

[redacted]

團 股 份 有 限 公 司

China Long

Corporati

* For Identi cation Purpose Only

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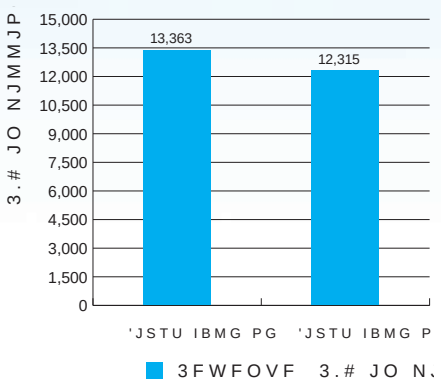
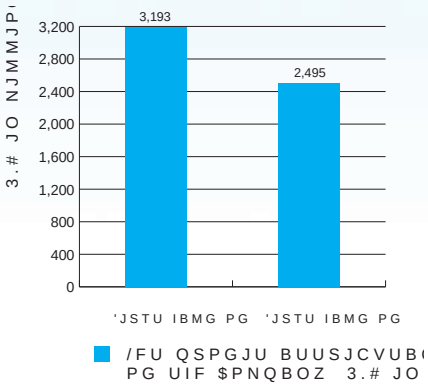
# INTERIM RESULTS AND FINANCIAL DATA

# INTERIM RESULTS AND FINANCIAL DATA

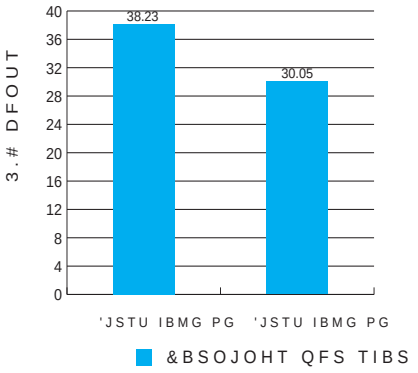
## 1. Revenue



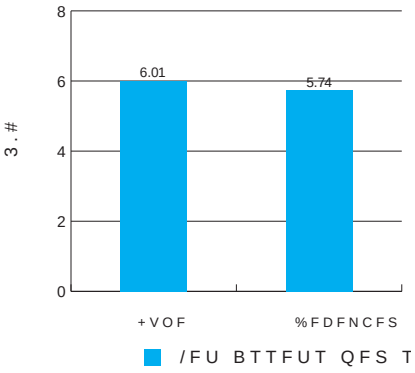

## 2. Net profit attributable to equity holders of the Company



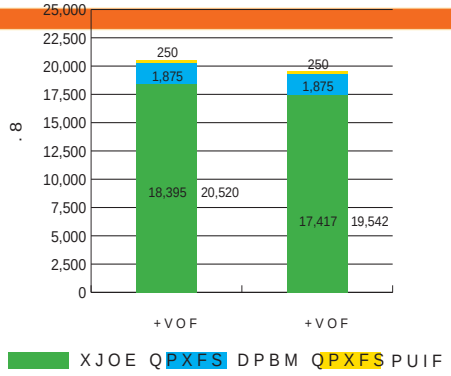

## 3. Earnings per share



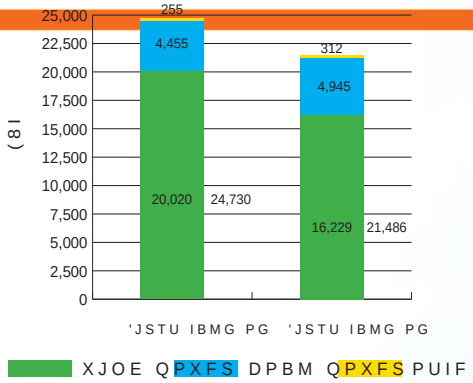

## 4. Net assets per share




## 5. Consolidated installed capacity




## 6. Electricity Sales



# INTERIM RESULTS AND FINANCIAL DATA

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Revenue | 13,362,888 | 12,314,785 |
| Profit before taxation | 4,372,194 | 3,406,691 |
| Income tax | (769,202) | (555,318) |
| Profit for the period | 3,602,992 | 2,851,373 |
| Attributable to: | | |

# INTERIM RESULTS AND FINANCIAL DATA

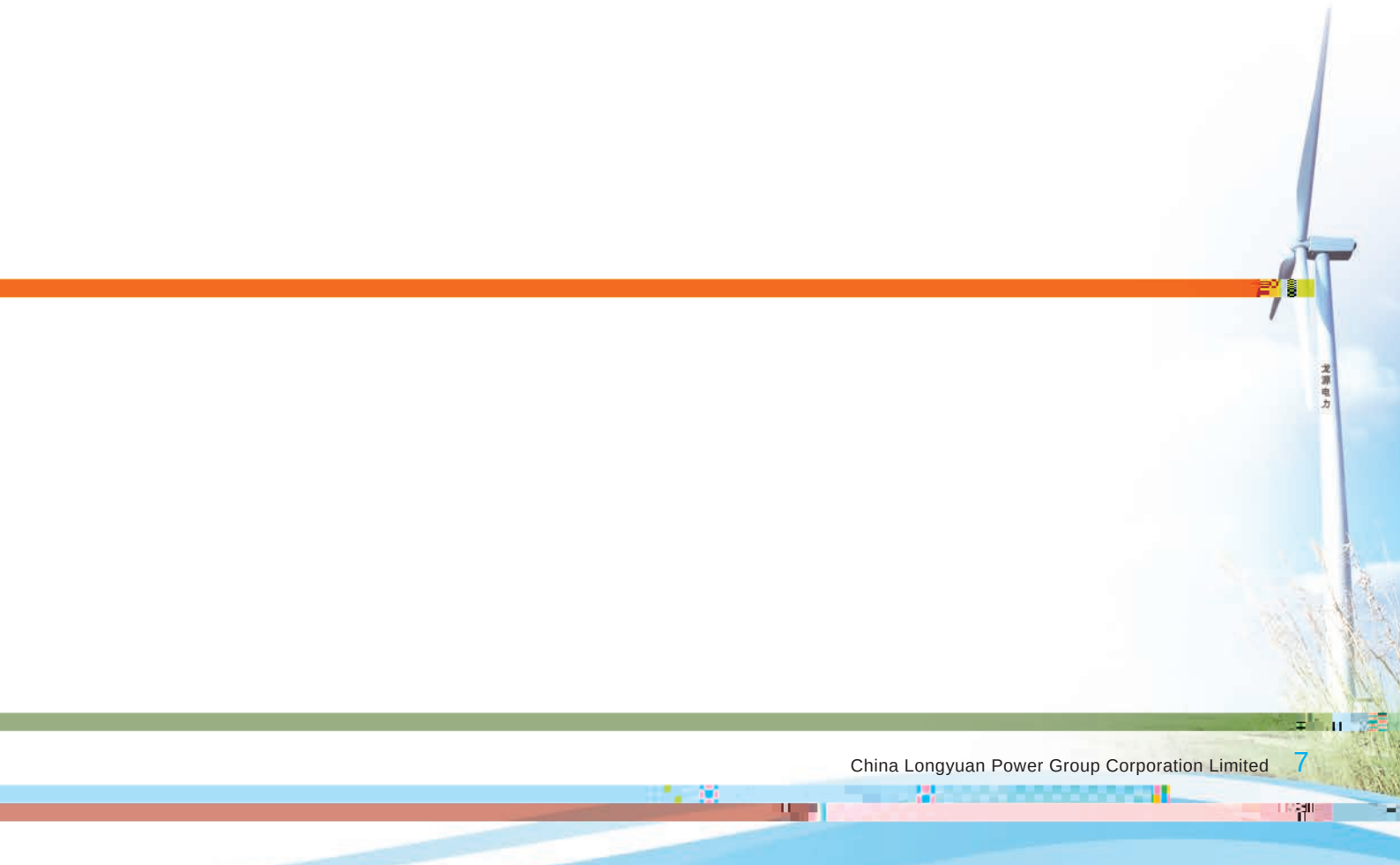
| | 30 June 2018 *RMB'000* | 31 December 2017 *RMB'000* |
|---|---|---|
| Total non-current assets | 127,760,195 | 128,512,863 |
| Total current assets | 18,639,716 | 17,122,177 |
| Total assets | 146,399,911 | 145,635,040 |
| Total current liabilities | 41,347,803 | 47,159,418 |
| Total non-current liabilities | 49,450,152 | 45,176,340 |
| Total liabilities | 90,797,955 | 92,335,758 |
| Net assets | 55,601,956 | 53,299,282 |
| Gearing ratio *(note)* | 0.86 | 0.94 |
| Total equity attributable to the equity holders of the Company | 48,305,832 | 46,125,851 |
| Non-controlling interests | | |

# MANAGEMENT DISCUSSION AND ANALYSIS

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

With the deep advance of the supply-side structural reform, China's economy continued its good momentum of steady growth with a year-on-year GDP growth of 6.8% in the first half of 2018. The power consumption across the country recorded a year-on-year increase of 9.4%. Both the amount of wind power curtailment and wind power curtailment rate across the country declined and endogenous divers to economic growth have been obviously strengthened. Currently, the international political and economic situation is complicated and ever-changing, domestic regulatory policies on credit and environmental protection are tightened and problems such as structural imbalance and excess capacity remain obvious. We must carefully analyze, study

In July 2017, the National Energy Administration ("NEA") released the 2017-2020 Wind Power New Construction Plan, proposing that installed capacity of wind power to be increased by 110 GW by 2020. Wind power industry in China still has broad room for its development. In March 2018, the NEA issued a letter soliciting opinions on Renewable Electricity Quotas and Assessment Methods (Exposure Draft) ( ë õ D Ë Ž [ • U e b ã X ¿ ý è l ‚€ D Ë Ã •Y L), which sets out the requirements regarding the formulation and implementation of a quota system, renewable electricity certificates and supervision and assessment. The exposure draft, if passed and implemented, will further boost the consumption of renewable energy by alleviating renewable power curtailments from a policy perspective and establishing a mechanism for better consumption of renewable energy, thereby laying an institutional foundation for furthering China's energy production and consumption revolution. In April 2018, the NEA issued the Circular on Interim Administrative Measures for the Development and Construction of Distributed Wind Power Projects (



# MANAGEMENT DISCUSSION AND ANALYSIS

## I. BUSINESS REVIEW

### 1. Enhanced safety management, improved management standard and achieved significant increase in wind power generation

In response to the new stage, new situation and new requirements, the Group focused on supervision and inspection of production safety in the light of system construction, education and training, special inspection and safety culture, aiming at enhancing employees' safety awareness, subdividing safety responsibilities to specific employees and strengthen the implementation of corporate responsibility system to ensure a stable safety environment. In addition, the Group revised its internal rules and regulations to improve safety risk management and strengthen the awareness of responsibility and duty performance; and advanced the adoption of information technology for safety supervision and innovated safety management procedures and models. Furthermore, trainings were organized for the safety officers of each shift and team to improve the safety awareness and quality of production personnel; spot tests were organised for safety production personnel, covering all safety production positions; the event themed "castigating those violating regulations, preventing occurrence of accidents" was organized on the warning day, and a variety of special activities and emergency drills were held to enhance the safety skills and awareness of all employees. The Group performed all-rounded production safety checks and special inspections to uncover deep-seated issues in production safety management through reviewing the implementation of its rules and regulations, defining the responsibilities of each level of the production system and identifying safety and equipment hazards, thereby facilitating management improvement. Through standardizing its safe and civilized production practice in an orderly way, the Group effectively improved its on-site safety, equipment management and civilized production level. In accordance with the requirements of the Office of Work Safety Commission of the State Council and CHN Energy, the Group held a series of "Work Safety Month"activities themed "life first, safe development" to advocate "being a safety guard, preventing safety risks and building safe wind power farms". All these helped to enhance the concept of safe development and create a safety-aware culture.

In the first half of 2018, the Group continuously improved its equipment management capability and innovated the overhaul system for wind power equipment. It strengthened the reliability management of equipment. Based on its analysis of the overhaul characteristics and differences of wind power equipment, the Group defined the contents, requirements, working procedures and standards for on-site overhaul of wind power equipment, innovated and improved the standardized management system on the overhaul of wind power equipment and developed a "new wind power equipment overhaul system" to continuously improve the overhaul and management. The Group steadily carried out the construction of intelligent wind farms, and improved the efficiency and quality of wind farms in accordance with the principle of insisting on innovation-driven. It implemented the "12 Measures to Strengthen the Supervision of Wind Power Technology", and through the comprehensive analysis of test results and data, provided technical support for equipment management and ensured the equipment was in good condition. It adopted drone patrols, big data analysis and other new technologies to precisely diagnose the health conditions of generating units and further consolidate the results of "lean maintenance". It enhanced the prevention and control of equipment defects, implemented accurate diagnosis on the defects of old units and certain models and prepared targeted modification plans, thus further improving the stability of generating units. It also set out the Incentive Measures on Reporting Defects and Potential Problems of Units and staff will be amply rewarded for identifying significant defects of equipment. It also established special incentive funds for technical transformation and encouraged staff to conduct technology reform, invention and creation.

In the first half of 2018, the Group optimised and refined the benchmarking assessment and enhanced the benchmarking with the whole industry. It carried out benchmarking management on different levels and categories and optimized the special assessment mechanism on utilization hours and time loss for failure, which improved the scientificity and accuracy in the calculation of indicators and boosted the improvement of the production and operation. The Group further addressed grid curtailment through a two-pronged approach. Internally, it enhanced follow-up supervision and performed stringent assessment on grid curtailment; and externally, it strengthened marketing awareness and strove for greater generation load. For the first half of 2018, the Group generated a cumulative gross electricity output of 25,830 GWh, of which electricity generated from our wind power segment amounted to 20,789 GWh, representing a year-on-year increase of 21.55%. In the first half of 2018, the Group's average utilization hours of the wind power segment were 1,181 hours, representing an increase of 151 hours as compared to the corresponding period of 2017 and 38 hours higher than the average utilization hours of the industry, which was primarily attributable to the decrease in grid curtailment rate, the increase in wind resources and the efficiency enhancement of new generators.

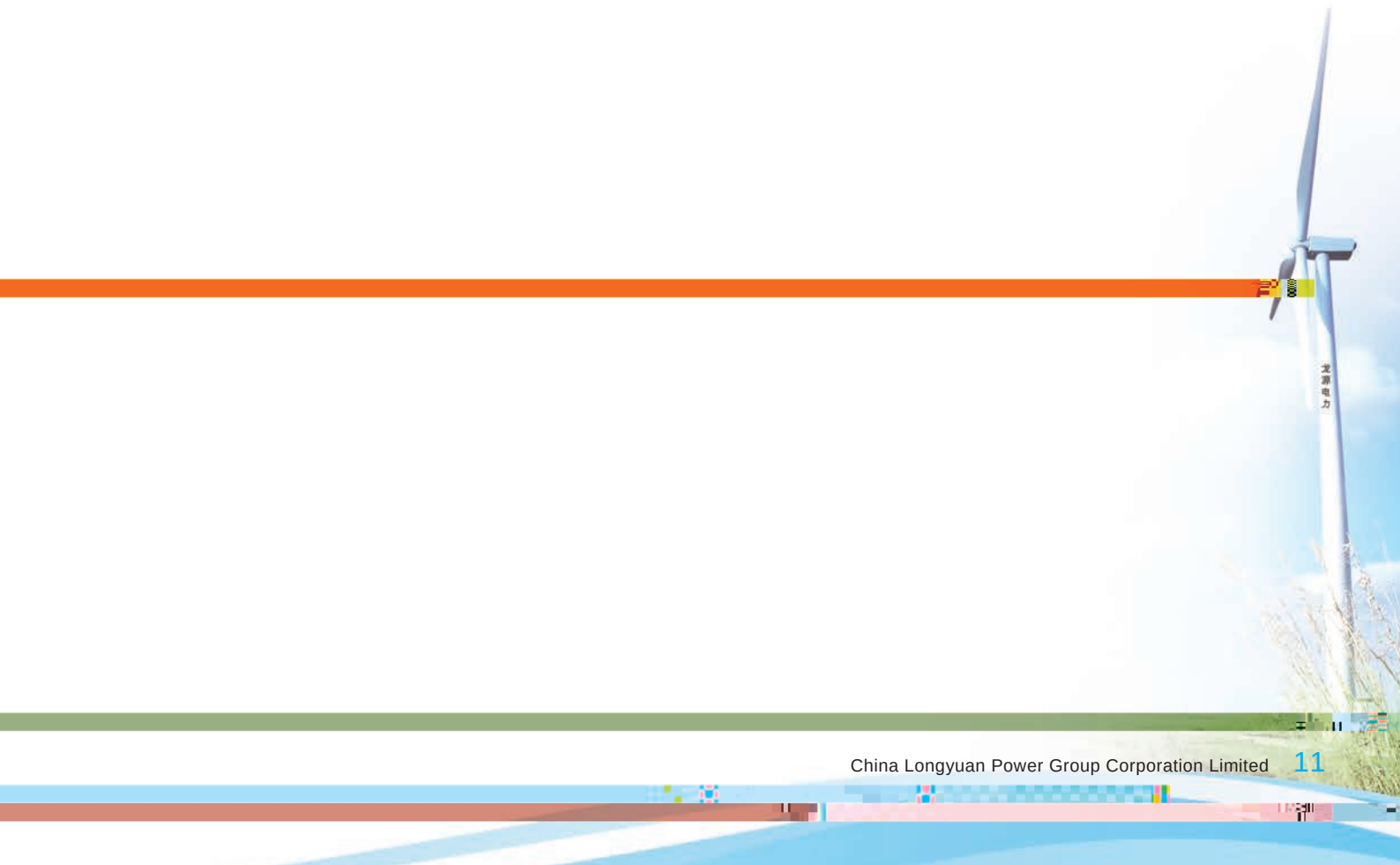


Geographical breakdown of the consolidated gross power generation of the Group's wind farms for the first half of 2017 and the first half of 2018 is set out as below:

| Region | First half of 2018 *(MWh)* | First half of 2017 *(MWh)* | Percentage of change |
|---|---|---|---|
| Heilongjiang | 1,389,088 | 1,197,882 | 15.96% |
| Jilin | 469,610 | 429,457 | 9.35% |
| Liaoning | 1,359,244 | 1,112,106 | 22.22% |
| Inner Mongolia | 2,765,248 | 2,370,444 | 16.66% |
| Jiangsu (Onshore) | 1,411,555 | 1,280,171 | 10.26% |
| Jiangsu (Offshore) | 980,129 | 526,561 | 86.14% |
| Zhejiang | 182,888 | 184,446 | -0.84% |
| Fujian | 978,926 | 820,546 | 19.30% |
| Hainan | 60,412 | 63,923 | -5.49% |
| Gansu | 1,322,240 | 984,087 | 34.36% |
| Xinjiang | 1,603,680 | 1,325,245 | 21.01% |
| Hebei | 1,429,304 | 1,333,891 | 7.15% |
| Yunnan | 1,220,298 | 1,108,354 | 10.10% |
| Anhui | 876,649 | 786,934 | 11.40% |
| Shandong | 493,945 | 393,985 | 25.37% |
| Tianjin | 215,292 | 142,797 | 50.77% |
| Shanxi | 1,012,854 | 624,135 | 62.28% |
| Ningxia | 832,880 | 670,226 | 24.27% |
| Guizhou | 682,749 | 743,018 | -8.11% |
| Shaanxi | 389,389 | 308,763 | 26.11% |
| Tibet | 8,525 | 7,230 | 17.91% |
| Chongqing | 149,995 | 168,715 | -11.10% |
| Shanghai | 70,189 | 69,677 | 0.73% |
| Guangdong | 72,932 | 57,584 | 26.65% |
| Hunan | 72,237 | 79,916 | -9.61% |
| Guangxi | 132,613 | 134,103 | -1.11% |
| Jiangxi | 48,980 | 25,377 | 93.01% |
| Hubei | 62,042 | – | – |
| Canada | 145,945 | 153,558 | -4.96% |
| South Africa | 349,636 | – | – |

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2017 and the first half of 2018 is set out as below:

| Region | Average utilisation hours of wind power for the first half of 2018 *(hours)* | Average load factor of wind power for the first half of 2018 | Average utilisation hours of wind power for the first half of 2017 *(hours)* | Average load factor of wind power for the first half of 2017 | Percentage of change of the average utilisation hours of wind power |
|---|---|---|---|---|---|



In the first half of 2018, the consolidated gross power generation from coal power segment of the Group was 4,793 GWh, representing a decrease of 9.96% as compared with 5,323 GWh in the corresponding period of 2017. The average utilisation hours of the Group's coal power segment in the first half of 2018 was 2,556 hours, representing a decrease of 283 hours as compared with 2,839 hours in the corresponding period of 2017. This was mainly due to the increase in the electricity outside the province and additional capacity of local generating units.

2. Strengthened strategic leadership and emphasized quality and efficiency, thus constantly optimizing the layout of wind power

The Group achieved a development pattern of "nationwide expansion and provincial dispersion" by innovating its development concepts and implementing optimised layout for the first half of 2018. It launched wind power projects in 31 provinces and regions across the country, thereby completing a coverage of the whole country (excluding Hong Kong, Macau and Taiwan). Moreover, the Group strengthened strategic leadership and kept in mind the big picture including the planning and construction progress of power grid across the country and regional grid curtailments rather than limiting on the construction conditions of the project, so as to steadily develop high-quality resources. It enhanced the establishment of the preliminary work system, improved the quality of feasibility study reports, built a professional database, summarized the preliminary development system of wind power and a sound and standard development process, thereby initially establishing a full set of preliminary work system with the Company's characteristics which was domestically leading and sound. The quality and depth of preliminary work have been improved to constantly optimize the preliminary work. In addition, the Group actively responded to national policies, spared no efforts to conduct research and deployment on the distributed projects, carried out forest and land seizures and mapping survey ahead of schedule and conducted accurate control on various risk points, thereby ensuring that the project is able to start construction after being approved.

The Group expanded the proportion of projects located in the regions which boast low-speed wind and are not subject to grid curtailment so as to constantly optimize the layout of wind power for the first half of 2018. 9 projects of the Group with an aggregate capacity of 490 MW, all of which are located in the regions not subject to grid curtailment, are listed under the Wind Power Development Plans issued by the Energy Administration of each province in 2018. In the first half of 2018, the Group was newly approved wind power projects of 330 MW. As at 30 June 2018, the Group had wind power projects of 7.48 GW approved but not yet put into operation.

3. Strict quality management, strengthened management and control over environmental protection and roll out high-quality and competitive projects at full stretch

In the first half of 2018, the Group upheld the general business guidelines of "making progress and optimisation in a steady way" in handling the construction of wind power projects. Project construction was carried out under safe environment without any construction or equipment-related safety accident. The problems identified were timely coordinated and addressed through scientifically optimised design, strengthened supervision and strict supervision on the manufacturing of equipment, thereby effectively reducing potential quality problems and ensuring project quality. Through regularly conducting overall analysis on cost, review on changes, project payments and the maximum price limit and other in-process controls, the Group effectively curbed project changes and strictly controlled the project cost. The Group reinforced management and control over environment risks of projects, strictly implemented measures on environmental and water protection in the course of construction, built ecological wind farms across the country and achieved green and sustainable development.

In June 2018, the wind power project of Shandong Longyuan with an installed capacity of 98.2 MW in Yushan and Qingyun Towns, Linshu County, the wind power project of Guangxi Longyuan with an installed capacity of 48 MW in Liujing Town, Heng County and the wind power project with an installed capacity of 47.5 MW in Beibao Town, Chongming County, Shanghai of the Group obtained the "China Power Quality Engineering Award", the highest project quality prize in the power construction industry in China. The Company has earned this award the most times amongst new energy companies in 2018.

As at 30 June 2018, the consolidated installed capacity of the Group was 20,520 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 18,395 MW, 1,875 MW and 250 MW, respectively.



Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 30 June 2017 and 30 June 2018 is set out as below:

| Region | As of 30 June 2018 *(MW)* | As of 30 June 2017 *(MW)* | Percentage of change |
|---|---|---|---|
| Heilongjiang | 1,234.7 | 1,234.7 | 0.00% |
| Jilin | 547.4 | 547.4 | 0.00% |
| Liaoning | 1,003.2 | 1,003.2 | 0.00% |
| Inner Mongolia | 2,635.8 | 2,635.8 | 0.00% |
| Jiangsu (onshore) | 1,248.5 | 1,248.5 | 0.00% |
| Jiangsu (offshore) | 980.3 | 480.3 | 104.10% |
| Zhejiang | 227.9 | 227.9 | 0.00% |
| Fujian | 717.1 | 665.1 | 7.82% |
| Hainan | 99.0 | 99.0 | 0.00% |
| Gansu | 1,289.8 | 1,289.8 | 0.00% |
| Xinjiang | 1,541.3 | 1,541.3 | 0.00% |
| Hebei | 1,170.1 | 1,170.1 | 0.00% |
| Yunnan | 769.5 | 769.5 | 0.00% |
| Anhui | 733.1 | 733.1 | 0.00% |
| Shandong | 393.4 | 393.4 | 0.00% |
| Tianjin | 194.0 | 132.0 | 46.97% |
| Shanxi | 829.5 | 829.5 | 0.00% |
| Ningxia | 724.7 | 724.7 | 0.00% |
| Guizhou | 641.5 | 641.5 | 0.00% |
| Shaanxi | 439.2 | 439.2 | 0.00% |
| Tibet | 7.5 | 7.5 | 0.00% |
| Chongqing | 209.5 | 149.5 | 40.13% |
| Shanghai | 47.5 | 47.5 | 0.00% |
| Guangdong | 75.74 | 75.74 | 0.00% |
| Hunan | 48.0 | 48.0 | 0.00% |
| Guangxi | 95.5 | 95.5 | 0.00% |
| Jiangxi | 100.0 | 40.0 | 150.00% |
| Hubei | 48.0 | 48.0 | 0.00% |
| Canada | 99.1 | 99.1 | 0.00% |
| South Africa | 244.5 | – | – |
| Total | 18,395.34 | 17,416.84 | 5.62% |

6. Implemented innovation-driven, strengthened transformation of results and continuously improved capability supporting the scientific development

In the first half of 2018, the Company continued to promote scientific and technological innovation in line with the new requirements of the CHN Energy on scientific and technological innovation under new circumstances. Based on the development needs of the Company and following the principle of scientific research serving for production, it focused on project quality. 6 independent innovation science and technology projects have been approved by the CHN Energy, the most over the years. Meanwhile, various scientific and technological achievements were made in the first half of 2018. As of the end of June 2018, the Group was newly granted 1 invention patent and 18 utility model patents. The “Guidelines on Vibration Evaluation of Wind Turbine” and the “Post-evaluation Procedures for Photovoltaic Power Station Equipment”, two standards on the energy industry prepared by the Group, were

7. Enhanced management and control over investment risk, steadily expanded overseas markets, continuously improved competitiveness of the Company in the international market

In the first half of 2018, the Group thoroughly implemented the relevant requirements of the State-owned Assets Supervision and Administration Commission of the State Council on risk prevention and control and steadily carried out overseas business in accordance with the arrangement of the CHN Energy. The Group strengthened project risk assessment and actively expanded the wind power market in countries in Central and Eastern Europe, Central Asia and the America under the "Belt and Road" initiatives.

In the first half of 2018, the Dufferin Wind Farm in Canada recorded a total power generation of 145,945 MWh. As at 30 June 2018, it has maintained safe production for 1,307 consecutive days. The new project development in Alberta was under full advancement, and the submission of documentation on the tender qualification review of Alberta was completed. The land lease, wind measurement, access system application and environmental investigation for the new project were carried out in an orderly manner and progressed smoothly. The safety situation of the 244.5 MW project in De Aar, South Africa was good, with 181 days of safe operation; production, operation and other indicators were good. It recorded a total power generation of 349,636 MWh in the first half of 2018. In terms of safety, health and environmental protection, the indicators met the requirements of the South African government and the Company operated smoothly.

## II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

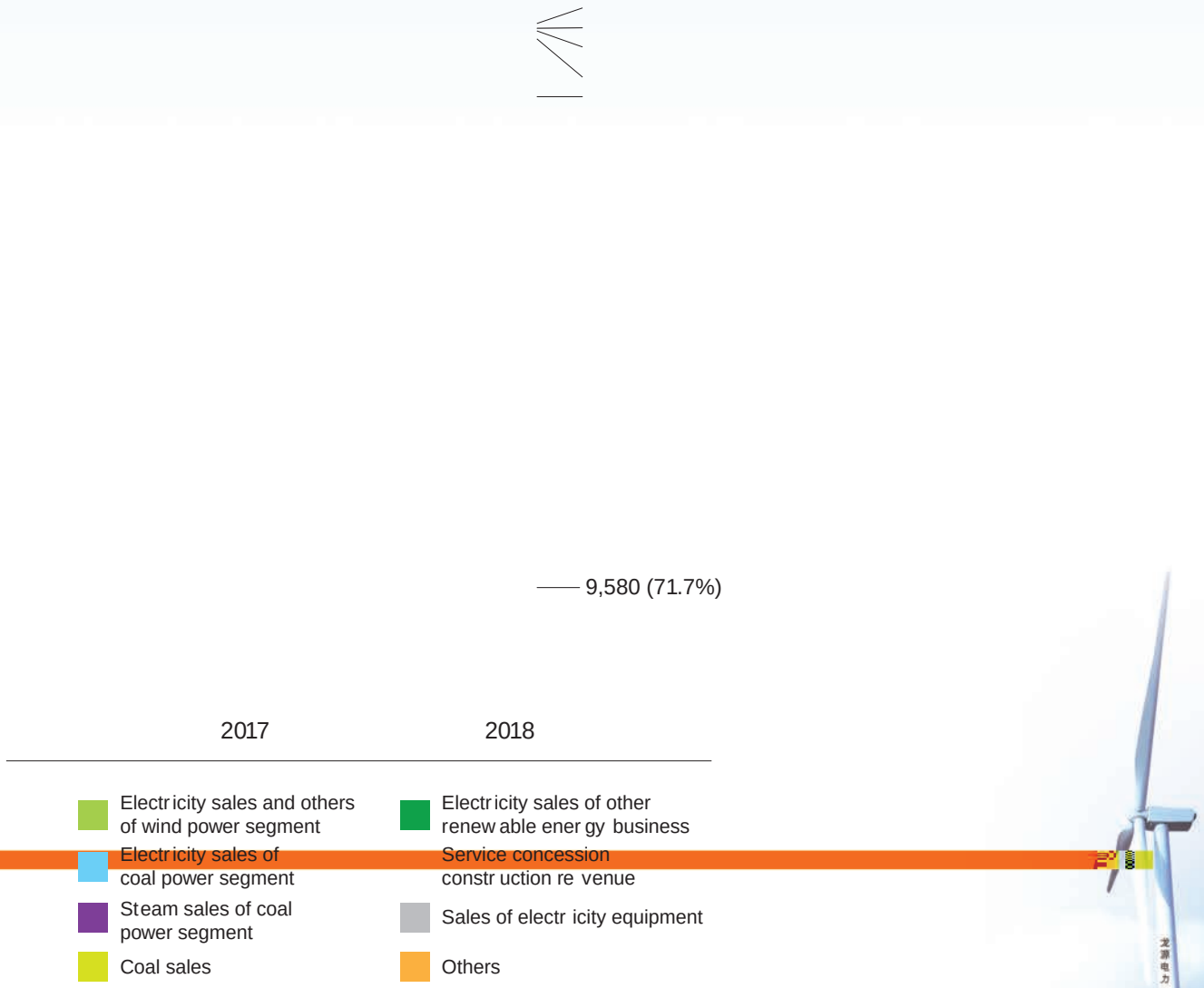
### Profit or loss and other comprehensive income

In the first half of 2018, the net profit of the Group amounted to RMB3,603 million, representing an increase of 26.4% as compared to RMB2,851 million in the corresponding period of 2017. Net profit attributable to equity holders of the Company amounted to RMB3,193 million, representing an increase of 28.0% as compared to RMB2,495 million in the corresponding period of 2017. Earnings per share amounted to RMB38.23 cents, representing an increase of RMB8.18 cents as compared to RMB30.05 cents in the corresponding period of 2017.

*Operating revenue*

Operating revenue of the Group amounted to RMB13,363 million in the first half of 2018, representing an increase of 8.5% as compared to RMB12,315 million in the corresponding period of 2017. The increase in operating revenue was primarily due to: 1) an increase of RMB1,679 million, or 21.3%, in electricity sales and other revenue of wind power segment to RMB9,580 million in the first half of 2018 as compared to RMB7,901 million in the corresponding period of 2017, which was primarily due to the increase of electricity sales volume of wind power segment; 2) a decrease of RMB21 million, or 77.8%, in service concession construction revenue of wind power segment to RMB6 million in the first half of 2018 as compared to RMB27 million in the corresponding period of 2017, which was primarily attributable to the decrease in the construction volume of service concession projects under construction; 3) a decrease of RMB451 million, or 22.5%, in revenue from coal sales of coal power segment to RMB1,551 million in the first half of 2018 as compared to RMB2,002 million in the corresponding period of 2017, which was primarily attributable to the decrease in coal sales and the slight increase of coal price; and 4) a decrease of RMB174 million, or 10.4%, in revenue from electricity sales of coal power segment to RMB1,498 million in the first half of 2018 as compared to RMB1,672 million in the corresponding period of 2017, which was primarily attributable to the decrease in electricity sales volume of coal power segment.

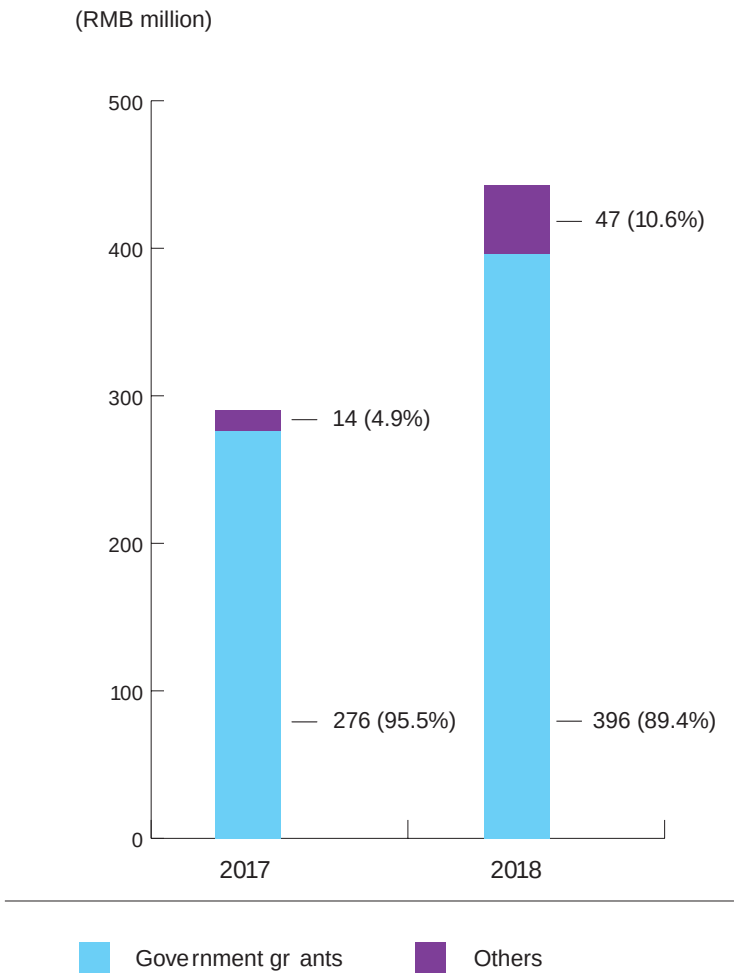
Operating revenue of each segment and their respective proportions are set out in the diagram below (for the six months ended 30 June):



*Other net income*

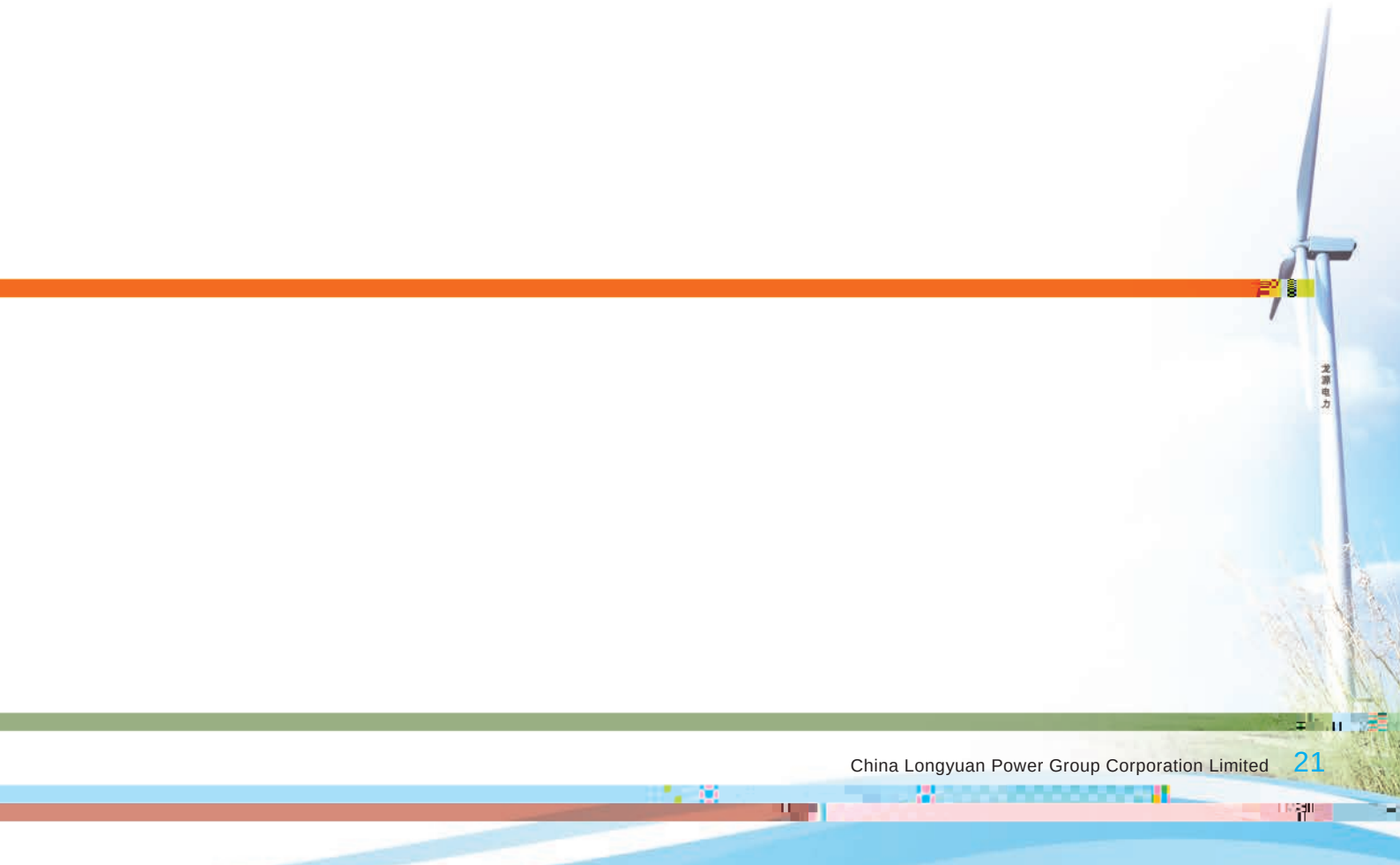
Other net income of the Group amounted to RMB443 million in the first half of 2018, representing an increase of 53.3% as compared with RMB289 million in the corresponding period of 2017, mainly due to the increase of RMB113 million in VAT refund as a result of the increase in revenue of electricity sales of wind power segment as compared with the corresponding period of 2017.

The breakdown of other net income items and their respective proportions are set out in the diagram below (for the six months ended 30 June):



*Operating expenses*

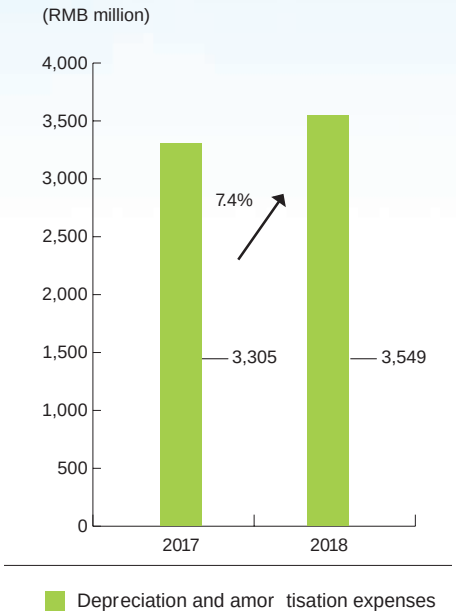
Operating expenses of the Group amounted to RMB7,882 million in the first half of 2018,



*Depreciation and amortisation expenses*

Depreciation and amortisation expenses of the Group amounted to RMB3,549 million in the first half of 2018, representing an increase of 7.4% as compared to RMB3,305 million in the corresponding period of 2017, primarily due to the increase of RMB225 million or 7.4% in depreciation and amortisation expenses of the wind power segment over the corresponding period of 2017 as a result of expansion in the installed capacity of wind power projects.

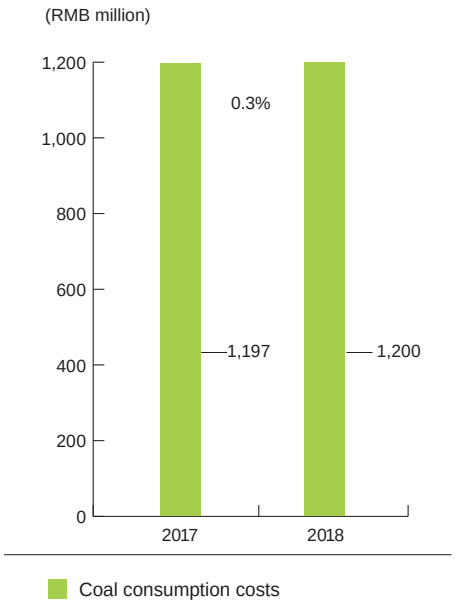
Depreciation and amortisation expenses are set out in the diagram below (for the six months ended 30 June):




*Coal consumption costs*

Coal consumption costs of the Group amounted to RMB1,200 million in the first half of 2018, representing an increase of 0.3% as compared to RMB1,197 million in the corresponding period of 2017, which were mainly due to: 1) an increase of approximately 8.5% in the average unit price of standard coal for power and steam generation as affected by the increase in the coal price in the first half of 2018; and 2) a decrease of approximately 7.6% in the coal consumption as a result of the decrease in power generation.

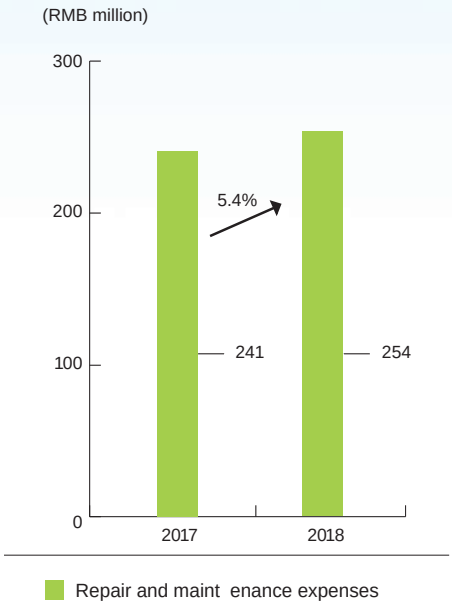
Coal consumption costs are set out in the diagram below (for the six months ended 30 June):



*Repair and maintenance expenses*

The repair and maintenance expenses of the Group amounted to RMB254 million in the first half of 2018, representing an increase of 5.4% as compared to RMB241 million in the corresponding period of 2017, which was mainly due to an increase in the repair and maintenance expenses as a result of the extended maintenance period led by more units under overhauls in the coal power segment.

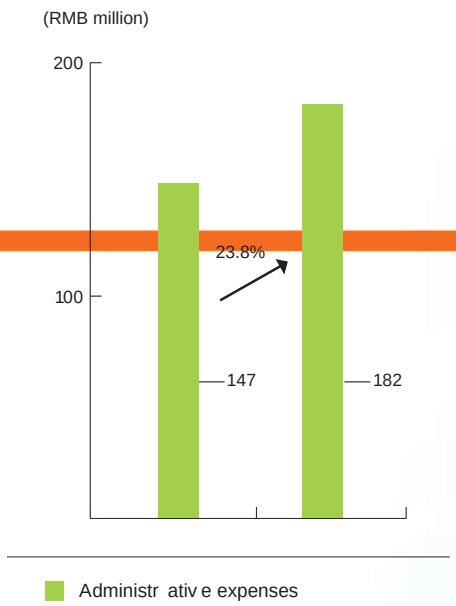
Repair and maintenance expenses are set out in the diagram below (for the six months ended 30 June):




*Administrative expenses*

Administrative expenses of the Group amounted to RMB182 million in the first half of 2018, representing an increase of 23.8% as compared to RMB147 million in the corresponding period of 2017, which was primarily due to the increase in administrative expenses such as the lease fees, travelling expenses, project consultation fees and office allowance as a result of the business growth of the Group.

Administrative expenses are set out in the diagram below (for the six months ended 30 June):

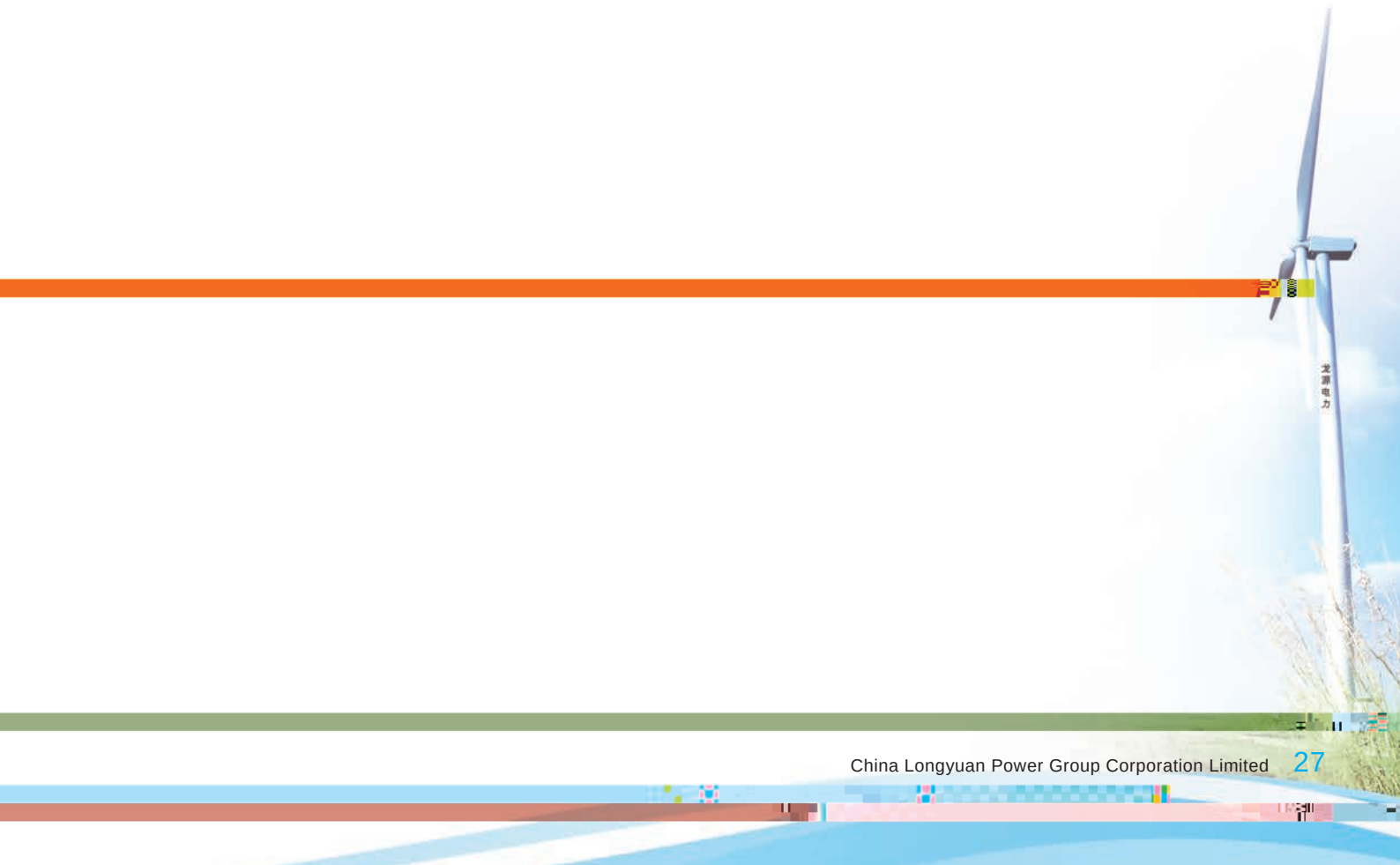


*Other operating expenses*

Other operating expenses of the Group amounted to RMB343 million in the first half of 2018, representing an increase of 58.8% as compared to RMB216 million in the corresponding period of 2017, which were mainly due to: 1) the increase in the equipment property insurances in the first half of 2018; 2) an increase in taxes as a result of the increased revenue from power generation business; and 3) an increase in the total contract costs arising from the provision of Engineering

*Operating profit*

In the first half of 2018, the operating profit of the Group amounted to RMB5,924 million, representing an increase of 24.4% as compared to RMB4,763 million in the corresponding period of 2017. The main reasons are as follows: 1) the operating profit of the wind power segment amounted to RMB5,778 million in the first half of 2018, representing an increase of RMB1,331 million, or 29.9% from RMB4,447 million in the corresponding period of 2017. This was mainly attributable to the increase in electricity sales of the wind power segment which leads to profit,92455592 eleat( ibutable)14 ( compes)14.1 pes an inc20of the



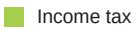
*Net finance expenses*

Net finance expenses of the Group
amounted to RMB1,622 mi(3N 54.5 ( )0)0.5 (m)0. i mtedoutmi(3N 54.5 r 54.5 st)-4.8 Gro68j /T1_0 1 Tf T*

*Income tax*

Income tax of the Group amounted to RMB769 million in the first half of 2018, representing an increase of 38.6% as compared to RMB555 million in the corresponding period of 2017, which was mainly due to the enhancement of profitability of the wind power segment in the first half of 2018 and the higher tax rate as compared to that in the corresponding period of 2017 as a result of the end of tax holiday for certain wind power projects.

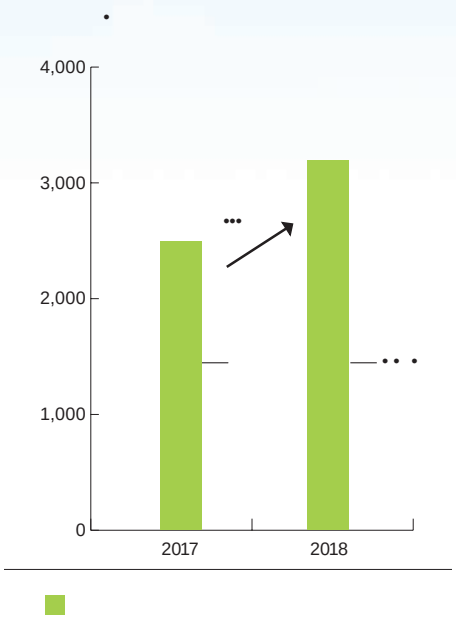
Income tax is set out in the diagram below (for the six months ended 30 June):



*Net profit attributable to equity holders of the Company*

In the first half of 2018, net profit attributable to equity holders of the Company amounted to RMB3,193 million, representing an increase of 28.0% as compared to RMB2,495 million in the corresponding period of 2017, mainly attributable to the increase in net profit from the wind power segment, most equity interests of which were held by equity holders of the Company.

Net profit attributable to equity holders of the Company is set out in the diagram below (for the six months ended 30 June):



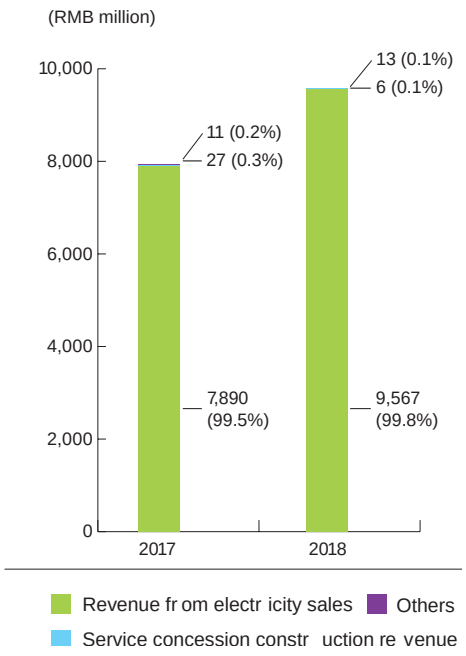

Segment results of operations

*Wind power segment*

*Operating revenue*

In the first half of 2018, the operating revenue of the wind power segment of the Group amounted to RMB9,586 million, representing an increase of 20.9% from RMB7,928 million in the corresponding period of 2017, primarily due to the increase in electricity sales revenue derived from growing electricity sales of the wind power segment led by the increase of average utilisation hours and installed capacity of wind power.

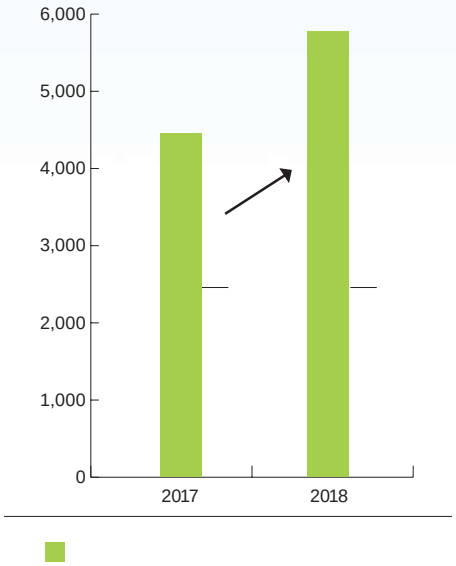
Operating revenue of the wind power segment and proportions are set out in the diagram below (for the six months ended 30 June):



*Operating profit*

In the first half of 2018, the operating profit of the wind power segment of the Group amounted to RMB5,778 million, representing an increase of 29.9% from RMB4,447 million in the corresponding period of 2017. The higher operating profit of the wind power segment than revenue from electricity sales is primarily due to the higher revenue growth from electricity sales than cost growth led by the increase in average utilization hours of power equipment in the first half of 2018.

Operating profit of the wind power segment is set out in the diagram below (for the six months ended 30 June):

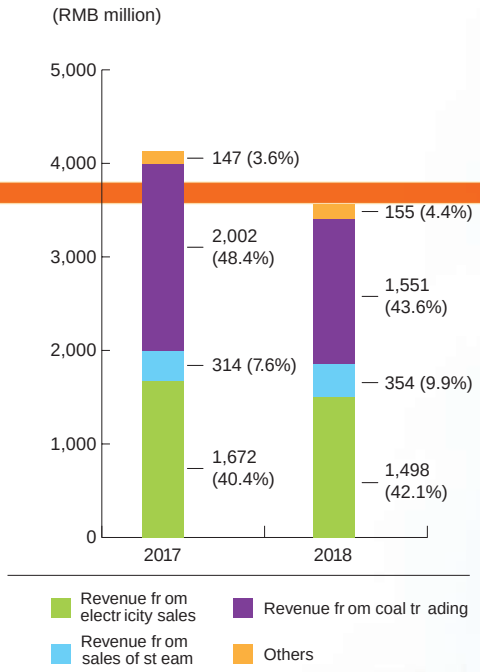



*Coal power segment*

*Operating revenue*

In the first half of 2018, operating revenue of coal power segment of the Group amounted to RMB3,558 million, representing a decrease of 14.0% as compared to RMB4,135 million in the corresponding period of 2017, primarily attributable to: 1) a decrease of 9.9% in electricity sales volume of coal power segment in the first half of 2018 as compared to that of the corresponding period of 2017; and 2) the year-on-year decline in revenue led by the declining coal trade.

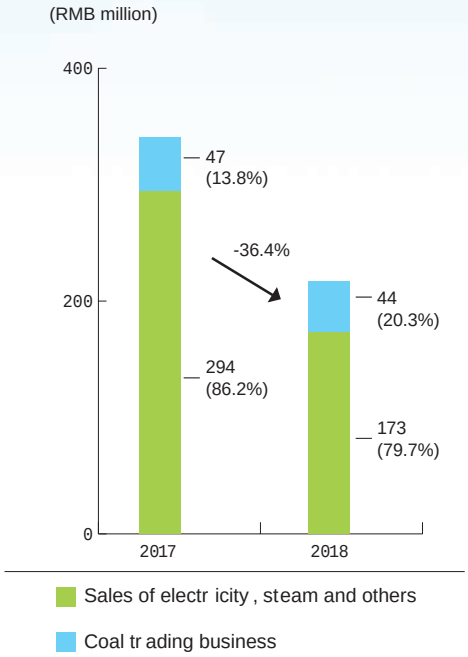
Operating revenue of the coal power segment and proportions are set out in the diagram below (for the six months ended 30 June):



*Operating profit*

In the first half of 2018, operating profit of coal power segment of the Group amounted to RMB217 million, representing a decrease of 36.4% as compared to RMB341 million in the corresponding period of 2017, which was mainly attributable to the decrease in electricity sales volume of coal power and the rising prices of fuels.

Operating profit of the coal power segment and proportions are set out in the diagram below (for the six months ended 30 June):




*Other segments*

*Operating revenue*

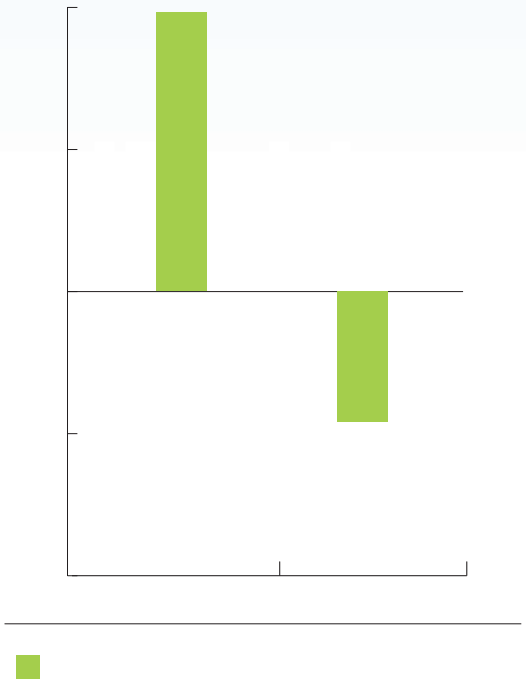
In the first half of 2018, the operating revenue of other segments of the Group amounted to RMB317 million, representing a decrease of 18.9% as compared to RMB391 million in the corresponding period of 2017, which was mainly attributable to the decrease in the solar sales volume and the average tariff, as well as the declining electricity sales of biomass power generation in the first half of 2018.

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

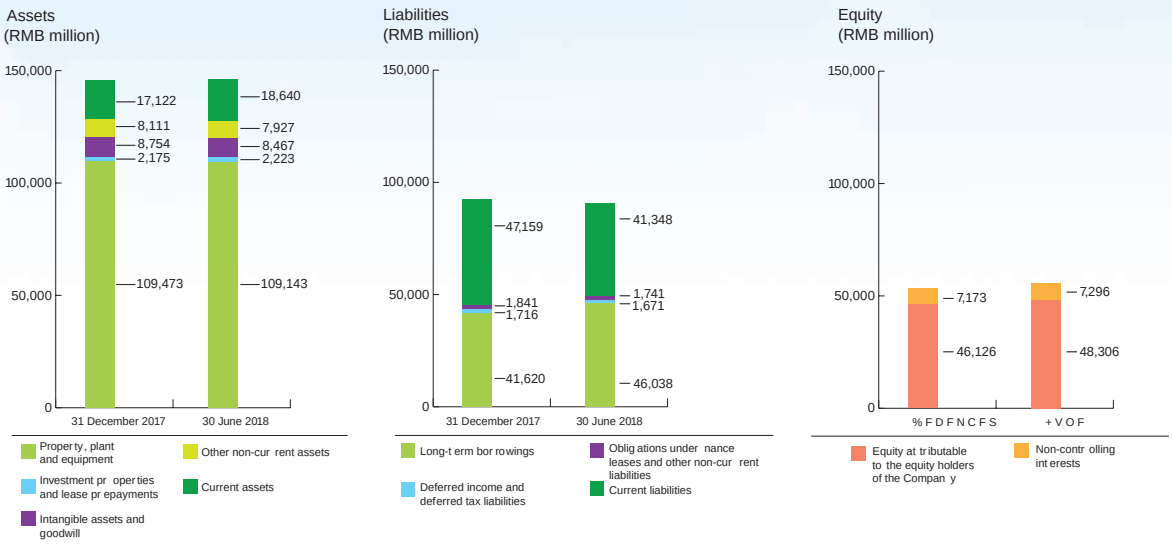
*Operating profit*

In the first half of 2018, the operating profit of other segments of the Group amounted to RMB-23 million, representing a decrease of 146.9% as compared to RMB49 million in the corresponding period of 2017, which was mainly attributable to the decrease in revenue from electricity sales.

Operating profit of other segments is set out in the diagram below (for the six months ended 30 June):



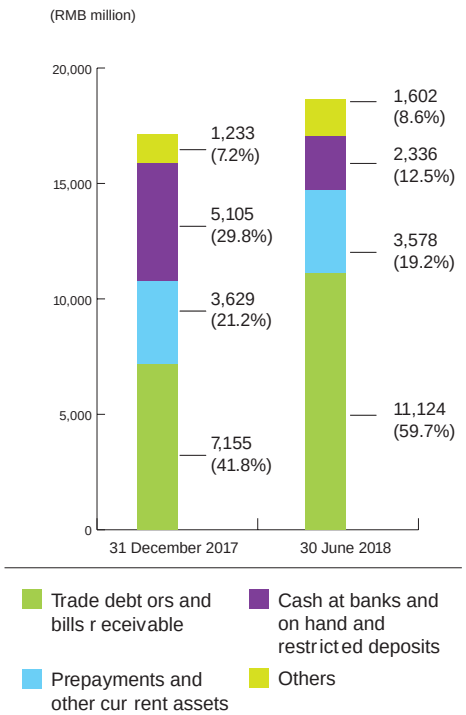
Details of assets, liabilities and equity are set out in the diagrams below:



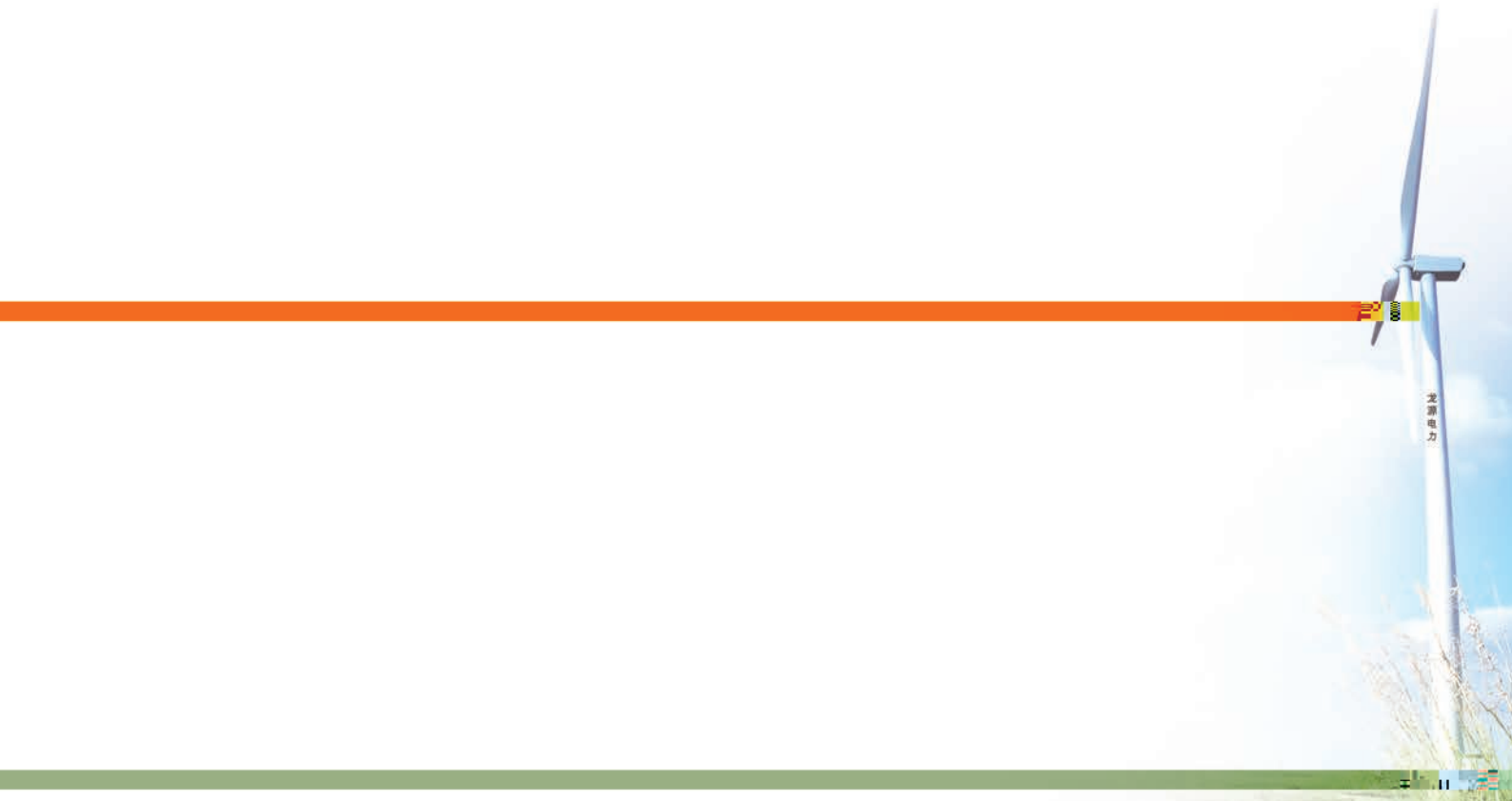

*Capital liquidity*

As at 30 June 2018, current assets of the Group amounted to RMB18,640 million, representing an increase of RMB1,518 million as compared with RMB17,122 million as at 31 December 2017, which was mainly attributable to the increase in receivables.

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



As at 30 June 2018, current liabilities

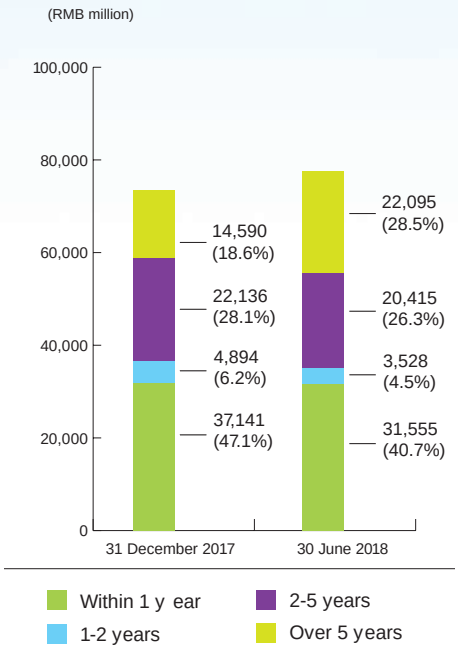


*Borrowings and bills payable*

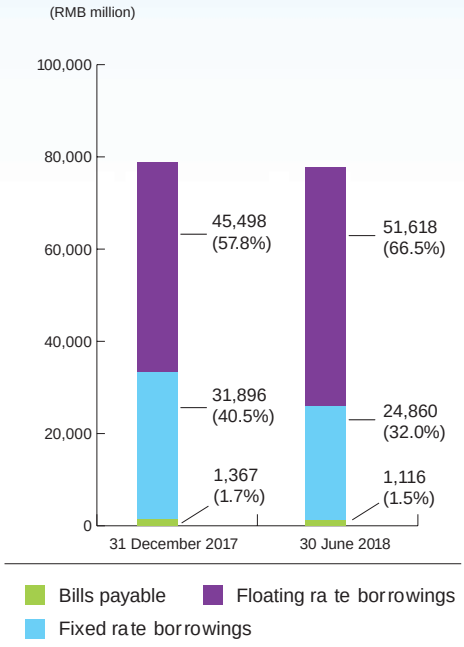
As at 30 June 2018, the Group's balance of the borrowings and bills payable amounted to RMB77,594 million, representing a decrease of RMB1,167 million as compared with the balance of the borrowings and bills payable of RMB78,761 million as at 31 December 2017.

As at 30 June 2018, the Group's borrowings and bills payable included

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



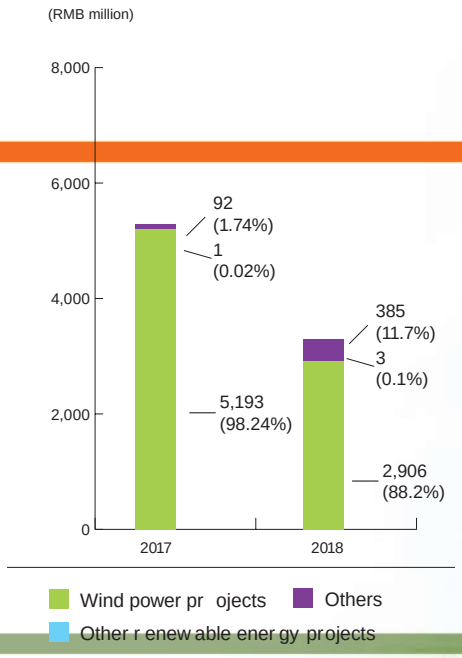

The types of interest rate structure of borrowings and bills payable and their respective proportions are set out in the diagram below:




## Capital expenditures

The capital expenditures of the Group amounted to RMB3,294 million in the first half of 2018, representing a decrease of 37.7% as compared with RMB5,286 million in the corresponding period of 2017, among which, the expenditures for the construction of wind power projects amounted to RMB2,906 million, and the expenditures for the construction of other renewable energy projects amounted to RMB3 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

Capital expenditures classified by use and proportions are set out in the diagram below (for the six months ended 30 June) j



## Cash flow analysis

As at 30 June 2018, cash and cash equivalents held by the Group amounted to RMB2,283 million, representing a decrease of RMB2,789 million as compared with RMB5,072 million as at 31 December 2017. The decrease was primarily attributable to the net capital outflow from investing and financing activities being higher than the net capital inflow from operating activities in the first half of 2018. The principal sources of funds of the Group mainly include cash inflow generated from operating activities, the issuance of corporate bonds and obtaining more and new bank loans. The Group mainly used the funds for the construction of projects, repayment of borrowings and dividends distribution.

The net cash inflow of the Group's operating activities amounted to RMB6,328 million in the first half of 2018, among which the cash inflow was primarily attributable to revenue from electricity sales. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses. The net cash inflow from operating activities in the first half of 2018 increased by RMB2,837 million from RMB3,491 million in the first half of 2017, primarily attributable to the increase in the revenue from electricity sales.

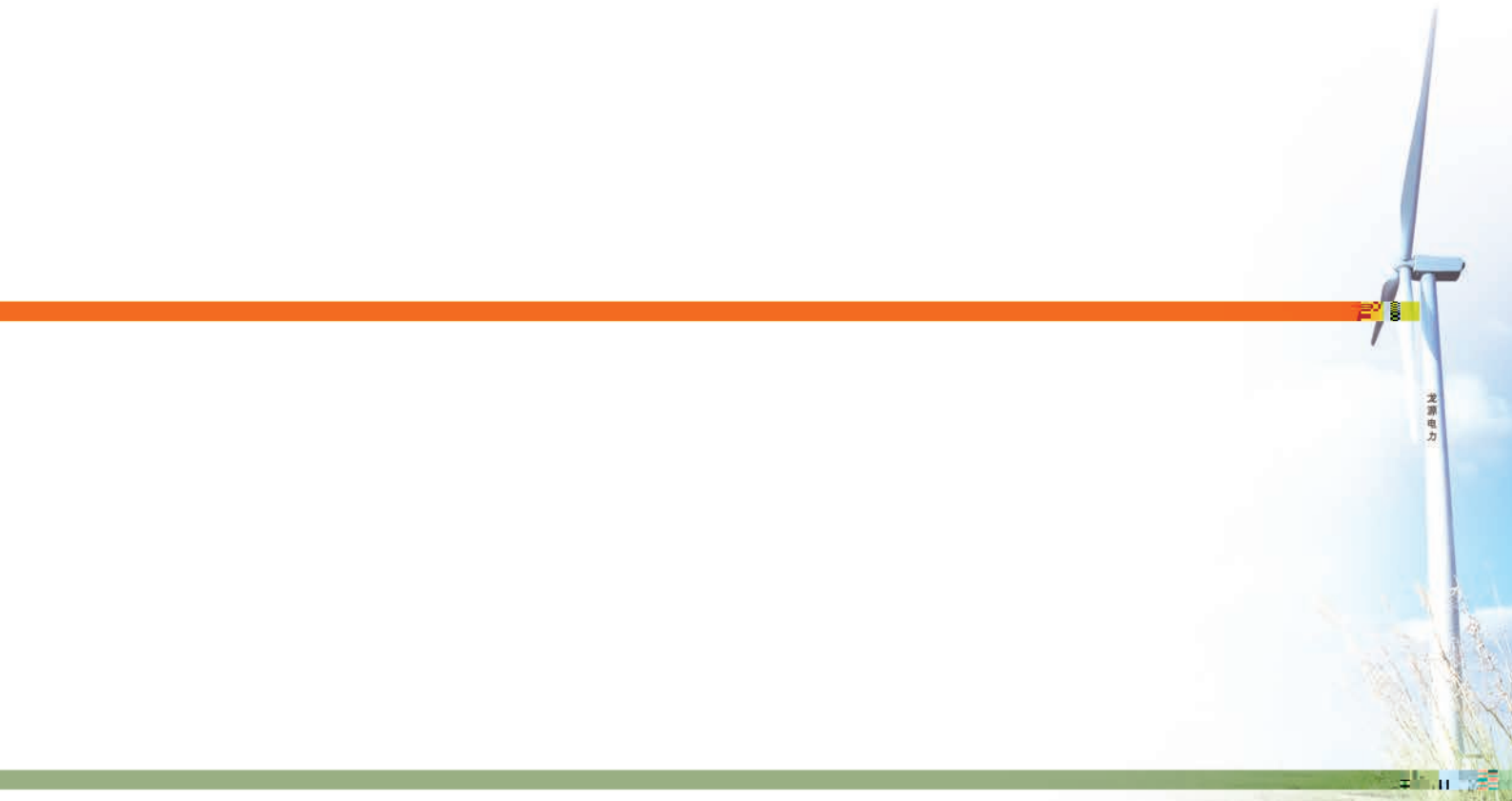
The net cash outflow from investing activities of the Group for the first half of 2018 was RMB6,262 million. The cash outflow for investment activities was mainly used for the payment for wind power projects.

The net cash outflow from financing activities of the Group for the first half of 2018 was RMB2,828 million. The cash inflow for financing activities was mainly generated from the proceeds from the issuance of bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

## Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group' investments carried out abroad and a small amount of its loans are denominated in foreign currencies. Therefore, fluctuations of the Group in Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions. The Group always pays high attention to monitoring and research of the risk in the foreign exchange rate, keeps close contact with domestic and international financial institutions in terms of businesses relating to exchange rate and effectively carries out protection measures for currency exchange rate. Meanwhile, it designs appropriate means to use foreign currencies and adopts various approaches to improve risk management of the currency exchange rate.

4. Improve the quality of preliminary works



# CORPORATE GOVERNANCE

The Company has committed itself to enhancing corporate governance standard and regarded corporate governance as an indispensable part to create values for shareholders. The Company has established a modern corporate governance structure which comprises a number of independently operated and effectively balanced bodies including general meetings, the Board, the supervisory board and senior management with reference to the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules. The Company has also adopted the Corporate Governance Code as its own corporate governance practices.

## COMPLIANCE WITH THE REQUIREMENTS OF APPENDIX 14 OF THE LISTING RULES

On 25 May 2018, the Company held the 2017 annual general meeting. Mr. Qiao Baoping, the Chairman of the Board, was unable to attend the abovementioned annual general meeting due to business engagement. Save as disclosed above, during the Reporting Period, 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 set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Upon specific enquiries to the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the Reporting Period. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

## BOARD DIVERSITY POLICY

The Company firmly believes that increasing diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. Thus, the Company developed the Board Diversity Policy in October 2013 providing that, to determine the Board's composition, the Company should consider board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the value and contribution the selected candidates would bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination committee will report annually, in the Annual Report, on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, and review this policy, as appropriate, to ensure the effectiveness of this policy. The nomination committee will discuss any revisions of Board Diversity Policy that may be required, and recommend any such revisions to the Board for consideration and approval.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or relevant financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive Directors, namely, Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the Audit Committee are to review the annual internal audit plan of the Company; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board and oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management system; review and supervise internal audit control system and risk management function to ensure the independence of the audit function, to ensure co-ordination 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 Reporting Period under the Corporate Governance Report.

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

On 21 August 2018, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2018, the 2018 interim report and the unaudited interim financial statements for the six months ended 30 June 2018 prepared under International Accounting Standards 34, *Interim Financial Reporting* and disclosure requirements under the Listing Rules.

## SHARE CAPITAL

As of 30 June 2018, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the Reporting Period.

## INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2018.

## 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 2018.

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

On 30 June 2018, none of the Directors, supervisors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations 9Vwithin the meaning of Part XV of the Securities and Futures Ordinance 9Vthe 9223SFO9224)) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO 9Vincluding interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

# OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2018, so far as known to the Directors, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

| Name of Shareholder | Class of Share | Capacity | Number of Shares/ Underlying Shares Held *(Share)* | Percentage in the Relevant Class of Share Capital *(Note 1) (%)* | Percentage in the Total Share Capital *(Note 1) (%)* |
|---|---|---|---|---|---|
| CHN Energy | Domestic shares | Beneficial owner and interest of corporation controlled by substantial Shareholders | 4,696,360,000 *(Note 2)* *(Long position)* | 100 | 58.44 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial Shareholders | 231,195,493 *(Note 3)* *(Long position)* | 6.92 | 2.88 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial Shareholders | 12,997,000 *(Note 4)* *(Short position)* | 0.39 | 0.16 |
| JPMorgan Chase & Co. | H shares | Beneficial owner, investment manager and approved lending agent | 301,561,648 *(Note 5)* *(Long position)* | 9.03 | 3.75 |
| JPMorgan Chase & Co. | H shares | Beneficial owner | 12,181,714 *(Note 6)* *(Short position)* | 0.36 | 0.15 |
| JPMorgan Chase & Co. | H shares | Approved lending agent | 269,569,268 *(Note 7)* *(Shares in a lending pool)* | 8.07 | 3.35 |

| Name of Shareholder | Class of Share | Capacity | Number of Shares/ Underlying Shares Held *(Share)* | Percentage in the Relevant Class of Share Capital *(Note 1) (%)* | Percentage in the Total Share Capital *(Note 1) (%)* |
|---|---|---|---|---|---|
| Wellington Management Group LLP | H shares | Investment manager | 403,106,419 *(Note 8)* *(Long position)* | 12.07 | 5.02 |
| National Council for Social Security Fund ( Œ 7 _ 6 - æ ? – # + 6) | H shares | Beneficial owner | 233,758,000 *(Long position)* | 7.00 | 2.91 |
| T. Rowe Price Associates, Inc. and its Affiliates | H shares | Beneficial owner | 204,658,000 *(Long position)* | 6.13 | 2.55 |
| The Bank of New York Mellon Corporation | H shares | Interests of corporation controlled by substantial shareholders | 167,438,605 *(Note 9)* *(Long position)* | 5.01 | 2.08 |
| The Bank of New York Mellon Corporation | H shares | Approved lending agent | 162,173,005 *(Note 10)* *(Shares in a lending pool)* | 4.86 | 2.02 |

*Notes j*

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 30 June 2018.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by CHN Energy while the remaining 93,927,200 shares were held by Guodian Northeast Electric Power Co., Ltd.* ( 7 e e b Þ " ® !), a subsidiary of CHN Energy Group. Accordingly, CHN Energy was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd.* ( 7 e e b Þ " ® !).

* *For identification purpose only*

3. Among these 231,195,493 H shares, 976,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,018,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 38,607,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 70,176,000 H shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 10,294,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 4,695,196 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,120,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 801,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,703,764 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 465,000 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 468,804 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,044,200 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 29,783,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 37,155,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 18,768,339 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 3,973,396 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 8,118,001 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 28,000 H shares were held by BlackRock Asset Management (Schweiz) AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

4. Among these 12,997,000 H shares, 5,155,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,577,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 168,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,097,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

5. Among these 301,561,648 H shares, 7,200,000 H shares were held by J.P. Morgan Securities LLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 159,000 H shares were held by J.P. Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 23,147,666 H shares were held by J.P. Morgan Securities plc, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 269,569,268 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., 1,485,714 H shares were held by J.P. Morgan Chase Bank Berhad, an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

6. These 12,181,714 H shares were held by J.P. Morgan Securities plc, an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share short positions held by its aforesaid subsidiary.

7. These 269,569,268 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H shares in a lending pool held by its aforesaid subsidiary.

8. Among these 403,106,419 H shares, 290,242,020 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 16,837,099 H shares were held by Wellington Management Hong Kong Ltd, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 96,027,300 H shares were held by Wellington Management International Ltd, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H shares equity interests held by its aforesaid subsidiaries.

9. These 167,438,605 H shares were held by The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Accordingly, The Bank of New York Mellon Corporation was deemed as the owner of the H shares equity interests held by its aforesaid subsidiary.

10. These 162,173,005 H shares were held by The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Accordingly, The Bank of New York Mellon Corporation was deemed as the owner of the H shares in a lending pool held by its aforesaid subsidiary.

# OTHER INFORMATION

## EMPLOYEES

As at 30 June 2018, the Group had a total of 7,335 employees. The staff remuneration of the Group comprises of position performance-based salary, special bonus and various subsidies. The Group improves staff treatment at multiple job levels, and stimulates the vitality of team personnel through the implementation of a selection mechanism consisting of competitive hiring, gradual promotion and dynamic adjustments; the Group designs a compensation package precisely biased towards front-line staff making prominent contributions and key technical personnel based on performance assessment as evidence and specialized awards as triggers; meanwhile, the Group actively fosters excellent skill sequence personnel, and grants specialized technical subsidies on a monthly basis.pLiuismpJinhuanismp(the)136[(pbeenng)13.8 ( of)13.9 ( compe44omp

Mr. Yang Xiangbin, a non-executive Director, serves as director of capital operation department of CHN Energy.

Mr. Li Enyi, an executive Director, serves as assistant to president of CHN Energy.

Mr. Meng Yan, an independent non-executive Director, has been serving as an independent non-executive director of Sinotrans Limited (HKSE: 598) since 1 June 2018 and an independent non-executive director of China Isotope & Radiation Corporation (listed on 6 July 2018, HKSE: 1763) since 22 February 2017. He resigned as an independent director of COFCO Property (Group) Co, Ltd. (SZSE: 000031) on 13 June 2018.

As elected at the 2018 first extraordinary general meeting of the Company, Mr. Qiao Baoping, Mr. Liu Jinhuan, Mr. Luan Baoxing, Mr. Yang Xiangbin, Mr. Li Enyi, Mr. Huang Qun, Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang had been appointed as the Directors of the fourth session of the Board since 6 July 2018 for a term of three years.

## Supervisors of the Company

As elected at the 2017 annual general meeting of the Company, Mr. Chen Bin had been appointed as a supervisor and chairman of the supervisory board of the Company with effect from 25 May 2018 until the expiry of the third session of the supervisory board of the Company. Due to retirement, Mr. Xie Changjun has resigned as supervisor and chairman of the supervisory board of the Company with effect from 25 May 2018.

Mr. Yu Yongping, a supervisor of the Company, serves as the chief auditor of CHN Energy.

As elected at the 2018 first extraordinary general meeting of the Company, Mr. Chen Bin and Mr. Yu Yongping had been appointed as supervisors of the fourth session of the supervisory board of the Company on 6 July 2018 for a term of three years.

Due to work adjustments, Mr. He Shen has ceased to be the employee representative supervisor of the Company since 6 July 2018.

Mr. Ding Yinglong was elected at the employee representatives' meeting of the Company as the employee representative supervisor with effect from 15 August 2018 to the expiry of the fourth session of the supervisory board of the Company.

# INDEPENDENT REVIEW REPORT

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To the board of directors of China Longyuan Power Group Corporation Limited
*(Incorporated in the People's Republic of China with limited liability)*

## INTRODUCTION

We have reviewed the interim financial statements set out on pages 54 to 111, which comprises the interim condensed consolidated statement of financial position of China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flows statements for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements as at 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
*Certified Public Accountants*
Hong Kong

21 August 2018

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| Revenue | 3 | 13,362,888 | 12,314,785 |
| Other net income | 6 | 442,424 | 288,637 |
| Operating expenses | | | |
| Depreciation and amortisation | | (3,548,992) | (3,305,325) |
| Coal consumption | | (1,200,363) | (1,197,107) |
| Coal sales costs | | (1,507,359) | (1,954,994) |
| Service concession construction costs | | (5,817) | (27,316) |
| Personnel costs | | (755,457) | (657,715) |
| Material costs | | (84,402) | (94,295) |
| Repairs and maintenance | | (254,408) | (240,922) |
| Administration expenses | | (182,159) | (147,117) |
| Other operating expenses | | (343,091) | (215,374) |
| | | (7,882,048) | (7,840,165) |
| Operating profit | | 5,924,264 | 4,763,257 |
| Finance income | | 115,118 | 113,088 |
| Finance expenses | | (1,737,027) | (1,608,793) |
| Net finance expenses | 7 | (1,621,909) | (1,495,705) |
| Share of profits less losses of associates and joint ventures | | 69,839 | 139,139 |
| Profit before taxation | 8 | 4,372,194 | 3,406,691 |
| Profit for the period | | 3,602,992 | 2,851,373 |

The notes on pages 64 to 111 form part of these interim financial statements.

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| Other comprehensive (loss)/income | | | |
| Other comprehensive loss not to be reclassified to profit or loss in subsequent periods: | | | |
| Net loss on equity instruments at fair value through other comprehensive income | | (147,017) | – |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods: | | | |
| Available-for-sale financial assets: net movement in the fair value reserve | | – | (662) |
| Exchange difference on translation of financial statements of overseas subsidiaries | | (85,893) | 40,670 |
| Exchange difference on net investment in foreign operations | | (53,547) | 43,289 |
| Other comprehensive (loss)/income for the period, net of tax | 10 | (286,457) | 83,297 |
| Total comprehensive income for the period | | 3,316,535 | 2,934,670 |
| Profit attributable to: | | | |
| Equity holders of the Company | | | |
| – Shareholders | | 3,072,499 | 2,415,059 |
| – Perpetual medium-term note holders | 25 | 121,000 | 79,550 |
| Non-controlling interests | | 409,493 | 356,764 |
| Profit for the period | | 3,602,992 | 2,851,373 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | | |
| – Shareholders | | 2,810,110 | 2,498,527 |
| – Perpetual medium-term note holders | 25 | 121,000 | 79,550 |
| Non-controlling interests | | 385,425 | 356,593 |
| Total comprehensive income for the period | | 3,316,535 | 2,934,670 |
| Basic and diluted earnings per share *(RMB cents)* | 11 | 38.23 | 30.05 |

The notes on pages 64 to 111 form part of these interim financial statements.

| | Notes | At 30 June 2018 RMB'000 | At 31 December 2017 RMB'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 109,142,620 | 109,473,406 |
| Investment properties | | 9,954 | 10,319 |
| Lease prepayments | | 2,213,296 | 2,164,613 |
| Intangible assets | 13 | 8,405,825 | 8,692,170 |
| Goodwill | | 61,490 | 61,490 |
| Investments in associates and joint ventures | | 4,541,738 | 4,471,899 |
| Other assets | 14 | 3,214,742 | 3,468,257 |
| Deferred tax assets | | 170,530 | 170,709 |
| Total non-current assets | | 127,760,195 | 128,512,863 |
| Current assets | | | |
| Inventories | | 1,026,332 | 953,366 |
| Trade debtors and bills receivable | 15 | 11,123,592 | 7,154,516 |
| Prepayments and other current assets | 16 | 3,578,029 | 3,629,367 |
| Tax recoverable | | 54,420 | 102,065 |
| Other financial assets | 17 | 521,238 | 177,813 |
| Restricted deposits | | 53,068 | 33,471 |
| Cash at banks and on hand | 18 | 2,283,037 | 5,071,579 |
| Total current assets | | 18,639,716 | 17,122,177 |

The notes on pages 64 to 111 form part of these interim financial statements.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | At 30 June 2018 RMB'000 | At 31 December 2017 RMB'000 |
|---|---|---|---|
| Current liabilities | | | |
| Borrowings | 19 | 30,439,464 | 35,774,163 |
| Trade creditors and bills payable | 20 | 1,992,562 | 1,890,907 |
| Other current liabilities | 21 | 8,559,125 | 9,219,817 |
| Obligations under finance leases | 22 | 50,000 | 46,000 |
| Tax payable | | 306,652 | 228,531 |
| Total current liabilities | | 41,347,803 | 47,159,418 |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | At 30 June 2018 RMB'000 | At 31 December 2017 RMB'000 |
|---|---|---|---|
| CAPITAL AND RESERVES | | | |
| Share capital | 23 | 8,036,389 | 8,036,389 |
| Perpetual medium-term notes | 25 | 4,894,737 | 4,991,000 |
| Reserves | | 35,374,706 | 33,098,462 |
| Total equity attributable to the equity holders of the Company | | 48,305,832 | 46,125,851 |
| Non-controlling interests | | 7,296,124 | 7,173,431 |
| TOTAL EQUITY | | 55,601,956 | 53,299,282 |

Approved and authorised for issue by the board of directors on 21 August 2018.

Qiao Baoping
*Chairman*

Li Enyi
*Executive Director*

The notes on pages 64 to 111 form part of these interim financial statements.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | | Attributable to the equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Notes* | Share capital *RMB'000* | Perpetual medium-term notes *RMB'000 (Note 25)* | Capital reserve *RMB'000 (Note 23 (c)(i))* | Statutory surplus reserve *RMB'000 (Note 23 (c)(ii))* | Exchange reserve *RMB'000 (Note 23 (c)(iii))* | Fair value reserve *RMB'000 (Note 23 (c)(iv))* | Retained earnings *RMB'000* | Subtotal *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| At 31 December 2017 | | 8,036,389 | 4,991,000 | 14,697,943 | 1,267,175 | (280,056) | 9,006 | 17,404,394 | 46,125,851 | 7,173,431 | 53,299,282 |
| Net changes in fair value of equity instruments at fair value through other comprehensive income, net of tax | 3 | – | – | – | – | – | 192,914 | – | 192,914 | – | 192,914 |
| At 1 January 2018 | | 8,036,389 | 4,991,000 | 14,697,943 | 1,267,175 | (280,056) | 201,920 | 17,404,394 | 46,318,765 | 7,173,431 | 53,492,196 |
| Changes in equity: | | | | | | | | | | | |
| Profit for the period | | – | 121,000 | – | – | – | – | 3,072,499 | 3,193,499 | 409,493 | 3,602,992 |
| Other comprehensive income | | – | – | – | – | (116,618) | (145,771) | – | (262,389) | (24,068) | (286,457) |
| Total comprehensive income | | – | 121,000 | – | – | (116,618) | (145,771) | 3,072,499 | 2,931,110 | 385,425 | 3,316,535 |
| Capital contributions | | – | – | – | – | – | – | – | – | 36,378 | 36,378 |
| Appropriation | | – | – | – | 219,649 | – | – | (219,649) | – | – | – |
| Dividends by subsidiaries to non-controlling equity owners | | – | – | – | – | – | – | – | – | (299,110) | (299,110) |
| Dividends to equity holders of the Company | | – | – | – | – | – | – | (737,611) | (737,611) | – | (737,611) |
| Distribution for perpetual medium-term notes | | – | (217,263) | – | – | – | – | – | (217,263) | – | (217,263) |
| Acquisition of a subsidiary | 24 | – | – | 10,831 | – | – | – | – | 10,831 | – | 10,831 |
| At 30 June 2018 | | 8,036,389 | 4,894,737 | 14,708,774 | 1,486,824 | (396,674) | 56,149 | 19,519,633 | 48,305,832 | 7,296,124 | 55,601,956 |

The notes on pages 64 to 111 form part of these interim financial statements.

| | Attributable to the equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Perpetual medium-term notes | Capital reserve | Statutory surplus reserve | Exchange reserve | Fair value reserve | Retained |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Attributable to the equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Perpetual medium-term notes *RMB'000 (Note 25)* | Capital reserve *RMB'000 (Note 23 (c)(i))* | Statutory surplus reserve *RMB'000 (Note 23 (c)(ii))* | Exchange reserve *RMB'000 (Note 23 (c)(iii))* | Fair value reserve *RMB'000 (Note 23 (c)(iv))* | Retained earnings *RMB'000* | Subtotal *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| At 1 July 2017 | 8,036,389 | 2,991,000 | 14,690,153 | 1,040,655 | (423,026) | 12,120 | 16,357,920 | 42,705,211 | 6,977,399 | 49,682,610 |
| Changes in equity: | | | | | | | | | | |
| Profit for the period | – | 78,387 | – | – | – | – | 1,272,994 | 1,351,381 | 346,944 | 1,698,325 |
| Other comprehensive income | – | – | – | – | 142,970 | (3,1. | | | | |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| Operating activities | | | |
| Cash generated from operations | | 6,957,393 | 4,005,680 |
| Tax paid | | (628,947) | (515,177) |
| Net cash generated from operating activities | | 6,328,446 | 3,490,503 |
| Investing activities | | | |
| Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets | | (5,742,241) | (4,476,856) |
| Payments for investments in associates and joint ventures and equity investments | | 162 | – |
| Redemption of short-term investments | | 458,000 | 140,000 |
| Other cash arising from investing activities | | (977,497) | 60,026 |
| Net cash used in investing activities | | (6,261,576) | (4,276,830) |
| Financing activities | | | |
| Proceeds from borrowings | | 28,714,806 | 35,475,181 |
| Repayment of borrowings | | (29,534,055) | (31,257,171) |
| Interest paid for borrowings | | (1,801,905) | (1,718,572) |
| Other cash flows used in financing activities | | (206,466) | (47,841) |
| Net cash (used in)/from financing activities | | (2,827,620) | 2,451,597 |

The notes on pages 64 to 111 form part of these interim financial statements.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2018 RMB'000 | 2017 RMB'000 |
|---|---|---|---|
| Net (decrease)/increase in cash and cash equivalents | | (2,760,750) | 1,665,270 |
| Cash and cash equivalents at 1 January | 18 | 5,071,579 | 1,901,286 |
| Effect of foreign exchange rate changes | | (27,792) | 6,413 |
| Cash and cash equivalents at 30 June | 18 | 2,283,037 | 3,572,969 |

The notes on pages 64 to 111 form part of these interim financial statements.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

*(Expressed in thousands of Renminbi)*

## 1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") are principally engaged in wind and coal power generation and sale, coal trading and other related businesses in the People's Republic of China (the "PRC").

## 2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They were authorised for issuance by the board of directors of the Company on 21 August 2018.

The interim financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group has net current liabilities as at 30 June 2018 amounting to RMB22,708,087,000. 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 2018, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

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

This interim financial statements contain condensed consolidated financial statements and selected explanatory notes, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2017 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

## 3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial instruments* in these interim financial statements, which result in changes in accounting policies. As required by IAS 34, the nature and effect of these changes are disclosed below.

A number of other amendments to IFRSs and a new interpretation are effective from 1 January 2018 but they do not have a material impact on the interim condensed consolidated financial statements of the Group.

### IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts*. IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with

## 3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

The Group's revenue are substantially generated from the wind and coal power generation and sale, coal trading and other related business.

*(a) Power generation and sale*

The Group's contracts with customers for the power generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at the point in time and revenue continue to be recognised upon transmission to the customers. The adoption of IFRS 15 did not have an impact on the amount of revenue recognised.

*(b) Coal trading*

Determining whether coal trading revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. Since the Group has sole discretion in determining the pricing, takes full responsibility of the good provided to the customers, and also is responsible for the risk associated with the goods before change of control over the goods, and the customers' complaints and requests, the Group considers it controls the specified goods before their delivery to its customers and is a principal in the transactions. Accordingly, the Group recognises revenue on the gross basis.Januaery2018.

## 3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

*(a) Classification and measurement*

On initial application of IFRS 9, the available-for-sale equity investments have been reclassified and measured at fair value through other comprehensive income ("OCI"). These equity investments are subsequently measured at fair value. Dividends from the investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets previously measured at amortised cost continue to be measured at amortised cost upon the adoption of IFRS 9.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed and classified its financial assets into the appropriate IFRS 9 categories. The main effects resulting from the reclassification were as follows:

| Financial assets – 1 January 2018 | Measured at fair value through profit or loss ("FVPL") *RMB'000* | Reclassified and measured at FVOCI (Available-for-sale in 2017) *RMB'000* | Measured at amortised cost (Receivables in 2017) *RMB'000* |
|---|---|---|---|
| Closing balance as at 31 December 2017 under IAS 39 | 77,813 | 862,517 | 14,052,027 |
| Fair value adjustment of unquoted equity investments previously stated at cost which are now categorised as equity investments at fair value through other comprehensive income ("FVOCI") | – | 192,914 | – |
| Opening balance as at 1 January 2018 under IFRS 9 | 77,813 | 1,055,431 | 14,052,027 |

## 3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 *Financial Instruments* (Continued)

*(a) Classification and measurement (Continued)*

The total impact on the Group's equity as at 1 January 2018 was as follows:

| | Fair value reserve *RMB'000* |
|---|---|
| Closing balance as at 31 December 2017 under IAS 39 | 9,006 |
| Reclassification of investments from available-for-sale to FVOCI | 192,914 |
| Opening balance as at 1 January 2018 under IFRS 9 | 201,920 |

*(b) Impairment*

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses that were estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. Furthermore, the Group has applied the general approach and recorded twelve-month expected credit losses that were estimated based on the possible default events on its other receivables within the next twelve months. The effect of adoption on the Group's financial statements was nil.

## 4 SEGMENT REPORTING

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

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

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

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

### (a) Segment results

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

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

The measure used for reporting segment profit is.1 ( )0.5 (proted m)14 ed by thos.429 TDI se

## 4 SEGMENT REPORTING (CONTINUED)

### (a) Segment results (Continued)

*For the six months ended 30 June 2018*

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

## 4 SEGMENT REPORTING (CONTINUED)

### (a) Segment results (Continued)

*For the six months ended 30 June 2017*

| | Wind power *RMB'000* | Coal power *RMB'000* | All others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| Revenue from external customers | | | | |
| – Sales of electricity | 7,889,835 | 1,671,948 | 239,221 | 9,801,004 |
| – Others | 11,140 | 2,463,311 | 12,014 | 2,486,465 |
| Subtotal | 7,900,975 | 4,135,259 | 251,235 | 12,287,469 |
| Inter-segment revenue | – | – | 139,541 | 139,541 |
| Reportable segment revenue | 7,900,975 | 4,135,259 | 390,776 | 12,427,010 |
| Reportable segment profit (operating profit) | 4,447,422 | 340,692 | 49,411 | 4,837,525 |
| Depreciation and amortisation before inter-segment elimination | (3,034,971) | (198,731) | (90,213) | (3,323,915) |
| (Provision)/Reversal of impairment losses of property, plant and equipment, trade and other receivables and unquoted equity investments in non-listed companies | – | (34,058) | 3,244 | (30,814) |
| Interest income | 20,289 | 2,784 | 1,666 | 24,739 |
| Interest expenses | (1,414,680) | (20,480) | (57,667) | (1,492,827) |
| Expenditures for reportable segment non-current assets during the period | 5,192,596 | 88,630 | 4,486 | 5,285,712 |

## 4 SEGMENT REPORTING (CONTINUED)

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

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Revenue | | |
| Reportable segment revenue | 13,455,480 | 12,427,010 |
| Service concession construction revenue | 5,817 | 27,316 |
| Elimination of inter-segment revenue | (98,409) | (139,541) |
| Consolidated revenue | 13,362,888 | 12,314,785 |
| Profit | | |
| Reportable segment profit | 5,972,039 | 4,837,525 |
| Elimination of inter-segment profit/(loss) | 3,772 | (25,988) |
| | 5,975,811 | 4,811,537 |
| Share of profits less losses of associates and joint ventures | 69,839 | 139,139 |
| Net finance expenses | (1,621,909) | (1,495,705) |
| Unallocated head office and corporate expenses | (51,547) | (48,280) |
| Consolidated profit before taxation | 4,372,194 | 3,406,691 |

## 4 SEGMENT REPORTING (CONTINUED)

### (c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment information 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.

## 5 REVENUE

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

For the six months ended 30 June 2018

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

## 5 REVENUE (CONTINUED)

For the six months ended 30 June 2017

| | For the six months ended 30 June 2017 *RMB'000* |
|---|---|
| Sale of electricity | 9,801,004 |
| Sale of steam | 314,267 |
| Service concession construction revenue | 27,316 |
| Sale of electricity equipment | 6,339 |
| Sale of coal | 2,002,259 |
| Others | 163,600 |
| | 12,314,785 |

## 6 OTHER NET INCOME

| | Six months ended 30 June | |
|---|---|---|
| | 2018 *RMB'000* | 2017 *RMB'000* |
| Government grants | 395,987 | 276,104 |
| Rental income from investment properties | 2,907 | 412 |
| Net loss on disposal of property, plant and equipment | (25) | (524) |
| Others | 44,555 | 12,645 |
| | 443,424 | 288,637 |

## 7 FINANCE INCOME AND EXPENSES

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Interest income on financial assets | 37,647 | 24,739 |
| Dividend income from short-term investments | 1,603 | 462 |
| Net unrealised profits on trading securities and derivative financial instruments | 72,616 | – |
| Foreign exchange gains | 3,252 | 87,887 |
| Finance income | 115,118 | 113,088 |
| Less: | | |
| Interest on banks and other borrowings | 1,870,234 | 1,676,433 |
| Less: Interest expenses capitalised into property, plant and equipment and intangible assets | (158,733) | (183,606) |
| | 1,711,501 | 1,492,827 |
| Foreign exchange losses | 2,878 | 1,609 |
| Net realised and unrealised losses on other financial assets | – | 97,650 |
| Bank charges and others | 22,648 | 16,707 |
| Finance expenses | 1,737,027 | 1,608,793 |
| Net finance expenses recognised in profit or loss | (1,621,909) | (1,495,705) |

The borrowing costs have been capitalised at rates of 3.92% to 4.90% for the period ended 30 June 2018 (six months ended 30 June 2017: 3.92% to 10.80%).

*(Expressed in thousands of Renminbi)*

## 8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Amortisation | | |
| – lease prepayments | 42,622 | 41,718 |
| – intangible assets | 278,003 | 291,194 |
| Depreciation | | |
| – investment properties | 366 | 157 |
| – property, plant and equipment | 3,228,001 | 2,972,256 |
| Provision/(Reversal) of impairment losses | | |
| – property, plant and equipment | 3,998 | 26,887 |
| – trade and other receivables | (4,000) | 2,594 |
| – unquoted equity investments in non-listed companies | | |

## 9 INCOME TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Current tax | | |
| Provision for the period | 713,601 | 512,246 |
| Underprovision in respect of prior years | 41,112 | 46,014 |
| | 754,713 | 558,260 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 14,489 | (2,942) |
| | 769,202 | 555,318 |

## 9 INCOME TAX (CONTINUED)

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

*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 for the six months ended 30 June 2018 and the six months ended 30 June 2017, as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which were set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a three-year full exemption followed by a

## 10 OTHER COMPREHENSIVE (LOSS)/INCOME

| | Six months ended 30 June | |
|---|---|---|
| | 2018<br>*RMB'000* | 2017<br>*RMB'000* |
| Other comprehensive loss not to be reclassified to profit or loss in subsequent periods | | |
| Net loss on equity instruments in non-listed companies at fair value through other comprehensive income: | | |
| Change in fair value recognised during the period | | |
| Before and net of tax amount | (142,009) | – |
| Net (loss)/profit on equity instruments in listed companies at fair value through other comprehensive income: | | |
| Change in fair value recognised during the period | | |
| Before tax amount | (6,677) | – |
| Tax expense | 1,669 | – |
| Net of tax amount | (5,008) | – |
| Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods | | |
| Available-for-sale financial assets: | | |
| Change in fair value recognised during the period | | |
| Before tax amount | – | (883) |
| Tax expense | – | 221 |
| Net of tax amount | – | (662) |
| Exchange difference on translation of financial statement of overseas subsidiaries: | | |
| Before and net of tax amount | (85,893) | 40,670 |
| Exchange difference on net investment in foreign operations: | | |
| Before and net of tax amount | (53,547) | 43,289 |
| Other comprehensive (loss)/income | (286,457) | 83,297 |

## 11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2018 of RMB3,072,499,000 (six months ended 30 June 2017: RMB2,415,059,000) and the number of shares in issue during the six months ended 30 June 2018 of 8,036,389,000 (six months ended 30 June 2017: 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.

## 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment of approximately RMB3,194,627,000 (six months ended 30 June 2017: approximately RMB5,077,997,000). Items of property, plant and equipment with a net book value of approximately RMB5,793,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: approximately RMB8,568,000), resulting in loss on disposal of approximately RMB1,019,000 (six months ended 30 June 2017: loss on disposal of approximately RMB524,000). Impairment of RMB3,998,000 was provided during the six months ended 30 June 2018 (six months ended 30 June 2017: impairment of RMB26,887,000 was provided).

## 13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB8,196,993,000 (31 December 2017: approximately RMB8,465,746,000), software and other assets of approximately RMB208,832,000 (31 December 2017: approximately RMB226,424,000).

During the six months ended 30 June 2018, the additions of intangible assets mainly represent service concession assets of approximately RMB5,817,000 (six months ended 30 June 2017: approximately RMB27,316,000).

*(Expressed in thousands of Renminbi)*

## 14 OTHER ASSETS

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|

## 14 OTHER ASSETS (CONTINUED)

*Notes:*

(i) The equity instruments in non-listed companies are investments in limited liability companies established in the PRC. On 1 January 2018 (the initial application date of IFRS 9), the Group's management has assessed and classified these investments into equity instruments through other comprehensive income and measured at fair value.

(ii) The loans to associates are designated loans and are unsecured, not past due as at the end of the reporting period and bear interest at rate of 4.41% per annum for the period ended 30 June 2018 (31 December 2017: 4.75% to 5.08%). The current portion is recorded in other current assets.

(iii) The dividend receivable is all from Nantong Tianshenggang Power Generation's ( Ì · Â [ ¥ ï e Þ " ® !) joint venture, Jiangsu Nantong Power Generation Co., Ltd. ( ê = Ì · ï e Þ " ® !).

(iv) The deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets.

## 15 TRADE DEBTORS AND BILLS RECEIVABLE

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Amounts due from third parties | 11,119,637 | 7,149,127 |
| Amounts due from fellow subsidiaries | 8,565 | 14,967 |
| Amounts due from associates | 7,220 | 2,252 |
| | 11,135,422 | 7,166,346 |
| Less: Allowance for doubtful debts | (11,830) | (11,830) |
| | 11,123,592 | 7,154,516 |

## 15 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

The ageing analysis of trade debtors and bills receivable of the Group, based on the invoice date and net of provisions, is as follows:

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Within 1 year | 11,120,405 | 7,142,322 |
| Between 1 and 2 years | | |

## 15 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

The Group's trade debtors are mainly electricity sales receivables and tariff premium receivables. Pursuant to CaiJian [2012] No.102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy* ( Ž [ • U e • þ ? – M # r l , ) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration ("NEA") in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 30 June 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects were in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement.

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

*(Expressed in thousands of Renminbi)*

## 16 PREPAYMENTS AN-8.020.3o Q OTHER CURR020 ASSETS

## 17 OTHER FINANCIAL ASSETS

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Trading securities measured at FVPL | | |
| – listed equity securities on Hong Kong Stock Exchange | 112,238 | 77,813 |
| Short-term investments measured at FVOCI *(Note (i))* | 409,000 | 100,000 |
| | 521,238 | 177,813 |

*Note:*

(i) The short-term investments represent wealth management products issued by financial institutions with guaranteed principal amounts and variable returns.

## 18 CASH AT BANKS AND ON HAND

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Cash on hand | 30 | 53 |
| Cash at banks and other financial institutions | 2,283,007 | 5,071,526 |

## 19 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Bank loans | | |
| – Secured *(Note (ii))* | 10,941,545 | 8,741,511 |
| – Unsecured *(Note (i))* | 18,463,690 | 16,190,251 |
| Loans from fellow subsidiaries | | |
| – Unsecured *(Note (i))* | – | 12,000 |
| Other borrowings *(Note19(c)(i))* | | |
| – Secured | 882,483 | 944,183 |
| – Unsecured | 21,148,516 | 18,142,174 |
| | 51,436,234 | 44,030,119 |
| Less: Current portion of long-term borrowings *(Note19(b))* | | |
| – Bank loans | (4,399,361) | (2,365,162) |
| – Other borrowings | (998,706) | (44,780) |
| | 46,038,167 | 41,620,177 |

*Notes:*

All of the long-term interest-bearing borrowings are carried at amortised cost.

(i) As at 30 June 2018, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB3,946,534,000 (31 December 2017: RMB4,017,125,000).

(ii) Certain secured borrowings of the subsidiaries of the Group are secured by property, plant and equipment with carrying amount of RMB1,782,745,000(31 December

## 19 BORROWINGS (CONTINUED)

(b) The short-term interest-bearing borrowings comprise:

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Bank loans | | |
| – Secured *(Note(ii))* | 100,000 | 1,505,000 |
| – Unsecured | 21,413,872 | 26,378,728 |
| Loans from other financial institutions | | |
| – Unsecured *(Note (i))* | 41,000 | 41,000 |
| Loans from fellow subsidiaries | | |
| – Unsecured | 486,525 | 439,493 |
| Other borrowings | | |
| – Unsecured *(Note 19(c)(ii))* | 3,000,000 | 5,000,000 |
| Current portion of long-term borrowings | | |
| – Bank loans | 4,399,361 | 2,365,162 |
| – Other borrowings | 998,706 | 44,780 |
| | 30,439,464 | 35,774,163 |

*Notes:*

(i) On 30 June 2018, the outstanding loans of the Company amounted to RMB41,000,000 (31 December 2017: RMB41,000,000). These outstanding loans are borrowed from third party by the Company's subsidiary, China Fulin Wind Power Engineering Co., Ltd.

(ii) Certain secured borrowings of the subsidiaries of the Group are secured by trade debtors beneficial rights arising from future electricity sales.

## 19 BORROWINGS (CONTINUED)

### (c) Significant terms of other borrowings

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Long-term | | |
| Corporate bonds *(Note (i))* | 22,030,999 | 19,086,357 |
| Short-term | | |
| Corporate bonds *(Note (ii))* | 3,000,000 | 5,000,000 |

*Notes:*

(i) On 10 December 2010, the Company issued a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which is guaranteed by CHN Energy. The effective interest rate of the bond is 5.15%.

On 21 January 2011, the Company issued a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which is guaranteed by CHN Energy. The effective interest rate of the bond is 5.14%.

On 29 September 2015, the Company issued a five-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 3.75% per annum. The effective interest rate is 3.86%.

On 22 October 2015, a subsidiary of the Company, Longyuan Canada Renewables Limited, issued an eighteen-year corporate bond of CAD200 million at par with a coupon rate of 4.32% per annum. The effective interest rate is 4.32%.

## 19 BORROWINGS (CONTINUED)

### (c) Significant terms of other borrowings (Continued)

*Notes: (Continued)*

(i) (Continued)

On 22 January 2016, the Company issued a five-year unsecured corporate bond of RMB3,700 million at par with a coupon rate of 3.28% per annum. The effective interest rate is 3.39%.

On 17 March 2016, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.75%.

On 25 August 2016, the Company issued a three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.75%.

On 16 May 2017, the Company issued a five-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 4.90% per annum. The effective interest rate is 4.98%.

On 1 August 2017, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.78% per annum. The effective interest rate is 4.84%.

On 23 April 2018, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.83% per annum. The effective interest rate is 4.89%.

(ii) The short-term corporate bonds represent a series of unsecured corporate bonds with a coupon rate of 3.79% to 3.80% issued in 2018. The effective interest rate of these bonds is 3.83%.

## 20 TRADE CREDITORS AND BILLS PAYABLE

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Bills payable | 1,115,710 | 1,366,778 |
| Creditors and accrued charges | 797,529 | 261,420 |
| Amounts due to associates | 33,237 | 132,910 |
| Amounts due to fellow subsidiaries | 46,086 | 129,799 |
| | 1,992,562 | 1,890,907 |

The ageing analysis of trade creditors and bills payable based on the invoice date is as follows:

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Within 1 year | 1,698,898 | 1,792,843 |
| Between 1 and 2 years | 255,422 | 53,070 |
| Between 2 and 3 years | 21,418 | 40,800 |
| Over 3 years | 16,824 | 4,194 |
| | 1,992,562 | 1,890,907 |

As at 30 June 2018 and 31 December 2017, all trade creditors and bills payable are payable and expected to be settled within one year.

## 21 OTHER CURRENT LIABILITIES

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Payables for acquisition of property, plant and equipment | 4,277,344 | 6,524,142 |
| Payables for staff related costs | 216,999 | 252,067 |
| Payables for other taxes | 119,335 | 253,773 |
| Dividends payable | 956,389 | 137,339 |
| Receipts in advance | 207,492 | 133,725 |
| Amounts due to associates and joint ventures *(Note (i))* | 1,306,740 | 686,871 |
| Amounts due to fellow subsidiaries | 289,118 | 237,198 |
| Amounts due to CHN Energy | 48,754 | 52,670 |
| Other accruals and payables | 1,064,771 | 831,657 |
| Derivative financial instruments – interest rate swap contracts *(Note (ii))* | 72,183 | 110,375 |
| | 8,559,125 | 9,219,817 |

*Notes:*

(i) Amounts due to associates and joint ventures mainly represent payables to an associate for wind turbines purchased by the Group.

(ii) In 2015, Longyuan Mulilo De Aar 2 North (RF) Proprietary Limited and Longyuan Mulilo De Aar Wind Power (RF) Proprietary Limited, two subsidiaries of the Group, entered into interest rate swap contracts to mitigate the interest rate risks. The interest rate swap contracts were recognised at fair value as at 30 June 2018 and 31 December 2017.

(iii) All other payables are measured at amortised cost and expected to be settled within one year or are repayable on demand.

## 23 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

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

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Final dividend in respect of the financial year ended 31 December 2017, approved during the following interim period, of RMB0.0918 per share (year ended 31 December 2016: RMB0.0850 per share) | 737,611 | 683,093 |

Dividends in respect of the financial year ended 31 December 2017 have been fully paid on 31 July 2018.

## 23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Share capital

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Issued and fully paid: | | |
| 4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each | 4,696,360 | 4,696,360 |
| 3,340,029,000 H shares of RMB1.00 each | 3,340,029 | 3,340,029 |
| | 8,036,389 | 8,036,389 |

### (c) Nature and purpose of reserves

*(i) Capital reserve*

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the initial public offering in December 2009 and the share placing in December 2012.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by CHN Energy, the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of acquisition of businesses under common control and acquisition of non-controlling interests.

## 23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves (Continued)

*(ii) Statutory surplus reserve*

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

*(iii) Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have a functional currency other than the RMB and the foreign exchange difference on the net investment in foreign operations of the Group.

*(iv) Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of equity investments at FVOCI (income tax exclusive) held at the balance sheet date.

## 24 ASSET ACQUISITION

On 1 January 2018, the Group completed the acquisition of the entire equity interests of Guodian United Power Technology (Changchun) Co., Ltd. ("Guodian Changchun") from an associate company of Guodian United Power Technology Co., Ltd. ("Guodian United Power") for a consideration of RMB253,644,000. Guodian Changchun was a limited company registered in China, whose business was in suspension, with no revenue generation at the acquisition date. On 1 January 2018 (i.e the acquisition date), the carrying value of the net assets of Guodian Changchun amounted to RMB264,475,000, and the Group recognised capital reserve of RMB10,831,000 accordingly. Upon the completion of the acquisition, Guodian Changchun was planned to be transformed into a wind power research and development center. Therefore, the Group did not consider the above acquisition as a business combination for accounting purposes.

## 25 PERPETUAL MEDIUM-TERM NOTES

On 24 November 2015, the Company issued a perpetual medium-term note amounting to RMB3,000,000,000 (the "2015 Perpetual Medium-term Note"). The 2015 Perpetual Medium-term Note was issued at par value with an initial interest rate of 4.44% and recorded as equity, after netting off related issuance costs of approximately RMB9,000,000. On 17 November 2017, the Company issued a perpetual medium-term note amounting to RMB2,000,000,000 (the "2017 Perpetual Medium-term Note"). The 2017 Perpetual Medium-term Note was issued at par value with an initial interest rate of 5.44% and recorded as equity.

Interest of the 2015 Perpetual Medium-term Note and interest of the 2017 Perpetual Medium-term Note are recorded as distributions, which are paid annually in arrears on 25 November and 21 November in each year, respectively (the "Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company or repaying any securities of lower rank) have occurred.

The 2015 Perpetual Medium-term Note and the 2017 Perpetual Medium-term Note have no fixed maturity date and are callable at the Company's option on 25 November 2020 and 21 November 2020, respectively (the "First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable interest rate of the 2015 Perpetual Medium-term Note and the 2017 Perpetual Medium-term Note will be reset, on the First Call Date and every five and three years after the respective First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and a premium. The premium for the First Call Date is 300 basis points per annum and will increase by 300 basis points every five years and three years after the respective First Call Date.

During the six months ended 30 June 2018, the profit attributable to the holders of perpetual medium-term notes, based on the applicable interest rate, was RMB121,000,000. During the six months ended 30 June 2017, the profit attributable to the holders of perpetual medium-term notes, based on the applicable interest rate, was RMB79,550,000.

## 26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial instruments carried at fair value

#### *(i) Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement.*

## 26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments carried at fair value (Continued)

#### *(i) Fair value hierarchy (Continued)*

| | | Fair value measurements as at 30 June 2018 categorised into | | |
|---|---|---|---|---|
| | Fair value at 30 June 2018 | Quoted prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Recurring fair value measurement | | | | |
| Financial assets: | | | | |
| Equity instruments in non-listed companies, at fair value through OCI | 775,102 | – | – | 775,102 |
| Equity instruments in listed companies, at fair value through OCI | 31,642 | 31,642 | – | – |
| Short-term investment | 409,000 | – | 409,000 | – |
| Equity instruments in listed companies, at fair value through PL | 112,238 | 112,238 | – | – |
| Financial liabilities: | | | | |
| Derivative financial instruments | | | | |
| – interest rate swap contracts | 72,183 | – | 72,183 | – |

## 26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments carried at fair value (Continued)

#### *(i) Fair value hierarchy (Continued)*

| | | Fair value measurements as at 31 December 2017 categorised into | | |
|---|---|---|---|---|
| | Fair value at 31 December 2017 | Quoted prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Recurring fair value measurement | | | | |
| Financial assets: | | | | |
| Equity investments in listed companies, at fair value | 38,319 | 38,319 | – | – |
| Short-term investment | 100,000 | – | 100,000 | – |
| Trading securities | 77,813 | 77,813 | – | – |
| Financial liabilities: | | | | |
| Derivative financial instruments | | | | |
| – interest rate swap contracts | 110,375 | – | 110,375 | – |

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2017: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## 26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments carried at fair value (Continued)

*(ii) Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of interest rate swap contracts in Level 2 is determined by discounting the contractual fixed interest rate and deducting the forward Johannesburg Interbank Agreed Rate ("JIBAR"). The discount rate used is derived from the JIBAR swap yield curve as at the end of the reporting period.

The fair value of short-term investment in Level 2 is determined by discounting the cash flow, the future cash flows are estimated based on expected rate of return of comparable products.

*(iii) Valuation technique and inputs used in Level 3 fair value measurements*

Fair value of equity instruments in non-listed companies have been estimated by using valuation techniques, including price of recent investment, discounted cash flows from the investment, market multiples methods, etc. The fair value was based on value inputs that are not observable market data, but change of these value inputs to reasonably possible alternatives would not have material effect on the Group's results and financial position.

### (b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2018 and 31 December 2017 except as follows:

| | At 30 June 2018 | | At 31 December 2017 | |
|---|---|---|---|---|
| | Carrying amount *RMB'000* | Fair value *RMB'000* | Carrying amount *RMB'000* | Fair value *RMB'000* |

## 27 TRANSFERS OF FINANCIAL ASSETS

### Transferred financial assets that are derecognised in their entirety

At 30 June 2018, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade

*(Expressed in thousands of Renminbi)*

## 30 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

The Group is part of a larger group of companies under CHN Energy and has significant transactions and relationships with the subsidiaries of CHN Energy.

The principal transactions are as follows:

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Sales of goods/provision of services to | | |
| CHN Energy | 3 | – |
| Fellow subsidiaries | 19,411 | 27,826 |
| Associates and joint ventures | 74,783 | 76,795 |
| Purchase of goods/receipt of services from | | |
| Fellow subsidiaries | 597,821 | 16,429 |
| Associates and joint ventures | 528,403 | 973,422 |
| Working capital provided to/(received from) | | |
| CHN Energy | 4,188 | (19,754) |
| Fellow subsidiaries | 1,491 | 39,515 |
| Associates and joint ventures | 49,536 | 55,758 |

*(Expressed in thousands of Renminbi)*

Six months ended 30 June

## 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Outstanding balances with related parties

As at 30 June 2018, except for deposits placed with a fellow subsidiary amounting to RMB1,566,469,000 (31 December 2017: RMB2,675,766,000), details of material outstanding balances with related parties are set out in notes 14, 15, 16, 19, 20 and 21.

### (c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly .2 ( )0.5ut 4.* [(outsm.5ut 4u078 Tw T )-909.m078 Tw

## 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other state-controlled entities in the PRC (Continued)

The tariff of electricity is regulated by the relevant government. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, management are of the opinion that the following transactions require disclosure as other state-controlled entities transactions:

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | *RMB'000* | *RMB'000* |
| Sales of electricity | 10,996,550 | 9,686,350 |
| Sales of other products | 179,555 | 18,629 |
| Interest income | 23,648 | 14,264 |
| Interest expenses | 1,695,604 | 1,471,738 |
| Loans (borrowed)/repaid | 1,534,264 | (4,326,189) |
| (Withdrawn from)/deposits placed with | (143,291) | 2,186 |
| Purchase of materials and receipt of construction services | 818,613 | 1,505,389 |
| Service concession construction revenue | 5,817 | 27,316 |

## 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions with other state-controlled entities in the PRC (Continued)

The balances of transactions with other state-controlled entities are as follows:

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Receivables from sale of electricity | 10,122,004 | 6,199,120 |
| Receivables from sale of other products | 14,229 | 143,181 |
| Bank deposits (including restricted deposits) | 231,839 | 375,130 |
| Borrowings | 50,672,271 | 52,206,535 |
| Payable for purchase of materials and receiving construction work services | 1,193,322 | 1,966,923 |

### (d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | 2018 *RMB'000* | 2017 *RMB'000* |
| Salaries and other emoluments | 1,314 | 1,193 |
| Discretionary bonuses | 3,776 | 3,741 |
| Retirement scheme contributions | 382 | 315 |
| | 5,472 | 5,249 |

## 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (e) Commitments with related parties

| | At 30 June 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Capital commitments with Associates and joint ventures | 2,607,086 | 3,316,932 |

# GLOSSARY OF TERMS

| | |
|---|---|
| "Audit Committee" | the audit committee of the Board |
| "average utilisation hour(s)" | the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW) |
| "biomass" | plant material, vegetation, or agricultural waste used as a fuel or energy source |
| "Board" | the board of directors of the Company |
| "CHN Energy" | China Energy Investment Corporation Limited ( 7 • • U ³ « Þ " ª , ® !), previously known as Shenhua Group Corporation Limited. CHN Energy and Guodian Group signed the Agreement on the Merger of China Energy Investment Corporation Limited and China Guodian Corporation on 5 February 2018. After the completion of the implementation of the merger, the controlling shareholder of the Company will be changed from Guodian Group into CHN Energy |
| "Company" or "we" | China Longyuan Power Group Corporation Limited* ( ² U e b « p ... Þ " ® !) |
| "consolidated gross power generation" | the aggregate gross power generation of our project companies that we fully consolidate in our financial statements for a specified period |
| "consolidated installed capacity" | the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or |

| | |
|---|---|
| “electricity sales” | the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less comprehensive auxiliary electricity |
| “Group” | China Longyuan Power Group Corporation Limited* and its subsidiaries |
| “Guodian Group” | China Guodian Corporation ( • 7 7 e « Þ " ® !) |
| “GW” | unit of energy, gigawatt. 1 GW = 1,000 MW |
| “GWh” | unit of energy, gigawatt-hour. The standard unit of energy used in the electric power industry. One gigawatt-hour is the amount of energy that would be produced by a generator producing one gigawatt for one hour |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “kW” | unit of energy, kilowatt. 1 kW = 1,000 watts |
| “kWh” | unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “load factor” | the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the number of hours in the given period multiplied by the plant’s installed capacity |
| “Model Codes” | the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules |

# GLOSSARY OF TERMS

| | |
|---|---|
| "MW" | unit of energy, megawatt.1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW |
| "MWh" | unit of energy, megawatt-hour. The standard unit of energy used in the electric power industry. One megawatt-hour is the amount of energy that would be produced by a generator producing one megawatt for one hour |
| "regions not subject to grid curtailment" | regions excluding Inner Mongolia, Heilongjiang, Jilin, Gansu, Xinjiang (including corps) and other provinces (regions) |
| "renewable energy" | energy generated from sustainable sources that is regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight |
| "Reporting Period" | from 1 January 2018 to 30 June 2018 |
| "RMB" | Renminbi, the official currency of the PRC |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |

# CORPORATE INFORMATION

## THE COMPANY'S OFFICIAL NAME

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## THE COMPANY'S NAME IN ENGLISH

China Longyuan Power Group Corporation Limited*

## REGISTERED OFFICE

Room 1206, 12th Floor
No. 7, Baishiqiao Street
Haidian District
Beijing
PRC

## HEAD OFFICE IN THE PRC

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PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

## THE BOARD

### Non-executive Directors

Mr. Qiao Baoping *(Chairman of the Board)*
Mr. Liu Jinhuan
Mr. Luan Baoxing
Mr. Yang Xiangbin

### Executive Directors

Mr. Li Enyi *(President)*
Mr. Huang Qun

### Independent Non-executive Directors

Mr. Zhang Songyi
Mr. Meng Yan
Mr. Han Dechang

## THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Qiao Baoping

## AUTHORISED REPRESENTATIVES

Mr. Li Enyi
Mr. Jia Nansong
Mr. Zhang Songyi (as Mr. Li Enyi's alternate)
Ms. Chan Sau Ling (as Mr. Jia Nansong's alternate)

* *For Identification purpose only*

# CORPORATE INFORMATION

## JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Chan Sau Ling

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Hong Kong

as to PRC law

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## PRINCIPAL BANKS

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PRC

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Xuanwu District
Beijing
PRC

Bank of Communications Co., Ltd.
Beijing Branch
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Beijing
PRC

## H SHARE REGISTRAR

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## STOCK CODE

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龍源電力集団

* For Identi cation Purpose Only