months ended 30 June 2019

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	**9,907,692**	**1,422,633**	**215,039**	**11,545,364**
– Others	**7,087**	**2,330,093**	**139,120**	**2,476,300**
Subtotal	**9,914,779**	**3,752,726**	**354,159**	**14,021,664**
Inter-segment revenue	**–**	**–**	**265,327**	**265,327**
Reportable segment revenue	**9,914,779**	**3,752,726**	**619,486**	**14,286,991**
Reportable segment profit (operating profit)	**5,866,742**	**297,128**	**37,879**	**6,201,749**
Depreciation and amortisation before inter-segment elimination	**(3,462,788)**	**(194,002)**	**(112,734)**	**(3,769,524)**
(Provision)/Reversal of impairment losses of property, plant and equipment, trade and other receivables	**(390)**	**–**	**1,825**	**1,435**
Interest income	**8,847**	**9,710**	**37,929**	**56,486**
Interest expenses	**(1,481,482)**	**(42,120)**	**(105,736)**	**(1,629,338)**
Expenditures for reportable segment non-current assets during the period	**3,284,230**	**72,884**	**9,757**	**3,366,871**

For the six months ended 30 June 2018

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	9,566,838	1,497,516	194,577	11,258,931
– Others	13,597	2,060,832	23,711	2,098,140
Subtotal	9,580,435	3,558,348	218,288	13,357,071
Inter-segment revenue	–	–	98,409	98,409
Reportable segment revenue	9,580,435	3,558,348	316,697	13,455,480
Reportable segment profit/ (loss) (operating profit)	5,778,298	217,139	(23,398)	5,972,039
Depreciation and amortisation before inter-segment elimination	(3,259,650)	(193,081)	(111,512)	(3,564,243)
(Provision)/Reversal of impairment losses of property, plant and equipment, trade and other receivables	(3,992)	(6)	4,000	2
Interest income	22,685	1,527	13,435	37,647
Interest expenses	(1,524,331)	(43,264)	(143,906)	(1,711,501)
Expenditures for reportable segment non-current assets during the period	2,905,696	68,939	319,056	3,293,691

(b) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**14,286,991**	13,455,480
Service concession construction revenue	**15,994**	5,817
Elimination of inter-segment revenue	**(265,327)**	(98,409)
Consolidated revenue	**14,037,658**	13,362,888
Profit		
Reportable segment profit	**6,201,749**	5,972,039
Elimination of inter-segment (loss)/profit	**(7,657)**	3,772
	6,194,092	5,975,811
Share of profits less losses of associates and joint ventures	**41,135**	69,839
Net finance expenses	**(1,773,392)**	(1,621,909)
Unallocated head office and corporate expenses	**(77,687)**	(51,547)
Consolidated profit before taxation	**4,384,148**	4,372,194

(c) Geographical information

As the Group does not have material operations outside the People's Republic of China (the "**PRC**"), no geographic segment reporting is presented.

(d) Seasonality of operations

The Group's wind power business generally generates more revenue in the first and fourth quarters, comparing to the second and third quarters in the year, as the wind speed is more beneficial to power generation in spring and winter. As a result, the revenue from the wind power business fluctuates during the year.

4 REVENUE

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

For the six months ended 30 June 2019

	Wind power *RMB'000*	Coal power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Types of goods and service				
Sales of electricity	9,907,692	1,422,633	215,039	11,545,364
Sales of steam	–	368,163	–	368,163
Service concession construction revenue	15,994	–	–	15,994
Sales of coal	–	1,784,446	–	1,784,446
Others	7,087	177,484	139,120	323,691
	9,930,773	3,752,726	354,159	14,037,658
Geographic market				
Mainland China	9,638,607	3,752,726	354,159	13,745,492
Canada	110,684	–	–	110,684
South Africa	181,482	–	–	181,482
	9,930,773	3,752,726	354,159	14,037,658
Revenue recognition point				
Goods transferred at a point of time	9,907,692	3,664,559	215,135	13,787,386
Services transferred over time	23,081	88,167	139,024	250,272
	9,930,773	3,752,726	354,159	14,037,658

For the six months ended 30 June 2018

	Wind power *RMB'000*	Coal power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Types of goods and service				
Sales of electricity	9,566,838	1,497,516	194,577	11,258,931
Sales of steam	–	353,787	–	353,787
Service concession construction revenue	5,817	–	–	5,817
Sales of coal	–	1,551,394	–	1,551,394
Others	13,597	155,651	23,711	192,959
	9,586,252	3,558,348	218,288	13,362,888
Geographic market				
Mainland China	9,323,871	3,558,348	218,288	13,100,507
Canada	112,068	–	–	112,068
South Africa	150,313	–	–	150,313
	9,586,252	3,558,348	218,288	13,362,888
Revenue recognition point				
Goods transferred at a point of time	9,566,838	3,470,083	196,584	13,233,505
Services transferred over time	19,414	88,265	21,704	129,383
	9,586,252	3,558,348	218,288	13,362,888

5 OTHER NET INCOME

	Six months ended 30 June	
	2019 ***RMB'000***	2018 *RMB'000*
Government grants	**415,759**	395,987
Rental income from investment properties	**5,854**	2,907
Others	**33,980**	44,530
	455,593	443,424

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income on financial assets	**56,486**	37,647
Dividend income	**1,607**	1,603
Net unrealised profits on trading securities and derivative financial instruments	**–**	72,616
Foreign exchange gains	**1,074**	3,252
Finance income	**59,167**	115,118
Less:		
Interest on banks and other borrowings	**1,790,233**	1,870,234
Interest expenses capitalised into property, plant and equipment and intangible assets	**(160,895)**	(158,733)
	1,629,338	1,711,501
Foreign exchange losses	**10,837**	2,878
Net realised and unrealised losses on other financial assets and liabilities	**54,238**	–
Bank charges and others	**138,146**	22,648
Finance expenses	**1,832,559**	1,737,027
Net finance expenses recognised in profit or loss	**(1,773,392)**	(1,621,909)

The borrowing costs have been capitalised at rates of 4.04% to 4.90% per annum for the period ended 30 June 2019 (six months ended 30 June 2018: 3.92% to 4.90%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments	**–**	42,622
– intangible assets	**255,980**	278,003
Depreciation		
– investment properties	**366**	366
– property, plant and equipment	**3,424,772**	3,228,001
– right-of-use assets	**73,155**	–
Provision/(Reversal) of impairment losses		
– property, plant and equipment	**–**	3,998
– trade and other receivables	**(1,435)**	(4,000)
Cost of inventories	**2,895,028**	2,792,124

8 INCOME TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**730,564**	713,601
Underprovision in respect of prior years	**28,543**	41,112
	759,107	754,713
Deferred tax		
Origination and reversal of temporary differences	**(6,489)**	14,489
	752,618	769,202

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**4,384,148**	4,372,194
Notional tax on profit before taxation	**1,096,037**	1,093,049
Tax effect of non-deductible expenses	**4,625**	6,148
Tax effect of share of profits less losses of associates and joint ventures	**(10,284)**	(17,460)
Tax effect of non-taxable income	**–**	(202)
Effect of differential tax rates of certain subsidiaries of the Group *(Note (i))*	**(399,583)**	(396,213)
Use of unrecognised tax losses in prior years	**(8,860)**	(9,019)
Tax effect of unused tax losses and timing differences not recognised	**42,140**	51,787
Underprovision in respect of prior years	**28,543**	41,112
Income tax	**752,618**	769,202

Note:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2019 and the six months ended 30 June 2018, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the 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.

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 1 January 2011 to 31 December 2020.

(ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

The Company's subsidiary in Canada is subject to income tax at a rate of 26.5%. The Company's subsidiary in South Africa is subject to income tax at a rate of 28%.

9 OTHER COMPREHENSIVE INCOME/(LOSS)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods		
Net profit/(loss) on equity investments in unlisted companies at fair value through other comprehensive income ("FVOCI"):		
Changes in fair value recognised during the period		
Net of tax amount	**120,611**	(142,009)
Net profit/(loss) on equity investments in listed companies at FVOCI:		
Changes in fair value recognised during the period		
Before tax amount	**5,940**	(6,677)
Tax expense	**(1,486)**	1,669
Net of tax amount	**4,454**	(5,008)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		
Exchange difference on translation of financial statements of overseas subsidiaries:		
Before and net of tax amount	**370**	(85,893)
Exchange difference on net investment in foreign operations:		
Before and net of tax amount	**8,515**	(53,547)
Other comprehensive income/(loss)	**133,950**	(286,457)

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2019 of RMB3,086,841,000 (six months ended 30 June 2018: RMB3,072,499,000) and the number of shares in issue during the six months ended 30 June 2019 of 8,036,389,000 (six months ended 30 June 2018: 8,036,389,000 shares).

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 AND BILLS RECEIVABLES

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Amounts due from third parties	**18,047,797**	10,511,548
Amounts due from fellow subsidiaries	**21,263**	18,021
Amounts due from associates	**17,899**	25,113
	18,086,959	10,554,682
Less: Allowance for doubtful debts	**(11,332)**	(13,158)
	18,075,627	10,541,524

The ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Within 1 year	**17,962,125**	10,399,535
Between 1 and 2 years	**112,915**	140,886
Between 2 and 3 years	**587**	1,103
	18,075,627	10,541,524

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. As at 30 June 2019, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance. There is no due date for settlement. The trade receivables from tariff premium are fully recoverable, considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

12 TRADE AND BILLS PAYABLES

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Bills payables	**1,386,692**	1,310,066
Trade payables	**670,537**	685,541
Amounts due to associates	**138,124**	43,694
Amounts due to fellow subsidiaries	**13,520**	19,576
	2,208,873	2,058,877

The ageing analysis of trade and bills payables by invoice date is as follows:

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Within 1 year	**1,797,360**	1,699,853
Between 1 and 2 years	**307,696**	268,829
Between 2 and 3 years	**57,431**	48,695
Over 3 years	**46,386**	41,500
	2,208,873	2,058,877

As at 30 June 2019 and 31 December 2018, all trade and bills payables are payable and expected to be settled within one year.

13 DIVIDENDS

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

The directors did not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2018, approved during the following interim period, of RMB0.0977 per share (year ended 31 December 2017: RMB0.0918 per share)	**785,155**	737,611

Dividends in respect of the financial year ended 31 December 2018 have been fully paid on 22 July 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with IFRSs)

In the first half of 2019, international situation became complicated and severe, the Chinese macro economy faced growing pains of economic transformation, with interlacing old and new contradictions and a combination of cyclical and structural problems. Despite all this, China's gross domestic product (GDP) grew by 6.3% year on year, the value-added of the industrial enterprises above designated size across the country grew by 6.0% year on year, the national investment in fixed assets (excluding rural households) grew by 5.8% year on year and the total retail sales of consumer goods nationwide grew by 8.4% year on year. China's economy continued to operate within a reasonable range and sustained a development momentum of an overall steady growth during the first half of the year.

In the first half of the year, China's electricity supply and demand were roughly balanced on the whole, the growth in the power consumption across the country slowed down year on year. According to the statistics from China Electricity Council, power consumption across the country was 3,398 billion kWh, representing a year-on-year increase of 5.0%, 4.4 percentage points lower than that of the corresponding period of 2018. The power generation of above-the-scale power plants across the country amounted to 3,367.3 billion kWh, representing a year-on-year increase of 3.3%, 5.0 percentage points lower than that of the same period of 2018; of which wind power generation amounted to 214.5 billion kWh, representing a year-on-year increase of 11.5%. The cumulative average utilisation hours of power generation equipment across the country were 1,834 hours, representing a year-on-year decrease of 24 hours, of which the utilisation hours of grid-connected wind power equipment were 1,133 hours, down by 10 hours year on year. The installed capacity newly added through infrastructure construction across the country decreased year on year, and the growth in the power generation installed capacity continued to slow down. The power generation capacity newly added through infrastructure construction across the country amounted to 40.74 GW in the first half of the year, representing a year-on-year decrease of 11.37 GW, of which wind power accounted for 9.09 GW, representing a year-on-year increase of 1.56 GW. As of 30 June 2019, the installed capacity of power plants with capacity of 6,000 kW and above across the country amounted to 1,838.55 GW, representing a year-on-year increase of 5.7%, of which grid-connected capacity of wind power amounted to 192.69 GW, representing a year-on-year increase of 12.2%. The trans-regional and trans-provincial power transmission across the country grew rapidly. In the first half of the year, the trans-regional power transmission across the country was 224.3 billion kWh, representing a year-on-year increase of 11.2%. The total power transmission of all provinces across the country was 642.6 billion kWh, representing a year-on-year increase of 12.0%.

In 2019, China's wind power industry entered a new stage of development, with significant changes taking place in development landscape. The National Development and Reform Commission ("**NDRC**") and the National Energy Administration ("**NEA**") released a string of policies on grid parity, competitive allocation and furtherance of on-grid tariff, marking a new era of "fully competitive bidding, partial grid-parity" for newly approved projects (except for distributed projects) and stipulating the timeline to cancel subsidies for approved onshore wind power projects.

In January 2019, the NDRC and the NEA jointly issued the Notice on Actively Promoting Work Concerning Subsidy-free Grid-Parity for Wind Power and Photovoltaic Power Projects (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》), proposing twelve requirements and supporting policy measures, including to carry out the construction of grid-parity projects and low-price grid pilot projects and to optimize the investment environment for grid-parity projects and low-price grid projects. The notice has set out "12 guidelines" aiming to put forth a non-mandatory plan to encourage grid parity or low-price grid projects during the transitional period of realizing the reduction and cancellation of subsidies and the grid parity for wind power and photovoltaic power projects in the next two years. In April 2019, the General Department of the NEA issued the Work Plan for Promoting the Development of Subsidy-free Grid-Parity Wind Power and Photovoltaic Power Projects (Exposure Draft) (《關於推進風電、光伏發電無補貼平價上網項目建設的工作方案(徵求意見稿)》), which requires the relevant development and reform commissions of each province (region/city) with conditions to develop grid-parity wind power and photovoltaic power generation projects to submit the lists of the first batch of grid-parity wind power and photovoltaic power projects in 2019 before 25 April. On 20 May 2019, the NDRC and the NEA announced the lists for the first batch of grid-parity wind power and photovoltaic power projects in 2019, requiring priorities to be given to the development of these projects before commencement of competitive allocation of subsidized wind power projects by provincial-level energy authorities. On 28 May 2019, the NEA issued the Notice on the Issues Related to the Development of Wind Power and Photovoltaic Power Projects in 2019 (《關於2019年風電、光伏發電項目建設有關事項的通知》) and simultaneously released the Work Plan for the Development of Wind Power Projects in 2019 (《2019年風電項目建設工作方案》), aiming to further regulate work requirements and management mechanisms for the development of wind power projects, give full play to the decisive role of the market in resource allocation, guide the competition in the wind power market and promote high-quality development of the industry by actively promoting the construction of grid parity projects, strictly standardizing competitive allocation process of subsidized projects, comprehensively implementing the capacities of power transmission and consumption and optimizing investment and business environment.

In May 2019, the NDRC issued the Notice on Improving the Wind Power On-grid Tariffs Policy, (《關於完善風電上網電價政策的通知》), adjusting tariffs of onshore and offshore wind power projects from benchmark on-grid tariffs to guidance prices which shall serve as the upper limit for enterprises' on-grid tariffs and provide the basis for competitive allocation of wind power projects. From 2019 onwards, the tariffs of newly approved concentrated onshore and offshore wind power projects determined through bidding process shall not be higher than guidance prices for the resource zones where the projects locate, which sets up a "ceiling" for competitive pricing in the wind power sector, i.e. guidance prices shall be the highest prices for future bidding for wind power projects. Each province shall take the guidance price of local wind power as the upper limit for on-grid tariffs of projects allocated through competitive bidding and not set up lower limit. The notice specifies that guidance prices of newly approved onshore wind power projects in Tier I-IV resource zones which are in line with relevant plans and included in the annual scale management of financial subsidies in 2019 are RMB0.34/kWh, RMB0.39/kWh, RMB0.43/kWh and RMB0.52/kWh (inclusive of tax), respectively. The guidance price of wind power in 2020 would be further adjusted downward, i.e. being RMB0.29/kWh, RMB0.34/kWh, RMB0.38/kWh and RMB0.47/kWh (inclusive of tax), respectively. Furthermore, the notice also stipulates that onshore wind power projects approved by the end of 2020 shall complete grid connection in accordance with the prescribed time, otherwise they would not be eligible to receive subsidies; and that grid parity will apply to all new onshore wind power projects from 2021 onwards. The guidance price of newly approved offshore wind power projects which are in line with relevant plans and included in the annual scale management of financial subsidies in 2019 is RMB0.8/kWh (inclusive of tax) and shall be adjusted to RMB0.75/kWh (inclusive of tax) in 2020. For offshore wind power projects having been approved by the end of 2018, if all generating units complete grid connection by the end of 2021, on-grid tariffs at the time of approval shall be adopted; and if all generating units complete grid connection in 2022 and thereafter, then the guidance prices at the year of grid connection shall be adopted.

While requiring grid parity and competitive allocation for wind power projects, the NDRC and the NEA also introduced a series of policies to guarantee the consumption of renewable energy and create conditions for grid parity and competitive allocation of wind power, further promoting the transformation of energy consumption structure.

In January 2019, the NDRC and the NEA jointly issued the Notice on Regulating the Management for Planning Prioritised Power Generation and Purchase (《關於規範優先發電優先購電計劃管理的通知》), which indicates that prioritised power generation serves as an efficient way for the guaranteed purchase of wind power, solar energy and other clean energy, ensuring the safe operation of clean energy sources such as nuclear power and large hydropower plants at full base load, and facilitating the stable operation of regulated power supplies such as peak-shaving and frequency regulation, and formulated regulations on relevant matters in terms of the management for planning prioritised power generation and purchase. In April 2019, the NEA issued the Notice on Improving the Power Trading Mechanism Related to Wind Power Heating and Expanding the Application of Wind Power Heating (《關於完善風電

供暖相關電力交易機制擴大風電供暖應用的通知》), which points out that the market trading mechanism of wind power heating should be further improved and the application scope and scale of wind power heating should be expanded. In May 2019, the NDRC and the NEA jointly issued the Notice on Establishing and Improving the Guarantee Mechanism of Renewable Energy Power Consumption (《關於建立健全可再生能源電力消納保障機制的通知》), which proposes to set up responsibility weights of renewable energy power consumption for power consumption. Pursuant to the notice, the responsibility weights of consumption will be determined and assigned to provincial-level administrative regions, and the provincial-level energy authorities shall take the lead in implementing efforts to attain their respective responsibility weights; electricity sellers and electricity users jointly share the responsibilities of consumption; and power grid companies will be responsible for organizing efforts to attain the responsibility weights in the areas they operate. The introduction of the consumption guarantee mechanism will further address the challenge concerning wind power consumption, which will accelerate the increase of the proportion of renewable energy consumption and further promote the energy generation and consumption revolution.

I. BUSINESS REVIEW

1. Advancing safety production and marketing and achieving the objectives of "100-day campaign"

In the first half of 2019, the Group earnestly implemented the "100-day campaign for production and operation" work plan of CHN Energy, and formulated a work schedule for the production and operation campaign to secure fulfillment of targets by setting out specific timelines and rigid performance appraisal. With the aim of "ensuring safety, maintaining electricity output and managing equipment", the Group worked out 11 specific measures from three aspects including safety, production and marketing to ensure successful completion of the objectives of the campaign.

The foundation for production safety was consolidated. Based on the Safety and Environmental Protection No. 1 Document, the Group directed overall safety and environmental protection efforts. It carried out the "year of responsibility implementation" and "year of equipment maintenance" activities, identified and deployed key tasks of the year, and implemented the responsibility for safety and environmental protection at all levels. Drawing upon past experience in safety supervision and management, it sorted out existing safety production management system by reference to work responsibilities to create a list of systems and carry out system establishment. Meanwhile, it streamlined routine inspections, improved the professionalism of inspections, carried out in-depth inspections of production safety at the headquarters and production sites of certain subsidiaries, strengthened inspections, rectifications and closed-loop control, and improved the long-term supervision mechanism of production safety. Further, the Group strengthened inspection and assessment, studied typical accidents to work out key anti-accident measures, and released the Activity Program for Key Anti-accident Measures (《重點反事故措施活動方案》). The Group held safety examinations for outsourcing personnel for the first time, adopted stringent review and approval procedures on outsourcing. Centering on the theme of "preventing risks, eliminating hidden dangers and reducing accidents" determined by the Work Safety Commission of the State Council this year, the Group arranged and completed a number of tasks during the month of production safety.

Management quality was improved. Based on the power generation indicator, the Group developed key indicators such as generation difference rate, average number of faults, average downtime per failure and completion rate of regular inspection to create a multi-dimensional indicator evaluation system, promoted the assessment method of generation difference rate, and established an effective incentive mechanism for production personnel to stimulate their passion in production and management. In addition, the roles and responsibilities of operation and management of the Company, its subsidiaries and wind farms for the three-level monitoring system were further clarified, thus keeping the state of equipment controllable and under control, and ensuring accurate and timely troubleshooting and safe and effective operation. Moreover, the Group made solid progress in the refined management of equipment, and carried out in-depth the "year of equipment maintenance" activities. In particular, it emphasized rectification of equipment defects, tracked and supervise the rectification of key defects, and increased efforts on technical renovation and in tackling major technical challenges, achieving remarkable results in equipment maintenance.

The Group innovated its management mechanisms. Thanks to the improvement of grid curtailment management, a continuous decrease in the level of grid curtailment was seen. The Group strictly implemented dual controls on grid curtailment rate and quantity, further strengthened follow-up analysis on grid curtailment of subordinate units, and enhanced grid curtailment management in Xinjiang, Western Inner Mongolia, Gansu and other regions with high grid curtailment rate to prevent rebound risks. Meanwhile, the Group rationally sized up and capitalized on market conditions to increase market trading volume and efficiency. Adhering to the principle of "quantity is the fundamental and price is the key, maximizing the benefits", the Group generated trading strategies scientifically. It generated differentiated trading strategies that were in line with regional realities by reference to the power market conditions, and thus enhancing the refinement and benefits of electricity sales transactions of the Company in the market.

In the first half of 2019, the Group generated a cumulative gross power generation of 26,291 GWh, of which wind power generation amounted to 21,445 GWh, representing a year-on-year increase of 3.15%, mainly attributable to the increase of installed capacity, effective equipment management and improvement of grid curtailment. In the first half of 2019, the average utilisation hours of the wind power business were 1,172 hours, down by 9 hours as compared to the corresponding period of 2018, which was primarily due to the combined effect of the decrease in wind resources, effective equipment management and the decrease in grid curtailment rate.

During the period from 1 January 2019 to 30 June 2019, the consolidated gross power generation from coal power segment of the Group was 4,580 GWh, representing a decrease of 4.44% as compared with 4,793 GWh in the corresponding period of 2018. This was primarily due to the combined effect of the increase in the electricity transmitted from other provinces and the new energy power generation, which squeezed the share of coal power, and the overhauling of some of the generating units. The average utilisation hours of the Group's coal power segment in the first half of 2019 was 2,443 hours, representing a decrease of 113 hours as compared with 2,556 hours in the corresponding period of 2018.

2. Upholding the plan-guided strategy and improving strategic layout consistently

The Group enhanced the strategic guidance and formulated the large base planning report, 3-year action plan on offshore wind power and other instructive documents upon careful analysis of changes in future wind power investment environment and policies as well as potential risks, accurate comprehension of the trend of industry policies and thorough study of the competing strategies adopted by major wind power developers, thus providing scientific guidance for the large base and offshore wind power development. The strategic guidance and regional layout of the Company were improved from the troubleshooting perspective, by lining up with standards and pursuing investment-driven developments, in the light of sufficient reserve projects with high quality and with economic profitability as a core.

In the first half of 2019, the Group continued to optimise the strategic layout, intensified research on development strategies and further clarified the general idea of developing large base, offshore and distributed wind power, thereby forming the strategic landscape of regionally synergic development. The Group schemed for preliminary work in curtailment-exempted provinces in the "Three North" areas by keeping abreast of the planning proposals issued in different provinces; and strived to win all tenders submitted thorough analysis of resource conditions and pricing levels of different provinces, preliminary estimation of bidding bottom line and comprehensive understanding of projects with strong competitiveness. The Group expanded its cooperative channels through entering into strategic cooperation agreements with China Southern Power Grid, Shanghai Electric and Envision and reaching consensus on cooperation with governments at provincial and autonomous regional levels in Shanxi, Qinghai, Henan, Inner Mongolia, Ningxia, Fujian, Guangdong, etc., having thus made positive progress in project development. In the first half of 2019, the Group obtained state approval for parity price projects with a capacity of 247.5 MW, secured development rights to bidding projects with a capacity of 45 MW and won over development rights to distributed projects with a capacity of 11 MW.

3. Accelerating project construction to cement foundation for achievement of the annual targets

In the first half of 2019, the Group embraced safe and steady project construction, further improved project quality management and enhanced cost management and control. The Group coordinated and settled problems identified in a timely manner and thereby ensured project quality through scientifically optimised design, strengthened supervision, emphasized supervising and manufacturing; effectively curbed project changes and strictly controlled the project costs within the scope of decision-making authority by regularly conducting overall analysis on cost, review on changes and the maximum price limit and other in-process controls. In addition, the Group standardised work concerning conservation of water and soil in the wind farms from the perspectives of design, bidding, construction and supervisory management, strictly implemented "three-simultaneousness" requirements for conservation of water and soil for projects under construction, and fully fulfilled the requirements of acceptance check and putting on record in relation to water conservation and environmental protection for projects already completed, aiming at comprehensively creating eco-friendly wind farms and achieving green and sustainable development.

In order to accelerate project construction effectively, and create favorable conditions for the satisfactory attainment of the annual construction targets, in the second quarter of the year, the Group responded proactively to the deployment of CHN Energy for the "100-day campaign for safe production" campaign and organised the "100-day campaign for project construction" activity. Meanwhile, the Group further improved the system enabling synergic advancement of projects and preliminary work to speed up the implementation of construction conditions for newly commenced projects and timely carried out project-related work including geological prospecting, map survey, road design, microsite selection etc., which initiated the work relating to forest and land expropriation in advance and sped up the project construction progress.

In the first half of 2019, the Group's new wind power projects with installed capacity of 90 MW commenced operation. As at 30 June 2019, the consolidated installed capacity of the Group was 21,134 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 19,009 MW, 1,875 MW and 250 MW, respectively.

4. Participating in market transactions in a rational way and maintaining basically stable tariffs

In the first half of 2019, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB457 per MWh (value-added tax ("**VAT**") exclusive), representing an increase of RMB2 per MWh as compared with RMB455 per MWh (VAT exclusive) in the corresponding period of 2018. The average on-grid tariffs for wind power amounted to RMB478 per MWh (VAT exclusive), about the same as compared with RMB478 per MWh (VAT exclusive) in the corresponding period of 2018, which was primarily due to the expanded scale of the market transactions of wind power and the decrease in VAT rate. The average on-grid tariffs for coal power amounted to RMB335 per MWh (VAT exclusive), representing a decrease of RMB1 per MWh as compared with the average on-grid tariffs for coal power of RMB336 per MWh (VAT exclusive) in the corresponding period of 2018, which was primarily due to the expanded scale of direct electricity supply transactions for major users of coal power and the decrease in VAT rate.

5. Carrying on with capital management and taking effective control of capital cost

In the first half of 2019, the liquidity in the capital market moderately eased as compared to that in the corresponding period last year. Capitalizing on the window of opportunity, the Group carried out swap and optimization of interest-bearing liabilities to exert effective control over capital cost. Thanks to its all-out efforts on expansion of financing channels, the Group organized the recruitment of bond underwriters twice, enhanced its competence in bond issuance, and successfully issued two tranches of mid-term notes, and three tranches of ultra-short-term debentures in the first half of the year. It also cemented its ties with major partners in the financial market to further replenish the credit facilities of the Company and ensure capital supply. The Group continued to deepen financing innovation and promoted innovative products such as recycling factoring, asset securitization and supply chain finance, revitalized existing receivable new energy subsidies. Short-term capital operations such as ultra-short-term loans and overdraft of corporate account were employed flexibly to reduce currency capital precipitation. It also improved refined capital operation and achieved the management and control of large-capital income and expenditure plans to full coverage at home and abroad to seek the time value of capital. The Group strengthened the management and control of capital risks and expanded the proportion of long-term financing to ensure the safety of the capital chain.

6. **Boosting technical innovation steadily and leading the direction of industry development**

In the first half of 2019, the Group made new phased achievements in respect of standards formulation and intellectual rights. It participated in the formation of 2 national standards for wind power and 11 industry standards for wind power, of which 5 industry standards including "Applied Technology Standards for Safety Belts/Safety Tools of Wind Power Generating Units" passed the review of Energy Industry Wind Power Operation and Standard Maintenance Committee, leading the development direction of the industry. The Group obtained 9 new patents including 1 invention patent and 8 utility model patents.

In the first half of 2019, the Group gained approval for and launched 14 technical projects, of which 7 projects including the "Research and Application of Key Technology for Intelligent Offshore Wind Farm" were approved by CHN Energy. The "Study on Wind Power Operation Big Data Analysis and Processing Technology", a technical project of CHN Energy undertaken by the Company, obtained the acceptance successfully and delivered a number of achievements. The "Application and Verification of Wind Resource Appraisal and Wind Power Generating Unit Design for Wind Farms", a national key special research project led and undertaken by the Company, passed the review of the Ministry of Science and Technology and was launched officially. The technical results of "Key Technology for Construction of Offshore Wind Farms under Complicated Geological Conditions" developed independently by the Company passed the authoritative verification of domestic academician-level experts and aligned with those at internationally leading standards.

7. **Advancing overseas projects steadily and carrying out "Going Global" strategy proactively**

In the first half of 2019, following the requirements of high-quality development, the Group strived for breakthroughs in respect of overseas business by optimising overseas layout and exerting greater efforts on preliminary work for and development of projects in countries covered by the "Belt and Road" Initiative. Positive progress was made in the Central and Eastern European market. In this regard, in addition to close follow-ups of the bidding for the 2019 wind power projects in Poland, the Group also further tapped the opportunities arising from the greenland wind power projects in Ukraine by proper utilization of the limited window period of fixed tariff, and obtained the right to develop the project. The Group has set up working teams to open up new markets in Vietnam, clarified development idea as well as sorted out the first-tier projects to carry out key cooperative development. The Group also conducted evaluation and measurement on a number of wind power and photovoltaic projects in the markets of such key countries as Australia, Bangladesh, Argentina and Egypt, laying the ground for forwarding future projects.

The Group strengthened management of in-service overseas projects and enhanced its capability in improvement of quality and efficiency. The Group's companies in Canada and South Africa consolidated the production and operation mode and improved the responsibility management system to level up their management and production safety standards in full swing, resulting in striking effect in respect of production and operation. In the first half of 2019, Dufferin Wind Farm of the Group in Canada recorded total power generation of 151 GWh, representing a year-on-year increase of 3.18%; maintained safe production for a total of 1,672 days as at 30 June 2019. In the first half of 2019, the Group's in De Aar Wind Farm in South Africa recorded total power generation of 363 GWh, representing a year-on-year increase of 3.69%; and maintained safe production for a total of 609 days as at 30 June 2019.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In the first half of 2019, the net profit of the Group amounted to RMB3,632 million, representing an increase of 0.8% as compared to RMB3,603 million in the corresponding period of 2018. Net profit attributable to equity holders of the Company amounted to RMB3,208 million, representing an increase of 0.5% as compared to RMB3,193 million in the corresponding period of 2018. Earnings per share amounted to RMB38.41 cents, representing an increase of RMB0.18 cent as compared to RMB38.23 cents in the corresponding period of 2018.

Operating revenue

Operating revenue of the Group amounted to RMB14,038 million in the first half of 2019, representing an increase of 5.1% as compared to RMB13,363 million in the corresponding period of 2018. The increase in operating revenue was primarily due to: (1) an increase of RMB335 million, or 3.5%, in electricity sales and other revenue of wind power segment to RMB9,915 million in the first half of 2019 as compared to RMB9,580 million in the corresponding period of

2018, which was primarily due to an increase in electricity sales of wind power segment in line with an increase in installed wind power capacity; (2) an increase of RMB233 million, or 15.0%, in revenue from coal sales of coal power segment to RMB1,784 million in the first half of 2019 as compared to RMB1,551 million in the corresponding period of 2018, which was primarily due to the increase in sales volume of coal; and (3) an increase of RMB20 million, or 10.3%, in revenue from electricity sales of other renewable energy segments to RMB215 million in the first half of 2019 as compared to RMB195 million in the corresponding period of 2018, which was primarily due to the increase in photovoltaic and biomass power generation.

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

	For the six months ended 30 June			
Operating revenue	**2019**		**2018**	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Electricity sales and others of wind power segment	**9,915**	**70.6%**	9,580	71.7%
Electricity sales of coal power segment	**1,423**	**10.1%**	1,498	11.2%
Steam sales of coal power segment	**368**	**2.6%**	354	2.6%
Coal sales	**1,784**	**12.7%**	1,551	11.6%
Electricity sales of other renewable energy business	**215**	**1.5%**	195	1.5%
Service concession construction revenue	**16**	**0.1%**	6	0.0%
Others	**317**	**2.4%**	179	1.4%
Total	**14,038**	**100.0%**	13,363	100.0%

Other net income

Other net income of the Group amounted to RMB456 million in the first half of 2019, representing an increase of 2.9% as compared with RMB443 million in the corresponding period of 2018, primarily due to the increase in the government grants.

The breakdown of other net income items and their respective proportions are set out in the table below:

Other net income	For the six months ended 30 June 2019		2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Government grants	**416**	**91.2%**	396	89.4%
Others	**40**	**8.8%**	47	10.6%
Total	**456**	**100.0%**	443	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB8,377 million in the first half of 2019, representing an increase of 6.3% as compared to RMB7,882 million in the corresponding period of 2018, primarily due to: (1) increases in the depreciation and amortisation expenses in the wind power segment and the personnel costs; and (2) an increase in coal sales cost in the coal power segment.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB3,754 million in the first half of 2019, representing an increase of 5.8% as compared to RMB3,549 million in the corresponding period of 2018, primarily due to the increase of RMB203 million or 6.2% in depreciation and amortisation expenses in the wind power segment over the corresponding period of 2018 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB1,072 million in the first half of 2019, representing a decrease of 10.7% as compared to RMB1,200 million in the corresponding period of 2018, which was primarily due to: (1) a decrease of approximately 6.1% in the unit price of standard coal for power and steam generation as affected by the decrease in the coal price in the first half of 2019; and (2) a decrease of approximately 4.8% in the consumption of standard coal for power generation and heat supply as a result of the decrease in power generation.

Coal sales costs

Coal sales costs of the Group in the first half of 2019 amounted to RMB1,740 million, representing an increase of 15.5% as compared to RMB1,507 million in the corresponding period of 2018, which was primarily due to an increase in approximately 31.3% in the sales volume of coal in the first half of 2019 as well as a decrease of approximately 9.3% in the average procurement price of coal.

Service concession construction costs

The construction costs of the Group's concession projects in the first half of 2019 amounted to RMB16 million, representing an increase of 166.7% as compared to RMB6 million in the corresponding period of 2018, primarily due to an increase in the construction volume of service concession projects under construction in the first half of 2019 as compared to the corresponding period of 2018.

Personnel costs

Personnel costs of the Group amounted to RMB854 million in the first half of 2019, representing an increase of 13.1% as compared to RMB755 million in the corresponding period of 2018, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed wind power capacity; (2) an increase in salary and benefits of staff; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB82 million in the first half of 2019, representing a decrease of 2.4% as compared to RMB84 million in the corresponding period of 2018, which was primarily due to a decrease in sales of spare parts of other segments.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB267 million in the first half of 2019, representing an increase of 5.1% as compared to RMB254 million in the corresponding period of 2018, which was primarily due to: (1) an increase in the repair expenses in the wind power segment with the growth of the installed wind power capacity; and (2) an increase in the repair expenses of the coal power segment as a result of the extended maintenance period.

Administrative expenses

Administrative expenses of the Group amounted to RMB179 million in the first half of 2019, representing a decrease of 1.6% as compared to RMB182 million in the corresponding period of 2018, which was primarily due to the Group's strengthened corporate management for cost reduction and efficiency enhancement.

Other operating expenses

Other operating expenses of the Group amounted to RMB411 million in the first half of 2019, representing an increase of 19.8% as compared to RMB343 million in the corresponding period of 2018, which was primarily due to an increase in the Engineering Procurement Construction ("**EPC**") costs arising from the provision of EPC services by other segments.

Operating profit

In the first half of 2019, the operating profit of the Group amounted to RMB6,116 million, representing an increase of 3.2% as compared to RMB5,924 million in the corresponding period of 2018, which was primarily due to: (1) an increase in installed capacity in the wind power segment which leads to higher revenue and operating profits; and (2) an increase in the operating profit of the coal power segment as a result of lower coal consumption costs due to the decrease in coal price.

Net finance expenses

Net finance expenses of the Group amounted to RMB1,773 million in the first half of 2019, representing an increase of 9.3% as compared to RMB1,622 million in the corresponding period of 2018, which was primarily due to: (1) an increase of RMB83 million in loss from changes in fair value of the interest rate swap contracts as compared to the corresponding period of 2018; (2) an increase of RMB44 million in the unrealized loss recognized for trading securities held in the first half of 2019 as compared to the corresponding period of 2018; and (3) an increase of RMB10 million in the Group's net foreign exchange loss in the first half of 2019 as compared to the corresponding period of 2018.

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 RMB41 million in the first half of 2019, representing a decrease of 41.4% as compared to RMB70 million in the corresponding period of 2018, which was primarily due to the year-on-year significant decline in the net profit of Guodian United Power Technology Co., Ltd. (國電聯合動力技術有限公司) and Jiangsu Longyuan Zhenhua Marine Engineering Co., Ltd. (江蘇龍源振華海洋工程有限公司), both being associates, during the first half of 2019.

Income tax

Income tax of the Group amounted to RMB753 million in the first half of 2019, representing a decrease of 2.1% as compared to RMB769 million in the corresponding period of 2018, which was primarily due to a decrease in the profits (inclusive of tax) of the wind power projects not entitled to tax exemption as compared to the corresponding period of 2018.

Net profit

In the first half of 2019, the net profit of the Group amounted to RMB3,632 million, representing an increase of 0.8% as compared to RMB3,603 million in the corresponding period of 2018, mainly attributable to the year-on-year increase in the net profit of the wind power and coal power segments.

Net profit attributable to equity holders of the Company

In the first half of 2019, net profit of the Group attributable to equity holders of the Company amounted to RMB3,208 million, representing an increase of 0.5% as compared to RMB3,193 million in the corresponding period of 2018, mainly attributable to the increase in net profit from the coal power and wind power segments.

Segment results of operations

Wind power segment

Operating revenue

In the first half of 2019, the operating revenue in the wind power segment of the Group amounted to RMB9,931 million, representing an increase of 3.6% from RMB9,586 million in the corresponding period of 2018, primarily due to the increase in electricity sales revenue derived from growing electricity sales in the wind power segment led by the increase in installed wind power capacity.

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

Operating revenue	For the six months ended 30 June			
	2019		2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**9,908**	**99.7%**	9,567	99.8%
Service concession construction revenue	**16**	**0.2%**	6	0.1%
Others	**7**	**0.1%**	13	0.1%
Total	**9,931**	**100.0%**	9,586	100.0%

Operating profit

In the first half of 2019, the operating profit in the wind power segment of the Group amounted to RMB5,867 million, representing an increase of 1.5% from RMB5,778 million in the corresponding period of 2018, which was mainly attributable to the increase in revenue from electricity sales in the wind power segment. The growth of operating profit was lower than that of the revenue from electricity sales in the wind power segment, which was primarily due to the fact that the growth of revenue from electricity sales was lower than that of the costs of electricity sales as a result of the decrease in average utilisation hours of power equipment in the first half of 2019.

Coal power segment

Operating revenue

In the first half of 2019, operating revenue of the coal power segment of the Group amounted to RMB3,753 million, representing an increase of 5.5% as compared to RMB3,558 million in the corresponding period of 2018, primarily due to: (1) a year-on-year increase of RMB233 million in revenue from coal sales as a result of the increase in coal sales; and (2) a year-on-year decrease of RMB75 million in revenue from electricity sales as affected by the decrease in coal power generation.

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

Operating revenue	For the six months ended 30 June			
	2019		2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**1,423**	**37.9%**	1,498	42.1%
Revenue from sales of steam	**368**	**9.8%**	354	9.9%
Revenue from coal trading	**1,784**	**47.5%**	1,551	43.6%
Others	**178**	**4.8%**	155	4.4%
Total	**3,753**	**100.0%**	3,558	100.0%

Operating profit

In the first half of 2019, operating profit of coal power segment of the Group amounted to RMB297 million, representing an increase of 36.9% as compared to RMB217 million in the corresponding period of 2018, which was mainly attributable to a year-on-year increase in the gross margin of electricity and steam sales businesses due to the decline in coal price.

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

Operating profit	For the six months ended 30 June			
	2019		2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Sales of electricity, steam and others	**253**	**85.2%**	173	79.7%
Coal trading business	**44**	**14.8%**	44	20.3%
Total	**297**	**100.0%**	217	100.0%

Other segments

Operating revenue

In the first half of 2019, the operating revenue of other segments of the Group amounted to RMB619 million, representing an increase of 95.3% as compared to RMB317 million in the corresponding period of 2018, which was mainly attributable to: (1) a year-on-year increase of RMB266 million in revenue from EPC resulting from the growth of EPC business in other segments, among which revenue from intragroup EPC increased by RMB153 million; and (2) an increase of RMB20 million in revenue from electricity sales as compared to that in the corresponding period of 2018 as a result of an increase in power generation from photovoltaic and biomass business.

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

Operating revenue	**For the six months ended 30 June**			
	2019		2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**215**	**34.7%**	195	61.5%
Revenue from EPC	**323**	**52.2%**	57	18.0%
Others	**81**	**13.1%**	65	20.5%
Total	**619**	**100.0%**	317	100.0%

Operating profit

In the first half of 2019, the operating profit of other segments of the Group amounted to RMB38 million, representing an increase of 265.2% as compared to RMB-23 million in the corresponding period of 2018, which was mainly attributable to (1) increases in revenue from consulting and design services and revenue from EPC in other segments; and (2) an increase in revenue from electricity sales of the photovoltaic and biomass business.

Assets and liabilities

As at 30 June 2019, total assets of the Group amounted to RMB152,898 million, representing an increase of RMB6,394 million as compared with total assets of RMB146,504 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB6,607 million in current assets including trade and bills receivables; and (2) a decrease of RMB213 million in non-current assets including property, plant and equipment.

As at 30 June 2019, total liabilities of the Group amounted to RMB93,859 million, representing an increase of RMB3,920 million as compared to total liabilities of RMB89,939 million as at 31 December 2018. This was primarily due to (1) an increase of RMB3,817 million in non-current liabilities including long-term borrowings; and (2) an increase of RMB103 million in current liabilities including short-term borrowings.

As at 30 June 2019, equity attributable to equity holders of the Company amounted to RMB51,587 million, representing an increase of RMB2,351 million as compared with RMB49,236 million as at 31 December 2018, which was mainly income from normal earnings in the period.

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

Assets	**30 June 2019** ***Amount (RMB million)***	31 December 2018 *Amount (RMB million)*
Property, plant and equipment	**109,407**	110,001
Investment properties and lease prepayments	**9**	2,162
Right-of-use assets	**2,895**	–
Intangible assets and goodwill	**7,727**	8,171
Other non-current assets	**8,467**	8,384
Current assets	**24,393**	17,786
Total	**152,898**	146,504

Liabilities	**30 June 2019** ***Amount (RMB million)***	31 December 2018 *Amount (RMB million)*
Long-term borrowings	**50,477**	46,645
Lease liabilities (long-term)	**626**	–
Deferred income and deferred tax liabilities	**1,584**	1,614
Obligations under finance leases and other non-current liabilities	**1,289**	1,900
Current liabilities	**39,883**	39,780
Total	**93,859**	89,939

Capital liquidity

As at 30 June 2019, current assets of the Group amounted to RMB24,393 million, representing an increase of RMB6,607 million as compared with RMB17,786 million as at 31 December 2018, which was mainly attributable to the increase in trade and bills receivables.

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

Current assets	**30 June 2019**		31 December 2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Trade and bills receivables	**18,076**	**74.1%**	10,542	59.3%
Prepayments and other current assets	**2,333**	**9.6%**	2,819	15.8%
Cash at banks and on hand and restricted deposits	**2,215**	**9.1%**	3,114	17.5%
Others	**1,769**	**7.2%**	1,311	7.4%
Total	**24,393**	**100.0%**	17,786	100.0%

As at 30 June 2019, current liabilities of the Group amounted to RMB39,883 million, representing an increase of RMB103 million as compared with RMB39,780 million as at 31 December 2018.

Current liabilities by item and proportions are set out in the table below:

Current liabilities	**30 June 2019**		31 December 2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Borrowings	**27,544**	**69.1%**	28,336	71.2%
Trade and bills payables	**2,209**	**5.5%**	2,059	5.2%
Obligations under finance leases and other current liabilities	**9,739**	**24.4%**	9,176	23.1%
Lease liabilities (short-term)	**94**	**0.2%**	–	–
Tax payable	**297**	**0.8%**	209	0.5%
Total	**39,883**	**100.0%**	39,780	100.0%

As at 30 June 2019, net current liabilities of the Group amounted to RMB15,490 million, representing a decrease of RMB6,504 million as compared with RMB21,994 million as at 31 December 2018. The liquidity ratio was 0.61 as at 30 June 2019, representing an increase of 0.16 as compared with the liquidity ratio of 0.45 as at 31 December 2018, which was mainly attributable to the increase in trade receivables.

Restricted deposits amounted to RMB168 million, which mainly represent monetary funds deposited in the custodial account opened by the Group which can only be transferred to a trust account or be used for repaying bank loans.

Borrowings and bills payables

As at 30 June 2019, the Group's balance of the borrowings and bills payables amounted to RMB79,407 million, representing an increase of RMB3,116 million as compared with the balance of the borrowings and bills payables of RMB76,291 million as at 31 December 2018. As at 30 June 2019, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB28,930 million (including long-term borrowings due within one year of RMB4,742 million and bills payables of RMB1,387 million) and long-term borrowings amounting to RMB50,477 million (including debentures payables of RMB24,299 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB72,585 million, borrowings denominated in U.S. dollars of RMB2,566 million and borrowings denominated in other foreign currencies of RMB2,869 million. As at 30 June 2019, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB272 million and corporate bonds with fixed interest rates of RMB24,299 million. As at 30 June 2019, the balance of bills payables issued by the Group amounted to RMB1,387 million.

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

Borrowings and bills payables	**30 June 2019**		31 December 2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Bank loans	**46,720**	**58.9%**	44,684	58.6%
Loans from other financial institutions	**101**	**0.1%**	41	0.1%
Loans from fellow subsidiaries	**487**	**0.6%**	482	0.6%
Corporate bonds	**30,712**	**38.7%**	29,774	39.0%
Bills payables	**1,387**	**1.7%**	1,310	1.7%
Total	**79,407**	**100.0%**	76,291	100.0%

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

Borrowings and bills payables	**30 June 2019**		31 December 2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Within 1 year	**28,930**	**36.4%**	29,646	38.9%
1–2 years	**14,375**	**18.1%**	7,270	9.5%
2–5 years	**23,008**	**29.0%**	25,904	34.0%
Over 5 years	**13,094**	**16.5%**	13,471	17.6%
Total	**79,407**	**100.0%**	76,291	100.0%

The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the table below:

Borrowings and bills payables	**30 June 2019**		31 December 2018	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Bills payables	**1,387**	**1.7%**	1,310	1.7%
Fixed rate borrowings	**33,059**	**41.7%**	32,542	42.7%
Floating rate borrowings	**44,961**	**56.6%**	42,439	55.6%
Total	**79,407**	**100.0%**	76,291	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB3,367 million in the first half of 2019, representing an increase of 2.2% as compared with RMB3,294 million in the corresponding period of 2018, among which, the expenditures for the construction of wind power projects amounted to RMB3,284 million, and the expenditures for the project construction of other segments amounted to RMB83 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance 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 2019 *Amount (RMB million)*	*Proportion (%)*	2018 *Amount (RMB million)*	*Proportion (%)*
Wind power projects	**3,284**	**97.5%**	2,906	88.2%
Other renewable energy projects	**1**	**0.1%**	3	0.1%
Others	**82**	**2.4%**	385	11.7%
Total	**3,367**	**100.0%**	3,294	100.0%

Net gearing ratio

As at 30 June 2019, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and obligations under finance leases less cash and cash equivalents) by the sum of net debt and total equity, was 56.40%, representing an increase of 0.22 percentage point from 56.18% as at 31 December 2018. This was primarily due to the increase in debts being slightly higher than the increase in total equity during the first half of 2019.

Major investments

The Group made no major investment in the first half of 2019.

Material acquisitions and disposals

The Group did not have any material acquisitions and disposals in the first half of 2019.

Pledged assets

As at 30 June 2019, loans amounted to RMB15,101 million are secured by tariff collection rights and equipment with net carrying amount of RMB2,629 million.

Contingent liabilities/Guarantees

As at 30 June 2019, the Group provided a guarantee of RMB125 million for bank loans of associates, and issued a counter-guarantee of no more than RMB19 million to the controlling shareholder of an associate. As at 30 June 2019, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

As at 30 June 2019, cash and cash equivalents held by the Group amounted to RMB2,047 million, representing a decrease of RMB814 million as compared with RMB2,861 million as at 31 December 2018, which was mainly attributable to the expenditures on investment in wind power projects and repayment of borrowings. The principal sources of funds of the Group mainly included cash inflow generated from operating activities and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow from the Group's operating activities amounted to RMB2,300 million in the first half of 2019, representing a decrease of RMB4,028 million as compared with RMB6,328 million in the corresponding period of 2018, which was mainly attributable to the increase in trade receivables in the first half of 2019.

The net cash outflow from investing activities of the Group was RMB4,435 million in the first half of 2019. The cash outflow for investing activities was mainly used for the payment for wind power projects.

The net cash inflow from financing activities of the Group was RMB1,316 million in the first half of 2019. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of bonds and bank loans. The cash outflow from 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 carried out abroad and a small amount of its loans are denominated in foreign currencies. Therefore, fluctuations of the Group in Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions. The Group always pays high attention to monitoring and research of the risk in the foreign exchange rate, keeps close contact with domestic and international financial institutions in terms of businesses relating to exchange rate and effectively carries out protection measures for currency exchange rate. Meanwhile, it designs appropriate means to use foreign currencies and adopts various approaches to improve risk management of the currency exchange rate.

III. PROSPECT FOR THE SECOND HALF OF 2019

In the second half of 2019, the Group will thoroughly study Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, firmly adhere to the working general principle of seeking progress while maintaining stability, and earnestly implement the new energy security strategy of "Four Revolutions, One Cooperation (四個革命，一個合作) "as well as CHN Energy's development strategy of "Three Types, Five Variations and Seven First-classes (三型五化，七個一流)". The Group will strive to advance various tasks in pursuit of the goal of developing into a world-class new energy company.

In the second half of 2019, the Group will focus on the following five areas of works:

(I) Emphasizing the political work of the Party and launching educational activities on the theme of staying true to the founding mission of the Party

The Group will keep enhancing the Party's political building as the overarching principle so as to urge Party members to strengthen their consciousness of the "Four Types of Awareness", and arm their mind with Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. To this end, it will launch educational activities on the theme of staying true to the founding mission of the Party, and conduct in-depth investigation and study to solve key challenges and difficulties and boost work morale.

(II) Implementing the gist adopted at the interim working meetings to promote strategic transformation and materialize high-quality development

More effort will be made to strengthen policy research and technical follow-up to speed up the preparation of the "14th Five-year" development plan. The Group will expand its presence in both southern and northern regions of China by increasing reserved resources of offshore wind power in the southern regions and accelerating the development of large-scale wind power base projects in the northern regions. Moreover, it will increase effort in developing PV power projects and exploring strategic emerging industries diversified, and steadily push ahead with the development and construction of overseas projects.

(III) Deepening internal reforms and drawing up a plan for building itself into a world-class new energy company with global competitiveness

The Group will speed up to build itself into a world-class enterprise by improving development plans and indicator systems, aligning itself with global leading peers, and continuously enhancing management standard, so as to build a world-class new energy company with global competitiveness.

(IV) Consolidating the foundation for work safety, and strengthening management to ensure accomplishment of the objectives and tasks for the year

The Group will carry out the campaign of "year of safety and environmental responsibility" and implement the responsibility for safety and environmental protection at all levels of the Company for preventing the occurrence of all sorts of accidents in an effective manner. Further, it will deepen centralized management of equipment, carry out preventive maintenance, and ensure the completion of the annual electricity output target. It will continue to reduce its "receivables and inventories (兩金)", optimize financing structure, and strictly control the increase of costs and expenses.

(V) Strengthening the development of innovation capacity and optimizing technology management mechanisms to enhance core competitiveness

The Group will increase investment in technology, carry out research on floating and ultra-large offshore wind power technology, and actively participate in the formulation of industry standards for offshore wind power infrastructure and operation and maintenance. Moreover, it will promote information-based and intelligent development, upgrade new energy monitoring centers and develop high-standard smart wind farms.

OTHER INFORMATION

Share Capital

As of 30 June 2019, 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 six months ended 30 June 2019.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2019.

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 2019.

Compliance with the Requirements of Appendix 14 of the Listing Rules

On 17 May 2019, the Company held the 2018 annual general meeting. Mr. Qiao Baoping, the Chairman of the Board, was unable to attend the abovementioned annual general meeting due to business engagement. Save as disclosed above, during the period from 1 January 2019 to 30 June 2019, 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 period from 1 January 2019 to 30 June 2019. 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 of the Board (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; review and supervise internal audit control system and risk management function to ensure the independence of the audit function, to ensure coordination between the internal and external auditors and to ensure that functions in respect of accounting, internal auditing and financial reporting are 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 programs or other similar arrangement. Moreover, the Audit Committee will discuss the risk management and internal control system with the management to ensure that the management has duly performed its duties and established effective system. It will also supervise relevant departments in disclosing the details about how the Company complies with code provisions in respect of risk management and internal control during the period from 1 January 2019 to 30 June 2019, under the Corporate Governance Report.

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

On 20 August 2019, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2019, the 2019 interim report and the unaudited interim financial statements for the six months ended 30 June 2019 prepared under IAS 34, *Interim Financial Reporting* and the disclosure requirements under the Listing Rules.

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 2019 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*
Jia Yanbing
Executive Director and and President

Beijing, the PRC, 20 August 2019

As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Liu Jinhuan, Mr. Luan Baoxing and Mr. Yang Xiangbin; the executive directors are Mr. Jia Yanbing 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*