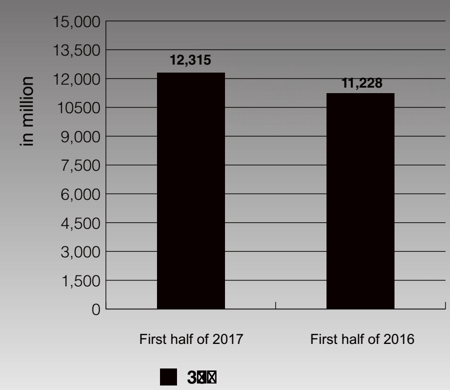
INTERIM RESULTS AND FINANCIAL DATA

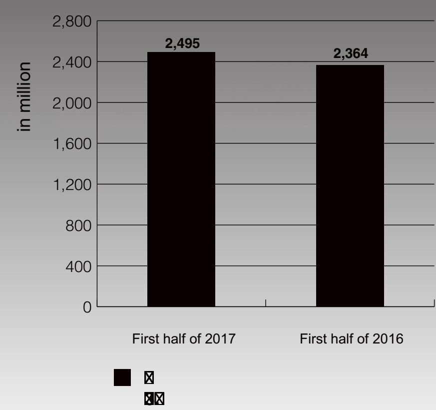
The Board of China Longyuan Power Group Corporation Limited* hereby announced the unaudited operating results for the six months ended 30 June 2017 and a comparison with the operating results for the six months ended 30 June 2016 (the "corresponding period of 2016"). For the six months ended 30 June 2017, the Group recorded consolidated operating revenue of RMB12,315 million, representing an increase of 9.7% over RMB11,228 million* for the corresponding period of 2016. Profit before taxation amounted to RMB3,407 million, representing an increase of 1.5% over RMB3,358 million for the corresponding period of 2016. Net profit attributable to equity holders of the Company amounted to RMB2,495 million, representing an increase of 5.5% from RMB2,364 million for the corresponding period of 2016. Basic earnings per share amounted to RMB0.3005, representing an increase of RMB0.0162 from RMB0.2843 for the corresponding period of 2016. As at 30 June 2017, net assets per share (excluding non-controlling interests) amounted to RMB5.31.

* In October 2016, the Group obtained control rights over Shanxi Guodian Jinke Wind Power Generation Co., Ltd. ("Shanxi Jinke") from Guodian Shanxi Jieneng Co., Ltd. ("Guodian Shanxi"), a fellow subsidiary of the Company. For the six months ended 30 June 2016, the data of consolidated statement of profit or loss and other comprehensive income were restated as if the Company had obtained control rights over Shanxi Jinke from the beginning of the period in such financial statements, similarly hereinafter.

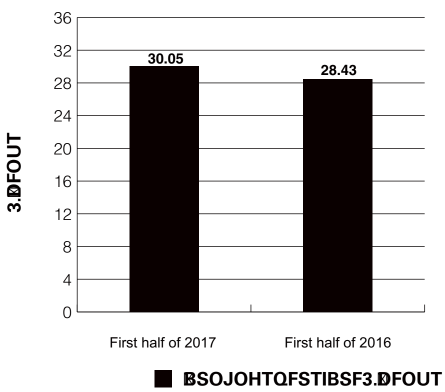
1. Revenue



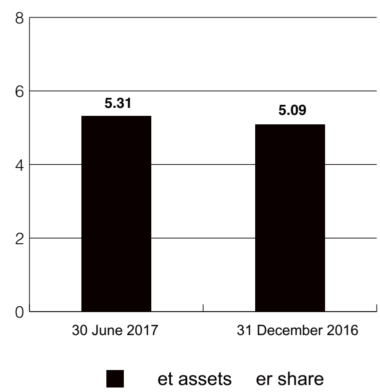
2. Net profit attributable to equity holders of the Company



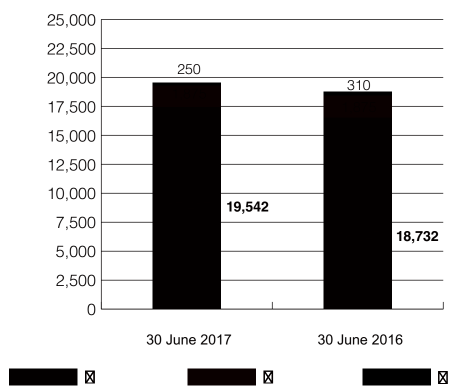
3. Earnings per share



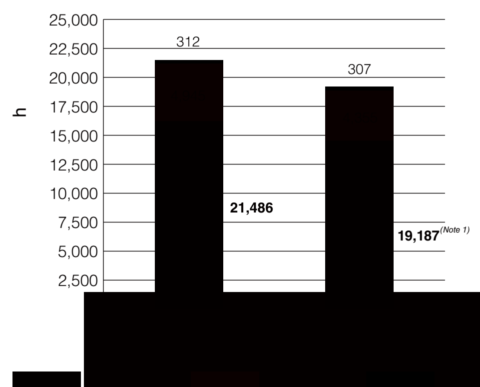
4. Net assets per share



5. Consolidated installed capacity



6. Electricity sales



Note 1: In October 2016, the Group obtained control rights over Sh [redacted] subsidiary of the Company. For the six months ended 30 J [redacted] as if the Company had obtained control rights over Shanxi J [redacted] such financial statements, similarly hereinafter.

INTERIM RESULTS AND FINANCIAL DATA

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Revenue	**12,314,785**	11,228,115
Profit before taxation	**3,406,691**	3,357,869
Income tax	**(555,318)**	(422,620)
Profit for the period	**2,851,373**	2,935,249
Attributable to:		
Equity holders of the Company	**2,494,609**	2,364,015
Non-controlling interests	**356,764**	571,234
Total comprehensive income for the period	**2,934,670**	2,924,462
Attributable to:		
Equity holders of the Company	**2,578,077**	2,345,921
Non-controlling interests	**356,593**	578,541
Basic and diluted earnings per share *(RMB cents)*	**30.05**	28.43

INTERIM RESULTS AND FINANCIAL DATA

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Total non-current assets	**127,160,719**	125,328,117
Total current assets	**18,930,612**	13,332,576

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In the first half of 2017, in order to advocate environmentally-friendly consumption across the

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

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

In the first half of 2017, the Group upheld the fundamental principle of standardization construction and focused on the basic elements of management in respect of equipment, technology and appraisal to constantly optimize reliability indicators such as the malfunction spoiled time and steadily level up production and management standards. Targeted at the standardization of safe and civilized production, the Group gave priority to the prevention and control of equipment defects to dive into modification plan for assurance of safe and economical efficiency of equipment management and control and technological renovation. Furthermore, it improved the technological supervision standards and trained up the supervision team, thus constructing the technological supervision system with characteristics of Longyuan Wind Power. In regard of the site work, the Group conceived the management methods of "Three Measures and One Scheme" ("g⊠S⊠") and the corresponding implementing specifications to exert strict control over on-site safety and put an end to safety incidents. It also dispatched five special measures including the Safeguarding Specifications in the Production Monitoring System to reinforce the Group-wide technology management in a feasible manner. Meanwhile, it also consummated the monthly and annual production and management special appraisal measures and proactively pressed ahead the four kernel tasks, i.e., standardization of on-site safe and civilized production, implementation of safeguarding systems and safety measures in production, management of technological supervision and construction of malfunction-free wind farms.

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

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

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

Geographical breakdown of the consolidated gross power generation of the Group's wind farms for the first half of 2016 and the first half of 2017 as below:

Region	**First half of 2017** ***(MWh)***	First half of 2016 *(MWh)*	**Percentage of change**
Heilongjiang	**1,197,882**	1,039,924	15.19%
Jilin	**429,457**	312,417	37.46%
Liaoning	**1,112,106**	1,101,111	1.00%
Inner Mongolia	**2,370,444**	2,422,335	-2.14%
Jiangsu (Onshore)	**1,280,171**	1,244,681	2.85%
Jiangsu (Offshore)	**526,561**	471,175	11.75%
Zhejiang	**184,446**	203,451	-9.34%
Fujian	**820,546**	649,936	26.25%
Hainan	**63,923**	51,740	23.55%
Gansu	**984,087**	788,198	24.85%
Xinjiang	**1,325,245**	970,532	36.55%
Hebei	**1,333,891**	1,371,118	-2.72%
Yunnan	**1,108,354**	974,972	13.68%
Anhui	**786,934**	801,050	-1.76%
Shandong	**393,985**	370,961	6.21%
Tianjin	**142,797**	149,356	-4.39%
Shanxi	**624,135**	653,333	-4.47%
Ningxia	**670,226**	427,171	56.90%
Guizhou	**743,018**	608,409	22.12%
Shaanxi	**308,763**	281,431	9.71%
Tibet	**7,230**	8,768	-17.54%
Chongqing	**168,715**	138,358	21.94%
Shanghai	**69,677**	66,652	4.54%
Guangdong	**57,584**	20,635	179.06%
Hunan	**79,916**	60,682	31.70%
[redacted]	**134,103**	85,570	56.72%
[redacted]	**25,377**	–	–
[redacted]	**153,558**	134,823	13.90%
[redacted]	**17,103,131**	15,408,788	11.00%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2016 and the first half of 2017 as below:

Region	**Average utilisation hours of wind power for the first half of 2017** ***(hours)***	**Average load factor of wind power for the first half of 2017**	Average utilisation hours of wind power for the first half of 2016 *(hours)*	Average load factor of wind power for the first half of 2016	**Percentage of change of the average utilisation hours of wind power**
Heilongjiang	**970**	**22%**	842	19%	15.20%
Jilin	**866**	**20%**	698	16%	24.07%
Liaoning	**1,109**	**26%**	1,098	25%	1.00%
Inner Mongolia	**917**	**21%**	937	21%	-2.13%
Jiangsu (Onshore)	**1,063**	**24%**	1,134	26%	-6.26%
Jiangsu (Offshore)	**1,096**	**25%**	981	22%	11.72%
Zhejiang	**809**	**19%**	893	20%	-9.41%
Fujian	**1,401**	**32%**	1,245	29%	12.53%
Hainan	**646**	**15%**	523	12%	23.52%
Gansu	**763**	**18%**	611	14%	24.88%
Xinjiang	**860**	**20%**	703	16%	22.33%
Hebei	**1,140**	**26%**	1,172	27%	-2.73%
Yunnan	**1,647**	**38%**	1,574	36%	4.64%
Anhui	**1,149**	**26%**	1,178	27%	-2.46%
Shandong	**1,161**	**27%**	1,095	25%	6.03%
Tianjin	**1,082**	**25%**	1,131	26%	-4.33%
Shanxi	**911**	**21%**	1,011	23%	-9.89%
Ningxia	**949**	**22%**	822	19%	15.45%
Guizhou	**1,185**	**27%**	1,082	25%	9.52%
Shaanxi	**962**	**22%**	1,205	28%	-20.17%
Tibet	**964**	**22%**	1,169	27%	-17.54%
Chongqing	**1,129**	**26%**	925	21%	22.05%
Shanghai	**1,467**	**34%**	1,403	32%	4.56%
Guangdong	**1,147**	**26%**	[redacted]	[redacted]	[redacted]
Hunan	**1,665**	**38%**	[redacted]	[redacted]	[redacted]
Guangxi	**1,404**	**32%**	[redacted]	[redacted]	[redacted]
Jiangxi	**1,475**	**34%**	[redacted]	[redacted]	[redacted]
Canada	**1,550**	**36%**	[redacted]	[redacted]	[redacted]
Total	**1,030**	**24%**	[redacted]	[redacted]	[redacted]

Geographical breakdown of the average utilisation percentage of wind power of the Group's wind farms for the first half of 2016 and the first half of 2017:

Region	**First half of 2017** *(%)*	First half of 2016 *(%)*	**Percentage of change**
Heilongjiang	**99.38**	99.36	0.02%
Jilin	**99.38**	99.00	0.38%
Liaoning	**99.36**	99.14	0.22%
Inner Mongolia	**99.13**	98.54	0.59%
Jiangsu (Onshore)	**99.26**	99.16	0.10%
Jiangsu (Offshore)	**96.48**	96.12	0.36%
Zhejiang	**98.95**	98.72	0.23%
Fujian	**98.84**	98.22	0.62%
Hainan	**98.48**	99.17	-0.69%
Gansu	**99.45**	99.39	0.06%
Xinjiang	**97.60**	99.30	-1.70%
Hebei	**98.41**	98.25	0.16%
Yunnan	**99.47**	99.36	0.11%
Anhui	**99.10**	99.23	-0.13%
Shandong	**99.61**	99.43	0.18%
Tianjin	**99.45**	99.48	-0.03%
Shanxi	**99.39**	99.33	0.06%
Ningxia	**99.12**	99.30	-0.18%
Guizhou	**98.72**	99.08	-0.36%
Shaanxi	**99.71**	99.16	0.55%
Tibet	**100.00**	99.00	1.00%
Chongqing	**99.25**	99.22	0.03%
Shanghai	**99.49**	99.56	-0.07%
Guangdong	**98.98**	99.12	-0.14%
Hunan	**98.61**	98.50	0.11%
Guangxi	**99.28**	99.63	-0.35%
Jiangxi	**99.76**	–	-
Canada	**97.55**	97.89	-0.34%
[redacted]	**98.95**	98.94	0.01%

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

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

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

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

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

In the first half of 2017, the Group held fast to and implemented the "One, Five and Five" strategy ("S☒ ☒4) of Guodian Group, comprehensively boosted the construction of an internationally top-notch enterprise to build the "Long-lasting Longyuan", and progressively pressed ahead construction of wind power projects. In particular, the 48 MW Baokang Huanglianshan Wind Power Project in Hubei Province was put into operation marking the breakthrough of "zero" wind power installed capacity for the Group in Hubei Province. Construction was carried out under stable construction safety environment without any construction or equipment-related safety accident. Every unit of the Group continued to carry out work in regard of design inspection, acceptance and equipment supervision in accordance with strict quality standards and coordinated and resolved the identified problems in a timely manner, thus preventing quality issues, effectively reducing hidden perils concerning quality and ensuring quality of the projects. Furthermore, the Group conducted compilation and review over the price ceilings in an efficient manner, which manifested prominent effects on project cost control.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as of 30 June 2016 and 30 June 2017 as below:

Region	**As of 30 June 2017** ***(MW)***	As of 30 June 2016 *(MW)*	**Percentage of change**
Heilongjiang	**1,234.7**	1,234.7	0.00%
Jilin	**547.4**	497.4	10.05%
Liaoning	**1,003.2**	1,003.2	0.00%
Inner Mongolia	**2,635.8**	2,635.8	0.00%
Jiangsu (Onshore)	**1,248.5**	1,197.9	4.22%
Jiangsu (Offshore)	**480.3**	480.3	0.00%
Zhejiang	**227.9**	227.9	0.00%
Fujian	**665.1**	570.1	16.66%
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**	619.5	24.21%
Anhui	**733.1**	684.7	7.07%
Shandong	**393.4**	338.8	16.12%
Tianjin	**132.0**	132.0	0.00%
Shanxi	**829.5**	646.5	28.31%
Ningxia	**724.7**	724.7	0.00%
Guizhou	**641.5**	641.5	0.00%
Shaanxi	**439.2**	338.6	29.71%
Tibet	**7.5**	7.5	0.00%
Chongqing	**149.5**	149.5	0.00%
Shanghai	**47.5**	47.5	0.00%
Guangdong	**75.74**	25.74	194.25%
Hunan	**48.0**	48.0	0.00%
Guangxi	**95.5**	95.5	0.00%
Jiangxi	**40.0**	–	–
[redacted]	**48.0**	–	–
[redacted]	**99.1**	99.1	0.00%
[redacted]	**17,416.84**	16,546.64	5.26%

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

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

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

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

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

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

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

II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

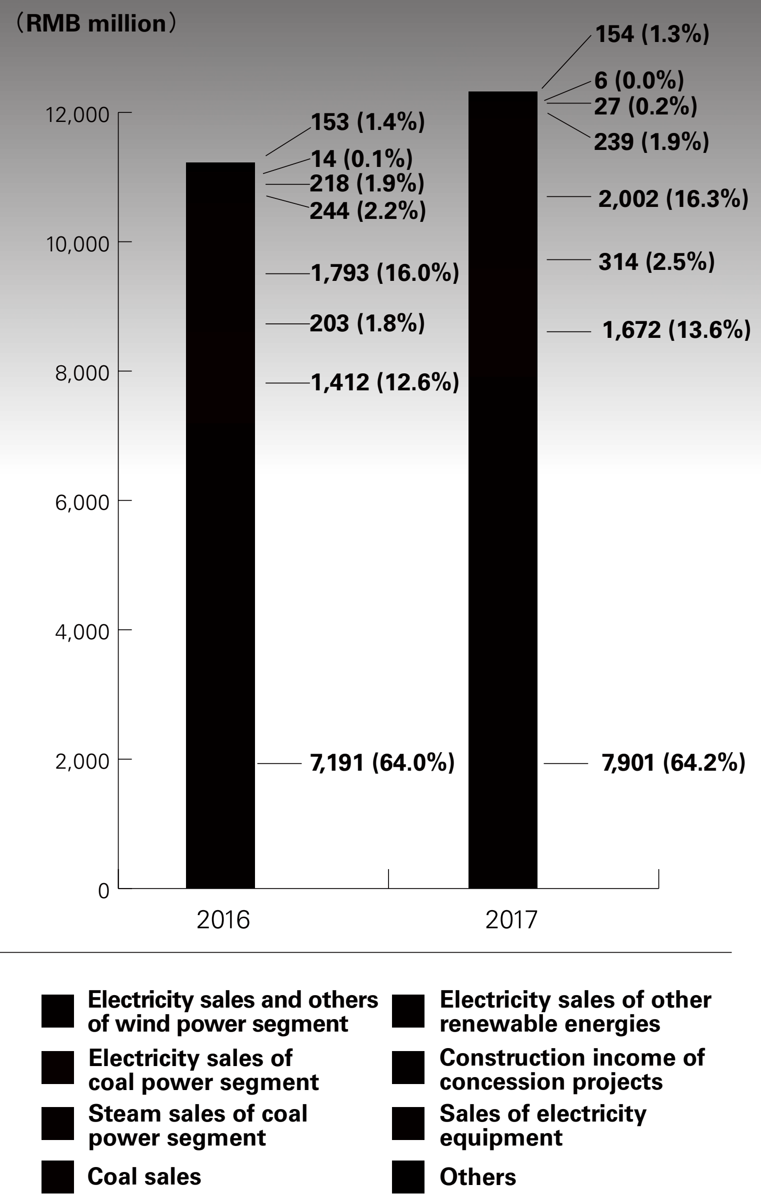
Profit or loss and other comprehensive income

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

Operating revenue

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

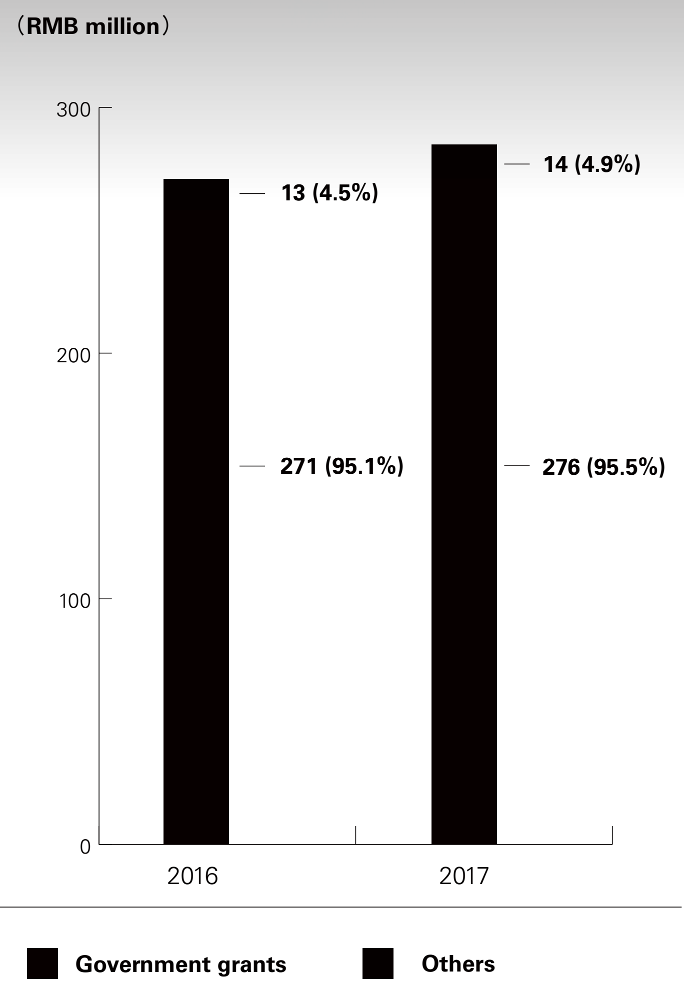
Operating revenue of each segment and their respective proportions are set out in the diagram below (for the six months ended 30 June):



Other net income

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

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

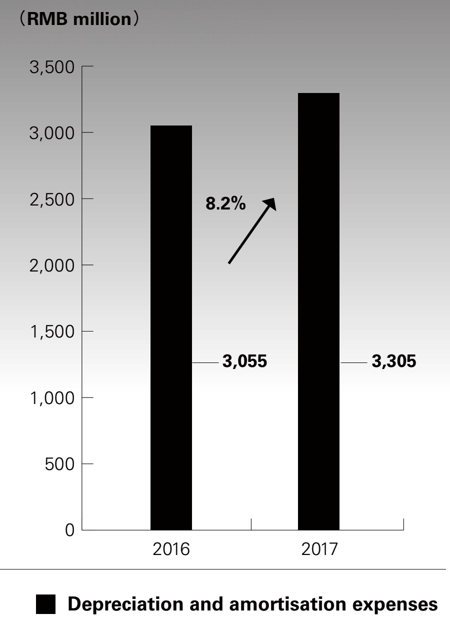


Operating expenses

Depreciation and amortisation expenses

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

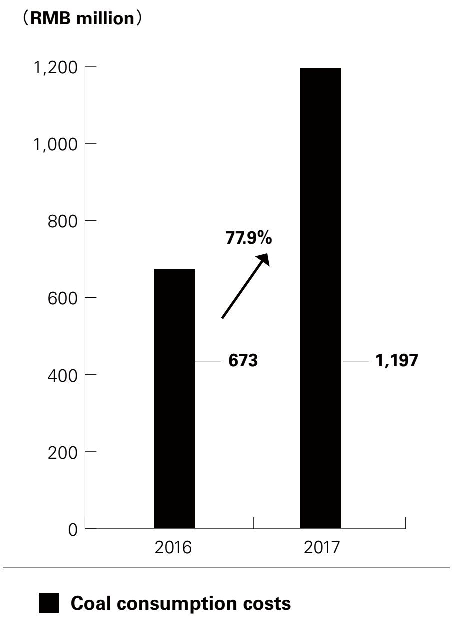
The depreciation and amortisation expenses are set out in the diagram below (for the six months ended 30 June):



Coal consumption costs

The coal consumption costs of the Group amounted to RMB1,197 million in the first half of 2017, representing an increase of 77.9% as compared to RMB673 million in the corresponding period of 2016. The main reasons are as follows: 1) an increase of approximately 55.5% in the average unit price of standard coal for power and steam generation as affected by the increase in the coal price in the first half of 2017; and 2) an increase of approximately 13.2% in the coal [redacted] increase

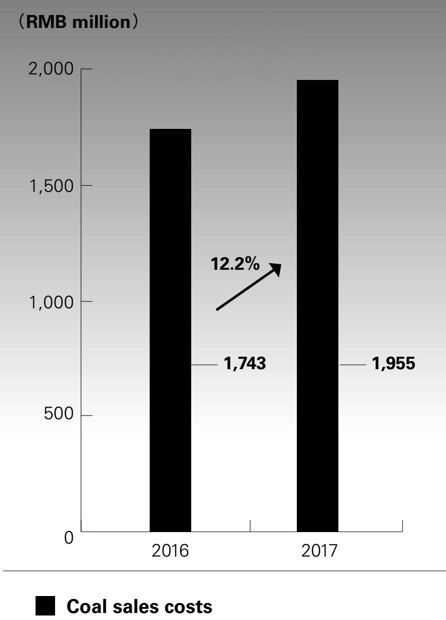
The coal consumption costs are set out in the diagram below (for the six months ended 30 June):



Coal sales costs

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

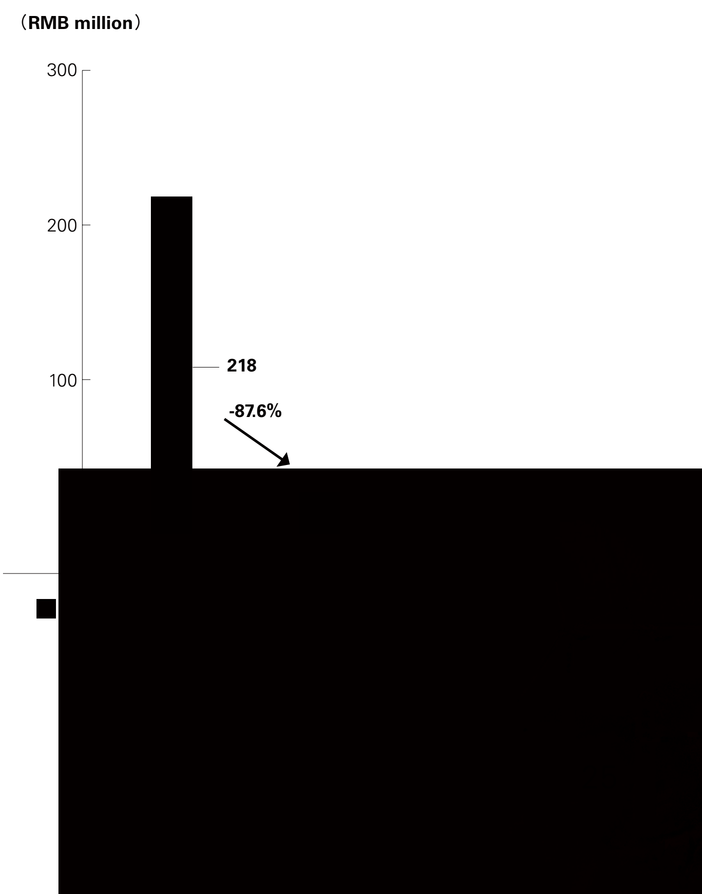
The coal sales costs are set out in the diagram below (for the six months ended 30 June):



Service concession construction costs

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

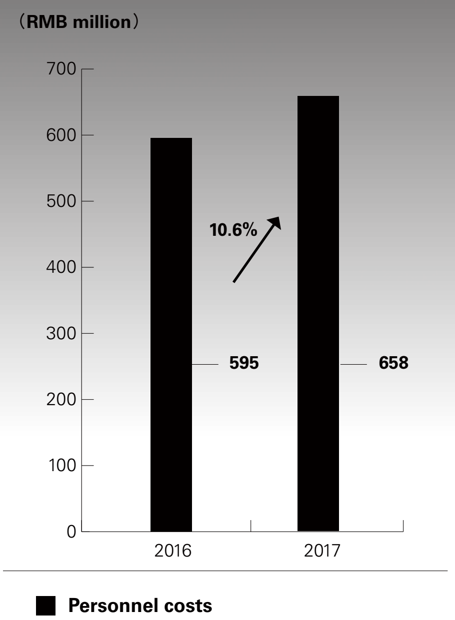
The service concession construction costs are set out in the diagram below (for the six months ended 30 June):



Personnel costs

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

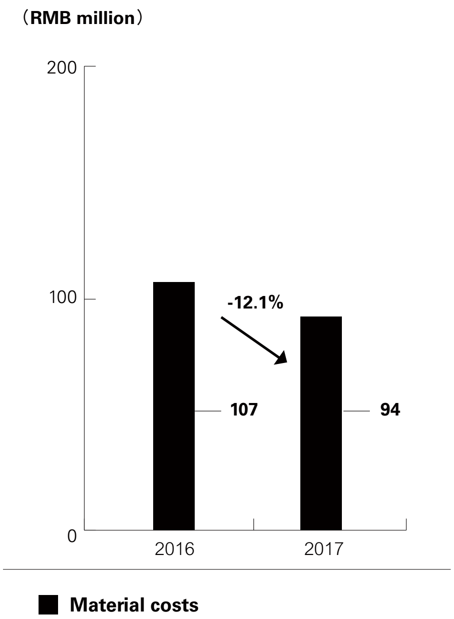
The personnel costs are set out in the diagram below (for the six months ended 30 June):



Material costs

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

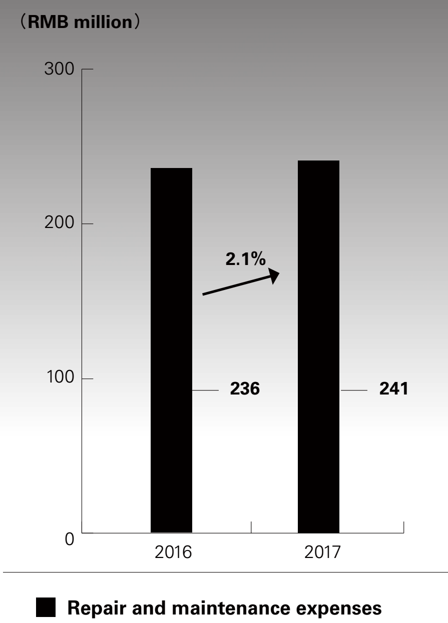
The material costs are set out in the diagram below (for the six months ended 30 June):



Repair and maintenance expenses

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

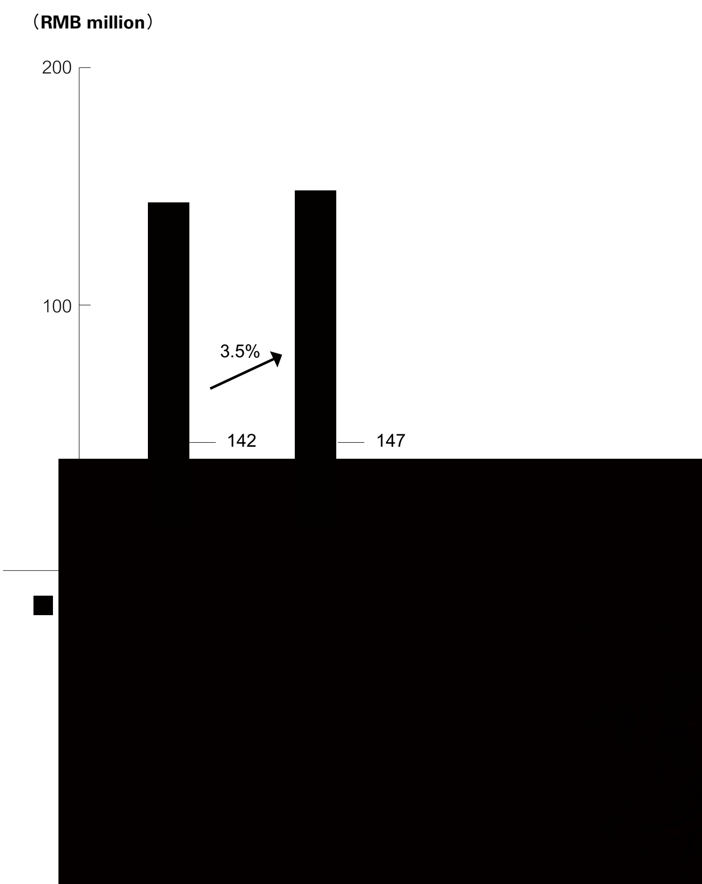
The repair and maintenance expenses are set out in the diagram below (for the six months ended 30 June):



Administrative expenses

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

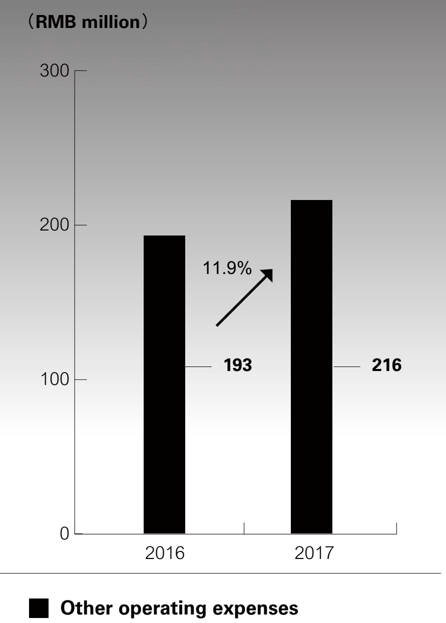
The administrative expenses are set out in the diagram below (for the six months ended 30 June):



Other operating expenses

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

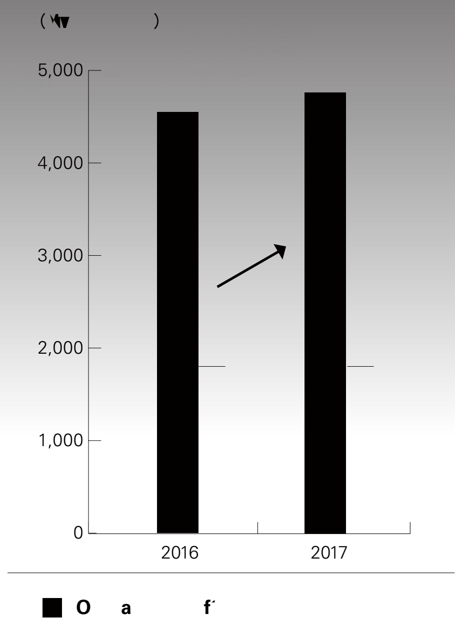
The other operating expenses are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

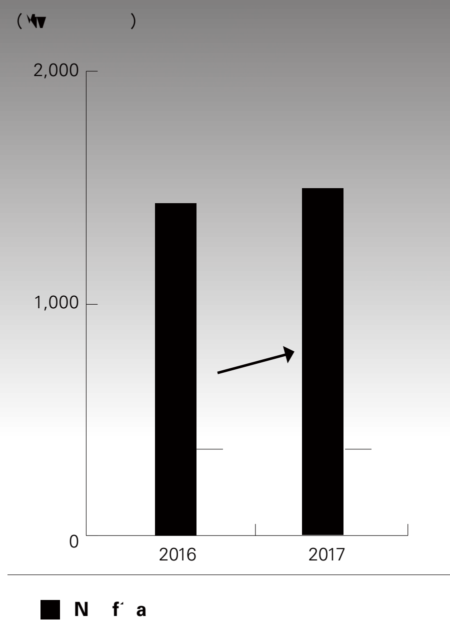
Operating profit is set out in the diagram below (for the six months ended 30 June):



Net finance expenses

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

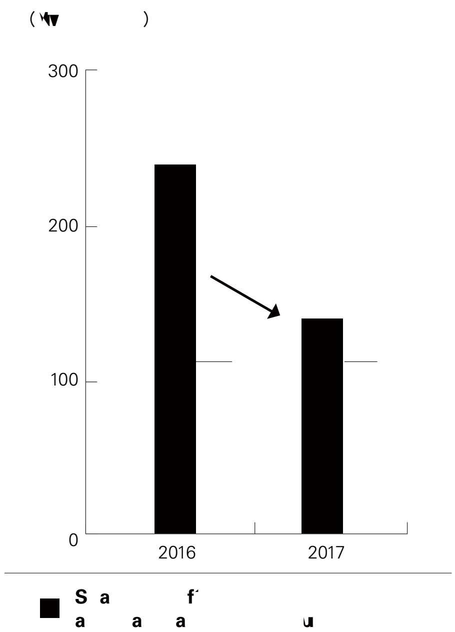
The net finance expenses are set out in the diagram below (for the six months ended 30 June):



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 RMB139 million in the first half of 2017, representing a decrease of 41.8% as compared to RMB239 million in the corresponding period of 2016, which was mainly due to the decrease in share of profits from Jiangsu Nantong Power Generation Co., Ltd. ([illegible]), a joint venture, due to higher coal price.

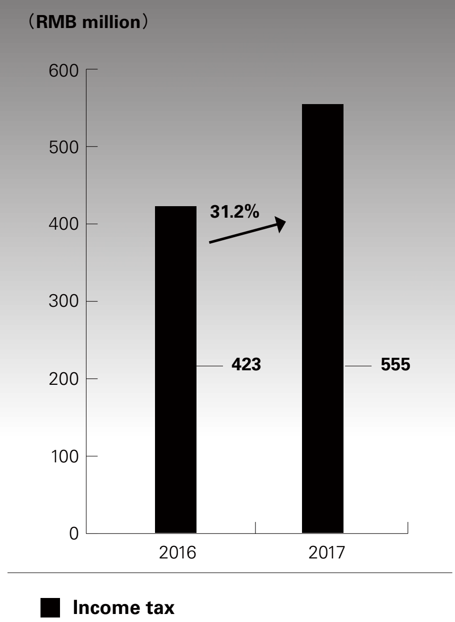
The share of profits less losses of associates and joint ventures is set out in the diagram below (for the six months ended 30 June):



Income tax

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

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



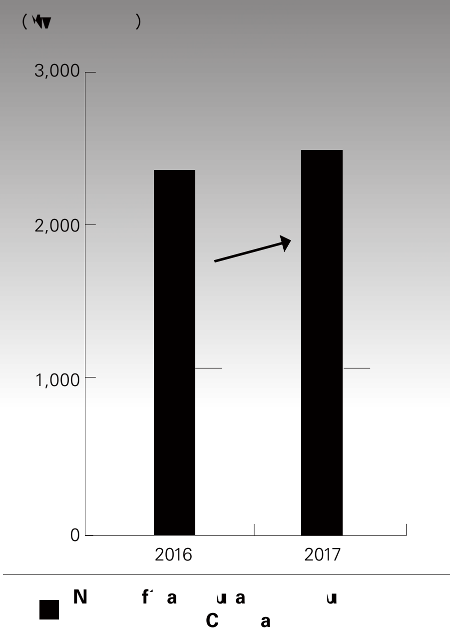
Net profit

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

Net profit attributable to equity holders of the Company

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

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



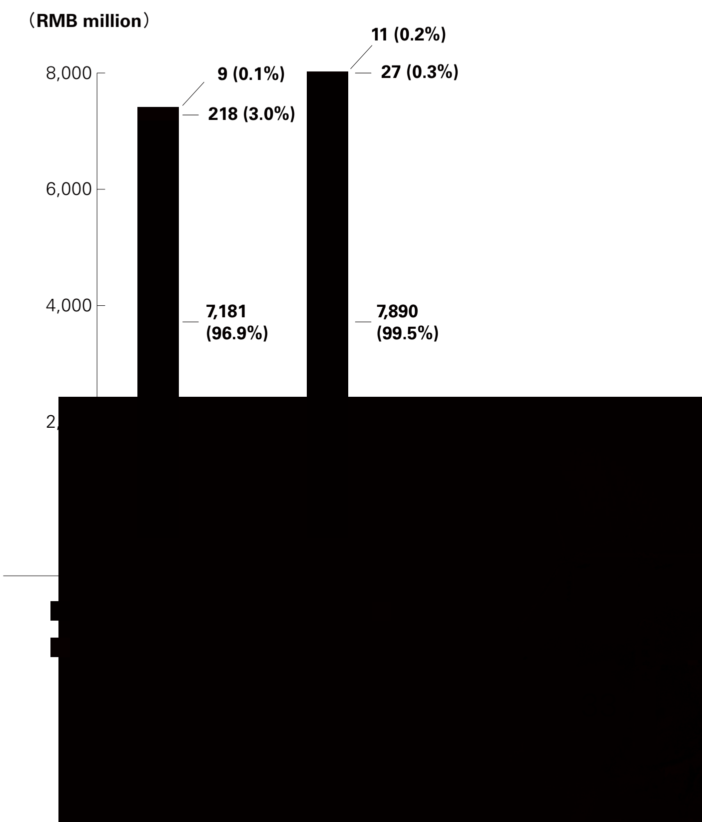
Segment results of operations

Wind power business

Operating revenue

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

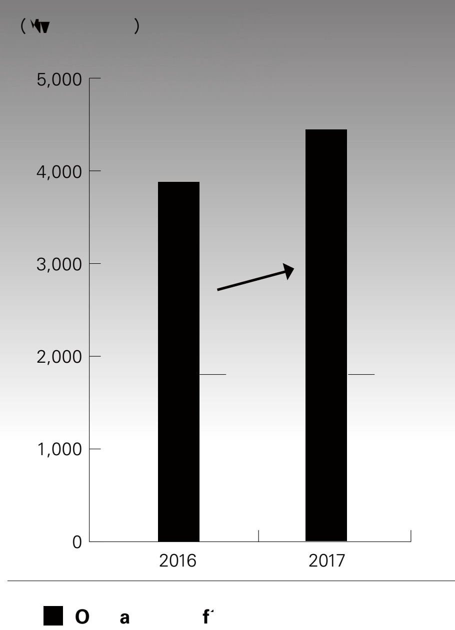
Operating revenue of the wind power business and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

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

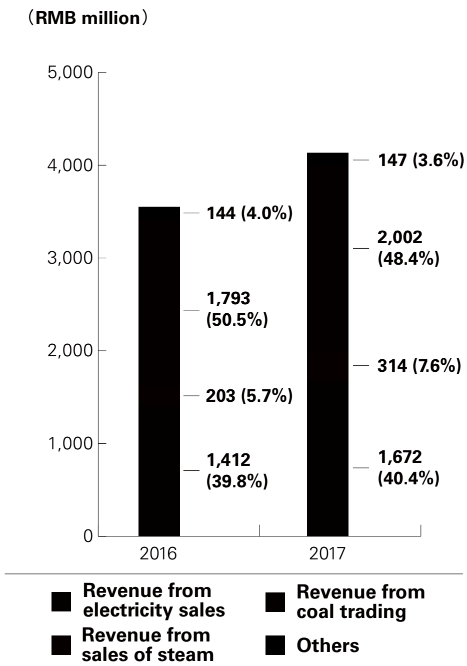


Coal power business

Operating revenue

In the first half of 2017, operating revenue of coal power business of the Group amounted to RMB4,135 million, representing an increase of 16.4% as compared to RMB3,552 million in the corresponding period of 2016, primarily attributable to: 1) the increase in revenue from electricity sales due to an increase of 590 million kWh or 13.6% in electricity sales volume of coal power segment in the first half of 2017 as compared to the corresponding period of 2016; at the [redacted] tariffs for [redacted] RMB14 [redacted] 4.3%, as [redacted] in the [redacted] result of [redacted]

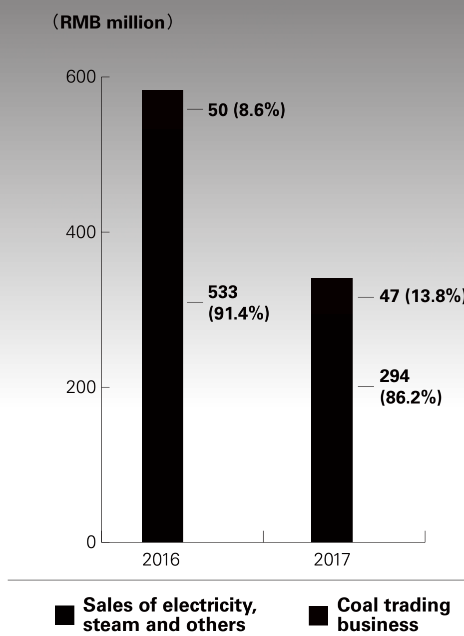
Operating revenue of the coal power business and proportions are set out in the diagram below (for the six months ended 30 June):



Operating profit

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

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



Other segments

Operating revenue

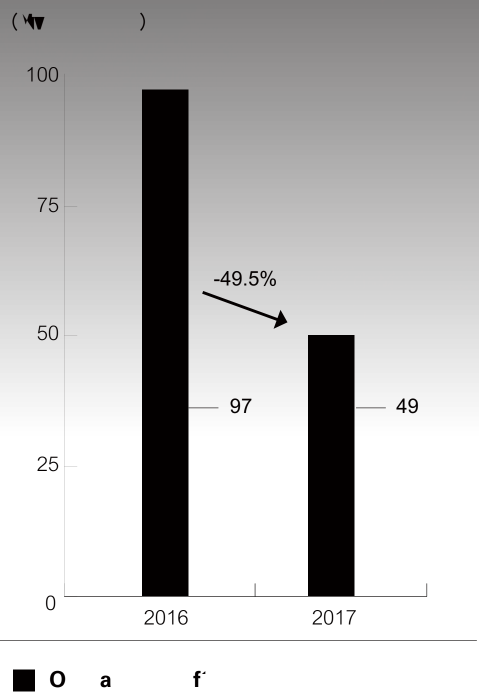
In the first half of 2017, the operating revenue of other segments of the Group amounted to RMB391 million, representing a decrease of 14.3% as compared to RMB456 million in the corresponding period of 2016, which was mainly attributable to the decrease in the income from tendering agency service and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

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

Operating profit

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

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



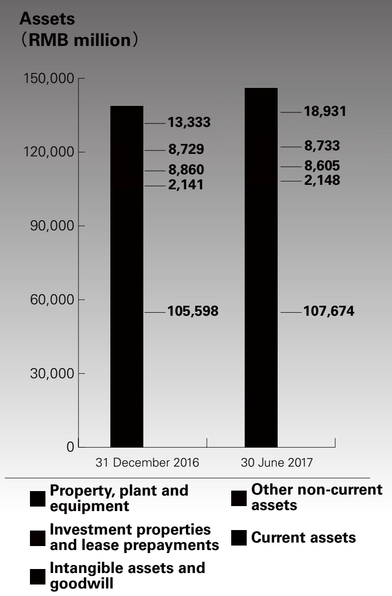
Assets and liabilities

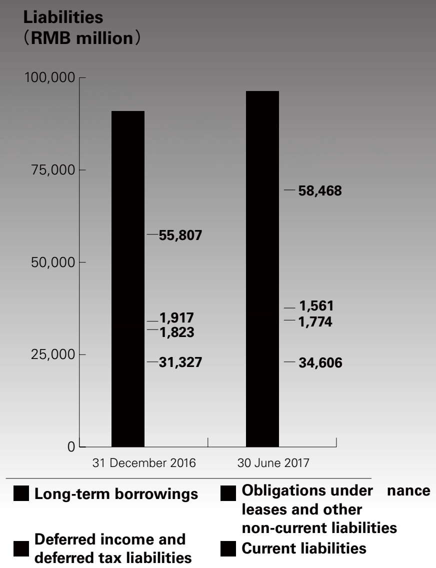
As at 30 June 2017, total assets of the Group amounted to RMB146,091 million, representing an increase of RMB7,430 million as compared with total assets of RMB138,661 million as at 31 December 2016. This was primarily due to: 1) an increase of RMB5,598 million in current assets including receivables;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

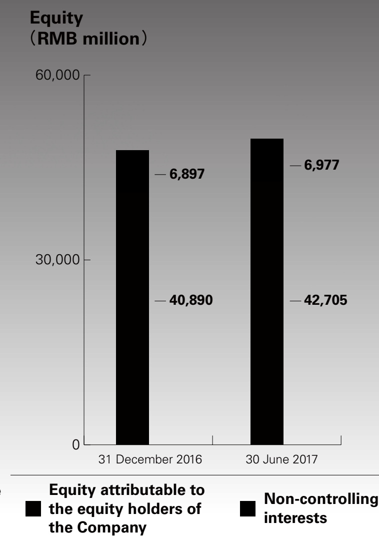
As at 30 June 2017, total liabilities of the Group amounted to RMB96,409 million, representing an increase of RMB5,535 million as compared to total liabilities of RMB90,874 million as at 31 December 2016. This was primarily due to an increase of RMB2,661 million in current liabilities including short-term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

[redacted]tributable to equity holders of the Company amounted to [redacted]ting an increase of RMB1,815 million as compared with [redacted]cember 2016.

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





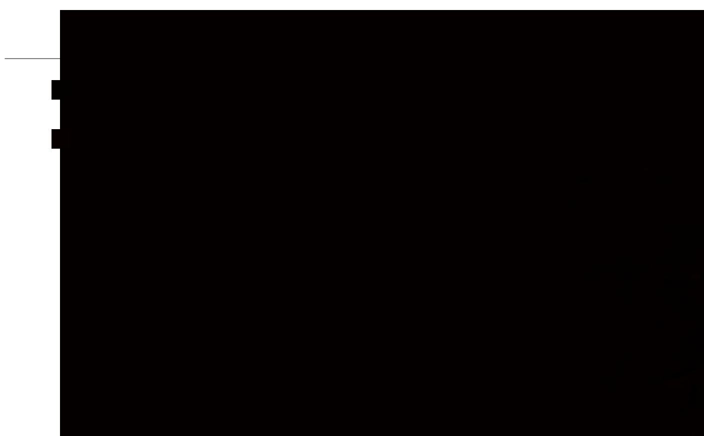


Capital liquidity

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

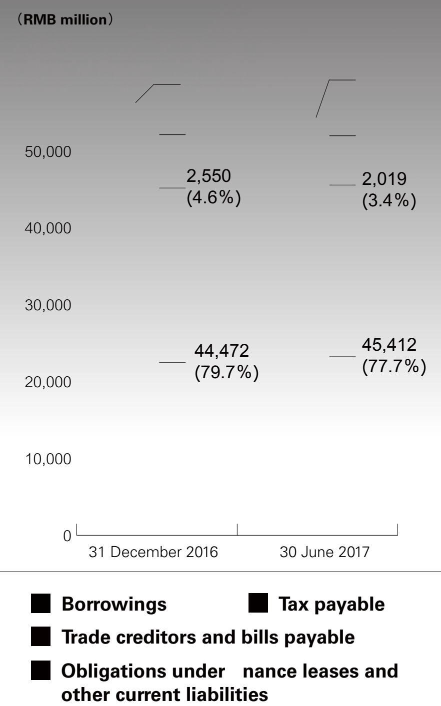
Current assets and their respective proportions are set out in the diagram below:

(RMB million)



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

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



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

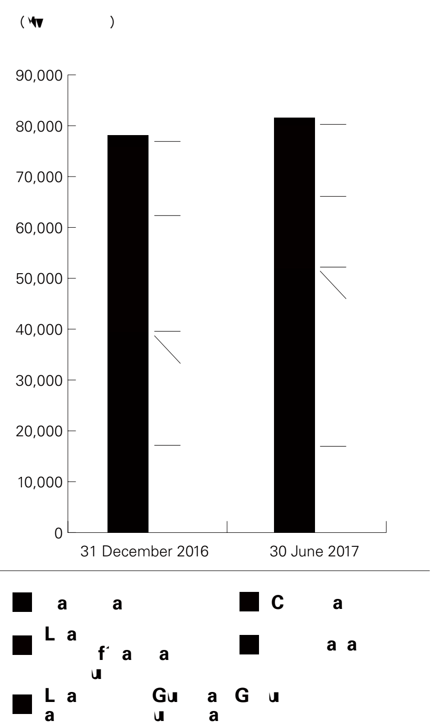
Restricted deposits amounted to RMB11 million, mainly including deposits for bills and issuance of the letter of credit.

__Borrowings and bills payable__

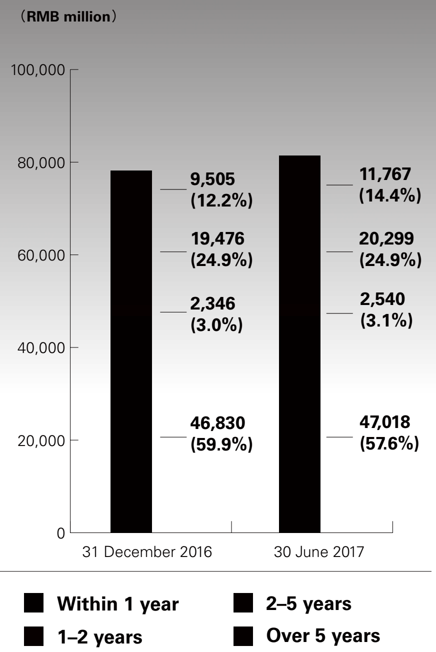
As at 30 June 2017, the Group's balance of outstanding borrowings and bills payable amounted to RMB81,624 million, representing an increase of RMB3,467 million as compared with the balance of RMB78,157 million as at 31 December 2016.

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

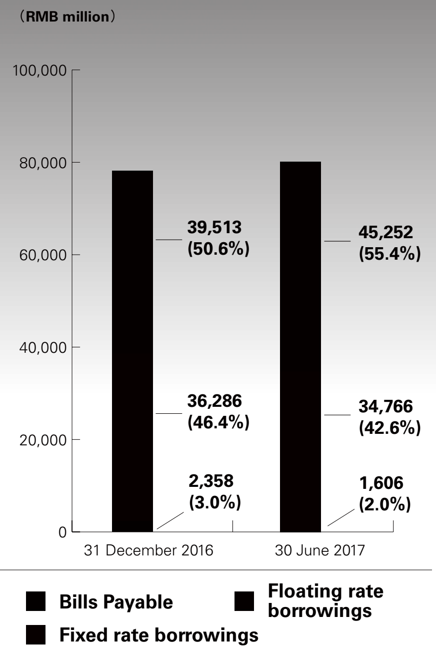
Borrowings and bills payable and their respective proportions by category are set out in the diagram below:



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



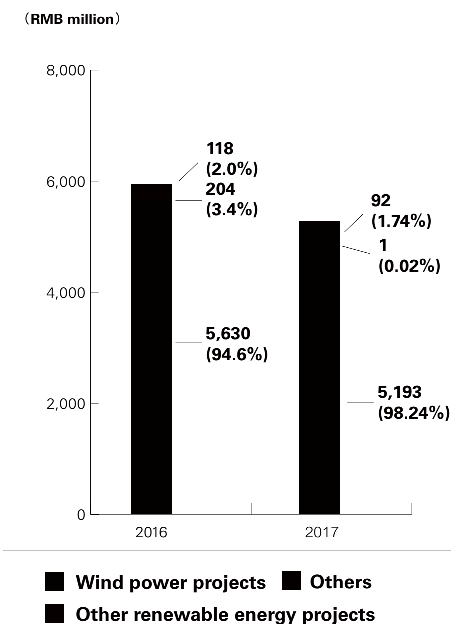
The types of interest rate structure of borrowings and bills payable and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB5,286 million in the first half of 2017, representing a decrease of 11.2% as compared with RMB5,952 million in the corresponding period of 2016, among which, the expenditures for the construction of wind power projects amounted to RMB5,193 million, and the expenditures for the construction of other renewable energy projects amounted to RMB1 million. The sources of funds [redacted]d funds, [redacted]and other [redacted]proceeds [redacted]

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

Major investments

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

Material acquisitions and disposals

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

Pledged assets

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

Contingent liabilities/Guarantees

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

Cash flow analysis

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

The net cash inflow of the Group's operating activities amounted to RMB3,491 million in the first half of 2017, among which the cash inflow was primarily attributable to revenue from electricity sales. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses. The net cash inflow from operating activities in the first half of 2017 decreased by RMB2,716 million from RMB6,207 million in the first half of 2016, primarily attributable to the increase in account receivable arising from the revenue from electricity sales and the increase in the cash expenditures for coal procurement in the first half of 2017.

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

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

Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group' investments carried out abroad and a small amount of its loans are denominated in foreign currencies. Therefore, fluctuations of the Group in Renminbi exchange rate will result in [redacted]s of the Group in those transactions. The Group always pays [redacted]d research of the risk in the foreign exchange rate, keeps [redacted]d international financial institutions in terms of businesses [redacted]tively carries out protection measures for currency exchange [redacted]nominated bonds by virtue of cross-currency swap (CCS) of [redacted]ns appropriate means to use foreign currencies and adopts [redacted]isk management of the currency exchange rate.

III. PROSPECT FOR THE SECOND HALF OF 2017

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE REQUIREMENTS OF APPENDIX 14 OF THE LISTING RULES

On 20 June 2017, the Company held the 2016 annual general meeting. Mr. Qiao Baoping (Chairman of the Board), Mr. Luan Baoxing and Mr. Yang Xiangbin, the non-executive Directors; Mr. Huang Qun, the executive Director; and Mr. Zhang Songyi, the independent non-executive Director, who were incumbent on the date when the annual general meeting was held, were absent from the abovementioned annual general meeting due to business engagement. Save as disclosed above, 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 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 co-ordination between the internal and external auditors and to ensure that functions in respect of accounting, internal auditing and financial reporting are operating with adequate resources in the Company and the relevant staff have been trained with sufficient qualifications and experience and are provided with regular training programmes or other similar arrangement. Moreover, the audit committee will discuss the risk management and internal control system with the management to ensure that the management has duly performed its duties and established effective system. It will also supervise relevant departments in disclosing the details about how the Company complies with code provisions in respect of risk management and internal control during the Reporting Period under the Corporate Governance Report.

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

On 22 August 2017, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2017, the 2017 interim report and the unaudited interim financial statements for the six months ended 30 June 2017 prepared under International Accounting Standards 34, *Interim Financial Reporting*.

SHARE CAPITAL

As of 30 June 2017, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company 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 2017.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

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

On 30 June 2017, 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

On 30 June 2017, so far as known to the Directors, the following persons 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) (%)*
Guodian Group	Domestic shares	Beneficial owner and interest of corporation controlled by substantial shareholders	4,696,360,000 *(Note 2)* *(Long position)*	100	58.44
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	328,341,479 *(Note 3)* *(Long position)*	9.83	4.09
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	10,872,000 *(Note 4)* *(Short position)*	0.33	0.14
JPMorgan Chase & Co.	H shares	Beneficial owner, investment manager and custodian	300,364,476 *(Note 5)* *(Long position)*	8.99	3.74
JPMorgan Chase & Co.	H shares	Beneficial owner	8,808,674 *(Note 6)* *(Short position)*	0.26	0.11
[redacted]	[redacted]	Custodian	248,477,167 *(Note 7)* *(Shares in a lending pool)*	7.44	3.09

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) (%)*
National Council for Social Security Fund ([illegible] +6)	H shares	Beneficial owner	233,758,000 *(Long position)*	7.00	2.91
T. Rowe Price Associates, Inc. and its Affiliates	H shares	Beneficial owner	168,258,000 *(Long position)*	5.04	2.09

Notes:

1. The percentage is based on the issued number of the relevant class of shares/total issued shares of the Company as at 30 June 2017.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by Guodian Group while the remaining 93,927,200 domestic shares were held by Guodian Northeast Electric Power Co., Ltd.* (7e eb[illegible], a subsidiary of Guodian Group. Accordingly,

3. Among these 328,341,479 H shares, 989,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 1,250,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 41,242,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc., 58,035,000 H shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 1,547,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 15,100,276 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 447,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 5,246,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 18,156,116 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., 1,622,167 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,656,200 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 26,372,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 123,230,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 18,289,172 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 7,198,214 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 6,699,541 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc, 782,000 H shares were held by BlackRock (Singapore) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., and 14,000 H shares were held by BlackRock Asset Management (Schweiz) AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

4. These 10,872,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiary.

5. Among these 300,364,476 H shares, 136,000 H shares were held by J.P. Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 11,338,600 H shares were held by J.P. Morgan GT Corporation, a wholly-owned subsidiary of JPMorgan Chase & Co., 11,145,157 H shares were held by J.P. Morgan Whitefriars LLC, an indirect wholly-owned [redacted] Co., 29,267,552 H shares were held by J.P. Morgan Securities [redacted] subsidiary of JPMorgan Chase & Co. and 248,477,167 H shares [redacted], N.A., a wholly-owned subsidiary of JPMorgan Chase & Co. [redacted] was deemed as the owner of the H share equity interests held [redacted]

6. Among these 8,808,674 H shares, 5,065,714 H shares were held by J.P. Morgan Whitefriars LLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co. and 3,742,960 H shares were held by J.P. Morgan Securities plc, an indirect non-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 subsidiaries.

7. These 248,477,167 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H shares in a lending pool held by its aforesaid subsidiary.

EMPLOYEES

As at 30 June 2017, the Group had a total of 7,141 employees. The staff remuneration of the Group comprises of basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment of the employees. In respect of the remuneration management, the Group insisted on the orientation towards efficiency and results as well as the focus on front-line staff and staff in the difficult and remote regions. The Group increased the wind power enterprises' standards of subsidies in the poor regions and managed to keep stability of the Group. Sound and comprehensive remuneration management measures were customised for the management members of different types of the Group. Categorised management was implemented to coal power entities, technology entities, new energy entities, entities located in Qinghai and Tibet areas and overseas entities.

MATERIAL LITIGATION

As at 30 June 2017, 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.

龙源电力集团股份有限公司
China Longyuan Power Group Corporation Limited