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 2021

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2021, revenue amounted to RMB17,877 million, representing an increase of 25.7% over the corresponding period of 2020
- For the six months ended 30 June 2021, profit before taxation amounted to RMB6,375 million, representing an increase of 38.8% over the corresponding period of 2020
- For the six months ended 30 June 2021, net profit attributable to equity holders of the Company amounted to RMB4,540 million, representing an increase of 36.3% over the corresponding period of 2020
- For the six months ended 30 June 2021, earnings per share amounted to RMB0.5500, representing an increase of RMB0.1506 over the corresponding period of 2020

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 2021, together with comparative figures for the corresponding period of 2020. 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**").

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

(Expressed in thousands of Renminbi)

		Six months ended 30 June	
		2021	2020
		(Unaudited)	*(Unaudited)*
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**17,876,758**	14,217,858
Other net income	5	**554,553**	423,093
Operating expenses			
Depreciation and amortisation		**(4,045,053)**	(3,861,917)
Coal consumption		**(1,370,982)**	(861,646)
Coal sales costs		**(2,497,341)**	(1,554,431)
Service concession construction costs		**(70,779)**	(112,712)
Personnel costs		**(1,192,407)**	(900,157)
Material costs		**(78,675)**	(83,163)
Repairs and maintenance		**(391,256)**	(356,804)
Administrative expenses		**(229,757)**	(198,321)
Other operating expenses		**(445,673)**	(374,121)
		(10,321,923)	(8,303,272)
Operating profit		**8,109,388**	6,337,679
Finance income		**204,259**	32,524
Finance expenses		**(1,863,181)**	(1,764,826)
Net finance expenses	6	**(1,658,922)**	(1,732,302)

	Notes	Six months ended 30 June **2021** ***(Unaudited)*** ***RMB'000***	2020 *(Unaudited)* *RMB'000*
Share of profits less losses of associates and joint ventures		**(75,843)**	(11,134)
Profit before taxation	7	**6,374,623**	4,594,243
Income tax	8	**(1,125,382)**	(818,024)
Profit for the period		**5,249,241**	3,776,219
Other comprehensive income/(loss)			
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax		**(13,799)**	(168,231)
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		**14,617**	(52,426)
Exchange difference on net investment in foreign operations		**748**	(76,253)
Other comprehensive income/(loss) for the period, net of tax	9	**1,566**	(296,910)
Total comprehensive income for the period		**5,250,807**	3,479,309

		Six months ended 30 June	
		2021	2020
		(Unaudited)	*(Unaudited)*
	Notes	***RMB'000***	*RMB'000*
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**4,420,182**	3,209,720
– Perpetual medium-term notes and renewable corporate bonds holders		**119,450**	121,000
Non-controlling interests		**709,609**	445,499
Profit for the period		**5,249,241**	3,776,219
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**4,419,232**	2,920,947
– Perpetual medium-term notes and renewable corporate bonds holders		**119,450**	121,000
Non-controlling interests		**712,125**	437,362
Total comprehensive income for the period		**5,250,807**	3,479,309
Basic and diluted earnings per share *(RMB cents)*	10	**55.00**	39.94

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021
(Expressed in thousands of Renminbi)

	Notes	**30 June 2021 *(Unaudited)* *RMB'000***	31 December 2020 *(Audited)* *RMB'000*
Non-current assets			
Property, plant and equipment		**127,315,157**	124,917,807
Investment properties		**7,975**	8,270
Right-of-use assets		**2,997,363**	2,860,813
Intangible assets		**7,217,209**	7,421,681
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**3,989,065**	4,055,962
Other assets		**5,042,411**	4,565,565
Deferred tax assets		**179,348**	210,403
Total non-current assets		**146,810,018**	144,101,991
Current assets			
Inventories		**881,860**	806,034
Trade and bills receivables	11	**25,193,008**	21,603,068
Prepayments and other current assets		**3,391,891**	2,831,266
Tax recoverable		**31,660**	52,573
Other financial assets		**365,728**	303,377
Restricted deposits		**232,545**	361,232
Cash at banks and on hand		**3,328,513**	5,226,331
Total current assets		**33,425,205**	31,183,881

	Notes	**30 June 2021** *(Unaudited)* ***RMB'000***	31 December 2020 *(Audited)* *RMB'000*
Current liabilities			
Borrowings		**35,624,605**	37,875,159
Trade and bills payables	12	**3,201,813**	3,615,205
Other current liabilities		**13,285,667**	11,063,828
Lease liabilities		**30,428**	25,423
Tax payable		**397,608**	327,711
Total current liabilities		**52,540,121**	52,907,326
Net current liabilities		**(19,114,916)**	(21,723,445)
Total assets less current liabilities		**127,695,102**	122,378,546
Non-current liabilities			
Borrowings		**53,747,816**	52,598,055
Lease liabilities		**692,120**	575,458
Deferred income		**1,162,631**	1,207,154
Deferred tax liabilities		**168,124**	173,116
Other non-current liabilities		**1,422,070**	1,375,789
Total non-current liabilities		**57,192,761**	55,929,572
NET ASSETS		**70,502,341**	66,448,974

	Notes	**30 June 2021**	31 December 2020
		(Unaudited)	*(Audited)*
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital		**8,036,389**	8,036,389
Perpetual medium-term notes and renewable corporate bonds		**5,925,985**	6,045,435
Reserves		**47,079,904**	43,605,751
Total equity attributable to equity holders of the Company		**61,042,278**	57,687,575
Non-controlling interests		**9,460,063**	8,761,399
TOTAL EQUITY		**70,502,341**	66,448,974

NOTES:

1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and IAS 34 *Interim Financial Reporting*. This interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020. This interim financial information was approved by the board of the directors of the Company for issuance on 27 August 2021.

The interim financial information has 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 2021 amounting to RMB19,114,916,000. The directors of the Company 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 2021, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the revised International Financial Reporting Standards ("**IFRSs**") effective as of 1 January 2021. Details of any changes in accounting policies are set out in note 2.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. These amendments had no material impact on the unaudited interim condensed consolidated financial information of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment had no material impact on the unaudited interim condensed consolidated financial information of the Group as there were no lease payments reduced or waived by the lessors as a result of the covid-19 pandemic during the period.

3 SEGMENT REPORTING

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

(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 2021 and 2020 is set out below:

For the six months ended 30 June 2021

	Wind power *(Unaudited)* *RMB'000*	Coal power *(Unaudited)* *RMB'000*	All others *(Unaudited)* *RMB'000*	Total *(Unaudited)* *RMB'000*
Revenue from external customers				
－Sales of electricity	**12,737,528**	**1,638,847**	**210,197**	**14,586,572**
－Others	**762**	**3,187,457**	**31,188**	**3,219,407**
Subtotal	**12,738,290**	**4,826,304**	**241,385**	**17,805,979**
Inter-segment revenue	**–**	**–**	**66,628**	**66,628**
Reportable segment revenue	**12,738,290**	**4,826,304**	**308,013**	**17,872,607**
Reportable segment profit (operating profit)	**7,885,990**	**272,351**	**38,615**	**8,196,956**
Depreciation and amortisation before inter-segment elimination	**(3,850,776)**	**(142,062)**	**(70,867)**	**(4,063,705)**
Reversal/(provision) of trade and other receivables	**181**	**–**	**(1,716)**	**(1,535)**
Interest income	**8,258**	**7,186**	**16,371**	**31,815**
Interest expenses	**(1,464,616)**	**(20,207)**	**(76,848)**	**(1,561,671)**
Expenditures for reportable segment non-current assets during the period	**5,977,340**	**132,018**	**320,126**	**6,429,484**

For the six months ended 30 June 2020

	Wind power *(Unaudited)* *RMB'000*	Coal power *(Unaudited)* *RMB'000*	All others *(Unaudited)* *RMB'000*	Total *(Unaudited)* *RMB'000*
Revenue from external customers				
－Sales of electricity	10,587,582	1,216,120	160,023	11,963,725
－Others	13,971	2,113,816	13,634	2,141,421
Subtotal	10,601,553	3,329,936	173,657	14,105,146
Inter-segment revenue	–	–	392,622	392,622
Reportable segment revenue	10,601,553	3,329,936	566,279	14,497,768
Reportable segment profit/(loss) (operating profit/(loss))	6,211,780	224,066	(10,355)	6,425,491
Depreciation and amortisation before inter-segment elimination	(3,583,946)	(195,786)	(98,874)	(3,878,606)
Provision of impairment losses of property, plant and equipment, trade and other receivables	(33,151)	–	(33)	(33,184)
Interest income	9,150	5,929	7,103	22,182
Interest expenses	(1,403,281)	(34,649)	(82,598)	(1,520,528)
Expenditures for reportable segment non-current assets during the period	6,714,640	124,645	2,948	6,842,233

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**17,872,607**	14,497,768
Service concession construction revenue	**70,779**	112,712
Elimination of inter-segment revenue	**(66,628)**	(392,622)
Consolidated revenue	**17,876,758**	14,217,858
Profit		
Reportable segment profit	**8,196,956**	6,425,491
Elimination of inter-segment profit	**11,269**	7,152
	8,208,225	6,432,643
Share of profits less losses of associates and joint ventures	**(75,843)**	(11,134)
Net finance expenses	**(1,658,922)**	(1,732,302)
Unallocated head office and corporate expenses	**(98,837)**	(94,964)
Consolidated profit before taxation	**6,374,623**	4,594,243

(c) Geographical information

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

(d) Seasonality of operations

The Group's wind power business generally 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 is as follows:

For the six months ended 30 June 2021

	Wind power *(Unaudited)* *RMB'000*	Coal power *(Unaudited)* *RMB'000*	Other business *(Unaudited)* *RMB'000*	Total *(Unaudited)* *RMB'000*
Types of goods and services				
Sales of electricity	**12,737,528**	**1,638,847**	**210,197**	**14,586,572**
Sales of steam	**–**	**394,909**	**–**	**394,909**
Service concession construction revenue	**70,779**	**–**	**–**	**70,779**
Sales of coal	**–**	**2,552,324**	**–**	**2,552,324**
Others	**762**	**240,224**	**31,188**	**272,174**
	12,809,069	**4,826,304**	**241,385**	**17,876,758**
Geographic markets				
Mainland China	**12,524,638**	**4,826,304**	**241,385**	**17,592,327**
Canada	**108,689**	**–**	**–**	**108,689**
South Africa	**175,742**	**–**	**–**	**175,742**
	12,809,069	**4,826,304**	**241,385**	**17,876,758**
Timing of revenue recognition				
Goods transferred at a point of time	**12,737,528**	**4,754,021**	**216,598**	**17,708,147**
Services transferred over time	**71,541**	**72,283**	**24,787**	**168,611**
	12,809,069	**4,826,304**	**241,385**	**17,876,758**

For the six months ended 30 June 2020

	Wind power *(Unaudited)* *RMB'000*	Coal power *(Unaudited)* *RMB'000*	Other business *(Unaudited)* *RMB'000*	Total *(Unaudited)* *RMB'000*
Types of goods and services				
Sales of electricity	10,587,582	1,216,120	160,023	11,963,725
Sales of steam	–	321,971	–	321,971
Service concession construction revenue	112,712	–	–	112,712
Sales of coal	–	1,595,838	–	1,595,838
Others	13,971	196,007	13,634	223,612
	10,714,265	3,329,936	173,657	14,217,858
Geographic markets				
Mainland China	10,456,630	3,329,936	173,657	13,960,223
Canada	107,565	–	–	107,565
South Africa	150,070	–	–	150,070
	10,714,265	3,329,936	173,657	14,217,858
Timing of revenue recognition				
Goods transferred at a point of time	10,587,582	3,247,175	160,023	13,994,780
Services transferred over time	126,683	82,761	13,634	223,078
	10,714,265	3,329,936	173,657	14,217,858

5 OTHER NET INCOME

	Six months ended 30 June	
	2021 ***(Unaudited)*** ***RMB'000***	2020 *(Unaudited)* *RMB'000*
Government grants	**509,967**	403,655
Rental income from investment properties	**4,604**	7,373
Losses on disposal of property, plant and equipment and right-of-use assets	**(1,316)**	(1,252)
Others	**41,298**	13,317
	554,553	423,093

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest income on financial assets	**31,815**	22,182
Dividend income	**4,284**	2,286
Net unrealised profits on trading securities and derivative financial instruments	**160,468**	7,255
Foreign exchange gains	**7,692**	801
Finance income	**204,259**	32,524
Less:		
Interest on banks and other borrowings	**1,799,601**	1,735,052
Interest expenses capitalised into property, plant and equipment and right-of-use assets	**(237,930)**	(214,524)
	1,561,671	1,520,528
Foreign exchange losses	**43**	7,447
Net unrealised losses on other financial assets and liabilities	**–**	83,718
Bank charges and others	**301,467**	153,133
Finance expenses	**1,863,181**	1,764,826
Net finance expenses recognised in profit or loss	**(1,658,922)**	(1,732,302)

The borrowing costs have been capitalised at rates of 3.05% to 4.78% per annum for the period ended 30 June 2021 (six months ended 30 June 2020: 2.45% to 4.90%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**270,676**	259,968
Depreciation		
– investment properties	**295**	366
– property, plant and equipment	**3,705,296**	3,530,323
– right-of-use assets	**68,786**	71,260
Provision of impairment losses		
– property, plant and equipment	**–**	33,151
– trade and other receivables	**1,535**	33
Cost of inventories	**3,946,998**	2,499,240

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	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**1,074,432**	801,697
Underprovision in respect of prior years	**21,765**	28,839
	1,096,197	830,536
Deferred tax		
Origination and reversal of temporary differences	**29,185**	(12,512)
	1,125,382	818,024

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit before taxation	**6,374,623**	4,594,243
Notional tax on profit before taxation	**1,593,656**	1,148,561
Tax effect of non-deductible expenses	**10,432**	5,960
Tax effect of share of profits less losses of associates and joint ventures	**18,961**	2,784
Effect of differential tax rates of certain subsidiaries of the Group *(Note (i))*	**(560,665)**	(425,299)
Use of unrecognised tax losses in prior years	**(45,851)**	(36,561)
Tax effect of unused tax losses and timing differences not recognised	**87,084**	93,740
Underprovision in respect of prior years	**21,765**	28,839
Income tax	**1,125,382**	818,024

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 2021 and the six months ended 30 June 2020, 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 a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020. According to the announcement on continuation of enterprise income tax in West Development published by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on 23 April 2020, the aforementioned subsidiaries established in the Western Region of the PRC are authorised to be taxed at a preferential income tax rate of 15% till 31 December 2030.

Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong income 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.

Longyuan Canada Renewables Ltd., a subsidiary of the Group in Canada, is subject to income tax at a rate of 26.5%. Longyuan South Africa Renewables Proprietary Ltd., a subsidiary of the Group in South Africa, is subject to income tax at a rate of 28%. Ukraine Yuzhne Energy Co.,Ltd., a subsidiary of the Group in Ukraine, is subject to income tax at a rate of 18%.

9 OTHER COMPREHENSIVE INCOME/(LOSS)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods		
Net 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	**(27,884)**	(161,748)
Net profit/(loss) on equity investments in listed companies at FVOCI:		
Changes in fair value recognised during the period		
Before tax amount	**18,780**	(8,644)
Tax expense	**(4,695)**	2,161
Net of tax amount	**14,085**	(6,483)
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:		
Net of tax amount	**14,617**	(52,426)
Exchange difference on net investment in foreign operations:		
Net of tax amount	**748**	(76,253)
Other comprehensive income/(loss)	**1,566**	(296,910)

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 2021 of RMB4,420,182,000 (six months ended 30 June 2020: RMB3,209,720,000) and the number of shares in issue during the six months ended 30 June 2021 of 8,036,389,000 (six months ended 30 June 2020: 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.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Consolidated net profit attributable to equity holders of the Company	**4,539,632**	3,330,720
Less: Cumulative distribution of perpetual medium-term notes and renewable corporate bonds holders	**119,450**	121,000
Consolidated net profit attributable to ordinary shareholders of the Company	**4,420,182**	3,209,720
Weighted average number of the Company's outstanding ordinary shares *('000)*	**8,036,389**	8,036,389
Basic and diluted earnings per share *(RMB cents)*	**55.00**	39.94

11 TRADE AND BILLS RECEIVABLES

	30 June 2021	31 December 2020
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Amounts due from third parties	**25,191,726**	21,584,113
Amounts due from fellow subsidiaries	**23,088**	29,041
Amounts due from associates	**10,735**	23,366
	25,225,549	21,636,520
Less: Allowance for doubtful debts	**(32,541)**	(33,452)
	25,193,008	21,603,068

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 1 year	**25,116,499**	21,536,160
Between 1 and 2 years	**70,786**	65,350
Between 2 and 3 years	**5,723**	1,558
	25,193,008	21,603,068

The Group's trade and bills receivables are mainly wind power, coal power and other renewable energy electricity sales receivables from local grid companies. Generally, the receivables are due within 15 to 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission of the PRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have come into force since January 2020 and approvals on a project by project basis are required before the allocation of funds to local grid companies. 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 in March 2012 was repealed at the same time.

As at 30 June 2021, 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 Board are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with the prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The trade receivables from the tariff premium are fully recoverable, considering that 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 has applied the simplified approach to measure 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

	30 June 2021	31 December 2020
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Bills payables	**1,834,633**	2,459,349
Trade payables	**1,208,238**	1,017,563
Amounts due to associates	**52,997**	49,428
Amounts due to fellow subsidiaries	**105,945**	88,865
	3,201,813	3,615,205

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 1 year	**3,039,383**	3,200,860
Between 1 and 2 years	**75,947**	311,533
Between 2 and 3 years	**49,184**	62,010
Over 3 years	**37,299**	40,802
	3,201,813	3,615,205

As at 30 June 2021 and 31 December 2020, 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 2021 (six months ended 30 June 2020: nil).

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2020, approved during the following interim period, of RMB0.1176 per share (2019: RMB0.1076 per share)	**945,079**	864,715

Dividends in respect of the financial year ended 31 December 2020 have been fully paid on 27 July 2021.

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 2021, the Chinese economy operated steadily with improving performance, which lived up to the expectation. The employment situation tended to be a good prospect, and the motive force for economic development was further reinforced. However, the environment remained complex and complicated at home and abroad, with numerous uncertainties and instabilities existing, particularly, the significant rise in the price of bulk commodities lifted the costs for enterprises, and the micro, small and medium-sized enterprises suffered from mounting difficulties. In the first half of the year, the gross domestic product (GDP) of China amounted to RMB53,216.7 billion, representing a year-on-year increase of 12.7%, calculated at comparable prices. The year-on-year growth rates of the troikas in driving economic growth, namely export, consumption and investment, were 28.1%, 23.0% and 12.6%, respectively. The national consumer price index (CPI) was up by 0.5% year-on-year, a relatively low level, even recorded continuous month-on-month decline from March to June. The producer price index (PPI) was up by 5.1% year-on-year, being 6.8%, 9.0% and 8.8%, respectively, for April, May and June. The accumulated increment of the financing to the real economy amounted to RMB17.74 trillion, representing a decrease of RMB3.13 trillion as compared with the corresponding period of the previous year, and an increase of RMB3.12 trillion as compared with the corresponding period of 2019.

In the first half of 2021, the total electricity consumption kept growing at a rapid rate, and the growth rate of the electricity consumption by each of the three industries was higher than the average growth rate of total electricity consumption. The power generation installed capacity continued with its green development tendency, and the new energy power generation installed capacity grew rapidly. Apart from hydropower and solar power generation, the utilization hours of other power generation equipment recorded a year-on-year increase. The cross-regional and cross-provincial power transmission maintained a rapid growth. The newly-added installed capacity of power supply infrastructure recorded a year-on-year increase, the newly-added installed capacity of coal-fired power generation recorded a year-on-year decrease, and the investment in power supply and power grid recorded a year-on-year increase. As of the end of June, the national total electricity consumption was 3,933.9 billion kWh, representing a year-on-year increase of 16.2%. The national power generation installed capacity was 2.26 billion kW, representing a year-on-year increase of 9.5%. The installed capacity of wind power was 290 million kW, representing a year-on-year increase of 34.7% (of which, onshore and offshore wind power was 280.79 million and 11.13 million kW, respectively); the installed capacity of solar power generation was 270 million kW, representing a year-on-year increase of 23.7%. The power generation by the nation’s power plants above designated size amounted to 3,871.7 billion kWh, representing a year-on-year increase of 13.7%. The power generation by the nation’s grid-connected wind power plants was 344.2 billion kWh, representing a year-on-year increase of 44.6%.

Relevant policies of carbon neutrality and green development:

In February 2021, the State Council promulgated the Guidelines on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Economic Development System (Guo Fa [2021] No.4) (《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》(國發[2021]4號)), to guide the construction of the national green and low-carbon circular development system and the whole chain of green and low-carbon, and made specific arrangements. It formulated the main objectives of the country's carbon neutrality and green economy by 2025 and 2035, with emphasis on increasing the utilization proportion of renewable energy, vigorously promoting the development of wind power and photovoltaic power generation and developing power generation by water energy, geothermal energy, marine energy, hydrogen energy, biomass energy and solar thermal according to local conditions. It made it clear that the green development of the whole economic chain is based on the efficient utilization of resources, strict protection of the ecological environment, and effective control of greenhouse gas emissions, promoting the green development of China to a new level.

In March 2021, Xi Jinping chaired and held the ninth meeting of the Central Commission for Financial and Economic Affairs. The meeting emphasized that the "Fourteenth Five-Year Plan" period is a critical period and window period to peak carbon dioxide emissions, and the following tasks should be focused on: building a clean, low-carbon, safe and efficient energy system, controlling the total amount of fossil energy, implementing replacement with renewable energy, deepening the reform of the power system, and constructing a new power system with new energy as the subjects; promoting the achievement of major breakthroughs of green and low-carbon technologies, promptly deploying research on frontier low-carbon technologies, accelerating the promotion of the application of pollution and carbon reduction technologies, and establishing and improving green and low-carbon technology evaluation and trading systems as well as technology innovation service platforms; improving the green and low-carbon policy and market system, perfecting the energy "dual control" system, optimizing fiscal and taxation, price, finance, land, government procurement and other policies conducive to green and low-carbon development, accelerating the promotion of carbon emission allowance trading, and actively developing green finance. The "new power system with new energy as the subjects" further established the main position of new energy in the new power system, and puts forward higher requirements for the whole energy industry chain including the energy production and supply side, the grid side and the energy consumption side.

In March 2021, the Information Office of the State Council held the press conference on the development of the renewable energy in China. At the conference, Mr. Zhang Jianhua, the director of the National Energy Administration pointed out that, the National Energy Administration will accelerate the implementation of actions for peaking carbon dioxide emissions in the field of energy, establish more positive goals for the development of new energy, vigorously promote the large-scale, high-proportion, high-quality, market-oriented development of renewable energy, speed up the implementation of the acts of replacement of other forms of energy with renewable energy, try to enhance the new energy consumption and storage capabilities, positively establish new-type power system with new energy at the principal position, improve the systematic mechanism and policy system which are beneficial for the whole society to jointly develop and apply renewable energy, strongly promote the growth of the renewable energy to be the main force for carbon peak and carbon neutrality from the dynamic force for green and low-carbon transition of energy, to provide strong guarantee for the establishment of a energy system featuring cleanness, low-carbon, safeness and efficiency. At the conference, it was prospected that by the end of the "Fourteenth Five-Year Plan" period, the proportion of the installed capacity of renewable energy power generation to the total installed capacity of power generation of our country will exceed 50%, the proportion of renewable energy to the total incremental electricity consumption of the whole society will reach around two thirds, and the proportion of renewable energy to the incremental primary energy consumption will exceed 50%. From this year, the development of wind power and photovoltaic power will enter into the stage of parity and get rid of its reliance on fiscal subsidies from government, to realize market-oriented development and competitive development.

In April 2021, the National Energy Administration issued the Guiding Opinions for Energy Work for 2021 (《2021年能源工作指導意見》). In order to implement the goals of carbon peak and carbon neutrality and realize the green and low-carbon transition development, it is suggested in this document that, the main expected targets for 2021 include: coal consumption will be lower than 56%; the increase in replacement of other forms of energy with electricity energy will reach around 200 billion kWh; electricity energy will reach around 28% of the terminal energy consumption. The utilization rate of renewable energy including wind power and photovoltaic power shall remain at relatively high level, and the average utilisation hours of cross-region power transmission routes shall be increased to about 4,100 hours.

In July 2021, as approved at the State Council executive meeting, China Carbon Emission Trade Exchange (全國碳排放權交易市場) in power generation industry was put into operation for transaction use on 16 July. Next, efforts will be made to expand the industrial coverage area, to control and reduce the emission of greenhouse gas by the means of market mechanism.

Relevant policies for the development and construction:

In February 2021, the National Development and Reform Commission and the National Energy Administration issued the Guiding Opinions on Promotion of Integration of Power Generation, Grid, Load and Storage and Multi-energy Complementary Development (Fa Gai Neng Yuan Gui [2021] No. 280) (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》(發改能源規[2021]280號)), with a period of validity of 5 years. The local offices of the National Energy Administration shall be responsible for taking the lead in the establishment of the coordination, operation and benefit sharing mechanism for the projects of integration of power generation, grid, load and storage and multi-energy complementary development in their respective regions. The implementation path for the integration of grid, load and storage will explore and build new type power system development path featuring extreme integration of generation, grid, load and storage through the integration of power generation-side, grid-side and load-side resources, supported by advanced technological breakthrough and innovation of system and mechanism; for the implementation path of multi-energy complementarity, normal power source in stock will be used, to allocate the energy storage in a reasonable manner, make overall planning for the planning, design, construction and operation of various power source, give priority to the development of new energy, positively implement the improvement of the "Integration of Wind, Solar, Water and Coal Storage" for the stock, steadily promote the "Integration of Wind, Solar, Water (Storage)" for the increment, explore the "Integration of Wind, Solar and Storage" for the increment, strictly control the "Integration of Wind, Solar and Coal (Storage)" for the increment. Management policies for national project of power generation with renewable energy should be implemented, which shall be arranged in the national and local renewable energy planning and implementation programs. Qualified regions will be encouraged to organize to promote the construction of relevant projects, and they will be provided with support to participate in market-oriented power transaction cross-provinces and regions, incremental power distribution reform and market-oriented transaction for distributed power generation.

In May 2021, the National Energy Administration formally issued the Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Guo Neng Fa Xin Neng [2021] No. 25) (《關於2021年風電、光伏發電開發建設有關事項的通知》) (國能發新能[2021]25號). Pursuant to the document, for the new grid-connection projects required for the completion of responsibilities for yearly minimum proportion of non-hydropower generation consumption by various provinces (autonomous regions, municipalities), their connection to the grid shall be implemented by power grid enterprises in an affordable manner (保障性併網), and the scale of such affordable grid connection (保障性併網) shall be not less than 90 million kW for 2021. Wind power projects which have been approved before the end of 2020 and are still within the period of validity, parity wind power and photovoltaic power generation projects of 2019 and 2020 and bidding photovoltaic projects shall be directly incorporated into the scope of affordable grid connection (保障性併網) of various provinces (regions, municipalities). As per the target set out in the "Fourteenth Five-Year Plan" planning, the proportion of renewable energy power consumption responsibility and utilization rate target for reasonable use of new energy shall be formulated and published for various provincial administrative regions. Power grid enterprises shall ensure that the affordable grid connection (保障性併網) and market-based grid connection projects which have been incorporated into the scope of yearly development and construction plan are connected to the grid as many as possible so long as they are qualified (能併盡併), and no additional condition shall be imposed.

In June 2021, the National Energy Administration issued the Notice on Submitting of Pilot Scheme for the Development of Rooftop Distributed Photovoltaic across Whole Counties (Municipalities, Districts) (《關於報送整縣(市、區)屋頂分佈式光伏開發試點方案的通知》), pursuant to which, pilot work on nation-wide promotion of the development of rooftop distributed photovoltaic across whole counties (municipalities, districts) shall be organized and carried out. As required under the document, the pilot counties (municipalities, districts) which apply for such projects shall have rich rooftop resources, good consumption capabilities, the proportion of areas where photovoltaic equipment can be installed to the total areas of rooftops of buildings of Party and governments offices shall be not lower than 50%, that for schools and hospitals shall be not lower than 40%, not lower than 30% for industrial and commercial distributed photovoltaic projects and not lower than 20% for rural residents' house roofs. It aims to fully mobilize and give full play to the initiatives of local people, guide local governments to coordinate for more rooftop resources, further expand the market, and expand the scale of the construction of rooftop distributed photovoltaic.

Relevant policies for the market and consumption:

In January 2021, the Ministry of Ecology and Environment issued the Administrative Measures for Carbon Emissions allowance Trading (in Trial) (Order No. 19 of the Ministry of Ecology and Environment of the People's Republic of China) (《碳排放權交易管理辦法(試行)》(中華人民共和國生態環境部令第19號)), which came into effect on 1 February 2021. The measures regulate the national carbon emissions allowance trading and relevant activities, stipulate the responsibilities, rights and obligations of the ecology and environment authorities at various level and the market players, as well as the key links and working requirements for the operation of national carbon market. National carbon emissions allowance registration organization and national carbon emissions allowance trading mechanism are established, the plan for determination and allocation of total quota of carbon emissions is formulated, and a mechanism of allocation with compensation is introduced at appropriate time. Carbon emissions allowance trading is taken as a market-oriented means to control the emissions of greenhouse gas, and this is the first time for our country to effectively allocate the responsibilities for control of emissions of greenhouse gas to enterprises at a national level.

In February 2021, the National Energy Administration issued the Key Points on Energy Supervision and Regulation Working for 2021 (Guo Neng Fa Jian Guan [2021] No. 2) (《2021年能源監管工作要點》(國能發監管[2021]2號)). In this document, it is suggested that the construction of power market shall be vigorously promoted, overall planning shall be made to promote the construction of medium and long-term power trading market, spot market and auxiliary service market, and various transaction categories shall be linked up well.

In March 2021, the National Energy Administration issued the Plan for the Comprehensive Supervision and Regulation of Consumption of Clean Energy (Guo Neng Zong Tong Jian Guan [2021] No. 28) (《清潔能源消納情況綜合監管工作方案》(國能綜通監管[2021]28號)). In order to comprehensively implement "Carbon Peak, Carbon Neutrality" and the requirements on supervision over ecology and environment protection by the Central Government, as well as promote the consumption of clean energy, under the supervision and regulation basis of the Laws on Renewable Energy (《可再生能源法》), a nation-wide comprehensive supervision and regulation of the consumption of clean energy shall be organized and carried out. Such comprehensive supervision and regulation will focus on six areas: (1) the achievement of main targets and implementation of key tasks for the consumption of clean energy; (2) the weight of implementation of responsibilities for the consumption of renewable energy power generation; (3) the grid connection circumstances of clean energy power generation projects; (4) the optimization and distribution of clean energy; (5) the cross-province transaction and consumption of clean energy; and (6) the clean energy's participation in auxiliary service market, targeting key regions and key enterprises suffering from multiple problems in clean energy, particularly, the competent authorities of local governments, power grid enterprises, power dispatching organs, power trading organs and power generation enterprises shall be supervised and regulated.

In April 2021, the National Development and Reform Commission and the National Energy Administration issued the Guiding Opinions on Accelerating the Promotion of the Development of New-type Stored Energy (Draft for Comments) (《關於加快推動新型儲能發展的指導意見(徵求意見稿)》), opposed to the problem once existing that the business mode was not clear for stored energy, in this document, the independent market entity position of the new-type stored energy is clearly defined, the grid connection process for stored energy projects is simplified, the planning and guidance effect of government is strengthened, to promote the development of stored energy from policy-end, and priority is given to ensure the consumption as the core from power generation-side. In this document, it is suggested that access conditions, trading organs and technical standards shall be studied and established for stored energy to participate in various power markets including medium and long term trading market, spot market and auxiliary service market, the promotion of access of stored energy to various power markets shall be accelerated and stored energy shall be allowed to participate in various power markets, to realize an installed capacity of 30 million kW for new-type stored energy by 2025. As of the date of this announcement, the Guiding Opinions has been formally issued, the document number of which is Fa Gai Neng Yuan Gui [2021] No. 1051 (發改能源規[2021]1051號).

In May 2021, the National Development and Reform Commission and the National Energy Administration jointly issued the Notice of the National Development and Reform Commission and the National Energy Administration on the Weight of Responsibilities for Consumption of Renewable Energy Power Generation and Relevant Matters for 2021 (Fa Gai Neng Yuan [2021]No. 704) (《國家發展改革委國家能源局關於2021年可再生能源電力消納責任權重及有關事項的通知》(發改能源[2021]704號)). In order to achieve the target of raising the proportion of non-fossil energy to primary energy consumption to around 20% by 2025, from this year, the weight for various provinces will be published at the beginning of the each year on a rolling basis, meanwhile, the weight of consumption responsibilities for the current year and the next following year will be issued. The weight for the current year shall be a binding indicator, performance assessment shall be conducted on each province based on such binding indicator; the weight for the next following year shall be prospective indicator, each province shall conduct project reserve based on that. The weight for the consumption of non-hydropower renewable energy shall be raised year by year, not decreased, at least, and the responsibilities for the development of wind power and photovoltaic power shall be effectively implemented.

In May 2021, the National Development and Reform Commission, Office of the Central Cyberspace Affairs Commission, Ministry of Industry and Information Technology and the National Energy Administration jointly issued the Implementation Plan for the Hashrate Hub of Collaborative Innovation System of National Integrated Big Data Centre (Fa Gai Gao Ji [2021] No. 709) (《全國一體化大數據中心協同創新體系算力樞紐實施方案》(發改高技[2021]709號)). In this plan, it is suggested that data centre shall be pushed to make full use of renewable energy, including wind power, solar power, tidal power and biomass energy, and data centre cluster shall be equipped with renewable energy power station. The scope of market-oriented trading of renewable energy shall be expanded, and the data centre enterprises shall be encouraged to participate in market-oriented trading of renewable energy. The data centre shall be supported to increase the consumption of renewable energy power generation by adopting the ways of direct supply to big consumer, creating special line and distributed photovoltaic construction.

In May 2021, the National Energy Administration issued the Notice on Relevant Matters in relation to the Development and Construction of Wind Power, Photovoltaic Power Generation for 2021 (Guo Neng Fa Xin Neng [2021] No. 25) (《關於2021年風電、光伏發電開發建設有關事項的通知》(國能發新能[2021]25號)), which mentioned that a guidance mechanism for the weight of responsibilities of consumption of renewable energy power generation shall be strengthened, the construction of wind power, photovoltaic power generation projects for respective provinces (autonomous regions, municipalities) and cross-province or region power transaction shall be positively promoted, and the scale of grid connection of new wind power and photovoltaic power generation projects required for the completion of the minimum weight of responsibilities of consumption of non-hydropower renewable energy power for respective provinces (autonomous regions, municipalities) and newly approved (filed) scale shall be determined.

In May 2021, the National Development and Reform Commission and the National Energy Administration issued the Notice on Further Better Pilot Work for the Construction of Power Spot Market (Fa Gai Ban Ti Gai [2021] No. 339) (《關於進一步做好電力現貨市場建設試點工作的通知》(發改辦體改[2021]339號)), which clearly indicates that the power spot pilot scope shall be expanded, six provinces or municipalities including Shanghai, Jiangsu, Anhui, Liaoning, Henan and Hubei are to be added as the second batch of power spot pilot, and currently there are accumulatively 14 pilot power spot markets. New energy shall be propelled to participate in power market in a continuous, proper and orderly manner, new energy projects shall be encouraged to participate in power market with power grid enterprises, users, electricity selling companies through the entering into of long-term (e.g., 20 years and more) contracts for differences, new energy projects shall be guided to connect to the grid through the way of bidding for 10% of their estimated current power generation, and market-oriented trading portion may not be included into full life cycle-guaranteed acquisition hours. Green power trading market shall be established as soon as possible, so as to promote the green power trading.

In May 2021, the General Office of the National Development and Reform Commission, the Comprehensive Department of the National Energy Administration jointly issued the Notice on Relevant Matters in relation to Performing Well in Investment in and Construction of Supporting Transmission Projects for New Energy (Fa Gai Ban Yun Xing [2021] No. 445) (《關於做好新能源配套送出工程投資建設有關事項的通知》(發改辦運行[2021]445號)), which aims at the circumstance of de-synchrony between the construction of new energy power generation units and that of supporting transmission projects, to deal with issues which affect the grid connection and consumption of new energy. Power generation enterprises shall be allowed to invest in the construction of supporting transmission projects for new energy, and power grid enterprises shall be allowed to make repurchase in accordance with laws and regulations at appropriate time upon agreement reached between power grid enterprises and power generation enterprises.

Relevant policies for the tariff and subsidies:

In May 2021, the Ministry of Finance issued the Notice Regarding the Renewable Energy Electricity Tariff Surcharge Subsidy Budget in 2021 (Caijian 2021 No. 103) (《2021年可再生能源電價附加補助資金預算的通知》(財建[2021]103號)), stipulating that the projects included in the batch 1 to batch 3 of Catalogue of Photovoltaic Poverty Alleviation (poverty alleviation capacity part) shall be paid in priority and in full; distributed projects owned by natural persons with the installed capacity of 50kW and below shall be paid in priority and in full; the PV projects determined by bidding in 2019 and new PV and biomass projects determined with the principle of "determining expenditure by the revenue" shall be paid in priority and in full; as to the "Top Runner" photovoltaic projects determined by the country and the photovoltaic poverty alleviation projects constructed according to local reference and recognized by the country, 50% of the subsidy funds payable from the day on which the project is connected to the grid till the end of 2020 shall be ensured to be paid in priority; as to other power generation projects, equal proportion shall be allocated according to the subsidy funds payable from the day on which the project is connected to the grid till the end of 2020; as to the projects that the power generation hours have reached reasonable utilisation hours, the payment of the subsidy funds shall be stopped after reasonable utilisation hours are reached. When the funds paid for the relevant projects have exceeded the amount for the reasonable utilisation hours, the exceeding amount shall be deducted in the subsequent tariff settlement with the deducted funds used as subsidy funds for other qualifying projects. The projects which completed collection to the grid before the end of 2019 shall, in principle, be completed the verification of the subsidy list before the end of 2021; and the projects collected to the grid since 2020 shall, in principle, be completed the verification of the subsidy list within one year after the collection.

In June 2021, the National Development and Reform Commission issued the Notice on Issues Related to the 2021 Policies for On-Grid Tariff of New Energy (Fa Gai Jia Ge [2021] No. 833) (《關於2021年新能源上網電價政策有關事項的通知》(發改價格[2021]833號)), which clarified that since 2021, the specific on-grid tariff of newly filed centralized photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects (the new projects) shall be collected directly according to the local benchmark price of conventional coal-fired power, not being arrived at by competitive methods any longer. In the meanwhile, the on-grid tariff of new projects can be arrived at through participating marketization trading voluntarily, such better realizing the green electricity value of the photovoltaic power generation and wind power. Since 2021, the on-grid tariff of newly approved (filed) offshore wind power projects and solar-thermal power generation projects shall be fixed by the local provincial price authority and be arrived at by competitive distribution when the conditions permit, with the amount within the scope of the local benchmark price of conventional coal-fired power settled by the power grid enterprises. In addition, all regions are encouraged to introduce targeted supporting policies to support the healthy and sustainable development of new energy industries such as offshore wind power and solar-thermal power generation.

In June 2021, the New Energy Cloud Platform of the State Grid announced the list of the twelfth batch of renewable energy power generation subsidy projects in 2021. 645 projects in total were included in the list of the twelfth batch of renewable energy power generation subsidy projects in 2021, with approved (filed) capacity of 3,949.01 MW. Among which, there were 21 centralized wind power projects, with approved (filed) capacity of 1,320 MW; there were 33 centralized and 582 distributed solar power generation projects, with approved (filed) capacity of 1,995.03 MW and 432.41MW, respectively; there were 9 centralized biomass power generation projects, with approved (filed) capacity of 201.57 MW. In addition, the number of centralized solar power generation projects in the list of the renewable energy power generation subsidy projects was 1, with approved (filed) capacity of 3.4 MW. So far, the New Energy Cloud Platform of the State Grid has announced twelve batches of lists of the renewable energy power generation subsidy projects, with total number of the projects included being 15,829 and the approved (filed) capacity being 50,680.57 MW.

Relevant policies for the financial and tax support, etc.:

In January 2021, the official WeChat of the National Development and Reform Commission issued Catalogue of Industries Encouraged to Develop in the Western Region (2020 Edition) (Decree No. 40 of the National Development and Reform Commission of the People's Republic of China) (《西部地區鼓勵類產業目錄(2020年本)》(中華人民共和國國家發展和改革委員會令第40號)), which came into force on 1 March 2021. Corporate income tax may be levied at a reduced rate of 15% on enterprises in encouraged industries that are established in the western region, and the revenue of main businesses as a percentage in the total revenue is lowered from 70% to 60%. The application scope of the Western Region includes 12 provinces (autonomous regions, municipalities), namely, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang (including the Corps), Inner Mongolia and Guangxi, with its area representing more than 70% of the total area of China. In addition, Yanbian in Jilin, Enshi in Hubei, Xiangxi in Hunan and Ganzhou in Jiangxi shall implement relevant measures according to the policies of the Western Region for those industries encouraged. The construction and operation of wind farms and solar power stations are included in the regional catalogues of industries encouraged.

In March 2021, the National Development and Reform Commission issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (Fa Gai Yun Xing [2021] No. 266) (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》(發改運行[2021]266號)). In order to ensure the sound and orderly development of wind power and photovoltaic power and other industries, the financial institutions shall negotiate with renewable energy enterprises for loan renewal or refinancing on the commercial principles. The financial institutions may independently issue subsidy and approve loans based on the market principle and rule of laws and reasonably support subsidy and approve loans, with subsidy funds managed through designated accounts opened with lending banks, appropriately offset the interest cost shared by the enterprises by issuing renewable energy certificates, collect tariff premium for renewable energy in full, give priority to the subsidy issuing and further strengthen the credit support, and, for regions with good basic conditions and high activity and enterprises having specially urgent capital requirements, organize pilot projects beforehand. The financial institutions shall actively implement national policies, and explore the effective methodology to solve the problems for subsidizing the renewable energy based on overall work plans determined by the country. The notice can effectively relieve the cash flow tightness problems of some renewable energy enterprises resulting from various factors in the development.

I. BUSINESS REVIEW

1. Strengthened the production safety system construction, and implemented accurate administration digitally

In the first half of 2021, the Group accelerated the "Two Integrations" of informatization and digitalization by vigorously promoting the implementation of key priorities and improving the digital transformation; promoted the construction of trouble-free wind farms in all respects and enhanced the stableness of equipment operation; carried out optimization of regional operation-maintenance separation mode and realized the special jobs done by special persons; continuously promoted the construction of Three-standards and One-system in terms of "quality, environment, occupational safety" and optimized the process of the production safety management; explored the feasibility of the technological reform of replacing small units with larger ones for old generating units, and tapped power generating potential of equipment; carried out the distributed roof photoelectric construction for booster stations and comprehensively promoted cost decreasing and benefit increasing.

The informatization and intelligent management means are showing results. The full data collection of equipment and behavior has been realized basically with collection rate of equipment data exceeding 95%, as a result, the on-site video access and positioning of people, cars and boats have been realized. By continuously optimizing the digital platform functions, and carrying out benchmarking work from two perspectives and five aspects, the Company can lock the position of farms and stations, unit types and components where failures occur frequently, leading to strategies implemented accurately and special projects improved. The Company takes advantage of informatized system, in terms of equipment management, establishing trouble warning mechanism which can identify potential defects and performance deviation for power generation and urge active defect elimination on site; in terms of management, organizing the preparation of standardized operation "ticket-card bag" and equipping full-direction cameras to perform inspection on whether the management members are in place and the safety measures are implemented on site, thus promoting the separate operation of management and executive levels and upgrading the production safety mode.

The implementation of the equipment management measures is emphasized. The Company initiated the construction of demonstration wind farm free of trouble for full year, selected the first batch of wind farms according to merit, and performed accurate management together with main unit manufacturers. The Company has formulated a five-year plan for enhancing the power generation to sort out key projects, so as to implement differentiated enhancement programmes of multiplication, jumping and tapping of potential according to classes. By closely monitoring the recovering progress of long-stop units and responding quickly and coordinating actively, the Company organized all units to solve equipment problems according to specific situations, improving the stableness of equipment operation.

The production safety management system is strengthened. The Company has promoted the standardization of management through the "Three-standards and One-system" construction, and by considering the standardized system specifications and actual management situation, established management system conforming the characteristics of various units. In the first half of the year, three pilot units of the Group obtained relevant certifications. The Company has improved its special emergency plans, and supervised and guided all units to complete the preparation and revision of their on-site response plans and emergency response cards, ensuring "easiness, usefulness and operability". By improving the synergy mechanism of social forces, the Company performs investigation for emergency rescue forces surrounding the enterprise, and carries out real-combat joint emergency training and watching activities together with local professional and social forces of preventing, reducing and responding to disasters. By establishing a intellectualized platform of emergency management and seeing the cornerstone project as an opportunity, together with the Group's Two Integrations construction, the Company has built an emergency command system of quick response, full perception and scientific treatment.

In the first half of 2021, the Group generated a cumulative gross electricity output of 33,106 GWh, of which electricity generated from our wind power segment amounted to 27,407 GWh, representing a year-on-year increase of 20.35%. The increase in the Group's electricity generated from wind power segment mainly benefited from the increase of the installed capacity, a year-on-year increase in wind speed and the results made in equipment management. In the first half of 2021, the average utilisation hours of the wind power business was 1,297 hours, increased by 110 hours as compared with that of the corresponding period of 2020. The increase in the average utilisation hours of the wind power business was primarily attributable to a year-on-year increase in wind resources and the results made in equipment management in the reporting period.

Geographical breakdown of the consolidated power generation of the Group's wind farms for the first half of 2020 and the first half of 2021:

Region	**First half of 2021** *(MWh)*	First half of 2020 *(MWh)*	**Percentage of change**
Domestic:			
Heilongjiang	**1,577,320**	1,542,050	2.29%
Jilin	**776,485**	619,488	25.34%
Liaoning	**1,428,730**	1,262,956	13.13%
Inner Mongolia	**3,834,809**	3,218,593	19.15%
Jiangsu (onshore)	**1,419,358**	1,283,564	10.58%
Jiangsu (offshore)	**2,107,571**	1,600,722	31.66%
Zhejiang	**183,831**	185,846	-1.08%
Fujian	**1,311,207**	1,169,892	12.08%
Hainan	**55,926**	59,616	-6.19%
Gansu	**1,475,283**	1,374,483	7.33%
Xinjiang	**2,051,795**	1,785,480	14.92%
Hebei	**1,921,996**	1,328,700	44.65%
Yunnan	**1,431,940**	1,418,330	0.96%
Anhui	**1,013,895**	885,624	14.48%
Shandong	**711,907**	475,148	49.83%
Tianjin	**368,763**	200,358	84.05%
Shanxi	**1,373,075**	871,531	57.55%
Ningxia	**934,491**	742,908	25.79%
Guizhou	**721,495**	835,051	-13.60%
Shaanxi	**562,874**	436,049	29.09%
Tibet	**9,143**	8,039	13.73%
Chongqing	**327,077**	221,809	47.46%
Shanghai	**58,178**	60,875	-4.43%
Guangdong	**155,258**	130,075	19.36%
Hunan	**268,817**	139,690	92.44%
Guangxi	**267,782**	184,199	45.38%
Jiangxi	**208,636**	162,649	28.27%
Hubei	**100,520**	50,898	97.49%
Qinghai	**124,540**	37,942	228.24%
Henan	**133,129**	–	–
Abroad:			
Canada	**144,767**	146,680	-1.30%
South Africa	**346,703**	333,116	4.08%
Ukraine	**–**	–	–
Total	**27,407,301**	22,772,357	20.35%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2020 and the first half of 2021:

Region	**Average utilisation hours power for the first half of 2021** *(hour)*	**Average load factor of wind power for the first half of 2021**	Average utilization hours of wind power for the first half of 2020 *(hour)*	Average load factor of wind power for the first half of 2020	**Percentage of change of the average utilisation hours of wind power**
Domestic:					
Heilongjiang	**1,277**	**29%**	1,249	29%	2.24%
Jilin	**1,299**	**30%**	1,132	26%	14.75%
Liaoning	**1,364**	**31%**	1,227	28%	11.17%
Inner Mongolia	**1,455**	**33%**	1,221	28%	19.16%
Jiangsu (onshore)	**1,060**	**24%**	1,020	23%	3.92%
Jiangsu (offshore)	**1,423**	**33%**	1,355	31%	5.02%
Zhejiang	**807**	**19%**	810	19%	-0.37%
Fujian	**1,305**	**30%**	1,419	32%	-8.03%
Hainan	**565**	**13%**	602	14%	-6.15%
Gansu	**1,144**	**26%**	1,066	24%	7.32%
Xinjiang	**1,290**	**30%**	1,136	26%	13.56%
Hebei	**1,298**	**30%**	1,133	26%	14.56%
Yunnan	**1,647**	**38%**	1,745	40%	-5.62%
Anhui	**1,253**	**29%**	1,204	28%	4.07%
Shandong	**1,452**	**33%**	1,196	27%	21.40%
Tianjin	**1,313**	**30%**	1,014	23%	29.49%
Shanxi	**1,422**	**33%**	992	23%	43.35%
Ningxia	**1,206**	**28%**	960	22%	25.63%
Guizhou	**1,002**	**23%**	1,158	27%	-13.47%
Shaanxi	**1,184**	**27%**	993	23%	19.23%
Tibet	**1,219**	**28%**	1,072	25%	13.71%
Chongqing	**1,130**	**26%**	1,056	24%	7.01%
Shanghai	**1,225**	**28%**	1,282	29%	-4.45%
Guangdong	**1,235**	**28%**	1,279	29%	-3.44%
Hunan	**1,178**	**27%**	1,231	28%	-4.31%
Guangxi	**1,393**	**32%**	1,489	34%	-6.45%
Jiangxi	**1,271**	**29%**	1,423	33%	-10.68%
Hubei	**1,414**	**33%**	1,060	24%	33.40%
Qinghai	**1,047**	**24%**	845	19%	23.91%
Henan	**967**	**22%**	–	–	–

Region	**Average utilisation hours power for the first half of 2021** *(hour)*	**Average load factor of wind power for the first half of 2021**	Average utilization hours of wind power for the first half of 2020 *(hour)*	Average load factor of wind power for the first half of 2020	**Percentage of change of the average utilisation hours of wind power**
Abroad:					
Canada	**1,461**	**34%**	1,480	34%	-1.28%
South Africa	**1,418**	**33%**	1,362	31%	4.11%
Ukraine	**–**	**–**	–	–	–
Total	**1,297**	**30%**	1,187	27%	9.27%

During the reporting period, the consolidated power generation from coal power segment of the Group was 5,259 GWh, representing an increase of 32.64% as compared with 3,965 GWh in the corresponding period of 2020. This was mainly due to the increase in electricity load. The average utilisation hours of the Group's coal power segment in the first half of 2021 was 2,805 hours, representing an increase of 690 hours as compared with 2,115 hours in the corresponding period of 2020.

2. Adhered to the policy guidance and quickly obtained internal and external high-quality resources

In the first half of 2021, the Group seriously analyzed its strengths and weaknesses in the field of new energy, consolidated the macroeconomic development situation of the country and the changes in the investment environment and policies of new energy under new normal as well as the possible risks, and constructed a road map for new energy development with a problem-oriented approach and benchmarking as the starting point. The Group adhered to its core development philosophy and path for the "Fourteenth Five-Year Plan" period and strengthened the efficient and rapid photovoltaic development; consolidated its overall leading position in wind power; built a clean and efficient multi-energy mutual complementary base; actively explored grid parity of offshore wind power; and expanded the development and leading of emerging technologies such as energy storage and hydrogen energy. The Group quickly obtained high-quality resources in various forms including independent development, cooperative development and mergers and acquisitions, and promoted the implementation of projects with high quality. At the same time, the Group deepened and innovated cooperation with associate units, and took advantages of nationwide full industry chains including coal, power, transportation and chemical of CHN Energy to expand resource reserves.

In the first half of 2021, the Group entered into a new agreement for development of 23 GW, far exceeding the level of the same period last year, all located in areas with better resources, and the new agreements of Xinjiang, Inner Mongolia, Heilongjiang, Liaoning, Guizhou, Shanxi, Guangxi, Tianjin, Shaanxi, Zhejiang, Yunnan and other provinces with the capacity exceeded 1 million kW each. The new approved (filed) project has a capacity of 3,200 MW, five times that of the same period last year, including 5 wind power projects totaling 545 MW and 24 photovoltaic projects totaling 2,655 MW. The bidding project has a capacity of 1,860 MW, including wind power of 680 MW and photovoltaic power of 1,180 MW.

3. Strictly implemented environmental protection and water conservation, and steadily promoted project construction

In the first half of 2021, project construction of the Group was steadily carried out under a safe environment, the project quality and environmental protection level were steadily improved without any material or above safety, quality, environmental protection accident or mass incident affecting social stability throughout the year. The project cost declined due to the decrease in the purchase price of wind turbines.

Safety and environmental protection management was continuously improved. The Group paid close attention to the safety management of outsourced personnel and developed the intelligent management system for project site safety to strengthen safety management. The Group promoted the standardization of safe and civilized construction and prepared the Standardization Manual for Safe and Civilized Construction. The Group strictly implemented the "Three Concurrence" requirements of environmental protection and water conservation, and incorporated environmental protection and water conservation programs into the preliminary design review and tender document review management process to make good plan at the source, coordinate planning during the construction process, reduce secondary treatment costs and lower the total construction costs to build the "Lucid Waters and Lush Mountains" project. With the goal of "less disturbance, less damage and less pollution", the Group set up a ledger and focused on ecological protection in four aspects including design, start-up, construction and acceptance management.

The project progress was steadily promoted as planned. The Group took various measures to supervise the processing of external construction conditions, laying an important foundation for the timely completion of the annual commissioning. Focusing on the offshore power preservation project, the Group focused on the progress of wind turbine pile sinking and lifting, and made contingency plans for the changes of vessel and engine resources during the installation period in order to cope with the complicated situation.

The Group implemented standardized management to improve the quality of infrastructure team. The Group prepared Standardization Manual for Owner's Project Department to standardize project management on the owner's side; prepared Quality Standard Process Atlas to guide quality and process control; organized the preparation of Manual for Universal Design, Universal Equipment and Universal Cost of Boost Stations to promote typical design solutions for prefabricated modular substations; prepared Preliminary Design Content and Depth Standards to strengthen preliminary design review, optimize construction organization, carry out the overall earthwork balance of the project, standardization of booster station and bid optimization combination, to comprehensively optimize and reduce the cost of the project.

In the first half of 2021, two new wind power projects and one photovoltaic power project of the Group commenced operation, with the newly-added consolidated installed capacity of 226.5MW.

As at 30 June 2021, the consolidated installed capacity of the Group was 24,907 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 22,429 MW, 1,875 MW and 603 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 30 June 2020 and 30 June 2021 is set out as below:

Region	**30 June 2021** ***(MW)***	30 June 2020 *(MW)*	**Percentage of change**
Domestic:			
Heilongjiang	**1,234.70**	1,234.70	0.00%
Jilin	**762.05**	547.40	39.21%
Liaoning	**1,047.20**	1,047.20	0.00%
Inner Mongolia	**2,635.80**	2,635.80	0.00%
Jiangsu (onshore)	**1,338.50**	1,338.50	0.00%
Jiangsu (offshore)	**1,585.30**	1,180.30	34.31%
Zhejiang	**227.90**	227.90	0.00%
Fujian	**1,074.60**	1,017.10	5.65%
Hainan	**99.00**	99.00	0.00%
Gansu	**1,289.80**	1,289.80	0.00%
Xinjiang	**1,590.80**	1,590.80	0.00%
Hebei	**1,770.10**	1,470.10	20.41%
Yunnan	**869.50**	869.50	0.00%

Region	**30 June 2021** *(MW)*	30 June 2020 *(MW)*	**Percentage of change**
Anhui	**809.10**	779.10	3.85%
Shandong	**618.40**	463.40	33.45%
Tianjin	**347.50**	244.00	42.42%
Shanxi	**1,041.75**	939.00	10.94%
Ningxia	**774.70**	774.70	0.00%
Guizhou	**789.00**	741.50	6.41%
Shaanxi	**539.20**	439.20	22.77%
Tibet	**7.50**	7.50	0.00%
Chongqing	**289.50**	209.50	38.19%
Shanghai	**47.50**	47.50	0.00%
Guangdong	**125.74**	101.74	23.59%
Hunan	**287.35**	148.00	94.16%
Guangxi	**192.30**	192.30	0.00%
Jiangxi	**196.40**	148.40	32.35%
Hubei	**94.20**	48.00	96.25%
Qinghai	**150.00**	50.00	200.00%
Henan	**173.65**	–	–
Overseas:			
Canada	**99.10**	99.10	0.00%
South Africa	**244.50**	244.50	0.00%
Ukraine	**76.50**	–	–
Total	**22,429.14**	20,225.54	10.90%

4. **Strengthened marketing management and tariffs remained stable**

In the first half of 2021, the Group continuously strengthened the management and control on grid curtailment and formulated management measures of grid curtailment; conducted thematic analysis on grid curtailment; innovated annual and monthly assessments of marketing; and sorted out regional transmission channels and other measures to maintain a relatively low level of grid curtailment. Through strengthening the policy research, the Group accurately grasped regional electricity market policies and trading rules, and conducted in-depth market trading on the principle of "Benefit First". At the same time, the Group enhanced the business capabilities of the staff through marketing (spot trading) training courses and comprehensively improved the professional level of the Group's marketing force.

In the first half of 2021, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB467 per MWh (value added tax ("**VAT**") exclusive), representing an increase of RMB2 per MWh as compared with RMB465 per MWh (VAT exclusive) in the corresponding period of 2020. The average on-grid tariffs for wind power amounted to RMB487 per MWh (VAT exclusive), representing an increase of RMB3 per MWh as compared with RMB484 per MWh (VAT exclusive) in the corresponding period of 2020, which was primarily due to the increase in the market transaction tariffs of wind power. The average on-grid tariffs for coal power amounted to RMB339 per MWh (VAT exclusive), representing an increase of RMB8 per MWh as compared with the average on-grid tariffs for coal power of RMB331 per MWh (VAT exclusive) in the corresponding period of 2020, which was primarily due to the increase in the market transaction tariffs of coal power.

5. Broadened financing channels and minimized the cost of capital to maintain the leading position in the industry

In the first half of 2021, the Group seized opportunities to intensify management and control of financing, and laid down an overall operation plan to conduct replacement and optimization of existing interest-bearing liabilities, and save financial costs. Meanwhile, by leveraging the capital scheduling and coordination mechanism under the direct management of the headquarters and rigid capital plan management, it continued to improve capital utilization efficiency to maximize the time value of funds. In terms of financing, it kept a close watch on domestic and foreign capital markets to further expand financing channels, improved the efficiency of capital flow and successfully issued sixteen tranches of ultra-short-term debentures, enabling the Group to maintain an advantage among the industry in terms of capital cost. During the first half of the year, the Group actively revitalized stock assets with the financial instruments traded in open markets, successfully issued a tranche of asset securitization products on tariff premium of renewable energy worthy of RMB1,030 million, innovatively carried out renewable assets property right trust and completed the subsidy off-balance sheet business with the amount of RMB2,233 million. The Group used its own capital advantages to revitalize capital and utilized various financial instruments such as supply chain products and bank acceptances to make external payments and minimize the capital cost rate.

6. Enhanced the independent innovation capability and carried out key scientific and technological research as planned

In the first half of 2021, the Group enhanced its scientific and technological self-reliance capability, actively explored new development models for the industry and prepared its scientific and technological innovation and development plan for the "Fourteenth Five-Year Plan" period. During the first half of the year, various scientific research and technology projects of the Group were carried out as planned, and significant progress was made in the demonstration project of floating integrated cage aquaculture under the key scientific and technological research of CHN Energy. The project under the national key research and development programme "Research on the Characteristics of Complex Wind Resources for Wind Power Generation and its Application Verification" successfully passed the mid-term inspection by the Ministry of Science and Technology of the PRC. The two new energy side energy storage research and demonstration projects have completed feasibility studies, technology route screening, expert argumentation, preliminary design and preparation of bidding documents.

In the first half of 2021, the Group had two newly applied invention patents, two newly authorized invention patents and 21 utility model patents. The Group published more than 20 papers in various scientific journals and wrote 20 technical reports on various fields. Nine industry standards, including the "Operation and Maintenance Regulations for Lightning Protection Systems in Wind Farm Booster Stations", and four group standards of Chinese Society for Electrical Engineering, including the "Technical Guidelines for Safety Monitoring of Offshore Wind Turbine Support Structures", which were compiled by the Group, were approved and published. In addition, new breakthroughs were made in the declaration and establishment of standards. The proposals for the establishment of three industry standards, including the "Regulations for the Maintenance of the Sealing System of Wind Turbines", were successfully approved by the National Energy Administration; two enterprise standards of CHN Energy, including the "Regulations for the Technical Supervision of the Relay Protection of Wind Power Farms", were approved by the CHN Energy and formally established.

7. **New operations in Ukraine to fight against the pandemic, with sound overseas operations**

In the first half of 2021, the COVID-19 pandemic continued to spread around the world, with the variant of the virus rampant, and border controls and restrictions on the movement of personnel still in place, which severely affected overseas business expansion and the dispatch of foreign delegations. In the first half of the year, the Group overcame the adverse impact of the pandemic, and achieved positive results in terms of overseas business. The Ukraine Yuzhne Wind Power Project has been connected to a power grid and put into operation, and the construction of Southern Wind Power Projects in Ukraine was carried out in an orderly manner. The Group is actively exploring the potential of markets such as Central and Eastern Europe, Southeast Asia, Africa and Latin America, developing key projects and striving to achieve regional rolling development and breakthroughs in key markets.

In the first half of 2021, the Group strengthened overseas asset management, effectively prevented and controlled the pandemic and production risks and operated all in-service projects well. Canada Dufferin Wind Farm project recorded accumulated power generation of 144.77 GWh and overfulfilled the semiannual plan, recorded utilization hours of 1,461 hours, and maintained its accumulated safe production for 2,403 consecutive days. The project of De Aar Wind Farm in South Africa recorded accumulated power generation of 346.70 GWh and overfulfilled the semiannual plan, recorded utilization hours of 1,418 hours, and maintained its accumulated safe production for 1,339 days.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In the first half of 2021, the net profit of the Group amounted to RMB5,249 million, representing an increase of 39.0% as compared to RMB3,776 million in the corresponding period of 2020. Net profit attributable to equity holders of the Company amounted to RMB4,540 million, representing an increase of 36.3% as compared to RMB3,331 million in the corresponding period of 2020. Earnings per share amounted to RMB55.00 cents, representing an increase of RMB15.06 cents as compared to RMB39.94 cents in the corresponding period of 2020.

Operating revenue

Operating revenue of the Group amounted to RMB17,877 million in the first half of 2021, representing an increase of 25.7% as compared to RMB14,218 million in the corresponding period of 2020. The increase in operating revenue was primarily due to: (1) an increase of RMB2,137 million, or 20.2%, in electricity sales and other revenue of wind power segment to RMB12,738 million in the first half of 2021 as compared to RMB10,601 million in the corresponding period of 2020, which was primarily due to increases in electricity sales of wind power and the average unit price of electricity sales as compared to the corresponding period of 2020; (2) a decrease of RMB42 million, or 37.2%, in service concession construction revenue of wind power segment to RMB71 million in the first half of 2021 as compared to RMB113 million in the corresponding period of 2020, which was primarily due to the decrease in construction volume of service concession projects under construction in the first half of 2021 as compared to the corresponding period of 2020; (3) an increase of RMB423 million, or 34.8%, in revenue from electricity sales of coal power segment to RMB1,639 million in the first half of 2021 as compared to RMB1,216 million in the corresponding period of 2020, which was primarily due to the increase in electricity sales of coal power and the average unit price of electricity sales as compared to the corresponding period of 2020; (4) an increase of RMB956 million, or 59.9%, in revenue from coal sales of coal power segment to RMB2,552 million in the first half of 2021 as compared to RMB1,596 million in the corresponding period of 2020, which was primarily due to the increase in sales volume and the unit selling price of coal as compared to the corresponding period of 2020; and an increase of RMB73 million or 22.7% in revenue from sales of steam to RMB395 million as compared to RMB322 million in the corresponding period of 2020, which was primarily due to the increase in sales volume of steam; and (5) an increase of RMB50 million, or 31.3%, in revenue from electricity sales of other renewable energy segments to RMB210 million in the first half of 2021 as compared to RMB160 million in the corresponding period of 2020, which was primarily due to the increase in electricity sales of other renewable energy.

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

Operating revenue	**For the six months ended 30 June**			
	2021		2020	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Electricity sales and others of wind power segment	**12,738**	**71.3%**	10,601	74.5%
Coal sales	**2,552**	**14.3%**	1,596	11.2%
Electricity sales of coal power segment	**1,639**	**9.2%**	1,216	8.6%
Steam sales of coal power segment	**395**	**2.2%**	322	2.3%
Electricity sales of other renewable energy business	**210**	**1.2%**	160	1.1%
Service concession construction revenue	**71**	**0.4%**	113	0.8%
Others	**272**	**1.4%**	210	1.5%
Total	**17,877**	**100.0%**	14,218	100.0%

Other net income

Other net income of the Group amounted to RMB555 million in the first half of 2021, representing an increase of 31.2% as compared to RMB423 million in the corresponding period of 2020, primarily due to the increases in government grants and revenue from insurance claims as compared to the corresponding period of 2020.

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**			
	2021		2020	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Government grants	**510**	**91.9%**	404	95.5%
Others	**45**	**8.1%**	19	4.5%
Total	**555**	**100.0%**	423	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB10,322 million in the first half of 2021, representing an increase of 24.3% as compared to RMB8,303 million in the corresponding period of 2020, primarily due to: (1) an increase of RMB267 million and RMB229 million in the depreciation and amortisation expenses and personnel costs in the wind power segment, respectively; and (2) an increase of RMB943 million in coal sales costs and an increase of RMB509 million in coal consumption costs in the coal power segment.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB4,045 million in the first half of 2021, representing an increase of 4.7% as compared to RMB3,862 million in the corresponding period of 2020, primarily due to: (1) an increase of RMB267 million or 7.4% in depreciation and amortisation expenses in the wind power segment over the corresponding period of 2020 as a result of the effect of expansion in the installed capacity of wind power projects; and (2) a decrease of RMB73 million or 33.9% in depreciation and amortisation expenses in coal power and biomass segments over the corresponding period of 2020.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB1,371 million in the first half of 2021, representing an increase of 59.0% as compared to RMB862 million in the corresponding period of 2020, which was primarily due to: (1) an increase of approximately 27.9% in the consumption of standard coal as a result of the increase in power generation and sales volume of steam; and (2) an increase of approximately 24.5% in the average unit price of standard coal for power generation and heat supply as a result of the increase in the coal price in the first half of 2021.

Coal sales costs

Coal sales costs of the Group in the first half of 2021 amounted to RMB2,497 million, representing an increase of 60.7% as compared to RMB1,554 million in the corresponding period of 2020, which was primarily due to: (1) an increase of approximately 15.8% in the sales volume of coal in the first half of 2021 as compared to the corresponding period of 2020; and (2) an increase of approximately 38.7% in the average procurement unit price of coal as compared to the corresponding period of 2020.

Service concession construction costs

The Group's service concession construction costs in the first half of 2021 amounted to RMB71 million, representing a decrease of 37.2% as compared to RMB113 million in the corresponding period of 2020, due to a decrease in the construction volume of service concession projects under construction in the first half of 2021 as compared to the corresponding period of 2020.

Personnel costs

Personnel costs of the Group amounted to RMB1,192 million in the first half of 2021, representing an increase of 32.4% as compared to RMB900 million in the corresponding period of 2020, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed capacity of wind power project and a rise of the wage level for employees; (2) the relief policy for pandemic enjoyed in the same period of the previous year being not applicable for the current period; 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 RMB79 million in the first half of 2021, representing a decrease of 4.8% as compared to RMB83 million in the corresponding period of 2020, which was primarily due to: (1) a decrease in external procurement of coal power by-products with the growth of power generation of the coal power segment, which increased the output of coal power by-products; and (2) an increase in material consumption as a result of the biomass power generation increasing.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB391 million in the first half of 2021, representing an increase of 9.5% as compared to RMB357 million in the corresponding period of 2020, primarily due to an increase in the installed capacity of the wind power segment and an increase in the generating units after the warranty period.

Administrative expenses

Administrative expenses of the Group amounted to RMB230 million in the first half of 2021, representing an increase of 16.2% as compared to RMB198 million in the corresponding period of 2020, which was primarily due to an increase in the expenses including lease charges, travel expenses and office expenses with the growth of the Group's business.

Other operating expenses

Other operating expenses of the Group amounted to RMB446 million in the first half of 2021, representing an increase of 19.3% as compared to RMB374 million in the corresponding period of 2020, which was primarily due to a year-on-year increase in relevant expenses such as labour expenses, technical development consulting fees and insurance premiums which were included in other operating expenses, as a result of the expansion of the Group's business scale and the increase in revenue.

Operating profit

In the first half of 2021, the operating profit of the Group amounted to RMB8,109 million, representing an increase of 27.9% as compared to RMB6,338 million in the corresponding period of 2020, which was primarily due to: (1) an increase of RMB1,674 million in operating profits of wind power segment with the growth of electricity sales and average unit price of electricity sales in the wind power segment; (2) an increase of RMB48 million in operating profits of coal power segment with the growth of electricity sales and average unit price of electricity sales in the coal power segment; and (3) an increase of RMB27 million in the operating profit due to the combined effect of an increase in electricity sales and a slight decrease in the average unit price of electricity sales in photovoltaic business.

Net finance expenses

Net finance expenses of the Group amounted to RMB1,659 million in the first half of 2021, representing a decrease of 4.2% as compared to RMB1,732 million in the corresponding period of 2020, which was primarily due to: (1) an increase in the average interest-bearing liabilities of the Group which led to an increase of RMB41 million in interest expenses in the first half of 2021 as compared to the corresponding period of 2020; (2) an increase of RMB15 million in the Group's net foreign exchange gain in the first half of 2021 as compared to the corresponding period of 2020; (3) an increase of RMB160 million in profits from changes in fair value of the interest rate swap contracts as compared to the corresponding period of 2020; (4) an increase of RMB148 million in the transaction cost as compared to the corresponding period of 2020 as various asset securitisation products issued in the first half of 2021; (5) an increase of RMB77 million in the unrealised profits recognised for trading securities held in the first half of 2021 as compared to the corresponding period of 2020; (6) an increase of RMB11 million in interest income on financial assets and dividend income in the first half of 2021 as compared to the corresponding period of 2020; and (7) an increase of RMB1 million in the commission fees and other expenses in the first half of 2021 as compared to the corresponding period of 2020.

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 RMB-76 million in the first half of 2021, representing a decrease of RMB65 million or 590.9% as compared to RMB-11 million in the corresponding period of 2020, which was primarily due to the year-on-year decrease in the profit of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司) during the first half of 2021 and the year-on-year increase in the loss of Guodian United Power Technology Co., Ltd. (國電聯合動力技術有限公司) during the first half of 2021.

Income tax

In the first half of 2021, the income tax of the Group amounted to RMB1,125 million, representing an increase of 37.5% as compared to RMB818 million in the corresponding period of 2020, which was mainly due to an increase of 38.8% in profit before tax in the first half of 2021.

Net profit

In the first half of 2021, the net profit of the Group amounted to RMB5,249 million, representing an increase of 39.0% as compared to RMB3,776 million in the corresponding period of 2020, which was mainly due to year-on-year increase in net profit of wind and coal power segments.

Net profit attributable to equity holders of the Company

In the first half of 2021, the Group's net profit attributable to equity holders of the Company amounted to RMB4,540 million, representing an increase of 36.3% as compared to RMB3,331 million in the corresponding period of 2020, which was mainly due to year-on-year increase in net profit of wind and coal power segments.

Segment results of operations

Wind power segment

Operating revenue

In the first half of 2021, the operating revenue of the wind power segment of the Group amounted to RMB12,809 million, representing an increase of 19.6% from RMB10,714 million in the corresponding period of 2020, primarily due to an increase in revenue from electricity sales as a result of growing electricity sales of wind power segment as the result of an increase in installed capacity of wind power and average utilisation hours.

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 2021		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Revenue from electricity sales	**12,738**	**99.4%**	10,588	98.8%
Service concession construction revenue	**71**	**0.6%**	113	1.1%
Others	**–**	**–**	13	0.1%
Total	**12,809**	**100.0%**	10,714	100.0%

Operating profit

In the first half of 2021, the operating profit of the wind power segment of the Group amounted to RMB7,886 million, representing an increase of 26.9% from RMB6,212 million in the corresponding period of 2020, which was mainly attributable to the increase in revenue from electricity sales in the wind power segment. The growth rate of operating profit was higher than that of the revenue from electricity sales in the wind power segment, which was primarily due to the fact that the growth rate of revenue from electricity sales was higher than that of the cost as a result of the increase in the utilisation hours of wind power.

Coal power segment

Operating revenue

In the first half of 2021, the operating revenue of the coal power segment of the Group amounted to RMB4,826 million, representing an increase of 44.9% as compared to RMB3,330 million in the corresponding period of 2020, primarily due to: (1) an increase of RMB423 million in electricity sales revenue of coal power segment in the first half of 2021 as a result of the increase in electricity sales and the average unit price of electricity sales as compared to the corresponding period of 2020; and (2) an increase of RMB956 million in revenue of coal sales in the first half of 2021 as compared to the corresponding period of 2020 resulting from an increase in sales volume of coal and an increase in unit selling price.

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

Operating revenue	For the six months ended 30 June			
	2021		2020	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**1,639**	**34.0%**	1,216	36.5%
Revenue from sales of steam	**395**	**8.2%**	322	9.7%
Revenue from coal trading	**2,552**	**52.9%**	1,596	47.9%
Others	**240**	**4.9%**	196	5.9%
Total	**4,826**	**100.0%**	3,330	100.0%

Operating profit

In the first half of 2021, the operating profit of the coal power segment of the Group amounted to RMB272 million, representing an increase of 21.4% as compared to RMB224 million in the corresponding period of 2020, which was mainly attributable to the combined effect of increase in revenue from electricity sales resulting from the increase in electricity sales and rise in fuel price in the coal power segment.

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

Operating profit	For the six months ended 30 June			
	2021		2020	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Sales of electricity, steam and others	**217**	**79.8%**	182	81.3%
Coal trading business	**55**	**20.2%**	42	18.7%
Total	**272**	**100.0%**	224	100.0%

Other segments

Operating revenue

In the first half of 2021, the operating revenue of other segments of the Group amounted to RMB308 million, representing a decrease of 45.6% as compared to RMB566 million in the corresponding period of 2020, which was mainly attributable to: (1) a decrease of RMB321 million in revenue from engineering procurement construction ("**EPC**") as a result of the decrease in EPC services provided; and (2) an increase of RMB50 million in revenue from electricity sales of photovoltaic and other renewable energy power.

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

	For the six months ended 30 June			
Operating revenue	**2021**		2020	
	Amount ***(RMB million)***	**Proportion** ***(%)***	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**210**	**68.2%**	160	28.3%
Other sales revenue	**57**	**18.5%**	60	10.6%
Revenue from EPC	**15**	**4.9%**	336	59.4%
Others	**26**	**8.4%**	10	1.7%
Total	**308**	**100.0%**	566	100.0%

Operating profit

In the first half of 2021, the operating profit of other segments of the Group amounted to RMB39 million, representing an increase of 490.0% as compared to RMB-10 million in the corresponding period of 2020, which was mainly attributable to an increase in electricity sales of other renewable energy as compared to the corresponding period of 2020.

Assets and liabilities

As at 30 June 2021, total assets of the Group amounted to RMB180,235 million, representing an increase of RMB4,949 million as compared with total assets of RMB175,286 million as at 31 December 2020. This was primarily due to: (1) an increase of RMB2,241 million in current assets including trade and bills receivables; and (2) an increase of RMB2,708 million in non-current assets including property, plant and equipment.

As at 30 June 2021, total liabilities of the Group amounted to RMB109,733 million, representing an increase of RMB896 million as compared to total liabilities of RMB108,837 million as at 31 December 2020. This was primarily due to: (1) an increase of RMB1,263 million in non-current liabilities including long-term borrowings; and (2) a decrease of RMB367 million in current liabilities including trade and bills payables.

As at 30 June 2021, equity attributable to equity holders of the Company amounted to RMB61,042 million, representing an increase of RMB3,354 million as compared with RMB57,688 million as at 31 December 2020, which was mainly earnings from business operation during the period.

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

	30 June 2021 Amount *(RMB million)*	31 December 2020 Amount *(RMB million)*
Assets		
Property, plant and equipment	**127,315**	124,918
Investment properties	**8**	8
Right-of-use assets	**2,997**	2,861
Intangible assets and goodwill	**7,279**	7,483
Other non-current assets	**9,211**	8,832
Current assets	**33,425**	31,184
Total	**180,235**	175,286
Liabilities		
Long-term borrowings	**53,748**	52,598
Deferred income and deferred tax liabilities	**1,331**	1,381
Lease liabilities (long-term)	**692**	575
Other non-current liabilities	**1,422**	1,376
Current liabilities	**52,540**	52,907
Total	**109,733**	108,837

Capital liquidity

As at 30 June 2021, current assets of the Group amounted to RMB33,425 million, representing an increase of RMB2,241 million as compared with the current assets of RMB31,184 million as at 31 December 2020, 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:

	30 June 2021		31 December 2020	
Current assets	**Amount**	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Trade and bills receivables	**25,193**	**75.4%**	21,603	69.3%
Prepayments and other current assets	**3,392**	**10.1%**	2,831	9.1%
Cash at banks and on hand and restricted deposits	**3,561**	**10.7%**	5,588	17.9%
Others	**1,279**	**3.8%**	1,162	3.7%
Total	**33,425**	**100.0%**	31,184	100.0%

As at 30 June 2021, current liabilities of the Group amounted to RMB52,540 million, representing a decrease of RMB367 million as compared with the current liabilities of RMB52,907 million as at 31 December 2020, which was mainly attributable to the decrease in short-term borrowings, bills and trade payables.

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

	30 June 2021		31 December 2020	
Current liabilities	**Amount**	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Short-term borrowings	**35,625**	**67.8%**	37,875	71.6%
Trade and bills payables	**3,202**	**6.1%**	3,615	6.8%
Other current liabilities	**13,285**	**25.2%**	11,064	20.9%
Lease liabilities (short-term)	**30**	**0.1%**	25	0.0%
Tax payable	**398**	**0.8%**	328	0.7%
Total	**52,540**	**100.0%**	52,907	100.0%

As at 30 June 2021, net current liabilities of the Group amounted to RMB19,115 million, representing a decrease of RMB2,608 million as compared with the net current liabilities of RMB21,723 million as at 31 December 2020. The liquidity ratio was 0.64 as at 30 June 2021, representing an increase of 0.05 as compared with the liquidity ratio of 0.59 as at 31 December 2020. The increase in liquidity ratio was mainly attributable to the increase in the scale of current assets such as trade receivables and the slight decrease in the scale of current liabilities.

Restricted deposits amounted to RMB233 million, which mainly represent monetary funds deposited in the Group's custody accounts that can only be used for transferring to trust institution or used for repaying borrowings.

Borrowings and bills payables

As at 30 June 2021, the Group's balance of the borrowings and bills payables amounted to RMB91,208 million, representing a decrease of RMB1,724 million as compared with the balance of RMB92,932 million as at 31 December 2020. As at 30 June 2021, the Group's borrowings and bills payables included short-term borrowings and bills payables of RMB37,460 million (including long-term borrowings due within one year of RMB11,082 million and bills payables of RMB1,835 million) and long-term borrowings amounting to RMB53,748 million (including debentures payables of RMB12,666 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB83,806 million, borrowings denominated in U.S. dollars of RMB2,542 million and borrowings denominated in other foreign currencies of RMB3,025 million. As at 30 June 2021, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB1,368 million and corporate bonds with fixed interest rates of RMB12,666 million. As at 30 June 2021, the balance of bills payables issued by the Group amounted to RMB1,835 million.

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

Borrowings and bills payables	30 June 2021 Amount (RMB million)	30 June 2021 Proportion (%)	31 December 2020 Amount (RMB million)	31 December 2020 Proportion (%)
Bank loans	**59,229**	**65.0%**	53,290	57.4%
Loans from other financial institutions	**41**	**0.0%**	41	0.1%
Loans from CHN Energy and fellow subsidiaries	**787**	**0.9%**	595	0.6%
Loans from associated company and joint venture	**100**	**0.1%**	100	0.1%
Bonds	**29,216**	**32.0%**	36,447	39.2%
Bills payables	**1,835**	**2.0%**	2,459	2.6%
Total	**91,208**	**100.0%**	92,932	100.0%

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

Borrowings and bills payables	30 June 2021 Amount (RMB million)	30 June 2021 Proportion (%)	31 December 2020 Amount (RMB million)	31 December 2020 Proportion (%)
Within 1 year	**37,460**	**41.1%**	40,334	43.4%
1-2 years	**11,542**	**12.7%**	10,515	11.3%
2-5 years	**22,588**	**24.7%**	25,815	27.8%
Over 5 years	**19,618**	**21.5%**	16,268	17.5%
Total	**91,208**	**100.0%**	92,932	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 2021**		31 December 2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bills payables	**1,835**	**2.0%**	2,459	2.6%
Fixed rate borrowings	**37,196**	**40.8%**	41,624	44.8%
Floating rate borrowings	**52,177**	**57.2%**	48,849	52.6%
Total	**91,208**	**100.0%**	92,932	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB6,429 million in the first half of 2021, representing a decrease of 6.0% as compared to RMB6,842 million in the corresponding period of 2020, among which, the expenditures for the construction of wind power projects amounted to RMB5,977 million, and the expenditures for the construction of other renewable energy projects amounted to RMB316 million. The sources of funds mainly included self-owned funds, the borrowings from banks 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**			
	2021		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Wind power projects	**5,977**	**93.0%**	6,715	98.1%
Other renewable energy projects	**316**	**4.9%**	–	–
Others	**136**	**2.1%**	127	1.9%
Total	**6,429**	**100.0%**	6,842	100.0%

Net gearing ratio

As at 30 June 2021, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 55.17%, representing a decrease of 1.20 percentage points from 56.37% as at 31 December 2020. This was primarily due to the increase in net debts being lower than the increase in total equity during the first half of 2021.

Major investments

The Group made no major investment in the first half of 2021.

Material acquisitions and disposals

The Group did not have any material acquisitions and disposals in the first half of 2021.

Pledged assets

As at 30 June 2021, general bank loans, bonds and other borrowings amounting to RMB12,435 million are secured by tariff collection rights, inventories with net carrying amount of RMB4 million, bills receivables with net carrying amount of RMB12 million and equipment with net carrying amount of RMB2,388 million.

Contingent liabilities/Guarantees

As at 30 June 2021, the Group provided a guarantee of RMB80 million for bank loans of an associate, and issued a counter-guarantee of no more than RMB17 million to the controlling shareholder of an associate. As at 30 June 2021, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB8 million.

Cash flow analysis

As at 30 June 2021, cash and cash equivalents held by the Group amounted to RMB3,329 million, representing a decrease of RMB1,897 million as compared to RMB5,226 million as at 31 December 2020, which was mainly attributable to the investment in wind power projects and the repayment of borrowings. The principal sources of funds of the Group mainly included self-owned funds 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 RMB7,996 million in the first half of 2021. The cash inflow was mainly the revenue from the sales of electricity and coal, and the cash outflows were mainly the coal purchase costs, personnel costs and tax expenses. In the first half of 2021, the net cash inflow from operating activities increased by RMB4,593 million as compared to RMB3,403 million in the corresponding period of 2020, which was mainly due to the increase in cash inflow as a result of the increase in revenue from sales of electricity and the increase in the scale of the relevant securitization products of subsidy for tariff premium of renewable energy issued in the period as compared with the corresponding period of the previous year.

The net cash outflow from investing activities of the Group was RMB7,115 million in the first half of 2021. The cash outflow from investing activities was mainly used for the construction for wind power projects.

The net cash outflow from financing activities of the Group was RMB2,774 million in the first half of 2021. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate 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 Group's foreign exchange management principles are not involved in any speculative arbitrage, but for the purpose of risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of the Group. In the preliminary investigation and preparation stage of new overseas projects, the Group shall assign Hero Asia Company to intervene, and propose opinions on prevention and control of foreign exchange risk according to relevant data such as new project feasibility report, and with taking into account the overall local social and economic situation, and consulting professional financial institutions for external opinions, so as to avoid the potential foreign exchange risk that may appear in the construction period. In the start-up stage of new projects, Hero Asia Company reviews relevant foreign exchange risk items mainly through the capital plans and data of financial statements reported by overseas subsidiaries. At the same time, it keeps in close touch with the financial director of each new project in respect of the relevant daily work thereon, and once the foreign exchange risk exposure caused by currency mismatch and other factors of overseas subsidiaries is found, Hero Asia Company will immediately call upon all overseas financial directors to verify the relevant potential risks. Upon confirmation, Hero Asia Company will report to the Group and gather all financial institutions in Hong Kong to set up a temporary risk control team with overseas companies involved in risks and the Finance Department of the Group to study, judge and put forward relevant hedging plans. After the plans are approved, all parties shall strictly implement them to ensure that foreign exchange risks are under control.

III. PROSPECT FOR THE SECOND HALF OF 2021

In the second half of 2021, the Group will earnestly implement the guidelines adopted at the working meetings held in the middle of the year, closely focus on the annual working objectives and the development tasks under the "Fourteenth Five-Year Plan", seize opportunities in the new development stage, practise the new development concept, and write a new chapter in the development of the Group in accordance with the target positioning as a world-leading listed company engaged in new energy.

In the second half of 2021, the Group will focus on the following five areas in work:

1. **To strengthen mission and responsibility and open a new chapter of development.**

   We will seize the opportunity and make concerted efforts to promote the development of new energy so as to ensure that the proportion of installed capacity of the Company's new energy will not decrease, and strive to achieve the annual target of newly-added installed capacity.

2. **To strengthen reform and innovation, and build a new corporate mechanism.**

   We will improve the mechanism of "Three Cans (三能)" (management can get promotion or demotion, employees can be employed or dismissed, and revenue can be increased or decreased), enhance the effectiveness of corporate governance, and improve the scientific and technological support capabilities, so as to provide strong momentum for building a world-class company engaged in new energy with global competitiveness.

3. **To strengthen the bottom line and red line, and ensure the new security situation.**

   We will reinforce the accountability towards safety, and keep the bottom line of safe production and the red line of ecological protection, so as to create a sound, safe and environmental protection environment for the development and operation of the Company.

4. **To strengthen revenue increase and efficiency improvement, and achieve new improvement in benefits.**

   We will insist on increasing revenue and improving efficiency in all aspects, deeply explore the potentials of production and operation, capital operation and other aspects, enhance our ability to create value, and make every effort to achieve the annual profit objective.

5. **To strengthen the leadership of the Party, and promote a fresh start for the construction of the Party.**

   We will insist on the overall leadership of the Party in state-owned enterprises, promote the learning and education of Party's history in a deep and practical manner, persistently run the Party comprehensively with strict discipline, give full play to the political advantages of state-owned enterprises, and make every effort to promote a fresh start for the construction of the Party.

OTHER INFORMATION

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 15 January 2021, 18 June 2021 and 23 July 2021 and the circular of the Company dated 8 July 2021 (the "**Circular**"), unless otherwise defined, capitalized terms used in this section shall have the same meanings as those defined in the Circular. The third extraordinary general meeting in 2021, the first domestic Shareholders class meeting in 2021 and the first H Shareholders class meeting in 2021 of the Company in 23 July 2021 considered and passed, among other things, the resolutions on absorption and merger of Pingzhuang Energy through share swap and the material assets disposal and purchase of assets through cash payment (the "**Transaction**").

The Transaction consists of three parts: Absorption and Merger through a Share Swap, Assets Disposal and Purchase through Cash. The Merger, the Assets Disposal and the Purchase through Cash are inter-conditional on each other, if failing in any of which, the other two matters shall not be implemented. The details of which are as follows:

- The Merger, when fully implemented, will involve, among other things, the issuance of a total of 345,574,165 A Shares by the Company to all Conversion Shareholders of Pingzhuang Energy on the Registration Date of Implementation of the Merger, in exchange for the A Shares of Pingzhuang Energy held by such Shareholders. The Issue Price of the A Shares of the Company is RMB11.42 per share, and will be RMB11.30 per share after adjustment. Upon completion of the Merger, Pingzhuang Energy will be delisted and ultimately disqualified as a legal person. The Company, as the Surviving Company, shall inherit and take over, directly or through its designated wholly-owned subsidiaries, the assets and liabilities of Pingzhuang Energy (excluding the Assets to be Disposed of). The Company will apply for listing and trading of its original Domestic Shares and the A Shares to be issued for the Merger on the Main Board of the SZSE.

- The Assets to be Disposed of will be transferred by Pingzhuang Energy to Pingzhuang Coal Group, and the consideration of the Assets to be Disposed of shall be paid by Pingzhuang Coal Group in cash to Longyuan Power, the Surviving Company after the Merger.

- The Company will purchase the Assets to be Purchased from the Other Subsidiaries of CHN Energy, and the consideration of which shall be paid by Longyuan Power, the Surviving Company in cash.

The Transaction is in line with the national new energy development strategy, which is conducive to consolidate and enhance the Company's leading position in the industry and international competitiveness, and is conducive to broaden financing channels, enhance competitive advantages of the Company, reduce horizontal competition and realize resource integration. For details, please refer to the Circular disclosed by the Company on the website of the Hong Kong Stock Exchange and the website of the Company.

The Transaction is conditional upon the satisfaction of the conditions precedent set out in the relevant agreements, as such, the Transaction may or may not proceed or becomes unconditional or effective. Investors and potential investors should exercise caution when dealing or contemplating dealing in the shares of the Company, and shall not only rely on the information published by the Company. The Company will make announcement in respect of the progress of the Transaction on the website of the Hong Kong Stock Exchange and the website of the Company in due course.

Share Capital

As of 30 June 2021, 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 2021.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2021.

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 2021.

Compliance with the Requirements of Appendix 14 of the Listing Rules

On 28 May 2021, the Company held the 2020 Annual General Meeting (the "**Annual General Meeting**"). As at the date of convening the Annual General Meeting, the chairman of the Board of the Company, the chairman of each of the audit committee and strategic committee of the Board of the Company and their members were unable to attend the abovementioned Annual General Meeting due to business engagement.

Save as aforesaid, during the period from 1 January 2021 to 30 June 2021, 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 2021 to 30 June 2021. 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 2021 to 30 June 2021, under the Corporate Governance Report.

The Audit Committee consists of three directors: Mr. Meng Yan (independent non-executive director), Mr. Tang Chaoxiong (non-executive director) and Mr. Zhang Songyi (independent non-executive director). Mr. Meng Yan serves as the chairman of the Audit Committee.

On 27 August 2021, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2021, the interim condensed consolidated financial information for the six months ended 30 June 2021 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 2021 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*
Li Zhongjun
Chairman

Beijing, the PRC, 27 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Zhongjun and Mr. Tang Jian; the non-executive directors are Mr. Liu Jinhuan, Mr. Tian Shaolin and Mr. Tang Chaoxiong; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* *For identification purpose only*