龍源電力集團股份有限公司
CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00916)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2017, the revenue amounted to RMB12,315 million, representing an increase of 9.7% over the corresponding period of 2016
- For the six months ended 30 June 2017, profit before taxation amounted to RMB3,407 million, representing an increase of 1.5% over the corresponding period of 2016
- For the six months ended 30 June 2017, net profit attributable to equity holders of the Company amounted to RMB2,495 million, representing an increase of 5.5% over the corresponding period of 2016
- For the six months ended 30 June 2017, basic earnings per share amounted to RMB0.3005, representing an increase of RMB0.0162 over the corresponding period of 2016

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited* (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017, together with comparative figures for the corresponding period of 2016. The results were prepared in accordance with the International Accounting Standards ("**IAS**") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED
(Expressed in Renminbi unless otherwise stated)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
			(Restated– Note 14)
Revenue	4	**12,314,785**	11,228,115
Other net income	5	**288,637**	285,045
Operating expenses			
Depreciation and amortisation		**(3,305,325)**	(3,055,311)
Coal consumption		**(1,197,107)**	(672,710)
Coal sales costs		**(1,954,994)**	(1,743,360)
Service concession construction costs		**(27,316)**	(217,566)
Personnel costs		**(657,715)**	(594,695)
Material costs		**(94,295)**	(106,902)
Repairs and maintenance		**(240,922)**	(236,795)
Administration expenses		**(147,117)**	(142,189)
Other operating expenses		**(215,374)**	(192,972)
		(7,840,165)	(6,962,500)
Operating profit		**4,763,257**	4,550,660
Finance income		**113,088**	97,026
Finance expenses		**(1,608,793)**	(1,528,969)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
			(Restated–
			Note 14)
Net finance expenses	6	**(1,495,705)**	(1,431,943)
Share of profits less losses of associates and joint ventures		**139,139**	239,152
Profit before taxation	7	**3,406,691**	3,357,869
Income tax	8	**(555,318)**	(422,620)
Profit for the period		**2,851,373**	2,935,249
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets net movement in the fair value reserve		**(662)**	1,721
Exchange difference on translation of financial statements of overseas subsidiaries		**40,670**	(2,144)
Exchange difference on net investment in foreign operations		**43,289**	(10,364)
Other comprehensive income/(loss) for the period, net of tax	9	**83,297**	(10,787)
Total comprehensive income for the period		**2,934,670**	2,924,462

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated– Note 14)
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**2,415,059**	2,284,460
– Perpetual medium-term note holders		**79,550**	79,555
Non-controlling interests		**356,764**	571,234
Profit for the period		**2,851,373**	2,935,249
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**2,498,527**	2,266,366
– Perpetual medium-term note holders		**79,550**	79,555
Non-controlling interests		**356,593**	578,541
Total comprehensive income for the period		**2,934,670**	2,924,462
Basic and diluted earnings per share *(RMB cents)*	10	**30.05**	28.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017 – UNAUDITED

(Expressed in Renminbi unless otherwise stated)

	Note	**At 30 June 2017** **RMB'000**	At 31 December 2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**107,673,972**	105,598,261
Investment properties		**4,087**	4,244
Lease prepayments		**2,143,603**	2,136,798
Intangible assets		**8,543,971**	8,798,494
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,621,991**	4,482,852
Other assets		**3,955,446**	4,095,386
Deferred tax assets		**156,159**	150,592
Total non-current assets		**127,160,719**	125,328,117
Current assets			
Inventories		**1,055,005**	1,039,850
Trade debtors and bills receivable	11	**10,548,977**	5,901,031
Prepayments and other current assets		**3,182,566**	3,644,222
Tax recoverable		**142,954**	179,310
Other financial assets		**417,344**	634,887
Restricted deposits		**10,797**	28,054
Cash at bank and on hand		**3,572,969**	1,905,222
Total current assets		**18,930,612**	13,332,576

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current liabilities			
Borrowings		**45,411,506**	44,472,149
Trade creditors and bills payable	12	**2,019,163**	2,549,737
Other current liabilities		**10,811,743**	8,570,547
Obligations under finance leases		**42,500**	39,000
Tax payable		**182,702**	175,975
Total current liabilities		**58,467,614**	55,807,408
Net current liabilities		**(39,537,002)**	(42,474,832)
Total assets less current liabilities		**87,623,717**	82,853,285
Non-current liabilities			
Borrowings		**34,605,651**	31,326,998
Obligations under finance leases		**438,000**	461,000
Deferred income		**1,633,992**	1,684,507
Deferred tax liabilities		**140,489**	138,085
Other non-current liabilities		**1,122,975**	1,456,444
Total non-current liabilities		**37,941,107**	35,067,034
NET ASSETS		**49,682,610**	47,786,251

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
CAPITAL AND RESERVES			
Share capital		**8,036,389**	8,036,389
Perpetual medium-term note		**2,991,000**	2,991,000
Reserves		**31,677,822**	29,862,388
Total equity attributable to the equity holders of the Company		**42,705,211**	40,889,777
Non-controlling interests		**6,977,399**	6,896,474
TOTAL EQUITY		**49,682,610**	47,786,251

NOTES:

1 BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with IAS 34, *Interim financial reporting*, issued by the IASB. The interim financial report are authorized to issue by the Board on 22 August 2017.

This interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group as at 30 June 2017 amounting to RMB39,537,002,000. The directors of the Company (the "**Directors**") are of the opinion that, based on a review of the forecasted cash flows, the unutilised banking facilities and the unutilised credit lines with banks as at 30 June 2017, the Group will have necessary liquid funds to finance its working capital and capital expenditure.

The interim financial report does not include all the information and disclosures required in the annual finanical report, and should be read in conjunction with the Group's 2016 annual report. Except as decribed below, the interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements.

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

2 CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and revised International Financial Reporting Standards (the "**IFRSs**") issued by the IASB:

- Amendments to IAS 7 (amended): Disclosure initiative

- Amendments to IAS 12 (amended): Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of amendments does not have any significant effect on the interim financial report of the Group.

The Group has not applied any other standard or amendment in advance that is issued but not yet effective.

3 SEGMENT REPORTING

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

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

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

The Group combined other business activities that are not reportable in "All others". Revenue included in this category is mainly from manufacturing and sales of power equipment, 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 report has been prepared in a manner consistent with the information used by the Group's senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2017 and 2016 is set out below:

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)**
(Accrual)/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 expense	**(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**

For the six months ended 30 June 2016 *(Restated–Note 14)*

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	7,181,253	1,411,826	243,757	8,836,836
– Others	9,255	2,139,912	24,546	2,173,713
Subtotal	7,190,508	3,551,738	268,303	11,010,549
Inter-segment revenue	–	–	187,264	187,264
Reportable segment revenue	7,190,508	3,551,738	455,567	11,197,813
Reportable segment profit (operating profit)	3,882,542	583,044	96,568	4,562,154
Depreciation and amortisation before inter-segment elimination	(2,808,044)	(167,383)	(96,652)	(3,072,079)
Reversal of impairment losses of property, plant and equipment and lease prepayments	–	–	94,068	94,068
Interest income	15,097	9,857	41,193	66,147
Interest expense	(1,309,950)	(32,065)	11,190	(1,330,825)
Expenditures for reportable segment non-current assets during the period	5,629,956	118,258	204,251	5,952,465

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Revenue		
Reportable segment revenue	**12,427,010**	11,197,813
Service concession construction revenue	**27,316**	217,566
Elimination of inter-segment revenue	**(139,541)**	(187,264)
Consolidated revenue	**12,314,785**	11,228,115
Profit		
Reportable segment profit	**4,837,525**	4,562,154
Elimination of inter-segment profits	**(25,988)**	29,184
	4,811,537	4,591,338
Share of profits less losses of associates and joint ventures	**139,139**	239,152
Net finance expenses	**(1,495,705)**	(1,431,943)
Unallocated head office and corporate expenses	**(48,280)**	(40,678)
Consolidated profit before taxation	**3,406,691**	3,357,869

(c) Geographical information

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

(d) Seasonality of operations

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

4 REVENUE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Sales of electricity	**9,801,004**	8,836,836
Sales of steam	**314,267**	203,183
Service concession construction revenue	**27,316**	217,566
Sales of electricity equipment	**6,339**	13,756
Sales of coal	**2,002,259**	1,793,416
Others	**163,600**	163,358
	12,314,785	11,228,115

5 OTHER NET INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Government grants	**276,104**	270,962
Rental income from investment properties	**412**	584
Loss on disposal of property, plant and equipment	**(524)**	(572)
Others	**12,645**	14,071
	288,637	285,045

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Interest income on financial assets	**24,739**	66,147
Dividend income from other investments	**462**	332
Foreign exchange gains	**87,887**	30,547
Finance income	**113,088**	97,026
Interest on bank and other borrowings	**1,676,433**	1,523,989
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(183,606)**	(193,164)
	1,492,827	1,330,825
Foreign exchange losses	**1,609**	66,548
Net realised and unrealised losses on other financial assets	**97,650**	118,903
Bank charges and others	**16,707**	12,693
Finance expenses	**1,608,793**	1,528,969
Net finance expenses recognised in profit or loss	**(1,495,705)**	(1,431,943)

The borrowing costs have been capitalised at rates of 3.92% to 10.80% for the period ended 30 June 2017 (six months ended 30 June 2016: 2.90% to 6.55%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated–
		Note 14)
Amortisation		
– lease prepayments	**41,718**	40,511
– intangible assets	**291,194**	219,184
Depreciation		
– investment properties	**157**	158
– property, plant and equipment	**2,972,256**	2,795,458
Accrual/(Reversal) of impairment losses, net		
– property, plant and equipment	**26,887**	(89,907)
– lease prepayments	**–**	(4,161)
– trade and other receivables	**2,594**	–
– unquoted equity investments in non-listed companies	**1,333**	–
Operating lease charges		
– hire of plant and equipment	**133**	94
– hire of properties	**9,808**	9,596
Cost of inventories	**3,246,396**	2,579,260

8 INCOME TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Current tax		
Provision for the period	**512,246**	414,703
Under provision in respect of prior years	**46,014**	2,669
	558,260	417,372
Deferred tax		
Origination and reversal of temporary differences	**(2,942)**	5,248
	555,318	422,620

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Profit before taxation	**3,406,691**	3,357,869
Notional tax on profit before taxation	**851,673**	839,467
Tax effect of non-deductible expenses	**15,514**	4,254
Tax effect of share of profits less losses of associates and joint ventures	**(34,785)**	(59,788)
Tax effect of non-taxable income	**(625)**	(83)
Effect of differential tax rate of certain subsidiaries of the Group *(Note (i))*	**(347,117)**	(359,156)
Use of unrecognised tax losses in prior years	**(5,678)**	(34,987)
Tax effect of unused tax losses and timing differences not recognised	**30,322**	29,857
Under provision in respect of prior years	**46,014**	2,669
Others	**–**	387
Income tax	**555,318**	422,620

Note:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group for the six months ended 30 June 2017 and the six months ended 30 June 2016, as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

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

9 OTHER COMPREHENSIVE INCOME/(LOSS)

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated– Note 14)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net movement in fair value reserve		
– Before tax amount		
Change in fair value recognised during the period	**(883)**	2,295
– Tax expense	**221**	(574)
Net of tax amount	**(662)**	1,721
Exchange difference on translation of financial statement of overseas subsidiaries	**40,670**	(2,144)
Exchange difference on net investment in foreign operations		
– Before and net of tax amount	**43,289**	(10,364)
Other comprehensive income/(loss)	**83,297**	(10,787)

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2017 of RMB2,415,059,000 (six months ended 30 June 2016 (restated–note 14): RMB2,284,460,000) and the number of shares in issue during the six months ended 30 June 2017 of 8,036,389,000 (six months ended 30 June 2016: 8,036,389,000 shares).

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

11 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Amounts due from third parties	**10,535,633**	5,870,888
Amounts due from fellow subsidiaries	**12,119**	22,940
Amounts due from associates	**7,292**	17,634
	10,555,044	5,911,462
Less: allowance for doubtful debts	**(6,067)**	(10,431)
	10,548,977	5,901,031

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

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Current	**10,545,451**	5,903,437
Past due within one year	**2,951**	2,456
Past due between one to two years	**2,356**	1,999
Past due between two to three years	**1,397**	1,015
Past due over three years	**2,889**	2,555
	10,555,044	5,911,462
Less: allowance for doubtful debts	**(6,067)**	(10,431)
	10,548,977	5,901,031

12 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Bills payable	**1,211,432**	1,925,791
Creditors and accrued charges	**383,717**	191,225
Amounts due to associates	**423,854**	399,378
Amounts due to fellow subsidiaries	**160**	33,343
	2,019,163	2,549,737

As at 30 June 2017 and 31 December 2016, all trade creditors and bills payable are payable and expected to be settled within one year.

13 DIVIDENDS

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

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB nil).

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2016, approved during the following interim period, of RMB0.0850 per share (year ended 31 December 2015: RMB0.0717 per share)	**683,093**	576,209

Dividends in respect of the financial year ended 31 December 2016 has been fully paid on 21 August 2017.

14 BUSINESS COMBINATION

In October 2016, the Group acquired Shanxi Guodian Jinke Wind Power Generation Co., Ltd. (the "**Shanxi Jinke**") from a fellow subsidiary, Guodian Shanxi Jieneng Co., Ltd.. Details are as follows:

Business name	Combination date	Percentage of interest obtained
Shanxi Jinke	October 2016	52%

As Shanxi Jinke was acquired from a fellow subsidiary of the Group, which was under common control of China Guodian Corporation ("**Guodian Group**"), the Group accounted the acquisition as a business combination under common control.

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

	As previously reported	Shanxi Jinke	Elimination	As restated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Results of operations for the period ended 30 June 2016:				
Operating profit	4,543,865	6,795	–	4,550,660
Profit for the period	2,933,581	1,668	–	2,935,249
Profit attributable to:				
– Equity holders of the Company	2,363,566	1,668	(1,219)	2,364,015
– Non-controlling interests	570,015	–	1,219	571,234
Basic and diluted earnings per share *(RMB cents)*	28.42	0.01	–	28.43

MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2017, with continuous improvement of the global economy, China's economy maintained a stable momentum in general. The power supply and demand across the country was at ease on the whole from January to June in 2017 while the total power consumption grew at faster pace as compared with the same period last year. The power consumption in the industrial sectors enjoyed a relatively faster growth while daily average power consumption in the manufacturing sector reached another high record. Coal-fired power generation grew rapidly; the utilization hours of power generation equipment decreased slightly; the newly installed capacity decreased year-on-year, and the newly installed capacity of solar power took up a proportion of approximately 50%.

According to the Monthly Statistics of China Power Industry (《全國電力工業統計月報》) published by China Electricity Council, from January to June in 2017, the power consumption across the country was 2,950.8 billion kWh, representing a year-on-year increase of 6.3%. The electrical output of above-the-scale power plants across the country amounted to 2,959.8 billion kWh, representing a year-on-year increase of 6.3%. The cumulative average utilisation hours of generation equipment across the country reached 1,790 hours, representing a year-on-year decrease of seven hours. As at 30 June 2017, the installed capacity of above-the-scale power plants across the country reached 1,629 GW, representing a year-on-year increase of 6.9%. The newly installed capacity for hydropower, wind power and solar power recorded year-on-year increase, while the newly installed capacity for coal power and nuclear power decreased year-on-year. In the first half of 2017, wind power output across the country reached 149.0 billion kWh, accounting for 5.0% of the total power generation across the country, which was 0.5 percentage point higher than that for the corresponding period of last year. The utilisation hours of wind power across the country reached 984 hours, representing a year-on-year increase of 67 hours.

In the first half of 2017, in order to advocate environmentally-friendly consumption across the country, promote the consumption and utilization of clean energy, further improve subsidy mechanism for wind power and photovoltaic power generation, the National Development and Reform Commission ("**NDRC**"), the Ministry of Finance and the National Energy Administration (the "**NEA**") issued the Notice on Trial Implementation of Renewable Energy Green Power Certificate Issuance and Voluntary Subscription Trading System (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》) in February 2017, proposing to conduct issuance of renewable energy green power certificates and voluntary subscription across the country. On 1 July 2017, the NEA held the "Launching Ceremony concerning Voluntary Subscription for Green Power Certificate" in Beijing, and the online transaction platform for voluntary subscription for green power certificates officially commenced operation thereafter. In April 2017, the Notice on Liquidation of Additional Subsidies for

Electricity Tariff of Renewable Energy (《關於開展可再生能源電價附加補助資金清算工作的通知》) was issued by the NDRC, the Ministry of Finance and the NEA, pursuant to which the new energy subsidies listed in the batch one to batch six of the subsidy funds for electricity tariff of renewable energy should be reviewed and liquidated. The implementation of the policy will further facilitate recovery of subsidies for wind power enterprises. In order to further promote consumption of new energy, the Notice on Issuance of Arrangement for Promotion of Consumption of New Energy in 2017 (《關於印發2017年促進新能源消納工作安排的通知》) was issued by the State Grid Corporation of China in May 2017, which required further reduction of power generation by coal-fired generating units so as to reserve sufficient room for new energy power generation. In the same month, the Comprehensive Department of the NEA issued the Notice on Implementation of Demonstration for Grid Parity of Wind Power Generation (《關於開展風電平價上網示範工作的通知》), proposing to carry out demonstration activities for grid parity of wind power generation across the country, thus guiding and promoting the sustainable and healthy development of renewable energy sector, and enhancing the market competitiveness of wind power. In June 2017, with a view to increase utilization efficiency of distributed wind power resources and optimise development layout of wind power, the NEA duly issued the Notice on Requirements in relation to Acceleration of Construction of Distributed Wind Power Connection Projects (《關於加快推進分散式接入風電項目建設有關要求的通知》). The distributed wind power connection projects would not be restricted by the annual guided scale. As for the distributed wind power projects under the plan that have been approved, the competent energy authorities at provincial level are encouraged to study and formulate measures for simplification of approval procedures for relevant projects. The issue and implementation of the above policies will facilitate the further healthy and rapid development of the wind power and renewable energy sectors.

I. BUSINESS REVIEW

1. Continually strengthened safety production management and maintained steady growth of wind power generation

In the first half of 2017, the Group upheld the fundamental principle of standardization construction and focused on the basic elements of management in respect of equipment, technology and appraisal to constantly optimize reliability indicators such as the malfunction spoiled time and steadily level up production and management standards. Targeted at the standardization of safe and civilized production, the Group gave priority to the prevention and control of equipment defects to dive into modification plan for assurance of safe and economical efficiency of equipment management and control and technological renovation. Furthermore, it improved the technological supervision standards and trained up the supervision team, thus constructing the technological supervision system with characteristics of Longyuan Wind Power. In regard of the site work, the Group conceived the management methods of "Three Measures and One

Scheme" ("三措一案") and the corresponding implementing specifications to exert strict control over on-site safety and put an end to safety incidents. It also dispatched five special measures including the Safeguarding Specifications in the Production Monitoring System to reinforce the Group-wide technology management in a feasible manner. Meanwhile, it also consummated the monthly and annual production and management special appraisal measures and proactively pressed ahead the four kernel tasks, i.e., standardization of on-site safe and civilized production, implementation of safeguarding systems and safety measures in production, management of technological supervision and construction of malfunction-free wind farms.

In the first half of 2017, the Group strengthened and optimised its professional management, established comprehensive management mode and system for economic operations, fully determined the reasons for power loss in different units, adopted specific measures to minimise internal wind power curtailment and enhanced economic operation level in the farms. In addition, it promoted utilisation hours benchmarking, established comprehensive four-tier management and control system covering the headquarter, regional companies, wind farms and individual units, further strengthened advanced benchmarking, market benchmarking and feasibility benchmarking, and strengthened and expanded its favourable position in key benchmarks including utilisation hours, unavailable hours, power consumption of plants as well as repair and maintenance costs per kWh.

In the first half of 2017, in the face of complexities in the power market, the Group strived to level up the marketing and management and made rational decisions in the trading market to maximise the profit of the Group. As a result, substantial results have been achieved in respect of grid curtailment management. Various measures were taken to cope with grid curtailment. In particular, it carried out stringent assessment on grid curtailment and pressed on with grid structure research within the Group while further strengthened the sense of marketing and devoted more efforts to the differentiated marketing outside the Group. Furthermore, the market-oriented marketing has brought along fruitful results. In this regard, it conducted in-depth analysis of regional electricity markets and characteristics of grids, thereby formulating specific marketing plans for different regions. Moreover, the Group abided by the industry self-discipline, resisted ineffective transactions resolutely, and won over transacted volume legitimately by means of cross-region delivery, swap of wind power and coal-fired power, as well as direct power supply for big customers, resulting in advantageous transacted tariff and steadily increasing benefits for the first half of 2017.

In the first half of 2017, the Group generated a cumulative gross electricity output of 22.732 billion kWh, of which electricity generated from our wind power segment amounted to 17.103 billion kWh, representing a year-on-year increase of 11.00%. The increase in electricity generated from wind power segment of the Group was primarily due to the increase in installed capacity and decrease in the percentage of grid curtailment. In the first half of 2017, the Group's average utilisation hours of the wind power segment were 1,030 hours, representing an increase of 50 hours as compared to the corresponding period of 2016.

In the first half of 2017, the consolidated gross power generation from coal power segment of the Group was 5.323 billion kWh, representing an increase of 13.55% as compared with 4.688 billion kWh in the corresponding period of 2016. This was primarily due to the increase in social electricity consumption. The average number of utilisation hours of the Group's coal power segment in the first half of 2017 was 2,839 hours, representing an increase of 339 hours as compared with 2,500 hours in the corresponding period of 2016.

2. Solidly pushed forward the preliminary work and continued to maintain the leading advantage

In the first half of 2017, under the guideline of steadily and prudently exploiting high quality resources and constantly improving development quality, the Group steadily and prudently developed offshore wind power, energetically tapped into overseas market and devoted ongoing efforts to technology innovations, aiming to continually optimise development layout and enhance high-quality resource reserves. It proactively secured the prime resources in regions not subject to grid curtailment based on the wind source blueprint of each province so as to progressively establish the development landscape featuring "nationwide presence and provincial expansion". As a result, it attained increasing wind power reserves in regions not subject to grid curtailment and regions with favorable conditions in grid connection and consumption; and noticeably, it continually expanded resource reserves by capitalizing on the opportunities arising during the window period and opportunity period of offshore wind power. Moreover, it intensified analysis on the wake of wind farms and research on its data modeling, formulated a synergistic control plan for the wake of wind farms and thereby increased the power generation of the entire wind farms; in addition, it adopted the wind resource mapping technology at high resolution to win more chances for the success in wind farm planning and site selection; furthermore, it conducted researches on development policies and technologies of distributed wind power to temporize with the development needs of wind power under new circumstances.

In the first half of 2017, under the development plan for the second batch of wind power projects under the "Thirteenth Five-year Plan" issued by Energy Administrations at the provincial level, 28 projects of our Group were listed with total capacity of 1,873 MW and located in regions not subject to grid curtailment. In the second half of 2017, the Group will put more efforts in ensuring that all projects under the development plan will be approved. As of 30 June 2017, the Group had wind power projects of 9.7 GW listed under the development plan of NEA or national preliminary approval list but not yet put into operation, and wind power projects of 7.4 GW approved but not yet put into operation, indicating an abundant project reserve.

3. Continually exerted high standards for construction quality and ensured smooth progress of construction of wind power projects

In the first half of 2017, the Group held fast to and implemented the "One, Five and Five" strategy ("一五五"戰略) of Guodian Group, comprehensively boosted the construction of an internationally top-notch enterprise to build the "Long-lasting Longyuan", and progressively pressed ahead construction of wind power projects. In particular, the 48 MW Baokang Huanglianshan Wind Power Project in Hubei Province was put into operation marking the breakthrough of "zero" wind power installed capacity for the Group in Hubei Province. Construction was carried out under stable construction safety environment without any construction or equipment-related safety accident. Every unit of the Group continued to carry out work in regard of design inspection, acceptance and equipment supervision in accordance with strict quality standards and coordinated and resolved the identified problems in a timely manner, thus preventing quality issues, effectively reducing hidden perils concerning quality and ensuring quality of the projects. Furthermore, the Group conducted compilation and review over the price ceilings in an efficient manner, which manifested prominent effects on project cost control.

The construction of the Group's 900 MW offshore wind power project is in full swing for the time being. In particular, the Jiangsu Dafeng Offshore Wind Power Project was under smooth progress in the first half of the year, with the great majority of ground treatment and concrete pouring of wind turbine foundation completed and the offshore transformer station and onshore centralised control center installed. The project successfully constructed the first separable transformer station in the world and employed the 33-kilometers-long connector-free 220 kV subsea cable with large cross section for the first time in the world, thereby reducing operation risks of the project.

The Group upheld the concept of "making profits in virtue of quality assurance" and further cemented the competitive edges of the Group in the wind power market by rolling out high-quality fine projects and constructing top-notch wind farms featuring "Safety, Reliability, High-efficiency and Intelligence". In response to the increasingly prominent environmental problems and the growing emphasis laid by competent authorities in China, the Group strictly complied with construction work procedures in the course of construction, and actively fulfilled work requirements for projects such as forest and land requisition, environment evaluation and soil and water conservation. Thanks to such endeavors, the construction risks were reduced effectively, thereby laying a foundation for the environmentally friendly development of the Group.

In the first half of 2017, the Group had new consolidated installed capacity of 48 MW. As at 30 June 2017, the consolidated installed capacity of the Group was 19,542 MW, among which the consolidated installed capacity of the wind power segment was 17,417 MW, while the consolidated installed capacity of the coal power segment and the consolidated installed capacity of other renewable energy segment were 1,875 MW and 250 MW, respectively.

4. Maintained stable tariffs with a rational attitude towards the market

In the first half of 2017, the average on-grid tariffs for all power generation segments of the Group amounted to RMB534 per MWh (value-added tax (the "**VAT**") inclusive), representing a decrease of RMB5 per MWh as compared with RMB539 per MWh (VAT inclusive) in the corresponding period of 2016. The average on-grid tariffs for wind power amounted to RMB569 per MWh (VAT inclusive), representing a decrease of RMB9 per MWh as compared with RMB578 per MWh (VAT inclusive) in the corresponding period of 2016, which was mainly due to the year-on-year increase in electricity sales in the regions with lower tariffs for wind power. The average on-grid tariffs for coal power amounted to RMB395 per MWh (VAT inclusive), representing an increase of RMB16 per MWh as compared with the average on-grid tariffs for coal power of RMB379 per MWh (VAT inclusive) in the corresponding period of 2016, mainly attributable to the higher base power generation and power generation with recognized environmental subsidized tariff recorded by Jiangyin Sulong Heat and Power Generation Co., Ltd. (江陰蘇龍熱電有限公司), a subsidairy of the Group, in the first half of 2017 as compared with that of the corresponding period of 2016.

5. **Vigorously consolidated the measures for guaranteeing funds supply and control of cost to effectively prevent fund risks**

In the first half of 2017, in light of the unfavorable situation of "tight supply and high cost" in the domestic monetary market, the Group vigorously consolidated the measures for guaranteeing funds supply and control of cost. Firstly, the Group used its best endeavours to guarantee funds supply. The Group successfully convened the second session of Green Energy Financing Summit to strengthen the contact with major partners in the financial market, continuously expanded the way of financing and successfully issued a tranche of green corporate bonds. Secondly, the Group devoted further efforts on the intensive management and control of funds. The cash sweep and utilisation efficiency was effectively improved by virtue of the capital pool. Meanwhile, the Group further optimised the regional capital allocation to effectively reduce financing costs and the capital cost continued to maintain at the leading level in the industry in the first half of the year. Thirdly, the Group intensified the management and control of fund plan. The Group improved the fund plan management system through the monthly fund coordination meeting to subject the overseas companies and important associates and joint ventures to the unified management of the Company's overall fund plan management to effectively prevent fund risks.

6. **Successfully applied major scientific and technological achievements and increased scientific and technological innovation efforts**

In the first half of 2017, the Group creatively adopted the construction scheme of "modular design and separable installation" and successfully installed the first offshore separable transformer station in the world. The successful implementation of the project represents a significant breakthrough in respect of critical technology for development of offshore wind power and offers a new technology option for the construction of offshore transformer station. The Group carried out and succeeded in the engineering practice of 220 kV single core high-voltage submarine cable in the PRC for the first time. The success of the project solved the technical bottleneck of transmission engineering, filled the domestic gap of such project and laid a solid technological foundation for the large scale development of offshore wind farms.

The Group took a number of initiatives to increase efforts on scientific and technological innovation, reinforced the head office's scientific and technological management function and clarified the focus and direction of scientific and technological work. The scientific research strength of subsidiaries engaged in technical services was strengthened. In the first half of 2017, five industrial standards of the Group were included in the wind power standard system of energy industry. Five group standards of the Chinese Society for Electrical Engineering were approved. In addition, the Group obtained 26 newly authorized patents, applied for five software copyrights and was awarded five Scientific Advance Prizes by Guodian Group.

7. **Extensively implemented overseas projects and steadily advanced the production and construction of wind farms**

In the first half of 2017, in order to implement the "Thirteenth Five-year Plan" of Guodian Group and accelerate the progress of "Going Global", the Group screened, analyzed and assessed a number of projects in such regions and countries as the United States, Canada, the Northern, Central and Eastern Europe to seek for potential opportunities for investment in overseas wind power. In addition, the Group proactively participated in the wind power project in Poland and increased efforts on development of greenfield projects. Meanwhile, the Group set up its working team for Kazakhstan, investigated and conducted investigation, research and study of the new energy market in Azerbaijan, etc.

In the first half of 2017, the Group's Dufferin Wind Farm in Canada recorded total power generation of 153,558 MWh. The Group proactively fulfilled its social responsibility in the local place and established close relationship with the community and the government where the project is located. As at 30 June 2017, the wind farm has maintained safe production for consecutive 942 days.

Ever since the commencement of construction in 2015, the individual works of the Group's 244.5 MW wind farm project in De Aar, South Africa were pushed ahead steadily and smoothly. As at 30 June 2017, all the equipment has been transported to the site. The electricity transmission and transformation project has been basically completed. All the units are expected to be officially put into operation by the end of 2017.

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In the first half of 2017, the net profit of the Group amounted to RMB2,851 million, representing a decrease of 2.9% as compared to RMB2,935 million in the corresponding period of 2016. Net profit attributable to equity holders of the Company amounted to RMB2,495 million, representing an increase of 5.5% as compared to RMB2,364 million in the corresponding period of 2016. Earnings per share amounted to RMB30.05 cents, representing an increase of RMB1.62 cents as compared to RMB28.43 cents in the corresponding period of 2016.

Operating revenue

Operating revenue of the Group amounted to RMB12,315 million in the first half of 2017, representing an increase of 9.7% as compared to RMB11,228 million in the corresponding period of 2016. The increase in operating revenue was primarily due to: 1) an increase of RMB710 million, or 9.9%, in electricity sales and other revenue of wind power segment to RMB7,901 million in the first half of 2017 as compared to RMB7,191 million in the corresponding period of 2016, which was primarily due to the increase of electricity sales volume of wind power segment; 2) a decrease of RMB191 million, or 87.6%, in service concession construction revenue of wind power segment to RMB27 million in the first half of 2017 as compared to RMB218 million in the corresponding period of 2016, which was primarily attributable to the decrease in the construction volume of service concession projects under construction; 3) an increase of RMB209 million, or 11.7%, in revenue from coal sales of coal power segment to RMB2,002 million in the first half of 2017 as compared to RMB1,793 million in the corresponding period of 2016, which was primarily attributable to the increase of coal price; and 4) an increase of RMB260 million, or 18.4%, in revenue from electricity sales of coal power segment to RMB1,672 million as compared to RMB1,412 million in the corresponding period of 2016, which was primarily attributable to the increase in electricity sales volume of coal power segment of 590 million kWh, or 13.6%, as compared to that of the corresponding period of 2016. At the same time, the average on-grid tariffs for coal power segment increased RMB14 per MWh (VAT exclusive), or 4.3%, as compared to that in the corresponding period of 2016.

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

	For the six months ended 30 June			
Operating revenue	**2017**		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Electricity sales and others of wind power segment	**7,901**	**64.2%**	7,191	64.0%
Electricity sales of coal power segment	**1,672**	**13.6%**	1,412	12.6%
Steam sales of coal power segment	**314**	**2.5%**	203	1.8%
Coal sales	**2,002**	**16.3%**	1,793	16.0%
Electricity sales of other renewable energies	**239**	**1.9%**	244	2.2%
Construction income of concession projects	**27**	**0.2%**	218	1.9%
Sales of electricity equipment	**6**	**0.0%**	14	0.1%
Others	**154**	**1.3%**	153	1.4%
Total	**12,315**	**100.0%**	11,228	100.0%

Other net income

Other net income of the Group amounted to RMB289 million in the first half of 2017, representing an increase of 1.4% as compared to RMB285 million in the corresponding period of 2016, primarily attributable to the slight increase in the government grants received during the period.

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

Other net income	For the six months ended 30 June 2017 Amount (RMB million)	Proportion (%)	2016 Amount (RMB million)	Proportion (%)
Other government grants	**276**	**95.5%**	271	95.1%
Others	**13**	**4.5%**	14	4.9%
Total	**289**	**100.0%**	285	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB7,840 million in the first half of 2017, representing an increase of 12.6% as compared to RMB6,962 million in the corresponding period of 2016, primarily due to the increase in the depreciation and amortisation expenses and the decrease in the construction cost of the service concession projects of the wind power segment, the increase in the coal consumption costs and the increase in the cost of coal sales in the coal power segment; and the increase in personnel costs and other operating expenses.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB3,305 million in the first half of 2017, representing an increase of 8.2% as compared to RMB3,055 million in the corresponding period of 2016, primarily due to an increase of RMB204 million, or 7.3%, in depreciation and amortisation expenses of wind power segment over the corresponding period of 2016 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

The coal consumption costs of the Group amounted to RMB1,197 million in the first half of 2017, representing an increase of 77.9% as compared to RMB673 million in the corresponding period of 2016. The main reasons are as follows: 1) an increase of approximately 55.5% 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 2017; and 2) an increase of approximately 13.2% in the coal consumption as a result of the increase in power generation.

Coal sales costs

The coal sales costs of the Group in the first half of 2017 amounted to RMB1,955 million, representing an increase of 12.2% as compared to RMB1,743 million in the corresponding period of 2016. The main reasons are as follows: 1) an increase of approximately 72.8% in the average procurement price of coal in the first half of 2017 as compared to that of the corresponding period of 2016; and 2) a decrease of approximately 35.1% in the sales volume of coal.

Service concession construction costs

The Group's service concession construction costs in the first half of 2017 amounted to RMB27 million, representing a decrease of 87.6% as compared to RMB218 million in the corresponding period of 2016, primarily due to a decrease of construction volume of service concession projects under construction in the first half of 2017 as compared with that of the corresponding period of 2016.

Personnel costs

Personnel costs of the Group amounted to RMB658 million in the first half of 2017, representing an increase of 10.6% as compared to RMB595 million in the corresponding period of 2016. The main reasons are as follows: 1) an increase in headcounts as a result of the Group's expansion; and 2) a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB94 million in the first half of 2017, representing a decrease of 12.1% as compared to RMB107 million in the corresponding period of 2016, which was primarily attributable to the decrease in material consumption due to lower utilization hours of equipment in the biomass segment under the other segments as the segment carried out renovation and transformation of equipment in the first half of 2017.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB241 million in the first half of 2017, representing an increase of 2.1% as compared to RMB236 million in the corresponding period of 2016, mainly due to the slight increase in repair and maintenance expenses as a result of the increase in installed capacity of wind power.

Administrative expenses

Administrative expenses of the Group amounted to RMB147 million in the first half of 2017, representing an increase of 3.5% as compared to RMB142 million in the corresponding period of 2016, which was primarily due to the slight increase in administrative expenses due to the increase in business volume of the Group.

Other operating expenses

Other operating expenses of the Group amounted to RMB216 million in the first half of 2017, representing an increase of 11.9% as compared to RMB193 million in the corresponding period of 2016. The main reasons are as follows: 1) reversal of provision for impairment of assets of RMB94 million according to the transfer price of certain assets in the biomass segment in the first half of 2016, while there was no such reversal in 2017; and 2) costs of sales of electricity equipment in other segments recorded a year-on-year decrease due to lower business volume in the first half of 2017.

Operating profit

In the first half of 2017, the operating profit of the Group amounted to RMB4,763 million, representing an increase of 4.7% as compared to RMB4,551 million in the corresponding period of 2016. The main reasons are as follows: 1) the operating profit of the wind power segment amounted to RMB4,447 million in the first half of 2017, representing an increase of RMB564 million, or 14.5% from RMB3,883 million in the corresponding period of 2016. This was mainly attributable to the increase in the installed capacity and the higher utilization hours in the wind power segment; 2) the operating profit of the coal power segment amounted to RMB341 million in the first half of 2017, representing a decrease of RMB242 million, or 41.5% as compared to RMB583 million in the corresponding period of 2016, which was primarily attributable to the decrease in gross margin of electricity and steam sales business as compared to that of the corresponding period of 2016 as a result of higher coal price; and 3) the reversal of provision for impairment of assets of RMB94 million according to the transfer price of certain assets in the biomass segment in the first half of 2016, while there was no such reversal in 2017.

Net finance expenses

The net finance expenses of the Group amounted to RMB1,496 million in the first half of 2017, representing an increase of 4.5% as compared to RMB1,432 million in the corresponding period of 2016, which was mainly due to: 1) an increase of RMB162 million in the interest expense in the first half of 2017 as compared to that of the corresponding period of 2016 due to the year-on-year increase in the balance of the average borrowings; and 2) the net foreign exchange gains of RMB86 million were generated by the Group in the first half of 2017, while there were foreign exchange losses of RMB36 million for the corresponding period of 2016.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB139 million in the first half of 2017, representing a decrease of 41.8% as compared to RMB239 million in the corresponding period of 2016, which was mainly due to the decrease in share of profits from Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, due to higher coal price.

Income tax

Income tax of the Group amounted to RMB555 million in the first half of 2017, representing an increase of 31.2% as compared to RMB423 million in the corresponding period of 2016, which was mainly due to 1) higher tax rate in the first half of 2017 as compared to that of the corresponding period of 2016 as a result of the end of tax holiday for certain wind power projects; and 2) the decrease in income tax as a result of the decrease in profit of coal power segment.

Net profit

In the first half of 2017, the net profit of the Group amounted to RMB2,851 million, representing a decrease of 2.9% as compared to RMB2,935 million in the corresponding period of 2016, mainly attributable to: 1) the increase of RMB564 million in operating profit of wind power segment in the first half of 2017 as compared to that of the corresponding period of 2016; 2) the decrease of RMB242 million in operating profit of coal power segment in the first half of 2017 as compared to that of the corresponding period of 2016; 3) the decrease of RMB48 million in operating profit of other segments in the first half of 2017 as compared to that of the corresponding period of 2016; 4) the increase of RMB64 million in finance expenses in the first half of 2017 as compared to that of the corresponding period of 2016; 5) the decrease of RMB100 million in the share of profits less losses of associates and joint ventures in the first half of 2017 as compared to that of the corresponding period of 2016; and 6) the increase of RMB132 million in income tax expenses in the first half of 2017 as compared to that of the corresponding period of 2016.

Net profit attributable to equity holders of the Company

In the first half of 2017, net profit attributable to equity holders of the Company amounted to RMB2,495 million, representing an increase of 5.5% as compared to RMB2,364 million in the corresponding period of 2016, mainly attributable to the wind power segment, most equity interests of which were held by equity holders of the Company.

Segment results of operations

Wind power business

Operating revenue

In the first half of 2017, the operating revenue of the wind power business of the Group amounted to RMB7,928 million, representing an increase of 7.0% from RMB7,408 million in the corresponding period of 2016, primarily due to the increase in electricity sales revenue derived from growing power sales volume led by the increase of installed capacity and utilization hours of wind power.

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

	For the six months ended 30 June			
Operating revenue	**2017**		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**7,890**	**99.5%**	7,181	96.9%
Service concession construction revenue	**27**	**0.3%**	218	3.0%
Others	**11**	**0.2%**	9	0.1%
Total	**7,928**	**100.0%**	7,408	100.0%

Operating profit

In the first half of 2017, operating profit of the wind power segment of the Group amounted to RMB4,447 million, representing an increase of 14.5% as compared to RMB3,883 million in the corresponding period of 2016. The growth rate in operating profit of wind power segment was higher than that of the revenue from electricity sales of wind power segment, which was mainly due to the fact that the growth of revenue from electricity sales outpaced that of the costs, as a result of the increase in average utilisation hours of power equipment in the first half of 2017.

Coal power business

Operating revenue

In the first half of 2017, operating revenue of coal power segment of the Group amounted to RMB4,135 million, representing an increase of 16.4% as compared to RMB3,552 million in the corresponding period of 2016, primarily attributable to: 1) the increase in revenue from electricity sales due to an increase of 590 million kWh or 13.6% in electricity sales volume of coal power segment in the first half of 2017 as compared to the corresponding period of 2016; at the same time, the average on-grid tariffs for coal power segment increased RMB14 per MWh (VAT exclusive), or 4.3%, as compared to that in the corresponding period of 2016; and 2) the increase in the revenue from coal trading as a result of higher selling price of coal.

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

	For the six months ended 30 June			
Operating revenue	**2017**		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**1,672**	**40.4%**	1,412	39.8%
Revenue from sales of steam	**314**	**7.6%**	203	5.7%
Revenue from coal trading	**2,002**	**48.4%**	1,793	50.5%
Others	**147**	**3.6%**	144	4.0%
Total	**4,135**	**100.0%**	3,552	100.0%

Operating profit

In the first half of 2017, operating profit of coal power business of the Group amounted to RMB341 million, representing a decrease of 41.5% as compared to RMB583 million in the corresponding period of 2016, which was mainly attributable to the decrease in the gross profit margin of sales of electricity and steam as compared with the corresponding period of 2016 due to higher coal price.

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

Operating profit	For the six months ended 30 June			
	2017		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Sales of electricity and steam and others	**294**	**86.2%**	533	91.4%
Coal trading business	**47**	**13.8%**	50	8.6%
Total	**341**	**100.0%**	583	100.0%

Other segments

Operating revenue

In the first half of 2017, the operating revenue of other segments of the Group amounted to RMB391 million, representing a decrease of 14.3% as compared to RMB456 million in the corresponding period of 2016, which was mainly attributable to the decrease in the income from tendering agency service and sales of power equipment and the decrease in biomass power generation in the first half of 2017.

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

Operating revenue	For the six months ended 30 June			
	2017		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Revenue from electricity sales	**239**	**61.1%**	244	53.5%
Revenue from other sales	**12**	**3.1%**	25	5.5%
Others	**140**	**35.8%**	187	41.0%
Total	**391**	**100.0%**	456	100.0%

Operating profit

In the first half of 2017, the operating profit of other segments of the Group amounted to RMB49 million, representing a decrease of 49.5% as compared to RMB97 million in the corresponding period of 2016, which was mainly attributable to: 1) the reversal of asset impairment provision of RMB94 million according to the transfer price of certain assets in the biomass segment and no such reversal in 2017; 2) an increase of RMB12 million in the operating profit from the photovoltaic power plant project in Shigatse, Tibet in the first half of 2017; and 3) an increase of approximately RMB18 million in the operating profit due to higher business volume in engineering procurement construction service and engineering technology service.

Assets and liabilities

As at 30 June 2017, total assets of the Group amounted to RMB146,091 million, representing an increase of RMB7,430 million as compared with total assets of RMB138,661 million as at 31 December 2016. This was primarily due to: 1) an increase of RMB5,598 million in current assets including receivables; and 2) an increase of RMB1,832 million in non-current assets including property, plant and equipment.

As at 30 June 2017, total liabilities of the Group amounted to RMB96,409 million, representing an increase of RMB5,535 million as compared to total liabilities of RMB90,874 million as at 31 December 2016. This was primarily due to an increase of RMB2,661 million in current liabilities including short-term borrowings and an increase of RMB2,874 million in non-current liabilities including long-term borrowings.

As at 30 June 2017, equity attributable to equity holders of the Company amounted to RMB42,705 million, representing an increase of RMB1,815 million as compared with RMB40,890 million as at 31 December 2016.

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

Assets	**30 June 2017** ***Amount*** ***(RMB million)***	31 December 2016 *Amount* *(RMB million)*
Property, plant and equipment	**107,674**	105,598
Investment properties and lease prepayments	**2,148**	2,141
Intangible assets and goodwill	**8,605**	8,860
Other non-current assets	**8,733**	8,729
Current assets	**18,931**	13,333
Total	**146,091**	138,661

Liabilities	**30 June 2017** ***Amount*** ***(RMB million)***	31 December 2016 *Amount* *(RMB million)*
Long-term borrowings	**34,606**	31,327
Deferred income and deferred tax liabilities	**1,774**	1,823
Other non-current liabilities	**1,561**	1,917
Current liabilities	**58,468**	55,807
Total	**96,409**	90,874

Capital liquidity

As at 30 June 2017, current assets of the Group amounted to RMB18,931 million, among which, RMB3,584 million was cash at bank and on hand, RMB10,549 million was trade debtors and bills receivable primarily consisted of receivables from sales of electricity; RMB3,183 million was prepayments and other current assets primarily consisted of deductible VAT input and advances.

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

Current assets	**30 June 2017**		31 December 2016	
	Amount	***Proportion***	*Amount*	*Proportion*
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Trade debtors and bills receivable	**10,549**	**55.7%**	5,901	44.3%
Prepayments and other current assets	**3,183**	**16.8%**	3,644	27.3%
Cash at bank and on hand	**3,584**	**19.0%**	1,933	14.5%
Others	**1,615**	**8.5%**	1,855	13.9%
Total	**18,931**	**100.0%**	13,333	100.0%

As at 30 June 2017, current liabilities of the Group amounted to RMB58,468 million, including RMB2,019 million of trade creditors and bills payable (primarily consisting of payables for purchase of coal and other fuels and spare parts), RMB10,854 million of obligations under finance leases and other current liabilities (primarily consisting of payables for construction of wind power projects and related retention payables) and RMB45,412 million of short-term borrowings.

Current liabilities and their respective proportions are set out in the table below:

Current liabilities	**30 June 2017**		31 December 2016	
	Amount	***Proportion***	*Amount*	*Proportion*
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Borrowings	**45,412**	**77.7%**	44,472	79.7%
Trade creditors and bills payable	**2,019**	**3.4%**	2,550	4.6%
Obligations under finance leases and other current liabilities	**10,854**	**18.6%**	8,609	15.4%
Tax payable	**183**	**0.3%**	176	0.3%
Total	**58,468**	**100.0%**	55,807	100.0%

As at 30 June 2017, net current liabilities of the Group amounted to RMB39,537 million, representing a decrease of RMB2,937 million as compared with RMB42,474 million as at 31 December 2016. The liquidity ratio was 0.32 as at 30 June 2017, representing an increase of 0.08 as compared with the liquidity ratio of 0.24 as at 31 December 2016, which was mainly due to higher growth of cash at bank and trade creditors than that of short-term borrowings.

Restricted deposits amounted to RMB11 million, mainly including deposits for bills and issuance of the letter of credit.

Borrowings and bills payable

As at 30 June 2017, the Group's balance of outstanding borrowings and bills payable amounted to RMB81,624 million, representing an increase of RMB3,467 million as compared with the balance of borrowings and bills payable of RMB78,157 million as at 31 December 2016.

As at 30 June 2017, the Group's outstanding borrowings and bills included short-term borrowings and bills payable of RMB47,018 million (including long-term borrowings due within one year of RMB2,442 million, bills payable of RMB1,606 million and debentures payable of RMB11,361 million) and long-term borrowings amounting to RMB34,606 million (including debentures payable of RMB16,100 million). The above-mentioned borrowings include borrowings denominated in Renminbi of RMB48,179 million, debentures denominated in Renminbi of RMB23,140 million, borrowings denominated in U.S. dollars of RMB3,293 million, debentures denominated in U.S. dollars of RMB3,361 million, borrowings denominated in other foreign currencies of RMB1,085 million and debentures denominated in other foreign currencies of RMB960 million. As at 30 June 2017, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB220 million and corporate bonds with fixed interest rates of RMB16,100 million. As at 30 June 2017, the balance of bills payable issued by the Group amounted to RMB1,606 million.

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

Borrowings and bills payable	**30 June 2017**		31 December 2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Bank loans	**52,037**	**63.8%**	39,360	50.4%
Loans from other financial institutions	**41**	**0.1%**	41	0.1%
Loans from Guodian Group and fellow subsidiaries	**479**	**0.6%**	430	0.6%
Corporate bonds	**27,461**	**33.5%**	35,968	45.9%
Bills payable	**1,606**	**2.0%**	2,358	3.0%
Total	**81,624**	**100.0%**	78,157	100.0%

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

Borrowings and bills payable	**30 June 2017**		31 December 2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Within 1 year	**47,018**	**57.6%**	46,830	59.9%
1–2 years	**2,540**	**3.1%**	2,346	3.0%
2–5 years	**20,299**	**24.9%**	19,476	24.9%
Over 5 years	**11,767**	**14.4%**	9,505	12.2%
Total	**81,624**	**100.0%**	78,157	100.0%

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

Borrowings and bills payable	**30 June 2017**		31 December 2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Bills payable	**1,606**	**2.0%**	2,358	3.0%
Fixed rate borrowings	**34,766**	**42.6%**	36,286	46.4%
Floating rate borrowings	**45,252**	**55.4%**	39,513	50.6%
Total	**81,624**	**100.0%**	78,157	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB5,286 million in the first half of 2017, representing a decrease of 11.2% as compared with RMB5,952 million in the corresponding period of 2016, among which, the expenditures for the construction of wind power projects amounted to RMB5,193 million, and the expenditures for the construction of other renewable energy projects amounted to RMB1 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

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

Capital expenditures	**For the six months ended 30 June**			
	2017		2016	
	Amount (RMB million)	***Proportion (%)***	*Amount (RMB million)*	*Proportion (%)*
Wind power projects	**5,193**	**98.24%**	5,630	94.6%
Other renewable energy projects	**1**	**0.02%**	204	3.4%
Others	**92**	**1.74%**	118	2.0%
Total	**5,286**	**100.0%**	5,952	100.0%

Net gearing ratio

As at 30 June 2017, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and obligations under finance leases less cash and cash equivalents) by the sum of net debt and total equity, was 60.76%, representing a decrease of 0.13 percentage point from 60.89% as at 31 December 2016. This was primarily attributable to the increase in debt scale less than the increase in total equity of the Group in the first half of 2017 because of the increase in the Group's retained earnings during the period.

Major investments

The Group made no major investment in the first half of 2017.

Material acquisitions and disposals

The Group had no material acquisitions or disposals in the first half of 2017.

Pledged assets

As at 30 June 2017, the Group did not pledge any equipment to secure bank loan.

Contingent liabilities/Guarantees

As at 30 June 2017, the Group provided a guarantee of RMB24 million for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 30 June 2017, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

As at 30 June 2017, cash and cash equivalents held by the Group amounted to RMB3,573 million, representing an increase of RMB1,672 million as compared with RMB1,901 million as at 31 December 2016. The increase was mainly due to the year-on-year increase in cash flow generated from financing activities and the decrease in expenditure on investing activities in the first half of 2017. The principal sources of funds of the Group mainly include cash inflow generated from operating activities, the issuance of corporate bonds and bank loans. The Group mainly used the funds for the construction of projects, repayment of borrowings and dividends distribution.

The net cash inflow of the Group's operating activities amounted to RMB3,491 million in the first half of 2017, 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 2017 decreased by RMB2,716 million from RMB6,207 million in the first half of 2016, primarily attributable to the increase in account receivable arising from the revenue from electricity sales together with the increase in cash expense for purchase of coal.

The net cash outflow from investing activities of the Group for the first half of 2017 was RMB4,277 million. The cash outflow for investment activities was mainly used for the construction of wind power projects.

The net cash inflow from financing activities of the Group for the first half of 2017 was RMB2,452 million. The cash inflow for financing activities was mainly generated from the issuance of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group' 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, effectively carries out protection measures for currency exchange rate and locks the US dollar-denominated bonds by virtue of cross-currency swap (CCS) of the bonds. Meanwhile, it designs appropriate means to use foreign currencies and adopts various approaches to improve risk management of the currency exchange rate.

III. PROSPECT FOR THE SECOND HALF OF 2017

In the second half of 2017, the Group will earnestly implement the spirits of the 2017 mid-term working meeting, firmly uphold the general business guidelines of "making progress and optimisation in a steady way", thoroughly carry out the "One, Five and Five" strategy, definitely adhering to the leadership of the Chinese Communist Party and strengthening Party construction. Continued efforts will be made for corporate governance in strict accordance with the law and solid advancement of quality and efficiency enhancement to promote the construction of an international top-notch new energy company in an all-rounded way.

In order to ensure the completion of the annual targets, emphasis will be laid on the following aspects in the second half of 2017:

1. **To consolidate the foundation of production with safety as the priority**

   The Group, with safety as the priority, will hold leadership to take the responsibility over safety and strictly adhere to the on-site rules and regulations. While propelling the standardised construction of safety supervision system, the Group will regularly evaluate the system and link it with assessment with a view to construct violation-free wind farms. In respect of the standardization construction of safe and civilised production, examination and evaluation will be vigorously carried out to ensure that all 12 targeted enterprises will pass the inspection by Guodian Group and form role models accordingly and will be widely popularized. For seasonal safety, the Group will carry out work thoroughly and relevant work requirements of the Group will be earnestly fulfilled. To prevent accidents, re-inspection and re-deployment will be conducted to avoid risks posed by the increase in unfavorable weather factors including typhoon, flood and debris flow.

2. **To enhance quality and efficiency in an all-rounded way to improve and upgrade stock assets**

   The Group will further promote the construction of star enterprises, strengthen index evaluation and optimisation, and plan in advance to improve its shortcomings. In the process of intensification of the construction of failure-free wind farms, the Group will sum up experience from the pilot construction of failure-free wind farms and fully adopt the evaluation criterion composed of four core indices, including "unit failure rate, average failure time of big parts, failure downtime loss time and difference rate of utilization hours". Oriented at maximizing benefits, the Group will improve the construction of its marketing system, strengthen industry self-discipline and synergy, and formulate differentiated trading strategies following the principle of "maintaining stable price and seeking for increase in transaction volume". The Group will increasingly intensify operation management and control and set up management and control objectives for critical indices in a scientific way. The precise management and control of "one budget for one project" will be implemented to practically exert the rigid leading role of budget. Meanwhile, more efforts will be made on collection of electricity charges and subsidies. Apart from enhancement of operating profits of coal power and other new energies, the Group will enhance marketing, optimise the power structure and execute the tariff policy to maximise profits.

3. **To lay equal stress on quality and profits and steadily develop incremental assets**

   The Group will promote project development in a highly efficient way and further improve the quality of preliminary work while paying more attention in building up high quality wind power resource reserves for steady implementation of the "Going Global" strategy. In order to create high quality projects, the Group will optimise construction organization management, strengthen management and control of safety risks and heighten external coordination.

4. **To improve management innovation capacity for the realization of first-rate objectives**

   The Group will further proceed with corporate governance and reinforce the construction of comprehensive risk management system in accordance with the law. To reserve talents for the Company's subsequent development, the Group intends to build a first-rate management and staff team by giving priority to outstanding grassroots young executives in selection, improve the "Big Trainings" ("大培訓") system and consolidate the construction of "Chief System" ("首席制"). Furthermore, the Group will increase driving force for scientific and technological innovation and undergird whole process management for scientific and technological projects, endeavoring to tackle technological problems on site.

5. **To insist on strict Party self-discipline to build an honest and clean environment for business operations**

   The Group will improve the responsibility system of Party construction, stimulate the vitality of grassroots Party construction and capitalise on the Party construction management information system to select and set up models and publicize experience, to cause Party members to take the lead in performance of various rules and regulations and supervise the implementation thereof. The establishment of Party conduct and integrity system will be fortified and the discipline inspection and supervision management information platform will be availed to achieve "online combination" of discipline inspection and supervision and business. The Group will endeavor to facilitate construction of corporate culture and put more energy on news propaganda and public opinion guidance with a view to continuous enhancement of the Company's reputation and social influence.

OTHER INFORMATION

Share Capital

As of 30 June 2017, 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 for the six months ended 30 June 2017.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2017.

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 2017.

Compliance with the Requirements of Appendix 14 of the Listing Rules

On 20 June 2017, the Company held the 2016 annual general meeting. Non-executive Directors, namely Mr. Qiao Baoping (Chairman of the Board), Mr. Luan Baoxing and Mr. Yang Xiangbin; executive Director, namely Mr. Huang Qun; and independent non-executive Director, namely Mr. Zhang Songyi, who were incumbent on the date when the annual general meeting was held, were absent from the abovementioned annual general meeting due to business engagement. Save as disclosed above, from 1 January 2017 to 30 June 2017, the Company had fully complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Upon specific enquiries to the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code from 1 January 2017 to 30 June 2017. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

AUDIT COMMITTEE

The Company has established the audit committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company, oversee the appointment, reappointment 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 report 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 programmes 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 of the Board 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 22 August 2017, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2017, the 2017 interim report and the unaudited interim financial statements for the six months ended 30 June 2017 prepared under IAS 34, *Interim Financial Reporting*.

PUBLICATION OF INTERIM RESULTS AND REPORT

This results announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited at **http://www.hkexnews.hk** and the Company's website at **http://www.clypg.com.cn**.

The Company's 2017 interim report, containing all the information required under the Listing Rules, will be dispatched to the Shareholders and will be published on the above websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Qiao Baoping
Chairman of the Board

Beijing, the PRC, 22 August 2017

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

* *For identification purpose only*