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

2019 INTERIM REPORT

* For Identification Purpose Only

CONTENTS

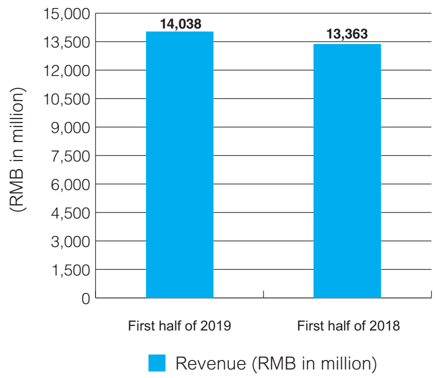
INTERIM RESULTS AND FINANCIAL DATA

The Board of China Longyuan Power Group Corporation Limited* hereby announced the unaudited operating results for the six months ended 30 June 2019 and a comparison with the operating results for the six months ended 30 June 2018 (the "corresponding period of 2018"). For the six months ended 30 June 2019, the Group recorded consolidated operating revenue of RMB14,038 million, representing an increase of 5.1% over RMB13,363 million for the corresponding period of 2018. Profit before taxation amounted to RMB4,384 million, representing an increase of 0.3% over RMB4,372 million for the corresponding period of 2018. Net profit attributable to equity holders of the Company amounted to RMB3,208 million, representing an increase of 0.5% from RMB3,193 million for the corresponding period of 2018. Earnings per share amounted to RMB0.3841, representing an increase of RMB0.0018 from RMB0.3823 for the corresponding period of 2018. As at 30 June 2019, net assets per share (excluding non-controlling interests) amounted to RMB6.42.

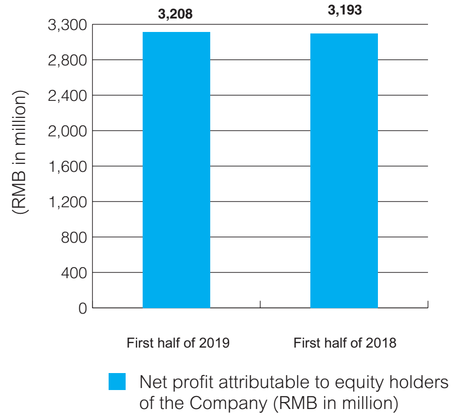
* *For identification purpose only*

INTERIM RESULTS AND FINANCIAL DATA

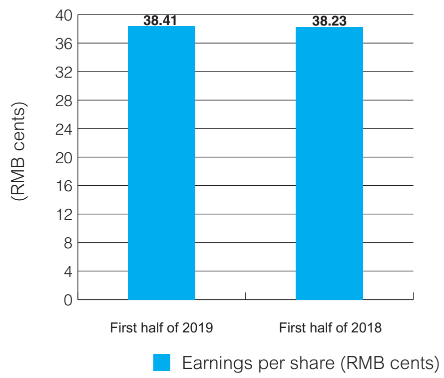
1. Revenue



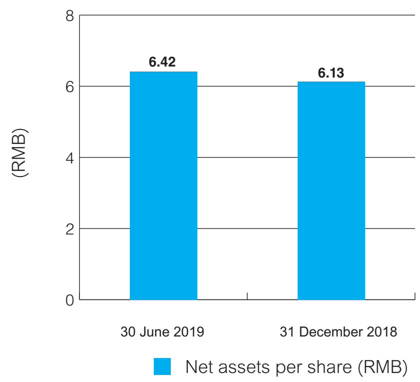
2. Net profit attributable to equity holders of the Company



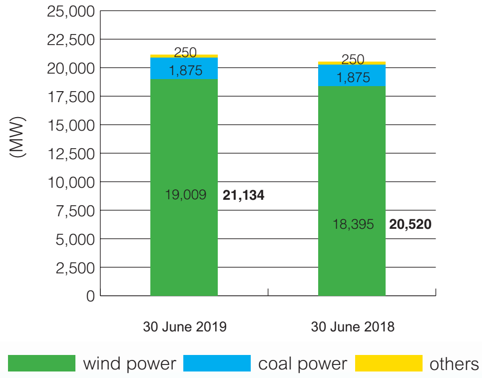
3. Earnings per share



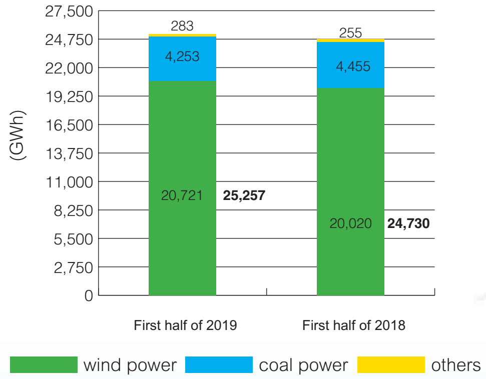
4. Net assets per share



5. Consolidated installed capacity



6. Electricity Sales



INTERIM RESULTS AND FINANCIAL DATA

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**14,037,658**	13,362,888
Profit before taxation	**4,384,148**	4,372,194
Income tax	**(752,618)**	(769,202)
Profit for the period	**3,631,530**	3,602,992
Attributable to:		
Equity holders of the Company	**3,207,841**	3,193,499
Non-controlling interests	**423,689**	409,493
Total comprehensive income for the period	**3,765,480**	3,316,535
Attributable to:		
Equity holders of the Company	**3,353,171**	2,931,110
Non-controlling interests	**412,309**	385,425
Basic and diluted earnings per share *(RMB cents)*	**38.41**	38.23

INTERIM RESULTS AND FINANCIAL DATA

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Total non-current assets	**128,505,698**	128,718,285
Total current assets	**24,392,767**	17,786,051
Total assets	**152,898,465**	146,504,336
Total current liabilities	**39,883,240**	39,780,268
Total non-current liabilities	**53,975,974**	50,158,275
Total liabilities	**93,859,214**	89,938,543
Net assets	**59,039,251**	56,565,793
Gearing ratio *(note)*	**0.83**	0.84
Total equity attributable to the equity holders of the Company	**51,587,183**	49,236,430
Non-controlling interests	**7,452,068**	7,329,363
Total equity	**59,039,251**	56,565,793
Net assets per share *(RMB)*	**6.42**	6.13

Note: Gearing ratio = total liabilities/(total assets – current liabilities)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In January 2019, the NDRC and the NEA jointly issued the Notice on Regulating the Management for Planning Prioritised Power Generation and Purchase (《關於規範優先發電優先購電計劃管理的通知》), which indicates that prioritised power generation serves as an efficient way for the guaranteed purchase of wind power, solar energy and other clean energy, ensuring the safe operation of clean energy sources such as nuclear power and large hydropower plants at full base load, and facilitating the stable operation of regulated power supplies such as peak-shaving and frequency regulation, and formulated regulations on relevant matters in terms of the management for planning prioritised power generation and purchase. In April 2019, the NEA issued the Notice on Improving the Power Trading Mechanism Related to Wind Power Heating and Expanding the Application of Wind Power Heating (《關於完善風電供暖相關電力交易機制擴大風電供暖應用的通知》), which points out that the market trading mechanism of wind power heating should be further improved and the application scope and scale of wind power heating should be expanded. In May 2019, the NDRC and the NEA jointly issued the Notice on Establishing and Improving the Guarantee Mechanism of Renewable Energy Power Consumption (《關於建立健全可再生能源電力消納保障機制的通知》), which proposes to set up responsibility weights of renewable energy power consumption for power consumption. Pursuant to the notice, the responsibility weights of consumption will be determined and assigned to provincial-level administrative regions, and the provincial-level energy authorities shall take the lead in implementing efforts to attain their respective responsibility weights; electricity sellers and electricity users jointly share the responsibilities of consumption; and power grid companies will be responsible for organizing efforts to attain the responsibility weights in the areas they operate. The introduction of the consumption guarantee mechanism will further address the challenge concerning wind power consumption, which will accelerate the increase of the proportion of renewable energy consumption and further promote the energy generation and consumption revolution.

I. BUSINESS REVIEW

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

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

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

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

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

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

Geographical breakdown of the consolidated gross power generation of the Group's wind farms for the first half of 2018 and the first half of 2019 is set out as below:

Region	**First half of 2019** ***(MWh)***	First half of 2018 *(MWh)*	**Percentage of change**
Heilongjiang	**1,557,123**	1,389,088	12.10%
Jilin	**609,017**	469,610	29.69%
Liaoning	**1,314,843**	1,359,244	-3.27%
Inner Mongolia	**3,172,517**	2,765,248	14.73%
Jiangsu (Onshore)	**1,096,951**	1,411,555	-22.29%
Jiangsu (Offshore)	**1,205,287**	980,129	22.97%
Zhejiang	**163,438**	182,888	-10.63%
Fujian	**948,303**	978,926	-3.13%
Hainan	**45,620**	60,412	-24.49%
Gansu	**1,295,145**	1,322,240	-2.05%
Xinjiang	**1,793,243**	1,603,680	11.82%
Hebei	**1,304,679**	1,429,304	-8.72%
Yunnan	**1,519,762**	1,220,298	24.54%
Anhui	**674,601**	876,649	-23.05%
Shandong	**438,607**	493,945	-11.20%
Tianjin	**220,668**	215,292	2.50%
Shanxi	**869,870**	1,012,854	-14.12%
Ningxia	**708,997**	832,880	-14.87%
Guizhou	**822,482**	682,749	20.47%
Shaanxi	**388,945**	389,389	-0.11%
Tibet	**10,837**	8,525	27.12%
Chongqing	**226,054**	149,995	50.71%
Shanghai	**54,462**	70,189	-22.41%
Guangdong	**119,395**	72,932	63.71%
Hunan	**114,315**	72,237	58.25%
Guangxi	**155,691**	132,613	17.40%
Jiangxi	**46,789**	48,980	-4.47%
Hubei	**54,371**	62,042	-12.36%
Canada	**150,585**	145,945	3.18%
South Africa	**362,530**	349,636	3.69%
Total	**21,445,127**	20,789,474	3.15%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2018 and the first half of 2019 is set out as below:

Region	**Average utilisation hours of wind power for the first half of 2019** ***(hours)***	**Average load factor of wind power for the first half of 2019**	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	**Percentage of change of the average utilisation hours of wind power**
Heilongjiang	**1,263**	**29%**	1,125	26%	12.27%
Jilin	**1,118**	**26%**	947	22%	18.06%
Liaoning	**1,312**	**30%**	1,355	31%	-3.17%
Inner Mongolia	**1,199**	**28%**	1,069	25%	12.16%
Jiangsu (Onshore)	**872**	**20%**	1,148	26%	-24.04%
Jiangsu (Offshore)	**1,357**	**31%**	1,656	38%	-18.06%
Zhejiang	**712**	**16%**	802	18%	-11.22%
Fujian	**1,315**	**30%**	1,451	33%	-9.37%
Hainan	**461**	**11%**	610	14%	-24.43%
Gansu	**1,004**	**23%**	1,025	24%	-2.05%
Xinjiang	**1,163**	**27%**	1,040	24%	11.83%
Hebei	**1,113**	**26%**	1,222	28%	-8.92%
Yunnan	**1,975**	**45%**	1,586	37%	24.53%
Anhui	**920**	**21%**	1,196	28%	-23.08%
Shandong	**1,183**	**27%**	1,332	31%	-11.19%
Tianjin	**1,137**	**26%**	1,212	28%	-6.19%
Shanxi	**990**	**23%**	1,221	28%	-18.92%
Ningxia	**977**	**22%**	1,149	26%	-14.97%
Guizhou	**1,281**	**29%**	1,064	25%	20.39%
Shaanxi	**998**	**23%**	1,076	25%	-7.25%
Tibet	**1,445**	**33%**	1,137	26%	27.09%
Chongqing	**1,076**	**25%**	1,000	23%	7.60%
Shanghai	**1,147**	**26%**	1,478	34%	-22.40%
Guangdong	**1,274**	**29%**	1,115	26%	14.26%
Hunan	**1,299**	**30%**	1,505	35%	-13.69%
Guangxi	**1,630**	**38%**	1,389	32%	17.35%
Jiangxi	**1,170**	**27%**	1,224	28%	-4.41%
Hubei	**1,133**	**26%**	1,293	30%	-12.37%
Canada	**1,520**	**35%**	1,473	34%	3.19%
South Africa	**1,483**	**34%**	1,430	33%	3.71%
Total	**1,172**	**27%**	1,181	27%	-0.76%

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

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

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

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

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

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

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

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

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 30 June 2018 and 30 June 2019 is set out as below:

Region	As of 30 June 2019 (MW)	As of 30 June 2018 (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)	**1,338.5**	1,248.5	7.21%
Jiangsu (offshore)	**1,180.3**	980.3	20.40%
Zhejiang	**227.9**	227.9	0.00%
Fujian	**865.1**	717.1	20.64%
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**	194.0	0.00%
Shanxi	**879.0**	829.5	5.97%
Ningxia	**724.7**	724.7	0.00%
Guizhou	**691.5**	641.5	7.79%
Shaanxi	**439.2**	439.2	0.00%
Tibet	**7.5**	7.5	0.00%
Chongqing	**209.5**	209.5	0.00%
Shanghai	**47.5**	47.5	0.00%
Guangdong	**101.74**	75.74	34.33%
Hunan	**98.0**	48.0	104.17%
Guangxi	**95.5**	95.5	0.00%
Jiangxi	**100.0**	100.0	0.00%
Hubei	**48.0**	48.0	0.00%
Canada	**99.1**	99.1	0.00%
South Africa	**244.5**	244.5	0.00%
Total	**19,008.84**	18,395.34	3.34%

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

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

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

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

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

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

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

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

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

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

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

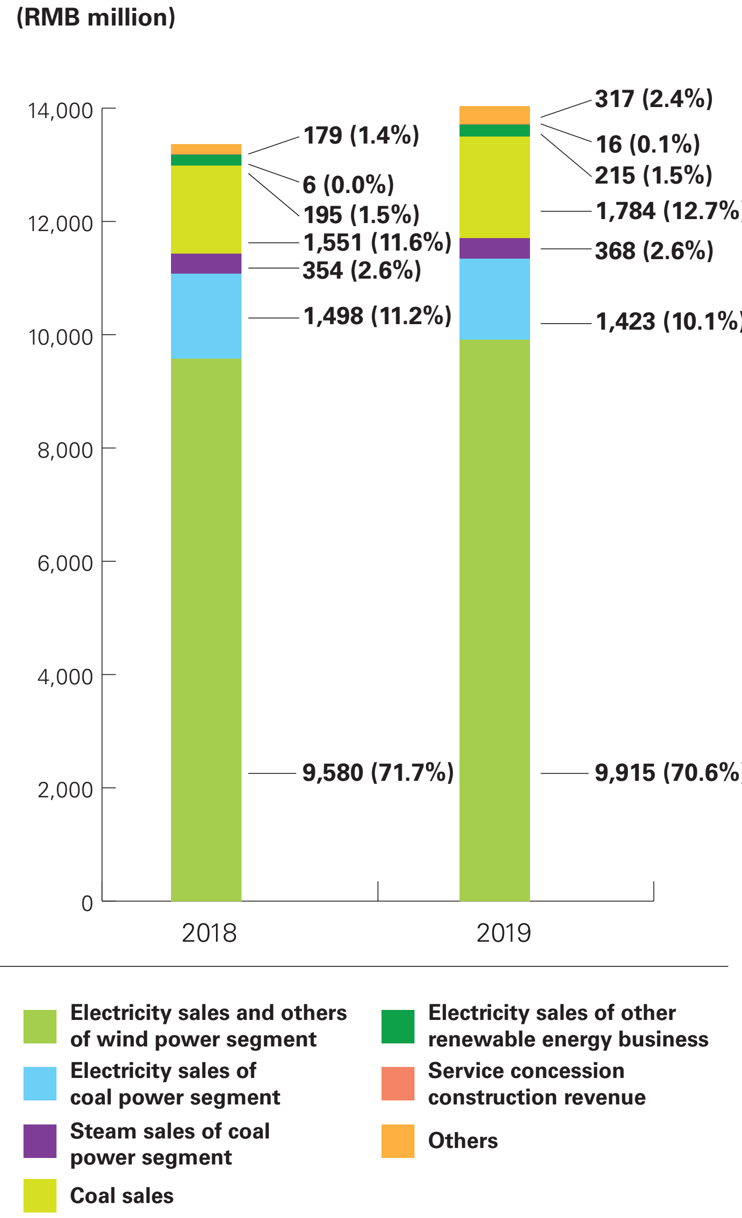
Profit or loss and other comprehensive income

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

Operating revenue

Operating revenue of the Group amounted to RMB14,038 million in the first half of 2019, representing an increase of 5.1% as compared to RMB13,363 million in the corresponding period of 2018. The increase in operating revenue was primarily due to: (1) an increase of RMB335 million, or 3.5%, in electricity sales and other revenue of wind power segment to RMB9,915 million in the first half of 2019 as compared to RMB9,580 million in the corresponding period of 2018, which was primarily due to an increase in electricity sales of wind power segment in line with an increase in installed wind power capacity; (2) an increase of RMB233 million, or 15.0%, in revenue from coal sales of coal power segment to RMB1,784 million in the first half of 2019 as compared to RMB1,551 million in the corresponding period of 2018, which was primarily due to the increase in sales volume of coal; and (3) an increase of RMB20 million, or 10.3%, in revenue from electricity sales of other renewable energy segments to RMB215 million in the first half of 2019 as compared to RMB195 million in the corresponding period of 2018, which was primarily due to the increase in photovoltaic and biomass power generation.

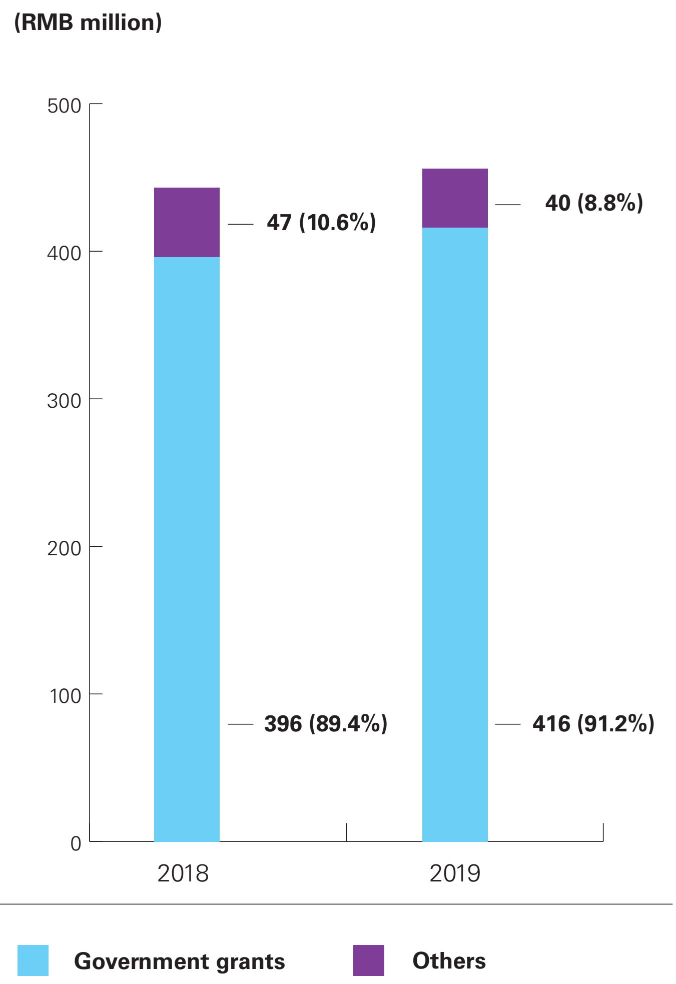
Operating revenue of each segment and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Other net income

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

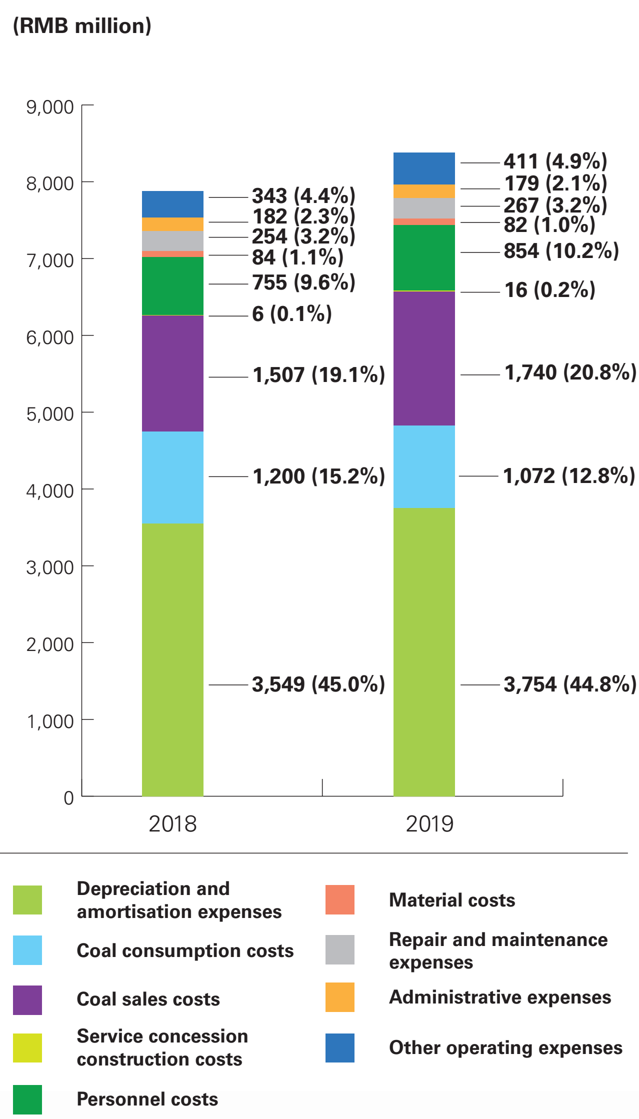
The breakdown of other net income items and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Operating expenses

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

Operating expenses items and their respective proportions are set out in the diagram below (for the six months ended 30 June):



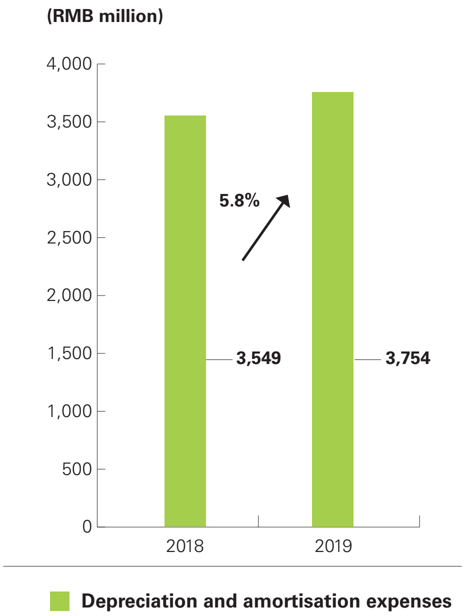
Depreciation and amortisation expenses

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

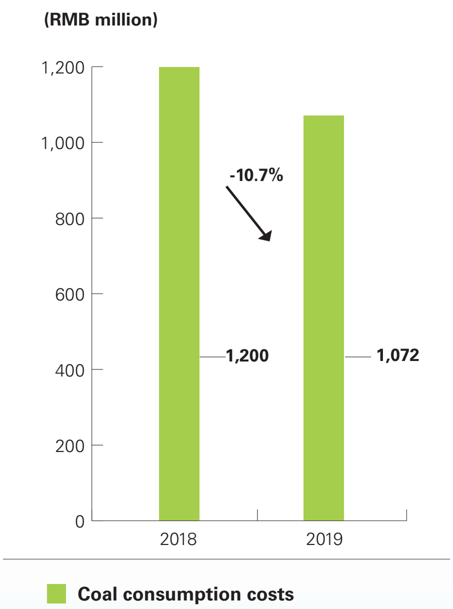
Coal consumption costs

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

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



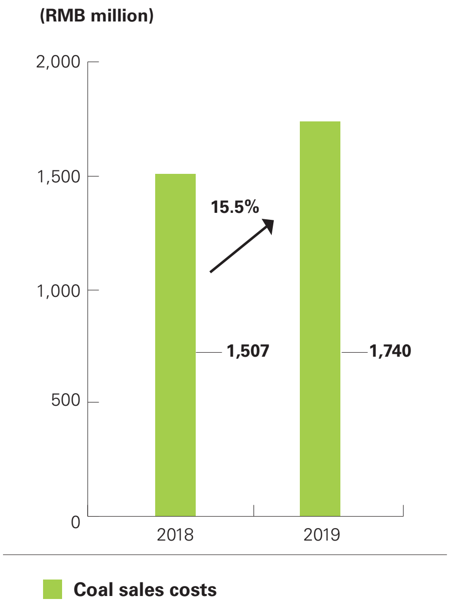
Coal consumption costs are set out in the diagram below (for the six months ended 30 June):



Coal sales costs

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

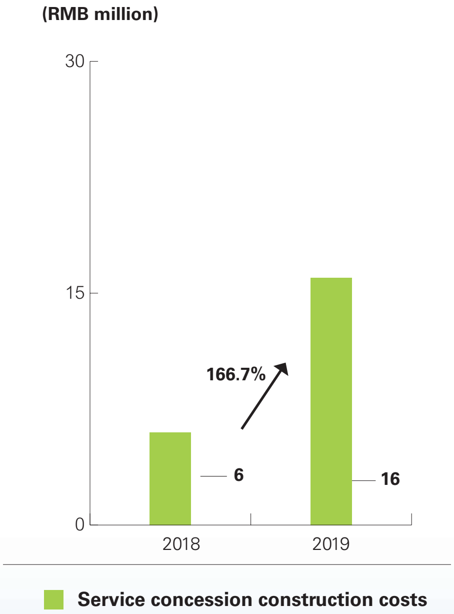
Coal sales costs are set out in the diagram below (for the six months ended 30 June):



Service concession construction costs

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

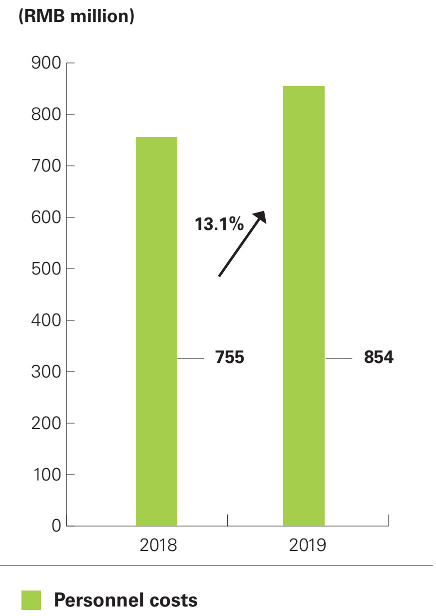
Service concession construction costs are set out in the diagram below (for the six months ended 30 June):



Personnel costs

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

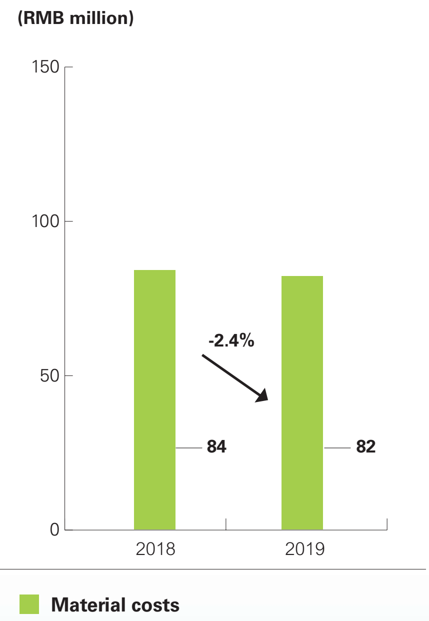
The personnel costs are set out in the diagram below (for the six months ended 30 June):



Material costs

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

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



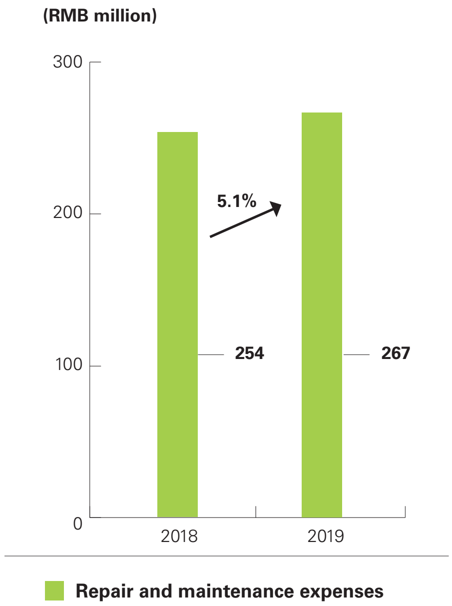
Repair and maintenance expenses

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

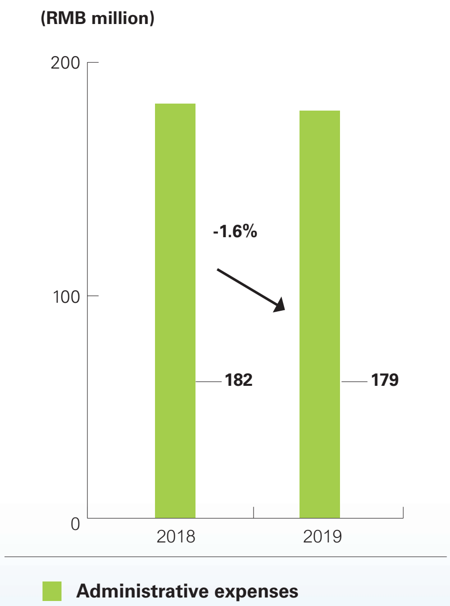
Administrative expenses

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

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



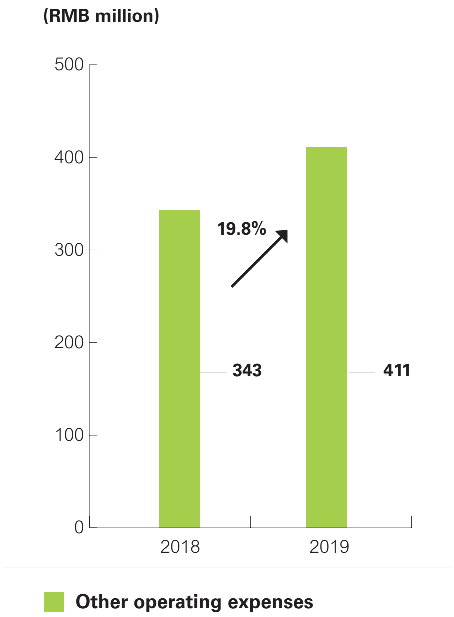
Administrative expenses are set out in the diagram below (for the six months ended 30 June):



Other operating expenses

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

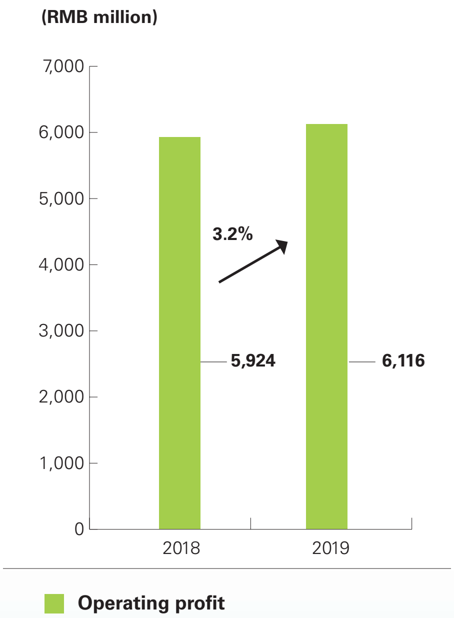
Other operating expenses are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

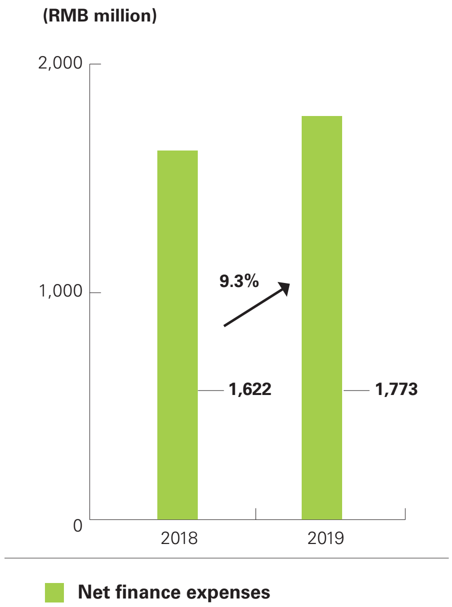
Operating profit is set out in the diagram below (for the six months ended 30 June):



Net finance expenses

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

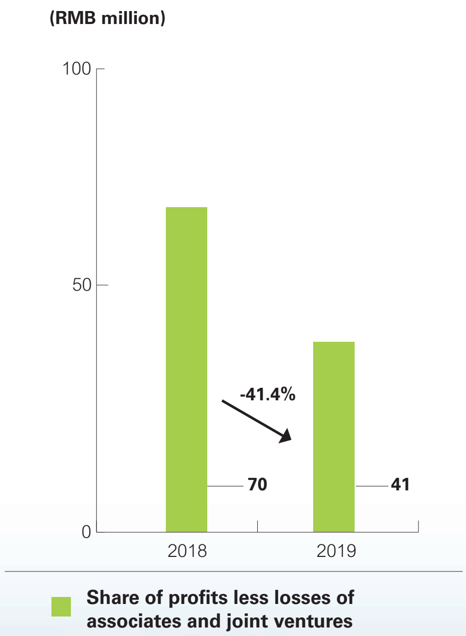
Net finance expenses are set out in the diagram below (for the six months ended 30 June):



Share of profits less losses of associates and joint ventures

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

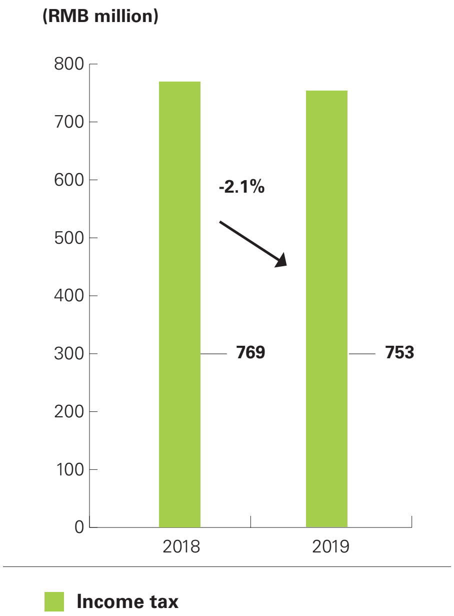
Share of profits less losses of associates and joint ventures is set out in the diagram below (for the six months ended 30 June):



Income tax

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

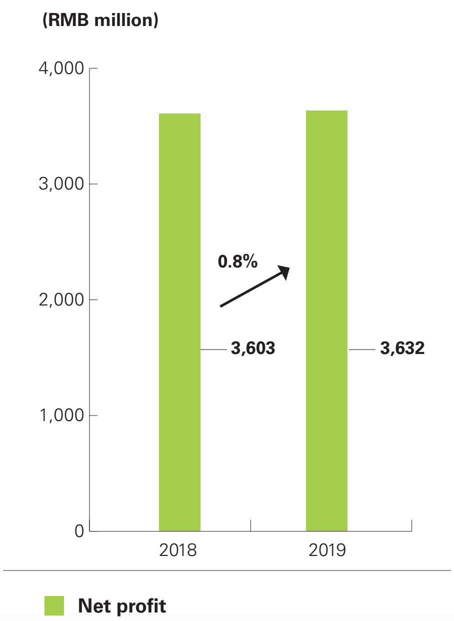
Income tax is set out in the diagram below (for the six months ended 30 June):



Net profit

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

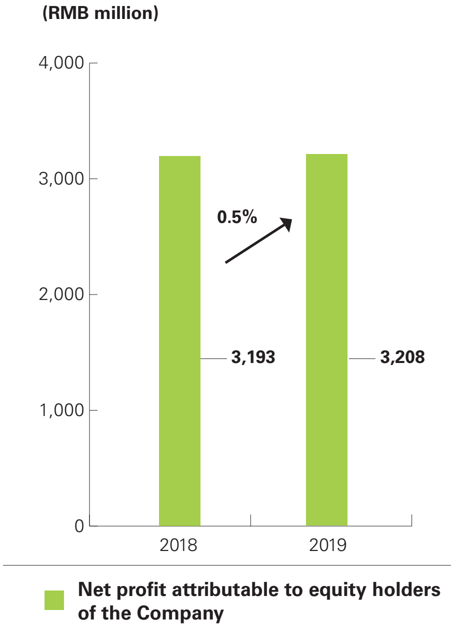
Net profit is set out in the diagram below (for the six months ended 30 June):



Net profit attributable to equity holders of the Company

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

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



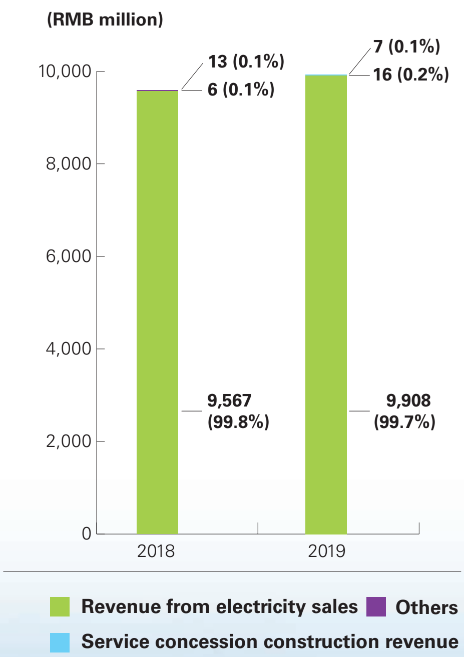
Segment results of operations

Wind power segment

Operating revenue

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

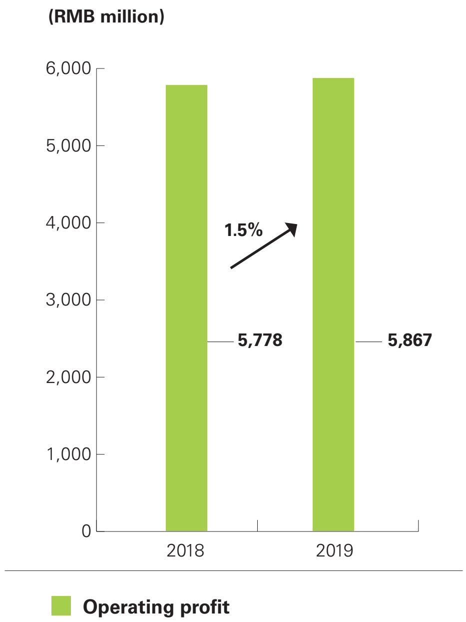
Operating revenue in the wind power segment and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

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

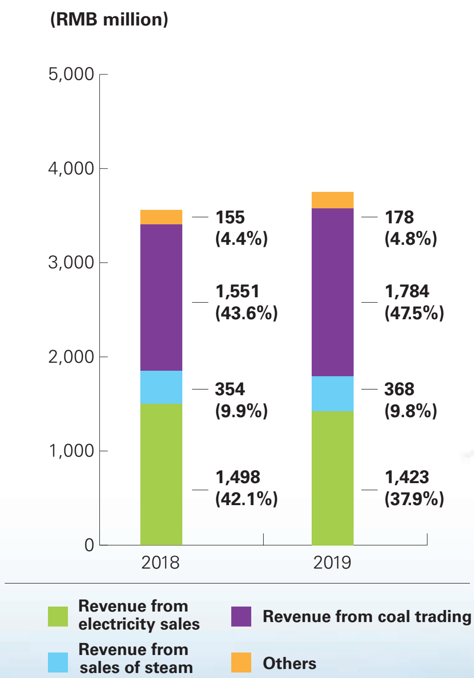


Coal power segment

Operating revenue

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

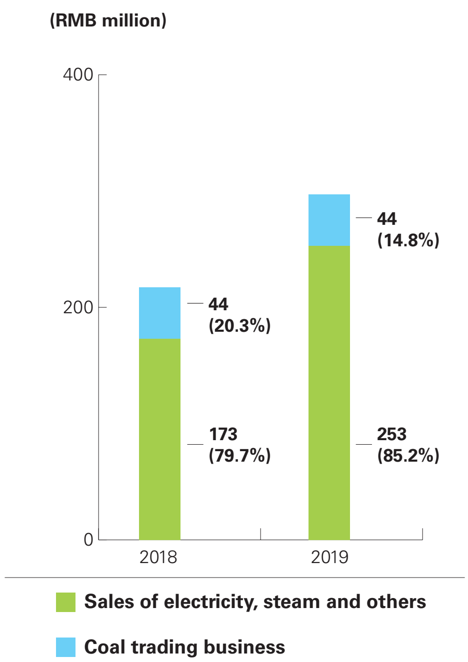
Operating revenue of the coal power segment and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

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

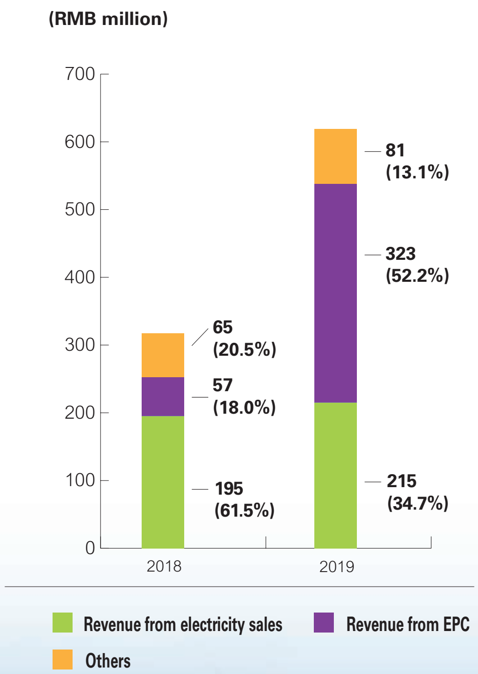


Other segments

Operating revenue

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

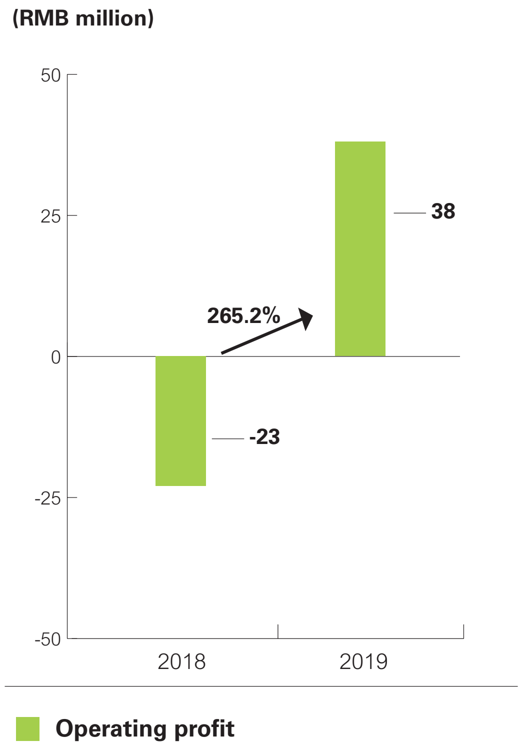
Operating revenue of other segments and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

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



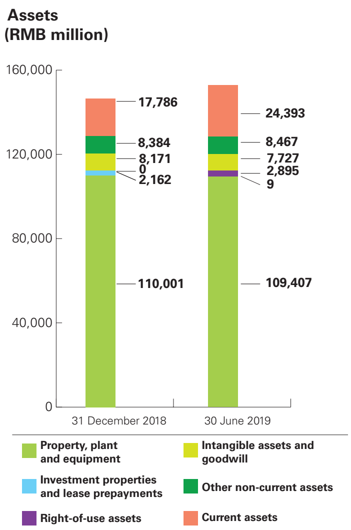
Assets and liabilities

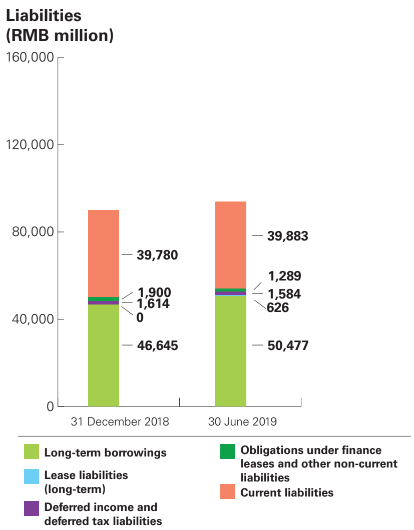
As at 30 June 2019, total assets of the Group amounted to RMB152,898 million, representing an increase of RMB6,394 million as compared with total assets of RMB146,504 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB6,607 million in current assets including trade and bills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

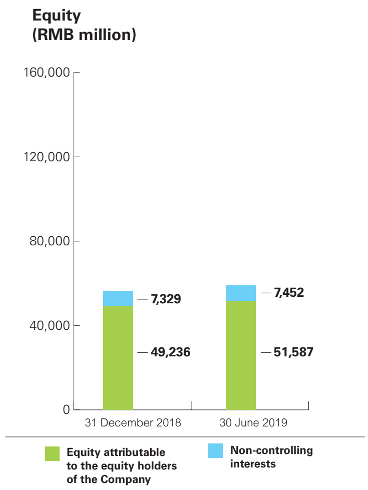
As at 30 June 2019, total liabilities of the Group amounted to RMB93,859 million, representing an increase of RMB3,920 million as compared to total liabilities of RMB89,939 million as at 31 December 2018. This was primarily due to (1) an increase of RMB3,817 million in non-current liabilities including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

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

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



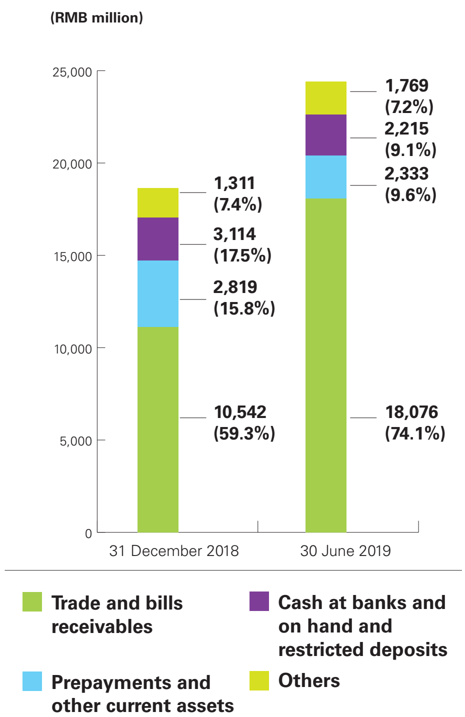




Capital liquidity

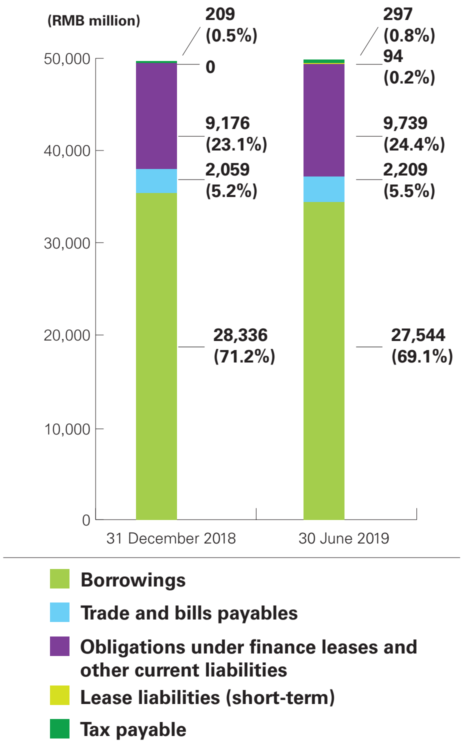
As at 30 June 2019, current assets of the Group amounted to RMB24,393 million, representing an increase of RMB6,607 million as compared with RMB17,786 million as at 31 December 2018, which was mainly attributable to the increase in trade and bills receivables.

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



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

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



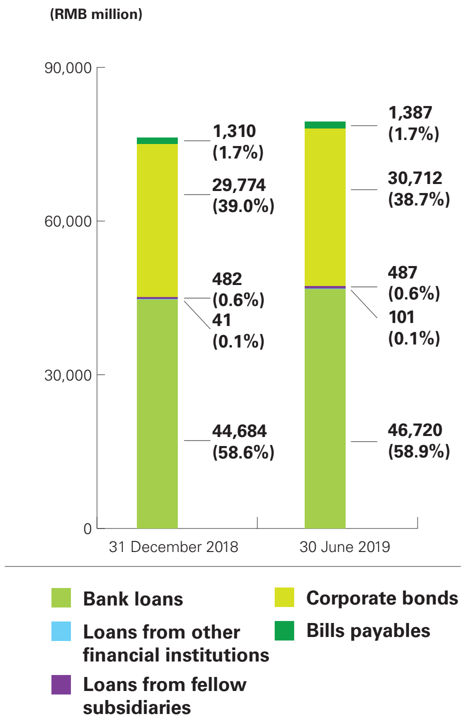
As at 30 June 2019, net current liabilities of the Group amounted to RMB15,490 million, representing a decrease of RMB6,504 million as compared with RMB21,994 million as at 31 December 2018. The liquidity ratio was 0.61 as at 30 June 2019, representing an increase of 0.16 as compared with the liquidity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

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

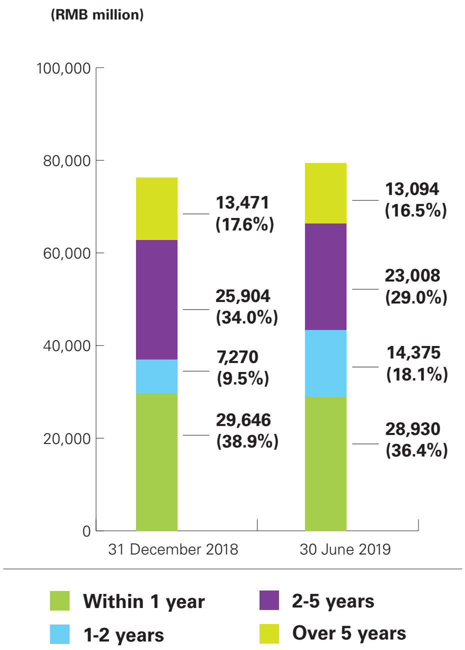
Borrowings and bills payables

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

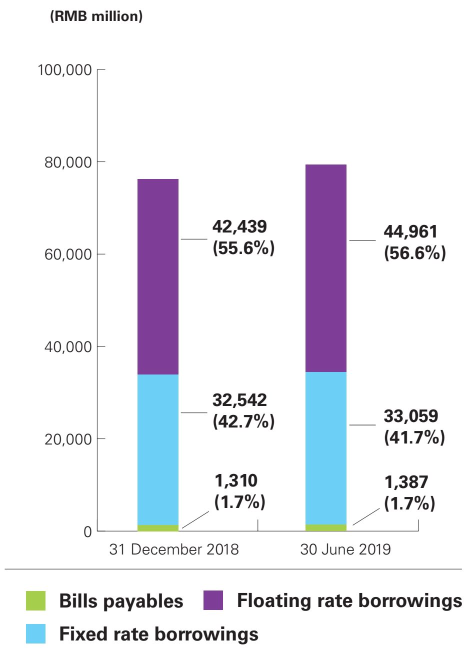
Borrowings and bills payables by category and proportions are set out in the diagram below:



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



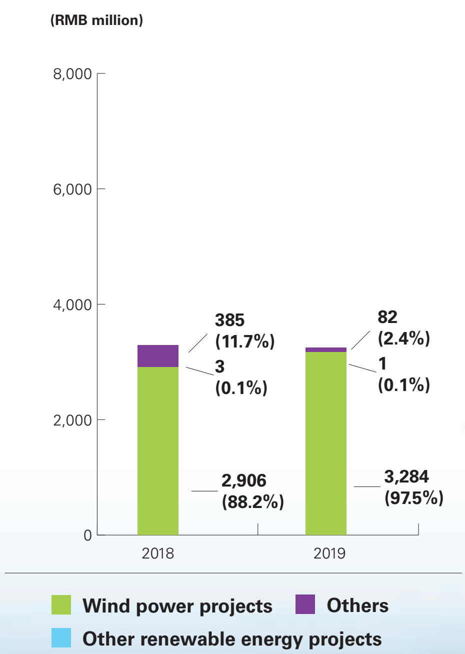
The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB3,367 million in the first half of 2019, representing an increase of 2.2% as compared with RMB3,294 million in the corresponding period of 2018, among which, the expenditures for the construction of wind power projects amounted to RMB3,284 million, and the expenditures for the project construction of other segments amounted to RMB83 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

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



Net gearing ratio

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

Major investments

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

Material acquisitions and disposals

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

Pledged assets

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

Contingent liabilities/Guarantees

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

Cash flow analysis

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

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

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

The net cash inflow from financing activities of the Group was RMB1,316 million in the first half of 2019. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of bonds and bank loans. The cash outflow from financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Risk in currency exchange rate

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

III. PROSPECT FOR THE SECOND HALF OF 2019

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

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

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

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

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

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

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

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

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

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

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

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

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 17 May 2019, the Company held the 2018 annual general meeting. Mr. Qiao Baoping, the chairman of the Board, was unable to attend the abovementioned annual general meeting due to business engagement. Save as disclosed above, during the 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.

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 coordination between the internal and external auditors and to ensure that functions in respect of accounting, internal auditing and financial reporting are operating with adequate resources in the Company and the relevant staff have been trained with sufficient qualifications and experience and are provided with regular training programs or other similar arrangement. Moreover, the Audit Committee will discuss the risk management and internal control system with the management to ensure that the management has duly performed its duties and established effective system. It will also supervise relevant departments in disclosing the details about how the Company complies with code provisions in respect of risk management and internal control during the 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 20 August 2019, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2019, the 2019 interim report and the unaudited interim financial statements for the six months ended 30 June 2019 prepared under International Accounting Standards 34 *Interim Financial Reporting* and disclosure requirements under the Listing Rules.

SHARE CAPITAL

As of 30 June 2019, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the 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 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

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

On 30 June 2019, 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 (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) 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 (including 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2019, 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
Wellington Management Group LLP	H shares	Investment manager	337,479,270 *(Note 3)* *(Long position)*	10.10	4.20
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	270,806,135 *(Note 4)* *(Long position)*	8.11	3.37
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	9,278,000 *(Note 5)* *(Short position)*	0.28	0.12
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial shareholders, investment manager, person having a security interest in shares and approved lending agent	251,072,564 *(Note 6)* *(Long position)*	7.52	3.12

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) (%)*
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial shareholders	15,617,590 *(Note 7)* *(Short position)*	0.47	0.19
JPMorgan Chase & Co.	H shares	Approved lending agent	185,845,070 *(Shares in a lending pool)*	5.56	2.31
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	233,758,000 *(Long position)*	7.00	2.91
The Bank of New York Mellon Corporation	H shares	Interest of corporation controlled by substantial shareholders	202,709,042 *(Note 8)* *(Long position)*	6.07	2.52
The Bank of New York Mellon Corporation	H shares	Approved lending agent	197,680,442 *(Shares in a lending pool)*	5.92	2.46
T. Rowe Price Associates, Inc. and its affiliates	H shares	Beneficial owner	196,748,000 *(Long position)*	5.89	2.45

Notes：

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 30 June 2019.

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.* (國電東北電力有限公司), a subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd.* (國電東北電力有限公司).

* *For identification purpose only*

3. Among these 337,479,270 H shares, 266,369,280 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 71,109,990 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 share equity interests held by its aforesaid subsidiaries.

4. Among these 270,806,135 H shares, 1,082,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,839,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 38,763,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 86,855,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 13,476,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 5,933,068 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,625,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 839,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,845,575 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., 291,000 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 670,200 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 33,777,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 53,292,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 20,971,339 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,977,000 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 5,076,160 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.

5. Among these 9,278,000 H shares, 2,902,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,506,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 54,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,816,000 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.

6. Among these 251,072,564 H shares, 1,758,000 H shares were held by JPMorgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 418,000 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Amsterdam Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,432,000 H shares were held by J.P. Morgan AG, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,032,451 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Stockholm Bankfilial, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 14,530,179 H shares were held by JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 3,626,000 H shares were held by J.P. Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 151,000 H shares were held by JPMORGAN ASSET MANAGEMENT (UK) LIMITED, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 829,000 H shares were held by J.P. Morgan Bank Luxembourg, Copenhagen Br, filial af J.P. Morgan Bank Luxembourg S.A., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 626,000 H shares were held by JPMorgan Chase Bank, N.A. – Sydney Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 141,549 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Oslo Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 15,517,000 H shares were held by J.P. Morgan Bank Luxembourg S.A., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 121,413,962 H shares were held by JPMorgan Chase Bank, National Association, a wholly-owned subsidiary of JPMorgan Chase & Co., 32,771,929 H shares were held by JPMorgan Chase Bank, N.A. – Hong Kong Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 13,832,000 H shares were held by JF Asset Management Limited, an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co., 2,149,000 H shares were held by J.P. Morgan (Suisse) SA, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 40,844,494 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 shares equity interests held by its aforesaid subsidiaries.

7. These 15,617,590 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.

8. These 202,709,042 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.

OTHER INFORMATION

EMPLOYEES

As at 30 June 2019, the Group had a total of 7,519 employees. Focusing on position-based responsibilities and performance assessment, the Group set up a staff remuneration system which closely links employees' remuneration with corporate economic benefits, individual performance and de facto contribution, and devised a scientific and rational mechanism for incentives and constraints to reward good performers and sanction poor performers, thereby stimulating internal driving force and vitality.

MATERIAL LITIGATION

As at 30 June 2019, the Group was not involved in any material litigation or arbitration. So far as known to the Directors, no material litigation or claims are pending or threatened against the Group.

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

Directors of the Company

As elected at the 2019 first extraordinary general meeting of the Company, Mr. Jia Yanbing was appointed as an executive Director and chairman of the strategic committee of the Board with effect from 28 February 2019 until the expiry of the fourth session of the Board.

INDEPENDENT REVIEW REPORT

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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 condensed consolidated financial statements set out on pages 51 to 114, which comprise 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 2019 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows 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 condensed consolidated 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 condensed consolidated financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these interim condensed consolidated 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.

INDEPENDENT REVIEW 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 condensed consolidated 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 condensed consolidated financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

20 August 2019

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

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

		Six months ended 30 June	
	Notes	**2019**	2018
		RMB'000	*RMB'000*
Revenue	5	**14,037,658**	13,362,888
Other net income	6	**455,593**	443,424
Operating expenses			
Depreciation and amortisation		**(3,754,273)**	(3,548,992)
Coal consumption		**(1,072,492)**	(1,200,363)
Coal sales costs		**(1,740,122)**	(1,507,359)
Service concession construction costs		**(15,994)**	(5,817)
Personnel costs		**(854,282)**	(755,457)
Material costs		**(82,414)**	(84,402)
Repairs and maintenance		**(266,995)**	(254,408)
Administration expenses		**(179,008)**	(182,159)
Other operating expenses		**(411,266)**	(343,091)
		(8,376,846)	(7,882,048)
Operating profit		**6,116,405**	5,924,264
Finance income		**59,167**	115,118
Finance expenses		**(1,832,559)**	(1,737,027)
Net finance expenses	7	**(1,773,392)**	(1,621,909)
Share of profits less losses of associates and joint ventures		**41,135**	69,839
Profit before taxation	8	**4,384,148**	4,372,194
Income tax	9	**(752,618)**	(769,202)
Profit for the period		**3,631,530**	3,602,992

The notes on pages 61 to 114 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 2019 (Expressed in thousands of Renminbi)

		Six months ended 30 June	
	Notes	**2019** **RMB'000**	2018 RMB'000
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:			
Net profit/(loss) on equity investments at fair value through other comprehensive income		**125,065**	(147,017)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		**370**	(85,893)
Exchange difference on net investment in foreign operations		**8,515**	(53,547)
Other comprehensive income/(loss) for the period, net of tax	10	**133,950**	(286,457)
Total comprehensive income for the period		**3,765,480**	3,316,535
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**3,086,841**	3,072,499
– Perpetual medium-term note holders	23	**121,000**	121,000
Non-controlling interests		**423,689**	409,493
Profit for the period		**3,631,530**	3,602,992
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**3,232,171**	2,810,110
– Perpetual medium-term note holders	23	**121,000**	121,000
Non-controlling interests		**412,309**	385,425
Total comprehensive income for the period		**3,765,480**	3,316,535
Basic and diluted earnings per share *(RMB cents)*	11	**38.41**	38.23

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Notes	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Non-current assets			
Property, plant and equipment	12	**109,406,903**	110,000,510
Investment properties		**9,222**	9,591
Right-of-use assets		**2,894,707**	–
Lease prepayments		**–**	2,152,429
Intangible assets	13	**7,665,010**	8,109,681
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,493,017**	4,549,432
Other assets	14	**3,826,770**	3,688,776
Deferred tax assets		**148,579**	146,376
Total non-current assets		**128,505,698**	128,718,285
Current assets			
Inventories		**940,029**	851,973
Trade and bills receivables	15	**18,075,627**	10,541,524
Prepayments and other current assets	16	**2,332,530**	2,818,545
Tax recoverable		**226,128**	210,578
Other financial assets	17	**603,220**	249,080
Restricted deposits		**168,108**	253,090
Cash at banks and on hand	18	**2,047,125**	2,861,261
Total current assets		**24,392,767**	17,786,051

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Notes	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Current liabilities			
Borrowings	19	**27,543,508**	28,335,804
Trade and bills payables	20	**2,208,873**	2,058,877
Other current liabilities	21	**9,739,000**	9,121,974
Lease liabilities		**94,447**	–
Obligations under finance leases		**–**	53,945
Tax payable		**297,412**	209,668
Total current liabilities		**39,883,240**	39,780,268
Net current liabilities		**(15,490,473)**	(21,994,217)
Total assets less current liabilities		**113,015,225**	106,724,068
Non-current liabilities			
Borrowings	19	**50,476,815**	46,644,884
Lease liabilities		**625,836**	–
Obligations under finance leases		**–**	361,478
Deferred income		**1,382,526**	1,449,938
Deferred tax liabilities		**201,700**	164,260
Other non-current liabilities		**1,289,097**	1,537,715
Total non-current liabilities		**53,975,974**	50,158,275
NET ASSETS		**59,039,251**	56,565,793

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Notes	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
CAPITAL AND RESERVES			
Share capital	22	**8,036,389**	8,036,389
Perpetual medium-term notes	23	**4,894,737**	4,991,000
Reserves		**38,656,057**	36,209,041
Total equity attributable to equity holders of the Company		**51,587,183**	49,236,430
Non-controlling interests		**7,452,068**	7,329,363
TOTAL EQUITY		**59,039,251**	56,565,793

Approved and authorised for issue by the board of directors on 20 August 2019.

Jia Yanbing
Executive Director

Huang Qun
Executive Director

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000*	Perpetual medium-term notes *RMB'000* *(Note 23)*	Capital reserve *RMB'000* *(Note 22(c)(i))*	Statutory surplus reserve *RMB'000* *(Note 22(c)(ii))*	Exchange reserve *RMB'000* *(Note 22(c)(iii))*	Fair value reserve *RMB'000* *(Note 22(c)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019	8,036,389	4,991,000	14,708,774	1,486,824	(448,576)	91,206	20,370,813	49,236,430	7,329,363	56,565,793
Changes in equity:										
Profit for the period	–	121,000	–	–	–	–	3,086,841	3,207,841	423,689	3,631,530
Other comprehensive income	–	–	–	–	21,975	123,355	–	145,330	(11,380)	133,950
Total comprehensive income	–	121,000	–	–	21,975	123,355	3,086,841	3,353,171	412,309	3,765,480
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	36,610	36,610
Appropriation	–	–	–	256,683	–	–	(256,683)	–	–	–
Dividends paid by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	(326,214)	(326,214)
Dividends to shareholders of the Company	–	–	–	–	–	–	(785,155)	(785,155)	–	(785,155)
Distribution for perpetual medium-term notes	–	(217,263)	–	–	–	–	–	(217,263)	–	(217,263)
At 30 June 2019	8,036,389	4,894,737	14,708,774	1,743,507	(426,601)	214,561	22,415,816	51,587,183	7,452,068	59,039,251

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000*	Perpetual medium-term notes *RMB'000* *(Note 23)*	Capital reserve *RMB'000* *(Note 22(c)(i))*	Statutory surplus reserve *RMB'000* *(Note 22(c)(ii))*	Exchange reserve *RMB'000* *(Note 22(c)(iii))*	Fair value reserve *RMB'000* *(Note 22(c)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
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 by non-controlling interests	–	–	–	–	–	–	–	–	36,378	36,378
Appropriation	–	–	–	219,649	–	–	(219,649)	–	–	–
Dividends paid by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	(299,110)	(299,110)
Dividends to shareholders 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	–	–	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 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000*	Perpetual medium-term notes *RMB'000* *(Note 23)*	Capital reserve *RMB'000* *(Note 22(c)(i))*	Statutory surplus reserve *RMB'000* *(Note 22(c)(ii))*	Exchange reserve *RMB'000* *(Note 22(c)(iii))*	Fair value reserve *RMB'000* *(Note 22(c)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 July 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
Changes in equity:										
Profit for the period	–	121,000	–	–	–	–	851,310	972,310	345,918	1,318,228
Other comprehensive income	–	–	–	–	(51,902)	35,057	–	(16,845)	4,643	(12,202)
Total comprehensive income	–	121,000	–	–	(51,902)	35,057	851,310	955,465	350,561	1,306,026
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	24,343	24,343
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	(66,793)	(66,793)
Dividends paid by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	(274,872)	(274,872)
Dividends to shareholders of the Company	–	–	–	–	–	–	(130)	(130)	–	(130)
Distribution for perpetual medium-term notes	–	(24,737)	–	–	–	–	–	(24,737)	–	(24,737)
At 31 December 2018	8,036,389	4,991,000	14,708,774	1,486,824	(448,576)	91,206	20,370,813	49,236,430	7,329,363	56,565,793

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Operating activities		
Cash generated from operations	**2,986,477**	6,957,393
Tax paid	**(686,913)**	(628,947)
Net cash generated from operating activities	**2,299,564**	6,328,446
Investing activities		
Payments for acquisition of property, plant and equipment, land use rights and intangible assets	**(4,841,959)**	(5,742,241)
Payments for investments in associates and joint ventures and equity investments	**–**	162
Redemption of short-term investments	**1,074,550**	458,000
Other cash flows used in investing activities	**(668,020)**	(977,497)
Net cash used in investing activities	**(4,435,429)**	(6,261,576)
Financing activities		
Proceeds from borrowings	**23,286,726**	28,714,806
Repayment of borrowings	**(20,360,823)**	(29,534,055)
Interest paid for borrowings	**(1,484,520)**	(1,801,905)
Other cash flows used in financing activities	**(125,304)**	(206,466)
Net cash from/(used in) financing activities	**1,316,079**	(2,827,620)

The notes on pages 61 to 114 form part of these interim financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Expressed in thousands of Renminbi)

		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Net decrease in cash and cash equivalents		**(819,786)**	(2,760,750)
Cash and cash equivalents at 1 January	18	**2,861,261**	5,071,579
Effect of foreign exchange rate changes		**5,650**	(27,792)
Cash and cash equivalents at 30 June	18	**2,047,125**	2,283,037

The notes on pages 61 to 114 form part of these interim financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED 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 20 August 2019.

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

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

This interim financial statements contain condensed consolidated financial statements and selected explanatory notes, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2018 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Details of the changes in accounting policies are discussed in note 3(b) for IFRS 16.

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

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

  IFRS 3 Business Combinations – *Previously held interest in a joint operation*

  IFRS 11 Joint Arrangements – *Previously held interest in a joint operation*

  IAS 12 Income Tax – *Income tax consequences of payments on financial instruments classified as equity*

  IAS 23 Borrowing Costs – *Borrowing costs eligible for capitalisation*

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases

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

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

New definition of a lease

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

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

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

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

Impacts on transition

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

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

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

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

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

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

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

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

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

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

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

Summary of new accounting policies (Continued)

Lease liabilities (Continued)

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

Short-term leases and leases of low-value assets

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

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

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

(Expressed in thousands of Renminbi)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 16 Leases (Continued)

Summary of new accounting policies (Continued)

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

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

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

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

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that is substance from part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial statements.

(d) IFRIC 23 addressed the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as"uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial statements.

4 SEGMENT REPORTING

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

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

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

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

(a) Segment results

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

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

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results (Continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2019 and 2018 is set out below:

For the six months ended 30 June 2019

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi)

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

(Expressed in thousands of Renminbi)

4 SEGMENT REPORTING (CONTINUED)

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

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

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Seasonality of operations

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

(Expressed in thousands of Renminbi)

5 REVENUE

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

For the six months ended 30 June 2019

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

(Expressed in thousands of Renminbi)

5 REVENUE (CONTINUED)

For the six months ended 30 June 2018

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

(Expressed in thousands of Renminbi)

6 OTHER NET INCOME

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

(Expressed in thousands of Renminbi)

7 FINANCE INCOME AND EXPENSES

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

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

(Expressed in thousands of Renminbi)

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

(Expressed in thousands of Renminbi)

9 INCOME TAX

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

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

(Expressed in thousands of Renminbi)

9 INCOME TAX (CONTINUED)

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

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

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 as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2019 and the six months ended 30 June 2018, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

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

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

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

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

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

(Expressed in thousands of Renminbi)

10 OTHER COMPREHENSIVE INCOME/(LOSS)

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

11 EARNINGS PER SHARE

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

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

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment of approximately RMB3,174,460,000 (six months ended 30 June 2018: approximately RMB3,194,627,000). Items of property, plant and equipment with a net book value of approximately RMB4,049,000 were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: approximately RMB5,793,000), resulting in a loss on disposal of approximately RMB1,779,000 (six months ended 30 June 2018: loss on disposal of approximately RMB1,019,000). Upon the adoption of IFRS 16, property, plant and equipment with a net book value of RMB448,876,000 under finance leases were reclassified to right-of-use assets *(Note 3(b))*.

13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of approximately RMB7,467,007,000 (31 December 2018: approximately RMB7,692,253,000), software and other assets of approximately RMB198,003,000 (31 December 2018: approximately RMB417,428,000).

During the six months ended 30 June 2019, the additions to intangible assets mainly represent service concession assets of approximately RMB15,994,000 (six months ended 30 June 2018: approximately RMB5,817,000). Upon the adoption of IFRS 16, sea use rights with a net book value of RMB217,325,000 in intangible assets were reclassified to right-of-use assets *(Note 3(b))*.

(Expressed in thousands of Renminbi)

14 OTHER ASSETS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Listed equity investments designated at FVOCI	36,821	30,881
Unlisted equity investments designated at FVOCI *(Note (i))*	1,000,896	839,875
Loans and advances to:		
– associates *(Note (ii))*	174,000	174,000
– non-controlling equity owners	48,425	49,084
Dividend receivable *(Note (iii))*	400,000	400,000
Others	11,644	9,966
Subtotal	1,671,786	1,503,806
Deductible value-added tax ("VAT") *(Note (iv))*	2,154,984	2,184,970
	3,826,770	3,688,776

Notes:

(i) The unlisted equity investments designated at FVOCI are equity investments in limited liability companies established in the PRC and the Group's management has assessed and classified these equity investments into equity investments 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 the rates of 4.40% to 5.23% per annum for the period ended 30 June 2019 (31 December 2018: 4.40% to 5.23%). The current portion is recorded in other current assets.

(iii) The dividend receivable is the dividend declared but not paid yet by Jiangsu Nantong Power Generation Co., Ltd., a joint venture of the Group.

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

(Expressed in thousands of Renminbi)

15 TRADE AND BILLS RECEIVABLES

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

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

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

15 TRADE AND BILLS RECEIVABLES (CONTINUED)

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

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

(Expressed in thousands of Renminbi)

16 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Loans and advances to *(Note (i))*:		
– associates and joint ventures	133,387	634,337
– China Energy Investment Corporation Limited ("CHN Energy")	5,810	5,591
– fellow subsidiaries	385,596	351,335
– third parties	112,415	115,084
Government grant receivables	182,512	148,147
Dividend receivable from		
– associates	31,461	76,979
– fellow subsidiaries	–	47,550
Deductible VAT	1,068,990	1,377,057
Contract Assets	25,218	–
Prepayments and others	671,179	346,111
	2,616,568	3,102,191
Less: Allowance for doubtful debts	(284,038)	(283,646)
	2,332,530	2,818,545

Note:

(i) Included in the loans and advances were interest-bearing loans and advances of the Group amounting to RMB296,000,000 with annual interest rates of 4.35% to 4.57% as at 30 June 2019 (31 December 2018: RMB781,000,000, with annual interest rates of 4.35% to 4.75%).

(Expressed in thousands of Renminbi)

16 PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

Where applicable upon the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

For the loans and advances due from a fellow subsidiary that was in financial difficulties, management assessed that the receivable was not expected to be fully recovered. Consequently, a specific allowance amounting to RMB250,789,000 for doubtful debts was recognised as at 30 June 2019. For the other loans and advances due from related parties, dividend receivables, government grant receivables and deductible VAT, they had a specific due date or settlement schedule. Management considered the probability of default as nil. The remaining allowances amounting to RMB33,249,000 were provided for the rest of the items of prepayments and other current assets with expected credit loss rates ranging from 0.00% to 100.00%.

17 OTHER FINANCIAL ASSETS

	At 30 June 2019 ***RMB'000***	At 31 December 2018 *RMB'000*
Financial assets designated at fair value through profit or loss		
– Listed equity securities on the Hong Kong Stock Exchange	**73,080**	82,440
Financial assets designated at amortised cost *(Note (i))*	**530,140**	166,640
	603,220	249,080

Note:

(i) The financial assets designated at amortised cost represent wealth management products issued by financial institutions with guaranteed principal amounts and variable returns.

(Expressed in thousands of Renminbi)

18 CASH AT BANKS AND ON HAND

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Cash on hand	**7**	10,289
Cash at banks and other financial institutions	**2,047,118**	2,850,972
	2,047,125	2,861,261
Including:		
– Cash and cash equivalents	**2,047,125**	2,861,261

(Expressed in thousands of Renminbi)

19 BORROWINGS

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

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Bank loans		
– Secured *(Note (ii))*	**14,040,330**	11,145,380
– Unsecured *(Note (i))*	**14,916,374**	16,448,098
Loans from fellow subsidiaries		
– Unsecured *(Note (i))*	**50,000**	50,000
Other borrowings *(Note 19(c)(i))*		
– Secured	**882,995**	873,019
– Unsecured	**25,329,081**	23,401,498
	55,218,780	51,917,995
Less: Current portion of long-term borrowings *(Note 19(b))*		
– Bank loans	**(2,829,366)**	(2,291,716)
– Other borrowings	**(1,912,599)**	(2,981,395)
	50,476,815	46,644,884

Notes:

(i) As at 30 June 2019, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB3,789,454,000 (31 December 2018: RMB3,939,422,000).

(ii) Certain secured borrowings of the subsidiaries of the Group were secured by property, plant and equipment with a carrying amount of RMB2,629,469,000 (31 December 2018: RMB1,194,790,000) and trade debtors' beneficial rights arising from future electricity sales.

(Expressed in thousands of Renminbi)

19 BORROWINGS (CONTINUED)

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

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Bank loans		
– Secured *(Note (ii))*	**177,800**	181,219
– Unsecured	**17,585,733**	16,908,973
Loans from other financial institutions and others		
– Unsecured *(Note (i))*	**101,000**	41,000
Loans from fellow subsidiaries		
– Unsecured	**437,010**	431,501
Other borrowings		
– Unsecured *(Note 19(c)(ii))*	**4,500,000**	5,500,000
Current portion of long-term borrowings		
– Bank loans	**2,829,366**	2,291,716
– Other borrowings	**1,912,599**	2,981,395
	27,543,508	28,335,804

Notes:

(i) On 30 June 2019, the outstanding loans of the Company amounted to RMB101,000,000 (31 December 2018: RMB41,000,000). These outstanding loans were borrowed from third parties by the Company's subsidiaries, China Fulin Wind Power Engineering Co., Ltd. and Nantong Tianshenggang Power Generation Co., Ltd.

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

(Expressed in thousands of Renminbi)

19 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings

	At 30 June 2019 ***RMB'000***	At 31 December 2018 *RMB'000*
Long-term		
Corporate bonds *(Note (i))*	**26,212,076**	24,274,517
Short-term		
Corporate bonds *(Note (ii))*	**4,500,000**	5,500,000

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 27 September 2018, the Company repaid the corporate bond amounting to RMB748,338,000.

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%. As at 30 June 2019, CAD29,273,000 of the corporate bond was repaid.

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%.

19 BORROWINGS (CONTINUED)

(c) Significant terms of other borrowings (Continued)

Notes: (Continued)

(i) (Continued)

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%.

On 4 December 2018, the Company issued a three-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 3.96% per annum. The effective interest rate is 4.08%.

On 24 April 2019, the Company issued a three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 4.09% per annum. The effective interest rate is 4.45%.

On 14 June 2019, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 3.80% per annum. The effective interest rate is 3.99%.

(ii) Short-term financing bonds represented a series of unsecured corporate bonds with the coupon rates from 2.59% to 3.45% issued in 2018 and 2019. The effective interest rates of these bonds are from 2.69% to 3.99%.

(Expressed in thousands of Renminbi)

20 TRADE AND BILLS PAYABLES

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

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

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

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

(Expressed in thousands of Renminbi)

21 OTHER CURRENT LIABILITIES

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Payables for acquisition of property, plant and equipment	**5,379,105**	5,576,222
Payables for staff-related costs	**202,439**	219,389
Payables for other taxes	**129,568**	201,229
Dividends payable	**611,351**	160,387
Receipts in advance	**–**	4,507
Amounts due to associates and joint ventures *(Note (i))*	**1,113,651**	1,275,030
Amounts due to fellow subsidiaries *(Note (i))*	**135,895**	163,588
Amounts due to CHN Energy *(Note (i))*	**541,078**	42,215
Other accruals and payables	**1,330,962**	1,233,558
Derivative financial instruments – interest rate swap contracts *(Note (ii))*	**119,999**	72,718
Contract liabilities	**174,952**	173,131
	9,739,000	9,121,974

Notes:

(i) Amounts due to CHN Energy, fellow subsidiaries, associates and joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(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 2019 and 31 December 2018.

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

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

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

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

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

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

(Expressed in thousands of Renminbi)

22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

	At 30 June 2019 RMB'000	At 31 December 2018 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

The capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of the shares issued and the amount of the net proceeds received from the Initial Public Offering in December 2009 and the placing of new H shares in December 2012.

The 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 and 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 the acquisition of business and business combinations under common control.

22 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 the distribution of a dividend to equity holders. 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 functional currencies other than the RMB and the foreign exchange differences 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 end of the reporting period.

23 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 a 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 2019, the profit attributable to the holders of perpetual medium-term notes, based on the applicable interest rate, was RMB121,000,000 (six months ended 30 June 2018: RMB121,000,000).

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

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.* The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date).

- Level 2 valuations: Fair value measured using Level 2 inputs (i.e. observable inputs which fail to meet the criteria of Level 1, and not using significant unobservable inputs). Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

(Expressed in thousands of Renminbi)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value hierarchy (Continued)

		Fair value measurements as at 30 June 2019 categorised into		
	Fair value at 30 June 2019	Quoted prices in active markets 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:				
Unlisted equity investments designated at FVOCI	1,000,896	–	–	1,000,896
Listed equity investments designated at FVOCI	36,821	36,821	–	–
Financial assets designated at fair value through profit or loss – listed equity securities on the Hong Kong Stock Exchange	73,080	73,080	–	–
Trade and bills receivables	17,841,158	–	17,841,158	–
Financial liabilities:				
Derivative financial instruments – interest rate swap contracts	119,999	–	119,999	–

(Expressed in thousands of Renminbi)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value hierarchy (Continued)

		Fair value measurements as at 31 December 2018 categorised into		
	Fair value at 31 December 2018	Quoted prices in active markets 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:				
Unlisted equity investments designated at FVOCI	839,875	–	–	839,875
Listed equity investments designated at FVOCI	30,881	30,881	–	–
Financial assets designated at fair value through profit or loss – listed equity securities on the Hong Kong Stock Exchange	82,440	82,440	–	–
Trade and bills receivables	10,399,498	–	10,399,498	–
Financial liabilities:				
Derivative financial instruments – Interest rate swap contracts	72,718	–	72,718	–

During the six months ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2018: nil). The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value hierarchy (Continued)

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 values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at FVOCI have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to earnings before interest and taxes ("EV/EBIT"), price to earnings ("P/E") multiple and price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

(Expressed in thousands of Renminbi)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value hierarchy (Continued)

The Group entered into trade receivables factoring arrangements and Asset-backed note transactions whereby it transferred trade receivables on tariff premium of renewable energy (the "Transferred Financial Assets") to unrelated third parties and derecognised the Transferred Financial Assets. The Group endorsed and factored a significant part of its bills receivables in its normal course of business. The Group managed its trade and bills receivables which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measures trade and bills receivables at fair value through other comprehensive income. The fair values of trade and bills receivables were measured using the discounted cash flow model. The model incorporates various market observable inputs including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

(b) Fair values of financial instruments not carried at fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018, except for the following:

	At 30 June 2019		At 31 December 2018	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Other borrowings	**24,299,478**	**24,015,525**	21,293,122	20,955,697
Fixed rate long-term loans	**272,306**	**265,068**	251,955	220,818
	24,571,784	**24,280,593**	21,545,077	21,176,515

25 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 30 June 2019, the Group endorsed certain bills receivables accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB251,403,000 (31 December 2018: RMB191,734,000) and factored certain bills receivables accepted by banks in Mainland China with a carrying amount in aggregate of RMB131,222,000 (31 December 2018: RMB95,500,000) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the banks in Mainland China default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The Group endorsed certain bills receivables accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the period.

During the period, the Group entered into several trade receivables factoring arrangements (the "Factoring Arrangements") and transferred certain trade receivables to a bank. Under the Factoring Arrangements, the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the arrangement that have not been settled as at 30 June 2019 was RMB1,900,000,000 (31 December 2018: RMB5,289,968,000).

25 TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are not derecognised in their entirety

On 17 September 2018, the Group completed the Asset-backed note (ABN) registration with a registered amount of RMB3,000,000,000. The registration amount is valid for 2 years. The ABN can be issued in instalments during the validity period of the registration.

On 14 November 2018, the first phase of the ABN was successfully issued with an aggregated amount of RMB1,010,000,000, whereby it transferred the trade receivables to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those trade receivables and they generally finance the purchase of the trade receivables by issuing the ABN to investors. The Group assessed and determined that those structured entities need not be consolidated as the Group has no control over them.

In May 2019, the first revolving phase of the ABN was successfully issued with an aggregated amount of RMB438,279,000.

The original carrying value of the trade receivables transferred under the arrangement that had not been settled as at 30 June 2019 was RMB1,010,000,000 (31 December 2018: RMB579,529,000). Since the Group neither transferred nor retained substantially all the risks and rewards of ownership of the trade receivables and retained control of the underlying assets, the Group only recognised the transferred assets to the extent of its continuing involvement amounting to RMB9,855,000 (31 December 2018: RMB9,618,000) as other assets, and also recognised associated liabilities amounting to RMB9,855,000 (31 December 2018: RMB9,618,000) as other non-current liabilities, which approximate the maximum exposure to losses from its involvement in such arrangements and the unconsolidated structured entities.

(Expressed in thousands of Renminbi)

26 CAPITAL COMMITMENTS

Capital commitments outstanding at the period/year end not provided for in the consolidated financial statements were as follows:

	At 30 June 2019 ***RMB'000***	At 31 December 2018 *RMB'000*
Contracted for	**13,849,045**	11,516,040

27 CONTINGENT LIABILITIES

At 30 June 2019, the Group issued the following guarantees:

(i) Guarantees to banks in respect of the bank loans granted to an associate company are set forth below:

	At 30 June 2019 ***RMB'000***	At 31 December 2018 *RMB'000*
Associates and joint ventures	**125,360**	142,130

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司), which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 30 June 2019, the balance counter-guaranteed by the Company amounted to RMB8,895,000 (31 December 2018: RMB9,127,000).

(Expressed in thousands of Renminbi)

28 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	
	2019	2018
	RMB'000	*RMB'000*
Sales of goods/provision of services to		
CHN Energy	**–**	3
Fellow subsidiaries	**17,276**	19,411
Associates and joint ventures	**75,218**	74,783
Purchase of goods/receipt of services from		
Fellow subsidiaries	**597,591**	597,821
Associates and joint ventures	**662,446**	528,403
Working capital provided to		
CHN Energy	**219**	4,188
Fellow subsidiaries	**34,232**	1,491
Associates and joint ventures	**3,794**	49,536

(Expressed in thousands of Renminbi)

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Loans (repaid from)/provided to		
Associates and joint ventures	**(485,000)**	494,000
Loans provided by		
Fellow subsidiaries	**(5,509)**	(35,032)
Interest income		
CHN Energy	**–**	6
Fellow subsidiaries	**4,949**	6,331
Associates and joint ventures	**30,899**	7,662
Interest expenses		
Fellow subsidiaries	**10,430**	15,897
Deposits withdrawn from		
Fellow subsidiaries	**(311,982)**	(1,109,297)

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

As at 30 June 2019, deposits placed with a fellow subsidiary amounted to RMB1,646,062,000 (31 December 2018: RMB1,958,044,000). 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 or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities").

Apart from transactions mentioned above, the Group conducted a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions were carried out on terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities included but were not limited to the following:

– Sales of electricity;

– Depositing and borrowing money;

– Purchase of materials and receipt of construction work services; and

– Service concession arrangements.

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.

(Expressed in thousands of Renminbi)

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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	
	2019	2018
	RMB'000	*RMB'000*
Sales of electricity	**11,253,198**	10,996,550
Sales of other products	**631,511**	179,555
Interest income	**10,833**	23,648
Interest expenses	**1,599,919**	1,695,604
Loans repaid	**1,402,489**	1,534,264
Deposits withdrawn from	**(427,830)**	(143,291)
Purchase of materials and receipt of construction services	**1,657,387**	818,613
Service concession construction revenue	**15,994**	5,817

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

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Receivables from sales of electricity	**17,568,384**	10,052,189
Receivables from sales of other products	**73,061**	230,323
Bank deposits (including restricted deposits)	**341,632**	769,462
Borrowings	**43,281,181**	44,683,670
Payable for purchase of materials and receiving construction work services	**1,695,105**	998,271

(Expressed in thousands of Renminbi)

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Salaries and other emoluments	**1,463**	1,314
Discretionary bonuses	**2,558**	3,776
Retirement scheme contributions	**486**	382
	4,507	5,472

(e) Commitments with related parties

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Capital commitments with		
Associates and joint ventures	**2,783,245**	3,279,491

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 (國家能源投資集團有限責任公司), 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. The implementation of the merger had been completed and the controlling shareholder of the Company had been changed from Guodian Group into CHN Energy
"Company" or "we"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司)
"consolidated gross power generation"	the aggregate gross power generation including 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 consolidate in our consolidated financial statements only. It is calculated by 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Neither consolidated installed capacity nor consolidated capacity under construction includes the capacity of our associated companies
"Director(s)"	the directors of the Company

* *For identification purpose only*

GLOSSARY OF TERMS

"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 (中國國電集團有限公司)
"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 power generation generated by a power plant in a given period divided by the number of hours in the given period multiplied by the plant's installed capacity
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"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
"renewable energy"	energy generated from sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"Reporting Period"	from 1 January 2019 to 30 June 2019
"RMB"	Renminbi, the lawful currency of the PRC
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

China Longyuan Power Group Corporation Limited*

REGISTERED OFFICE

Room 2006, 20th Floor, Block c
6 Fuchengmen North Street
Xicheng District
Beijing
PRC

HEAD OFFICE IN THE PRC

Block c
6 Fuchengmen North Street
Xicheng District
Beijing
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. Jia Yanbing *(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. Jia Yanbing
Mr. Jia Nansong
Mr. Zhang Songyi (as Mr. Jia Yanbing's alternate)
Ms. Chan Sau Ling (as Mr. Jia Nansong's alternate)

* *For identification purpose only*

JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Chan Sau Ling

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Baker Tilly China Certified Public Accountants LLP
Building 12, Foreign Cultural and Creative Garden
No. 19 Chegongzhuang West Road
Haidian District
Beijing
PRC

LEGAL ADVISERS

as to Hong Kong law

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

as to PRC law

Jia Yuan Law Offices, Beijing
F407–408, Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District, Beijing
PRC

PRINCIPAL BANKS

China Development Bank
No. 29 Fuchengmenwai Avenue
Xicheng District
Beijing
PRC

China Construction Bank Corporation
Beijing Branch
Building No. 28
Xuanwumenxi Street
Xicheng District
Beijing
PRC

Bank of Communications Co., Ltd.
Beijing Branch
No. 33 Financial Street
Xicheng District
Beijing
PRC

CORPORATE INFORMATION

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

00916

FOR INVESTOR ENQUIRIES

Investor hotline: 86 10 6657 9988
Fax: 86 10 6388 7780
Website: www.clypg.com.cn
Email: lyir@chnenergy.com.cn

龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

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