# CONTENTS


Interim Results and Financial Data . . . . . 2

Management Discussion and Analysis . . . . 6

Corporate Governance . . . . . 53

Other Information . . . . . 56

Independent Review Report . . . . . 68

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income . . . . . 70

Interim Condensed Consolidated Statement of Financial Position . . . . . 72

Interim Condensed Consolidated Statement of Changes in Equity . . . . . 75

Interim Condensed Consolidated Statement of Cash Flows . . . . . 77

Notes to the Interim Condensed Consolidated Financial Information . . . . . 79

Glossary of Terms . . . . . 133

Corporate Information . . . . . 138

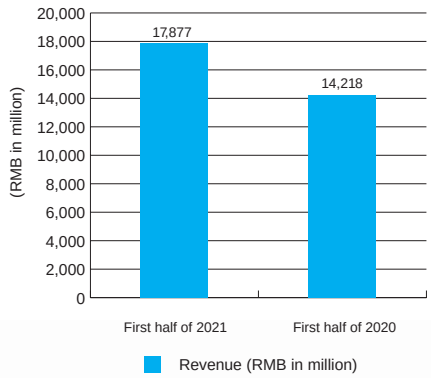



# INTERIM RESULTS AND FINANCIAL DATA

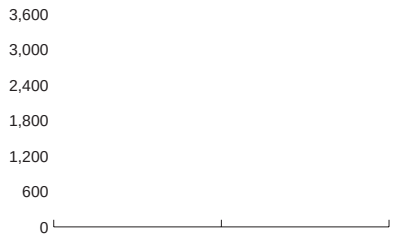
The Board of China Longyuan Power Group Corporation Limited* hereby announced the unaudited operating results for the six months ended 30 June 2021 and a comparison with the operating results for the six months ended 30 June 2020 (the "corresponding period of 2020"). For the six months ended 30 June 2021, the Group recorded consolidated operating revenue of RMB17,877 million, representing an increase of 25.7% over RMB14,218 million for the corresponding period of 2020. Profit before taxation amounted to RMB6,375 million, representing an increase of 38.8% over RMB4,594 million for the corresponding period of 2020. Net profit attributable to equity holders of the Company amounted to RMB4,540 million, representing an increase of 36.3% from RMB3,331 million for the corresponding period of 2020. Basic earnings per share attributable to equity holders of the Company amounted to RMB0.5500, representing an increase of RMB0.1506 from RMB0.3994 for the corresponding period of 2020. As at 30 June 2021, net assets per share (excluding non-controlling interests) amounted to RMB7.60.

* *For identification purpose only*

## 1. Revenue




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



# INTERIM RESULTS AND FINANCIAL DATA

| | For the six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | *RMB'000* | *RMB'000* |
| Revenue | 17,876,758 | 14,217,858 |
| Profit before taxation | 6,374,623 | 4,594,243 |
| Income tax | (1,125,382) | (818,024) |
| Profit for the period | 5,249,241 | 3,776,219 |
| Attributable to: | | |
| Equity holders of the Company | 4,539,632 | 3,330,720 |
| Non-controlling interests | 709,609 | 445,499 |
| Total comprehensive income for the period | 5,250,807 | 3,479,309 |
| Attributable to: | | |
| Equity holders of the Company | 4,538,682 | 3,041,947 |
| Non-controlling interests | 712,125 | 437,362 |
| Basic and diluted earnings per share *(RMB cents)* | 55.00 | 39.94 |

# MANAGEMENT DISCUSSION AND ANALYSIS

Relevant policies of carbon neutrality and green development:

In February 2021, the State Council promulgated the Guidelines on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Economic Development System (Guo Fa [2021] No.4) (• ë õ ž m Œ ` - A C ï • ¾ ö û Y 8 ¬ ‘ ( 7 ï[2021]4 î )), to guide the construction of the national green and low-carbon circular development system and the whole chain of green and low-carbon, and made specific arrangements. It formulated the main objectives of the country's carbon neutrality and green economy by 2025 and 2035, with emphasis on increasing the utilization proportion of renewable energy, vigorously promoting the development of wind power and photovoltaic power generation and developing power generation by water energy, geothermal energy, marine energy, hydrogen energy, biomass energy and solar thermal according to local conditions. It made it clear that the green development of the whole economic chain is based on the efficient utilization of resources, strict protection of the ecological environment, and effective control of greenhouse gas emissions, promoting the green development of China to a new level.

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

Relevant policies for the development and construction:

In February 2021, the NDRC and the National Energy Administration issued the Guiding Opinions on Promotion of Integration of Power Generation, Grid, Load and Storage and Multi-energy Complementary Development (Fa Gai Neng Yuan Gui [2021] No. 280) ﴿ ë õ ª † e b U c ƒ · S · q µ • • þ ï • Y 8 ¬ ‘ ( ï · • U •[2021]280 î )), with a period of validity of 5 years. The local offices of the National Energy Administration shall be responsible for taking the lead in the establishment of the coordination, operation and benefit sharing mechanism for the projects of integration of power generation, grid, load and storage and multi-energy complementary development in their respective regions. The implementation path for the integration of grid, load and storage will explore and build new type power system development path featuring extreme integration of generation, grid, load and storage through the integration of power generation-side, grid-side and load-side resources, supported by advanced technological breakthrough and innovation of system and mechanism; for the implementation path of multi-energy complementarity, normal power source in stock will be used, to allocate the energy storage in a reasonable manner, make overall planning for the planning, design, construction and operation of various power source, give priority to the development of new energy, positively implement the improvement of the “Integration of Wind, Solar, Water and Coal Storage” for the stock, steadily promote the "Integration of Wind, Solar, Water (Storage)" for the increment, explore the “Integration of Wind, Solar and Storage” for the increment, strictly control the “Integration of Wind, Solar and Coal (Storage)” for the increment. Management policies for national project of power generation with renewable energy should be implemented, which shall be arranged in the national and local renewable energy planning and implementation programs. Qualified regions will be encouraged to organize to promote the construction of relevant projects, and they will be provided with support to participate in market-oriented power transaction cross-provinces and regions, incremental power distribution reform and market-oriented transaction for distributed power generation.

In May 2021, the National Energy Administration formally issued the Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Guo Neng Fa Xin Neng [2021] No. 25) ( ë õ2021 Ë , e e ˆ • ï e š ï £ Þ ë + ° Y · ] ‘ ) ( 7 • ï - •[2021]25 î ). Pursuant to the document, for the new grid-connection projects required for the completion of responsibilities for yearly minimum proportion of non-hydropower generation consumption by various provinces (autonomous regions, municipalities), their connection to the grid shall be implemented by power grid enterprises in an affordable manner ( - æ Ì ; c), and the scale of such affordable grid connection ( - æ Ì ; c) shall be not less than 90 million kW for 2021. Wind power projects which have been approved before the end of 2020 and are still within the period of validity, parity wind power and photovoltaic power generation projects of 2019 and 2020 and bidding photovoltaic projects shall be directly incorporated into the scope of affordable grid connection ( - æ Ì ; c) of various provinces (regions, municipalities). As per the target set out in the “Fourteenth Five-Year Plan” planning, the proportion of renewable energy power consumption responsibility and utilization rate target for reasonable use of new energy shall be formulated and published for various provincial administrative regions. Power grid enterprises shall ensure that the affordable grid connection ( - æ Ì ; c) and market-based grid connection projects which have been incorporated into the scope of yearly development and construction plan are connected to the grid as many as possible so long as they are qualified ( • ; 8 ;), and no additional condition shall be imposed.

In June 2021, the National Energy Administration issued the Notice on Submitting of Pilot Scheme for the Development of Rooftop Distributed Photovoltaic across Whole Counties (Municipalities, Districts) (• ë õ Ô Æ $ ( 9 e ) ß ± 1 Ì ˆ • š ï Ã Ù é Y · ] ‘ ), pursuant to which, pilot work on nation-wide promotion of the development of rooftop distributed photovoltaic across whole counties (municipalities, districts) shall be organized and carried out. As required under the document, the pilot counties (municipalities, districts) which apply for such projects shall have rich rooftop resources, good consumption capabilities, the proportion of areas where photovoltaic equipment can be installed to the total areas of rooftops of buildings of Party and governments offices shall be not lower than 50%, that for schools and hospitals shall be not lower than 40%, not lower than 30% for industrial and commercial distributed photovoltaic projects and not lower than 20% for rural residents’ house roofs. It aims to fully mobilize and give full play to the initiatives of local people, guide local governments to coordinate for more rooftop resources, further expand the market, and expand the scale of the construction of rooftop distributed photovoltaic.

Relevant policies for the market and consumption:

In January 2021, the Ministry of Ecology and Environment issued the Administrative Measures for Carbon Emissions allowance Trading (in Trial) (Order No. 19 of the Ministry of Ecology and Environment of the People' s Republic of China) (• A ° ó Æ t ø M # l , ( ) ' ( • 6 [ O • q 7 [ Ò ¤ Å ÿ K19 î )), which came into effect on 1 February 2021. The measures regulate the national carbon emissions allowance trading and relevant activities, stipulate the responsibilities, rights and obligations of the ecology and environment authorities at various level and the market players, as well as the key links and working requirements for the operation of national carbon market. National carbon emissions allowance registration organization and national carbon emissions allowance trading mechanism are established, the plan for determination and allocation of total quota of carbon emissions is formulated, and a mechanism of allocation with compensation is introduced at appropriate time. Carbon emissions allowance trading is taken as a market-oriented means to control the emissions of greenhouse gas, and this is the first time for our country to effectively allocate the responsibilities for control of emissions of greenhouse gas to enterprises at a national level.

In February 2021, the National Energy Administration issued the Key Points on Energy Supervision and Regulation Working for 2021 (Guo Neng Fa Jian Guan [2021] No. 2)•(2021 Ë • U 9 M ˆ * Ã ' ( 7 • ï 9 M[2021]2 î )). In this document, it is suggested that the construction of power market shall be vigorously promoted, overall planning shall be made to promote the construction of medium and long term power trading market, spot market and auxiliary service market, and various transaction categories shall be linked up well.

In March 2021, the National Energy Administration issued the Plan for the Comprehensive Supervision and Regulation of Consumption of Clean Energy (Guo Neng Zong Tong Jian Guan [2021] No. 28) (• ö Ž • U v ‹ 1 ] ¥ 9 M ˆ * Ù é ' ( 7 • ] · 9 M[2021]28 î )). In order to comprehensively implement "Carbon Peak, Carbon Neutrality" and the requirements on supervision over ecology and environment protection by the Central Government, as well as promote the consumption of clean energy, under the supervision and regulation basis of the Laws on Renewable Energy (• Ž [ • U , ' ), a nation-wide comprehensive supervision and regulation of the consumption of clean energy shall be organized and carried out. Such comprehensive supervision and regulation will focus on six areas: (1) the achievement of main targets and implementation of key tasks for the consumption of clean energy; (2) the weight of implementation of responsibilities for the consumption of renewable energy power generation; (3) the grid connection circumstances of clean energy power generation projects; (4) the optimization and distribution of clean energy; (5) the cross-province transaction and consumption of clean energy; and (6) the clean energy's participation in auxiliary service market, targeting key regions and key enterprises suffering from multiple problems in clean energy, particularly, the competent authorities of local governments, power grid enterprises, power dispatching organs, power trading organs and power generation enterprises shall be supervised and regulated.

In April 2021, the NDRC and the National Energy Administration issued the Guiding Opinions on Accelerating the Promotion of the Development of New-type Stored Energy (Draft for Comments) (• ë õ ž ª - è · • ï • Y 8 ¬

In May 2021, the NDRC, Office of the Central Cyberspace Affairs Commission, Ministry of Industry and Information Technology and the National Energy Administration jointly issued the Implementation Plan for the Hashrate Hub of Collaborative Innovation System of National Integrated Big Data Centre (Fa Gai Gao Ji [2021] No. 709)

In May 2021, the General Office of the NDRC, the Comprehensive Department of the National Energy Administration jointly issued the Notice on Relevant Matters in relation to Performing Well in Investment in and Construction of Supporting Transmission Projects for New Energy (Fa Gai Ban Yun Xing [2021] No. 445) ( ë õ » - • U ã • Ô ˆ û ³ £ Þ ë + ° Y · ] ‘ ( ï · l 6 [2021]445 î )), which aims at the circumstance of de-synchrony between the construction of new energy power generation units and that of supporting transmission projects, to deal with

In June 2021, the NDRC issued the Notice on Issues Related to the 2021 Policies for On-Grid Tariff of New Energy (Fa Gai Jia Ge [2021] No. 833) ‹ ë õ2021 Ë - • U j c e A Þ ë + ° Y · ] ‘ ( ï · ø[2021]833 î )), which clarified that since 2021, the specific on-grid tariff of newly filed centralized photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects (the new projects) shall be collected directly according to the local benchmark price of conventional coal-fired power, not being arrived at by competitive methods any longer. In the meanwhile, the on-grid tariff of new projects can be arrived at through participating marketization trading voluntarily, such better realizing the green electricity value of the photovoltaic power generation and wind power. Since 2021, the on-grid tariff of newly approved (filed) offshore wind power projects and solar-thermal power generation projects shall be fixed by the local provincial price authority and be arrived at by competitive distribution when the conditions permit, with the amount within the scope of the local benchmark price of conventional coal-fired power settled by the power grid enterprises. In addition, all regions are encouraged to introduce targeted supporting policies to support the healthy and sustainable development of new energy industries such as offshore wind power and solar-thermal power generation.

In June 2021, the New Energy Cloud Platform of the State Grid announced the list of the twelfth batch of renewable energy power generation subsidy projects in 2021. 645 projects in total were included in the list of the twelfth batch of renewable energy power generation subsidy projects in 2021, with approved (filed) capacity of 3,949.01 MW. Among which, there were 21 centralized wind power projects, with approved (filed) capacity of 1,320 MW; there were 33 centralized andwirinwoaonrarinoc ,ihrvw(iw)cio,

there were91 centralizedbiomassy power generation project,e

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

In January 2021, the official WeChat of the NDRC issued Catalogue of Industries Encouraged to Develop in the Western Region (2020 Edition) (Decree No. 40 of the National Development and Reform Commission of the People's Republic of China) (• Å ® | ¸ ó * 8 f } (2020 Ë I ) ' ( • 6 [ O • q 7 7 • ï • q · ' ‰ p 6 ÿ K40 î

# I. BUSINESS REVIEW

## 1. Strengthened the Production Safety System Construction, and Implemented Accurate Administration Digitally

In the first half of 2021, the Group accelerated the "Two Integrations" of informatization and digitalization by vigorously promoting the implementation of key priorities and improving the digital transformation; promoted the construction of trouble-free wind farms in all respects and enhanced the stableness of equipment operation; carried out optimization of regional operation-maintenance separation mode

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

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

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

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

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

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

| Region | Average utilisation hours power for the first half of 2021 *(hour)* | Average load factor of wind power for the first half of 2021 | Average utilization hours of wind power for the first half of 2020 *(hour)* | Average load factor of wind power for the first half of 2020 | Percentage of change of the average utilisation hours of wind power |
|---|---|---|---|---|---|
| Domestic: | | | | | |
| Heilongjiang | 1,277 | 29% | 1,249 | 29% | 2.24% |
| Jilin | 1,299 | 30% | 1,132 | 26% | 14.75% |
| Liaoning | 1,364 | 31% | 1,227 | 28% | 11.17% |
| Inner Mongolia | 1,455 | 33% | 1,221 | 28% | 19.16% |
| Jiangsu (onshore) | 1,060 | 24% | 1,020 | 23% | 3.92% |
| Jiangsu (offshore) | 1,423 | 33% | 1,355 | 31% | 5.02% |
| Zhejiang | 807 | 19% | 810 | 19% | -0.37% |
| Fujian | 1,305 | 30% | 1,419 | 32% | -8.03% |
| Hainan | 565 | 13% | 602 | 14% | -6.15% |
| Gansu | 1,144 | 26% | 1,066 | 24% | 7.32% |
| Xinjiang | 1,290 | 30% | 1,136 | 26% | 13.56% |
| Hebei | 1,298 | 30% | 1,133 | 26% | 14.56% |
| Yunnan | 1,647 | 38% | 1,745 | 40% | -5.62% |
| Anhui | 1,253 | 29% | 1,204 | 28% | 4.07% |
| Shandong | 1,452 | 33% | 1,196 | 27% | 21.40% |
| Tianjin | 1,313 | 30% | 1,014 | 23% | 29.49% |
| Shanxi | 1,422 | 33% | 992 | 23% | 43.35% |
| Ningxia | 1,206 | 28% | 960 | 22% | 25.63% |
| Guizhou | 1,002 | 23% | 1,158 | 27% | -13.47% |
| Shaanxi | 1,184 | 27% | 993 | 23% | 19.23% |
| Tibet | 1,219 | 28% | 1,072 | 25% | 13.71% |
| Chongqing | 1,130 | 26% | 1,056 | 24% | 7.01% |
| Shanghai | 1,225 | 28% | 1,282 | 29% | -4.45% |
| Guangdong | 1,235 | 28% | 1,279 | 29% | -3.44% |
| Hunan | 1,178 | 27% | 1,231 | 28% | -4.31% |
| Guangxi | 1,393 | 32% | 1,489 | 34% | -6.45% |
| Jiangxi | 1,271 | 29% | 1,423 | 33% | -10.68% |
| Hubei | 1,414 | 33% | 1,060 | 24% | 33.40% |
| Qinghai | 1,047 | 24% | 845 | 19% | 23.91% |
| Henan | 967 | 22% | – | – | – |
| Abroad: | | | | | |
| Canada | 1,461 | 34% | 1,480 | 34% | -1.28% |
| South Africa | 1,418 | 33% | 1,362 | 31% | 4.11% |
| Ukraine | – | – | – | – | – |
| Total | 1,297 | 30% | 1,187 | 27% | 9.27% |

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

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

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

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

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

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

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

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

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

| Region | 30 June 2021 *(MW)* | 30 June 2020 *(MW)* | Percentage of change |
|---|---|---|---|
| Domestic: | | | |
| Heilongjiang | 1,234.70 | 1,234.70 | 0.00% |
| Jilin | 762.05 | 547.40 | 39.21% |
| Liaoning | 1,047.20 | 1,047.20 | 0.00% |
| Inner Mongolia | 2,635.80 | 2,635.80 | 0.00% |
| Jiangsu (onshore) | 1,338.50 | 1,338.50 | 0.00% |
| Jiangsu (offshore) | 1,585.30 | 1,180.30 | 34.31% |
| Zhejiang | 227.90 | 227.90 | 0.00% |
| Fujian | 1,074.60 | 1,017.10 | 5.65% |
| Hainan | 99.00 | 99.00 | 0.00% |
| Gansu | 1,289.80 | 1,289.80 | 0.00% |
| Xinjiang | 1,590.80 | 1,590.80 | 0.00% |
| Hebei | 1,770.10 | 1,470.10 | 20.41% |
| Yunnan | 869.50 | 869.50 | 0.00% |
| Anhui | 809.10 | 779.10 | 3.85% |
| Shandong | 618.40 | 463.40 | 33.45% |
| Tianjin | 347.50 | 244.00 | 42.42% |
| Shanxi | 1,041.75 | 939.00 | 10.94% |
| Ningxia | 774.70 | 774.70 | 0.00% |
| Guizhou | 789.00 | 741.50 | 6.41% |
| Shaanxi | 539.20 | 439.20 | 22.77% |
| Tibet | 7.50 | 7.50 | 0.00% |
| Chongqing | 289.50 | 209.50 | 38.19% |
| Shanghai | 47.50 | 47.50 | 0.00% |
| Guangdong | 125.74 | 101.74 | 23.59% |
| Hunan | 287.35 | 148.00 | 94.16% |
| Guangxi | 192.30 | 14j /T1_1 1 Tf83 T1 1 Tf 81 1 T 98 0 5 0 8 9 8 | 6 |

4. Strengthened marketing management and tariffs remained stable

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

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

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

In the first half of 2021, the Group seized opportunities to intensify management and control of financing, and laid down an overall operation plan to conduct replacement and optimization of existing interest-bearing liabilities, and save financial costs. Meanwhile, by leveraging the capital scheduling and coordination mechanism under the direct management of the headquarters and rigid capital plan management, it continued to improve capital utilization efficiency to maximize the time value of funds. In terms of financing, it kept a close watch on domestic and foreign capital markets to further expand financing channels, improved the efficiency of capital flow and successfully issued sixteen tranches of ultra-short-term debentures, enabling

the Group to maintain an advantage among the industry in terms of capital cost. During the first half of the year, the Group actively revitalized stock assets with the financial instruments traded in open markets, successfully issued a tranche of asset securitization products on tariff premium of renewable energy worthy of RMB1,030 million, innovatively carried out renewable assets property right trust and completed the subsidy off-balance sheet business with the amount of RMB2,233 million. The Group used its own capital advantages to revitalize capital and utilized various financial instruments such as supply chain products and bank acceptances to make external payments and minimize the capital cost rate.

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

In the first half of 2021, the Group enhanced its scientific and technological self-reliance capability, actively explored new development models for the industry and prepared its scientific and technological innovation and development plan for the "Fourteenth Five-Year Plan" period. During the first half of the year, various scientific research and technology projects of the Group were carried out as planned, and significant progress was made in the demonstration project of floating integrated cage aquaculture under the key scientific and technological research of CHN Energy. The project under the national key research and development programme "Research on the Characteristics of Complex Wind Resources for Wind Power Generation and its

standards. The proposals for the establishment of three industry standards, including the "Regulations for the Maintenance of the Sealing System of Wind Turbines", were successfully approved by the National Energy Administration; two enterprise standards of CHN Energy, including the "Regulations for the Technical Supervision of the Relay Protection of Wind Power Farms", were approved by the CHN Energy and formally established.

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

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

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

## II. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

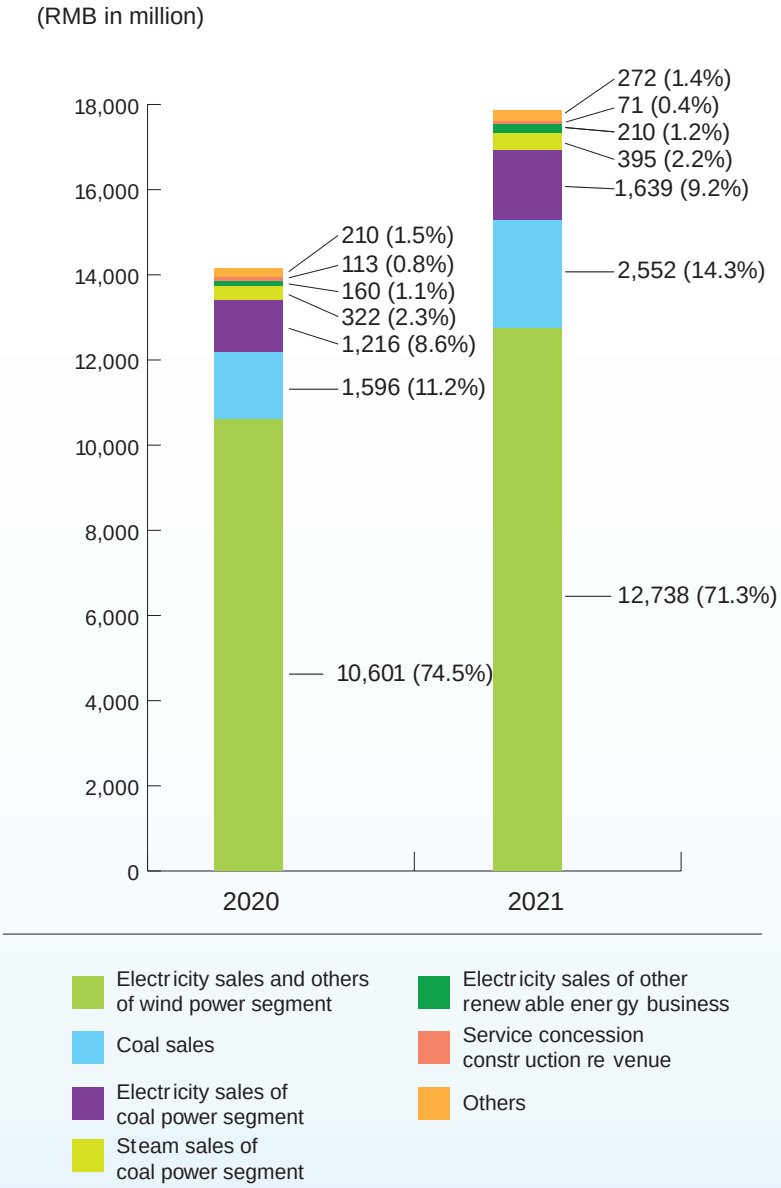
### Profit or loss and other comprehensive income

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

*Operating revenue*

Operating revenue of the Group amounted to RMB17,877 million in the first half of 2021, representing an increase of 25.7% as compared to RMB14,218 million in the corresponding period of 2020. The increase in operating revenue was primarily due to: (1) an increase of RMB2,137 million, or 20.2%, in electricity sales and other revenue of wind power segment to RMB12,738 million in the first half of 2021 as compared to RMB10,601 million in the corresponding period of 2020, which was primarily due to increases in electricity sales of wind power and the average unit price of electricity sales as compared to the corresponding period of 2020; (2) a decrease of RMB42 million, or 37.2%, in service concession construction revenue of wind power segment to RMB71 million in the first half of 2021 as compared to RMB113 million in the corresponding period of 2020, which was primarily due to the decrease in construction volume of service concession projects under construction in the first half of 2021 as compared to the corresponding period of 2020; (3) an increase of RMB423 million, or 34.8%, in revenue from electricity sales of coal power segment to RMB1,639 million in the first half of 2021 as compared to RMB1,216 million in the corresponding period of 2020, which was primarily due to the increase in electricity sales of coal power and the average unit price of electricity sales as compared to the corresponding period of 2020; (4) an increase of RMB956 million, or 59.9%, in revenue from coal sales of coal power segment to RMB2,552 million in the first half of 2021 as compared to RMB1,596 million in thethe co%2 ( ths.5 (sales)3.2 12.3 ( of)12.2 (0)4.21)12.2 ((0)4.21)12., 12.3 (

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

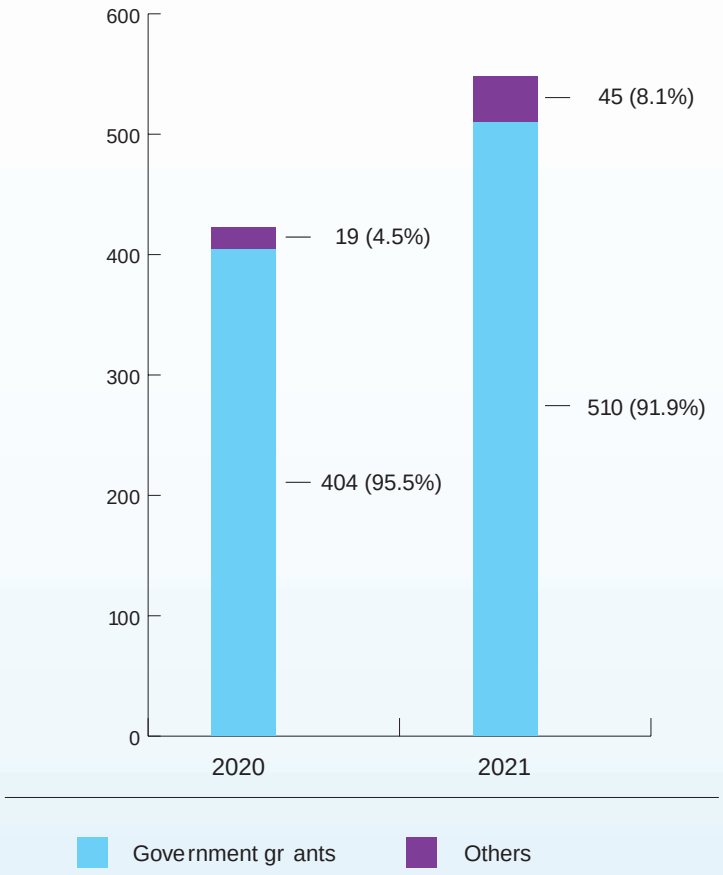


*Other net income*

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

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

(RMB in million)

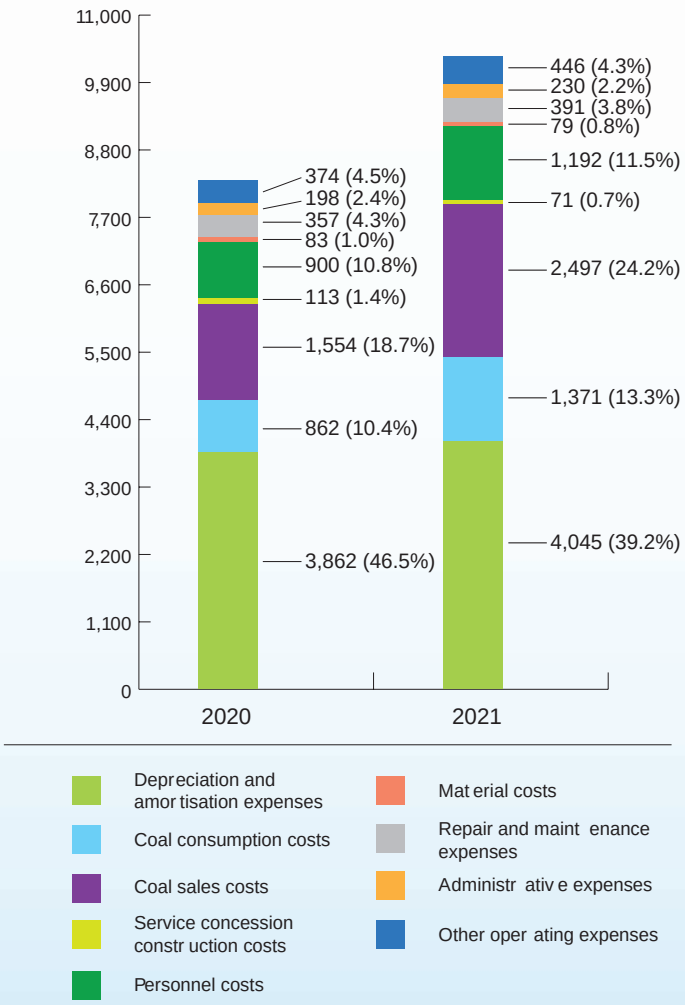


*Operating expenses*

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

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

(RMB in million)



*Depreciation and amortisation expenses*

Depreciation and amortisation expenses of the Group amounted to RMB4,045 million in the first half of 2021, representing an increase of 4.7% as compared to RMB3,862 million in the corresponding period of 2020, primarily due to: (1) an increase of RMB267 million or 7.4% in depreciation and amortisation expenses in the wind power segment over the corresponding period of 2020 as a result




*Service concession construction costs*

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

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



*Coal sales costs*

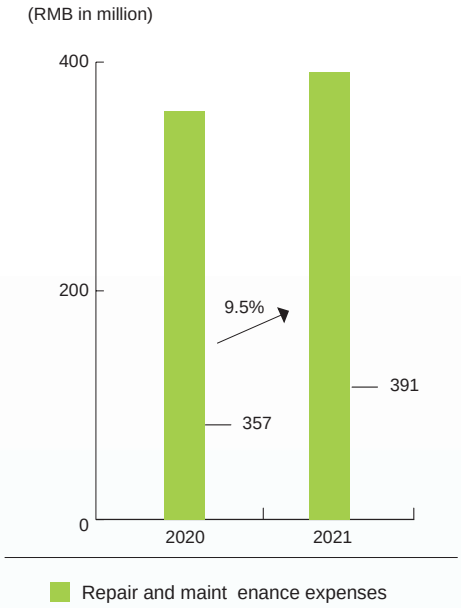
*Personnel costs*

Personnel costs of the Group amounted

*Repair and maintenance expenses*

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

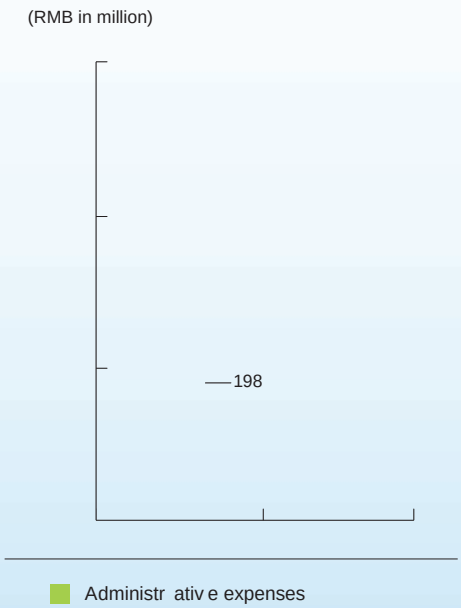
Repair and maintenance expenses are set out in the diagram below (for the six months ended 30 June):




*Administrative expenses*

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

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



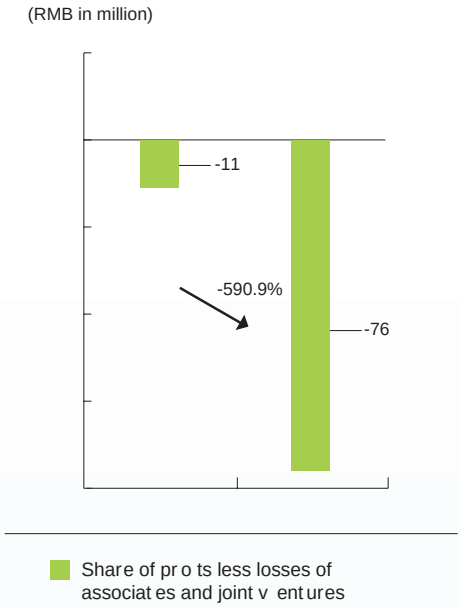
*Net finance expenses*

Net finance expenses of the Group amounted to RMB1,659 million in the first half of 2021, representing a decrease of 4.2% as compared to RMB1,732 million in the corresponding period of 2020, which was primarily due to: (1) an increase in

*Share of profits less losses of associates and joint ventures*

The Group' s share of profits less losses of associates and joint ventures amounted to RMB-76 million in the first half of 2021, representing a decrease of RMB65 million or 590.9% as compared to RMB-11 million in the corresponding period of 2020, which was primarily due to the year-on-year decrease in the profit of Jiangsu Nantong Power Generation Co., Ltd. ( ê = Ì · ï e Þ " ® !) during the first half of 2021 and the year-on-year increase in the loss of Guodian United Power Technology Co., Ltd. ( 7 e L ¥ b ¦ " Þ " ® !) during the first half of 2021.

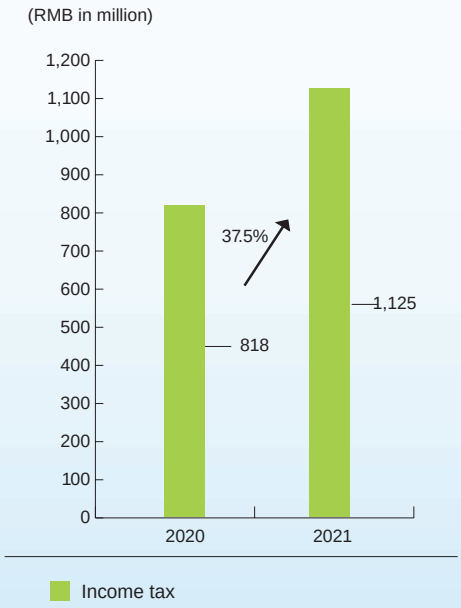
Share of profits less losses of associates and joint ventures is set out in the diagram below (for the six months ended 30 June):




*Income tax*

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

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



*Net profit*

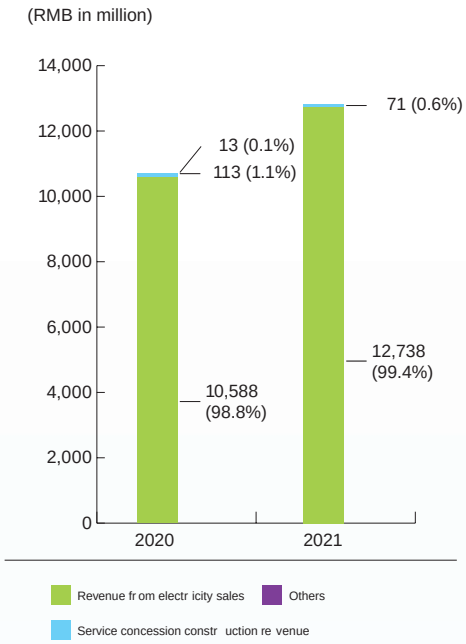
## Segment results of operations

*Wind power segment*

*Operating revenue*

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

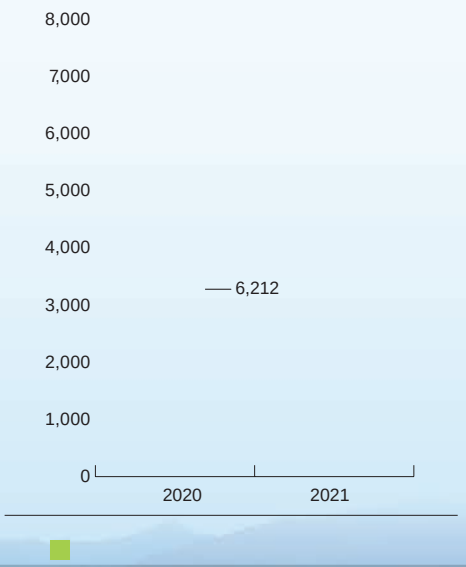
Operating revenue in the wind power segment and proportions are set out in the diagram below (for the six months ended 30 June):




*Operating profit*

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

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

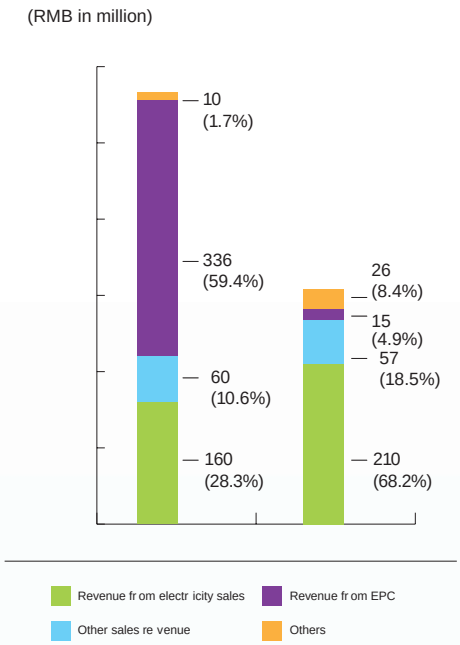


*Other segments*

*Operating revenue*

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

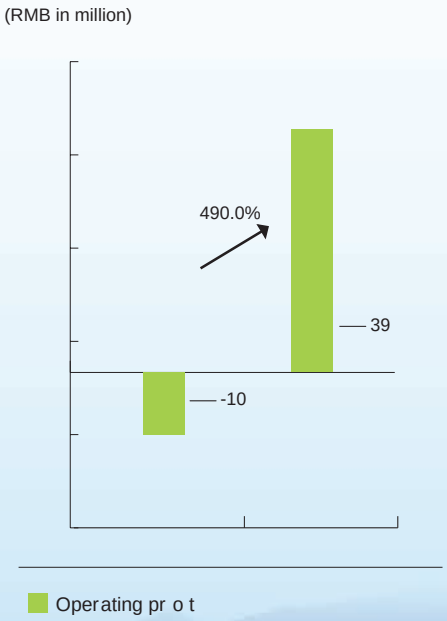
Operating revenue of other segments and proportions are set out in the diagram below (for the six months ended 30 June):




*Operating profit*

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

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

As at 30 June 2021, total liabilities of the Group amounted to RMB109,733 million,

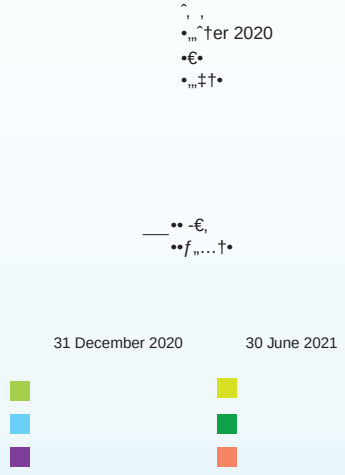
As at 30 June 2021, net current liabilities of the Group amounted to RMB19,115 million, representing a decrease of RMB2,608 million as compared with the net current liabilities of RMB21,723 million as at 31 December 2020. The liquidity ratio was 0.64 as at 30 June 2021, representing an increase of 0.05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

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

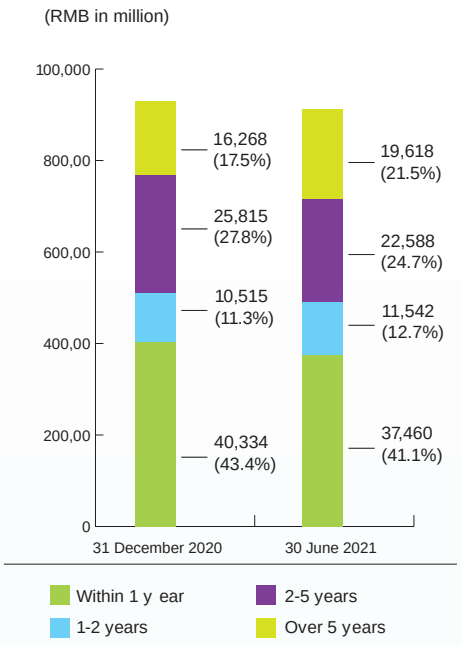
*Borrowings and bills payables*

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

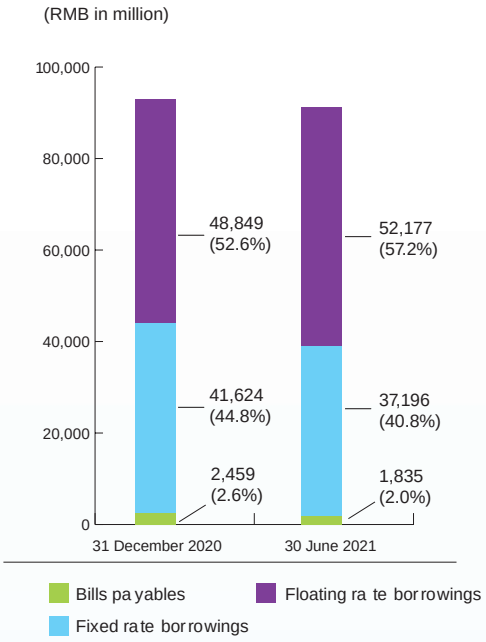
Borrowings and bills payables by category and proportions are set out in the diagram below:



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



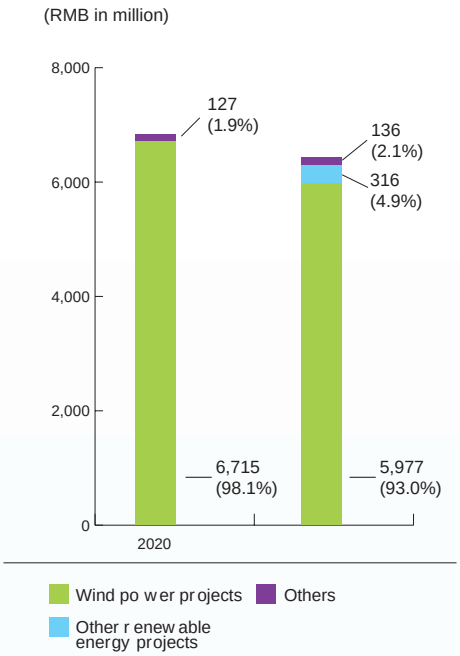

The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:



## Capital expenditures

The capital expenditures of the Group amounted to RMB6,429 million in the first half of 2021, representing a decrease of 6.0% as compared to RMB6,842 million in the corresponding period of 2020, among which, the expenditures for the construction of wind power projects amounted to RMB5,977 million, and the expenditures for the construction of other renewable energy projects amounted to RMB316 million. The sources of funds mainly included self-owned funds, the borrowings from banks and the proceeds from the issuance of bonds.

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




## Net gearing ratio

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

## Major investments

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

## Material acquisitions and disposals

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

## Pledged assets

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

## Contingent liabilities/Guarantees

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

## Cash flow analysis

As at 30 June 2021, cash and cash equivalents held by the Group amounted to RMB3,329 million, representing a decrease of RMB1,897 million as compared to RMB5,226 million as at 31 December 2020, which was mainly attributable to the investment in wind power projects and the repayment of borrowings. The principal sources of funds of the Group mainly included self-owned funds and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow from the Group's operating activities amounted to RMB7,996 million in the first half of 2021. The cash inflow was mainly the revenue from the sales of electricity and coal, and the cash outflows were mainly the coal purchase costs, personnel costs and tax expenses. In the first half of 2021, the net cash inflow from operating activities increased by RMB4,593 million as compared to RMB3,403 million in the corresponding period of 2020, which was mainly due to the increase in cash inflow as a result of the increase in revenue from sales of electricity and the increase in the scale of the relevant securitization products of subsidy for tariff premium of renewable energy issued in the period as compared with the corresponding period of the previous year.

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

The net cash outflow from financing activities of the Group was RMB2,774 million in the first half of 2021. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate bonds and bank loans. The cash outflow from financing activities was primarilyfi0s (activities)7 activitirepaymentes s was aas s

## III. PROSPECT FOR THE SECOND HALF OF 2021

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

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

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

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

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

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

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

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

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

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

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

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

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 28 May 2021, the Company held the 2020 Annual General Meeting (the "Annual General Meeting"). As at the date of convening the Annual General Meeting, the chairman of the Board of the Company, the chairman of each of the audit committee and strategic committee of the Board of the Company and their members were unable to attend the abovementioned Annual General Meeting due to business engagement. Save as aforesaid, during the period from 1 January 2021 to 30 June 2021, the Company had fully complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in the Appendix 14 to the Listing Rules, and had complied with most of the recommended best practices set out in the Appendix 14 to the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code 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.

# CORPORATE GOVERNANCE

## 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 of the Company will

## AUDIT COMMITTEE

# OTHER INFORMATION

## SHARE CAPITAL

As of 30 June 2021, the total share capital of the Company amounted to RMB8,036,389,000 divided into 8,036,389,000 shares of RMB1.00 each. There has been no change in the share capital of the Company during the 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 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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

As at 30 June 2021, 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 2021, 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 | 431,204,213 *(Note 3)* (Long position) | 12.91 | 5.37 |
| Wellington Management Group LLP | H shares | Investment manager | 86,508 *(Note 4)* (Short position) | 0.00 | 0.00 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial Shareholders | 336,339,030 *(Note 5)* (Long position) | 10.07 | 4.19 |
| BlackRock, Inc. | H shares | Interest of corporation controlled by substantial Shareholders | 7,725,000 *(Note 6)* (Short position) | 0.23 | 0.01 |
| JPMorgan Chase & Co. | H shares | Interest of corporation controlled by substantial Shareholders, investment manager and approved lending agent | 200,201,213 *(Note 7)* (Long position) | 5.99 | 2.49 |
| JPMorgan Chase & Co. | H shares | Interest of corporation controlled by substantial Shareholders | 41,725,908 *(Note 8)* (Short position) | 1.24 | 0.52 |
| JPMorgan Chase & Co. | H shares | Approved lending agent | 153,425,551 (Shares in a lending pool) | 4.59 | 1.91 |

| 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) (%)* |
|---|---|---|---|---|---|
| The Bank of New York Mellon Corporation | H shares | Interest of corporation controlled by substantial Shareholders | 231,835,357 *(Note 9)* (Long position) | 6.94 | 2.88 |
| The Bank of New York Mellon Corporation | H shares | Approved lending agent | 212,568,237 (Shares in a lending pool) | 6.36 | 2.65 |
| Citigroup Inc. | H shares | Person having a security interest in shares, interest of corporation controlled by substantial Shareholders and approved lending agent | 308,808,540 *(Note 10)* (Long position) | 9.24 | 3.84 |

*Notes j*

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 30 June 2021.

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 CHN Energy Northeast Electric Power Co., Ltd. ( 7 • • U « e b Þ " ® ! ), a subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by CHN Energy Northeast Electric Power Co., Ltd. ( 7 • • U « e b Þ " ® !).

3. Among these 431,204,213 H shares, 423,866,904 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP; 7,337,309 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 86,508 H shares, 84,437 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 1,925 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 146 H shares were held by Wellington Management Hong Kong 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 short positions held by its aforesaid subsidiaries.

5. Among these 336,339,030 H shares, 1,075,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,862,266 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 32,747,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 118,180,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 5,366,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 11,249,458 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 362,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,279,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,411,516 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 6,369,482 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 69,502,386 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 52,114,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 12,224,995 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 17,263,636 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,102,498 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 213,000 H shares were held by BlackRock (Singapore) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 16,000 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.

6. Among these 7,725,000 H shares, 138,000 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 6,277,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 826,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 12,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 472,000 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.

7. Among these 200,201,213 H shares, 99,000 H shares were held by JPMorgan Asset Management

# OTHER INFORMATION

## EMPLOYEES

As at 30 June 2021, the Group had a total of 7,865 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 2021, the Group had no material litigation.

## CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

### Directors of the Company

During the Reporting Period, as elected at the 2021 first extraordinary general meeting of the Company, Mr. Tian Shaolin was appointed as a non-executive Director of the Company with effect from 28 April 2021 until the expiry of the fourth session of the Board. Meanwhile, Mr. Tian Shaolin was appointed as a member of the Strategic Committee of the Company with effect from 28 April 2021 until the expiry of the fourth session of the Board. Mr. Zhang Xiaoliang resigned as a non-executive Director and member of the Strategic Committee of the Company due to work arrangement, with effect from 28 April 2021.

As elected at the 2020 annual general meeting of the Company, Mr. Tang Jian was appointed as an executive Director of the Company with effect from 28 May 2021 until the expiry of the fourth session of the Board. Meanwhile, Mr. Tang Jian was appointed as a member of the Strategic Committee of the Company with effect from 28 May 2021 until the expiry of the fourth session of the Board.

Mr. Sun Jinbiao resigned as an executive Director and a member of the Strategic Committee of the Company due to work arrangement, with effect from 28 May 2021.

As elected at the 2021 second extraordinary general meeting of the Company, Mr. Li Zhongjun was appointed as an executive Director of the Company with effect from 29 June 2021 until the expiry of the fourth session of the Board. Meanwhile, Mr. Li Zhongjun was appointed as the Chairman of the Board and the chairman of the nomination committee and the Strategic Committee of the Company with effect from 29 June 2021 until the expiry of the fourth session of the Board. Mr. Tang Chaoxiong was appointed as a non-executive Director of the Company with effect from 29 June 2021 until the expiry of the fourth session of the Board. Meanwhile, Mr. Tang Chaoxiong was appointed as the chairman of the Audit Committee of the Company with effect from 29 June 2021 until the expiry of the fourth session of the Board.

Mr. Jia Yanbing resigned as the Chairman of the Board, an executive Director and the chairman of the nomination committee and the Strategic Committee of the Company due to work arrangement, with effect from 29 June 2021. On the same day, Mr. Yang Xiangbin resigned as a non-executive Director and the member of the Audit Committee of the Company due to work arrangement, with effect from 29 June 2021.

Details of the aforementioned changes have been disclosed in the announcement on (among others) the proposed change of director dated 30 March 2021, circular of the 2021 first extraordinary general meeting dated 13 April 2021, the poll results announcement of the 2021 first extraordinary general meeting dated 28 April 2021, announcement on (among others) the proposed change of executive director dated 14 April 2021, circular of the 2020 annual general meeting dated 27 April 2021 and the poll results announcement of (among others) the 2020 annual general meeting dated 28 May 2021, announcement on the proposed change of executive director and non-executive director dated 8 June 2021, circular of the 2021 second extraordinary general meeting dated 11 June 2021 and the poll results announcement of the 2021 second extraordinary general meeting dated 29 June 2021 published by the Company.

Mr. Meng Yan, an independent non-executive Director of the Company, resigned as an independent non-executive director of China Isotope & Radiation Corporation (HKSE:1763) with effect from 25 February 2021.

## Supervisors of the Company

During the Reporting Period, as elected at the staff representatives assembly of the Company, Ms. Wu Jinmei was appointed as an employee representative supervisor of the Company, with effect from 19 March 2021 until the expiry of the fourth session of the Supervisory Board.

As elected at the 2021 first extraordinary general meeting, Mr. Shao Junjie was appointed as a supervisor of the Company and the chairman of the Supervisory Board, with effect from 28 April 2021 until the expiry of the fourth session of the Supervisory Board.

Mr. Yu Yongping resigned as a supervisor of the Company and the Chairman of the Supervisory Board due to work arrangement, with effect from 28 April 2021.

Details of the aforementioned changes have been disclosed in the announcement on the election and appointment of an employee representative supervisor dated 19 March 2021, the announcement on (among others) the proposed change of a supervisor dated 30 March 2021, the circular of the 2021 first extraordinary general meeting dated 13 April 2021 and the poll results announcement of the 2021 first extraordinary general meeting dated 28 April 2021 published by the Company.

## Senior Management of the Company

During the Reporting Period, as resolved by the Board, Mr. Tang Jian was appointed as a president of the Company, with effect from 14 April 2021 until the expiry of the fourth session of the Board. On the same day, Mr. Sun Jinbiao resigned as a president of the Company due to work arrangement. Details of the aforementioned changes have been disclosed in the announcement on (among others) the change of a president dated 14 April 2021.

On 8 June 2021, Ms. Yang Wenjing was appointed as the chief accountant of the Company; on 29 June 2021, Mr. Chen Qiang was appointed as a vice president of the Company.

The biographies of Ms. Yang Wenjing and Mr. Chen Qiang are as follows:

Ms. Yang Wenjing

Aged 52, the chief accountant of the Company. She graduated from Central University of Finance and Economics majoring in accounting. She holds a doctorate degree in management and is a senior accountant. She successively served as deputy head of the Fund Management Division of the Finance Department, senior head of assets and equity of the Finance and Equity Management Department and manager for fund management of the Finance and Equity Management Department of Guohua (Beijing) Electric Power; performance convenor of the Finance and Equity Operation Department, manager of the Finance and Assets Department, manager of the Finance and Equity Department of Guohua Electric Power Company of China Shenhua Energy Company, manager of the Finance Department of CSEC Guohua International Power Company Limited, deputy chief accountant, manager of the Finance and Equity Department of Guohua Electric Power Company of China Shenhua Energy Company and manager of the Finance Department, deputy chief accountant of CSEC Guohua International Power Company; deputy general manager of the Finance Department of China Shenhua Energy Company; deputy general manager, chief financial officer of Shenhua Trading Group Co., Ltd.; chief accountant, member of the Party Committee of the coal operation branch of CHN Energy (Shenhua Trading Group Co., Ltd.).

Mr. Chen Qiang

Aged 49, a vice president of the Company. He graduated from Shanghai Electric Power College with a college degree majoring in the thermal dynamics. He is a senior engineer. He successively served as deputy head of the planning department under the preparatory office of Jiangsu Longyuan Offshore Wind Power Project; deputy head of the Engineering Construction Department (in charge of work), head of the Engineering Construction Department of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd., manager of Rudong Offshore Wind Power Project, assistant to president of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd., member of the Party Committee and vice president of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd.; deputy head of the Engineering Construction Department of the Company; deputy secretary of the Party Committee and vice president, secretary of the Party Committee and vice president of Fujian Longyuan Wind Power Generation Co., Ltd.; and head of the Engineering Construction Department of the Company.

# OTHER INFORMATION

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

# 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 ("HKICPA"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
*Certified Public Accountants*
Hong Kong

27 August 2021

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2021 (Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2021 (Unaudited) RMB'000 | 2020 (Unaudited) RMB'000 |
|---|---|---|---|
| Other comprehensive income/(loss) | | | |
| Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods: | | | |
| Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax | | (13,799) | (168,231) |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange difference on translation of financial statements of overseas subsidiaries | | 14,617 | (52,426) |
| Exchange difference on net investment in foreign operations | | 748 | (76,253) |
| Other comprehensive income/(loss) for the period, net of tax | 10 | 1,566 | (296,910) |
| Total comprehensive income for the period | | 5,250,807 | 3,479,309 |
| Profit attributable to: | | | |
| Equity holders of the Company | | | |
| – Shareholders | | 4,420,182 | 3,209,720 |
| – Perpetual medium-term notes and renewable corporate bonds holders | 23 | 119,450 | 121,000 |
| Non-controlling interests | | 709,609 | 445,499 |
| Profit for the period | | 5,249,241 | 3,776,219 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | | |
| – Shareholders | | 4,419,232 | 2,920,947 |
| – Perpetual medium-term notes and renewable corporate bonds holders | 23 | 119,450 | 121,000 |
| Non-controlling interests | | 712,125 | 437,362 |
| Total comprehensive income for the period | | 5,250,807 | 3,479,309 |
| Basic and diluted earnings per share *(RMB cents)* | 11 | 55.00 | 39.94 |

The notes on pages 79 to 132 are an integral part of this unaudited interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2021 (Expressed in thousands of Renminbi)*

| | Notes | 30 June 2021 (Unaudited) RMB'000 | 31 December 2020 (Audited) RMB'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 127,315,157 | 124,917,807 |
| Investment properties | | 7,975 | 8,270 |
| Right-of-use assets | | 2,997,363 | 2,860,813 |
| Intangible assets | 13 | 7,217,209 | 7,421,681 |
| Goodwill | | 61,490 | 61,490 |
| Investments in associates and joint ventures | | 3,989,065 | 4,055,962 |
| Other assets | 14 | 5,042,411 | 4,565,565 |
| Deferred tax assets | | 179,348 | 210,403 |
| Total non-current assets | | 146,810,018 | 144,101,991 |
| Current assets | | | |
| Inventories | | 881,860 | 806,034 |
| Trade and bills receivables | 15 | 25,193,008 | 21,603,068 |
| Prepayments and other current assets | 16 | 3,391,891 | 2,831,266 |
| Tax recoverable | | 31,660 | 52,573 |
| Other financial assets | 17 | 365,728 | 303,377 |
| Restricted deposits | | 232,545 | 361,232 |
| Cash at banks and on hand | 18 | 3,328,513 | 5,226,331 |
| Total current assets | | 33,425,205 | 31,183,881 |

The notes on pages 79 to 132 are an integral part of this unaudited interim condensed consolidated financial information.

# INTERIM CONDENSED CONp l3DATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2021 (Expressed in thousands of Renminbi)*

| | Notes | 30 June 2021 *(Unaudited)* *RMB'000* | 31 December 2020 *(Audited)* *RMB'000* |
|---|---|---|---|
| Current liabilities | | | |
| Borrowings | 19 | 35,624,605 | 37,875,159 |
| Trade and bills payables | 20 | 3,201,813 | 3,615,205 |
| Other current liabilities | 21 | 13,285,667 | 11,063,828 |
| Lease liabilities | | 30,428 | 25,423 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2021 (Expressed in thousands of Renminbi)*

| | Notes | 30 June 2021 (Unaudited) RMB'000 | 31 December 2020 (Audited) RMB'000 |
|---|---|---|---|
| CAPITAL AND RESERVES | | | |
| Share capital | 22 | 8,036,389 | 8,036,389 |
| Perpetual medium-term notes and renewable corporate bonds | 23 | 5,925,985 | 6,045,435 |
| Reserves | | 47,079,904 | 43,605,751 |
| Total equity attributable to equity holders of the Company | | 61,042,278 | 57,687,575 |
| Non-controlling interests | | 9,460,063 | 8,761,399 |
| TOTAL EQUITY | | 70,502,341 | 66,448,974 |

Approved and authorised for issue by the board of directors on 27 August 2021.

Li Zhongjun

Tang Jian

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*2021 (Expressed in thousands of Renminbi)*

| | Attributable to the equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds | Capital reserve | Statutory surplus reserve | Exchange reserve | Fair value reserve | Retained earnings | Subtotal | Non-controlling interests | Total equity |
| | *RMB'000* | *RMB'000* (Note 23) | *RMB'000* (Note 22(c)(i)) | *RMB'000* (Note 22(c)(ii)) | *RMB'000* (Note 22(c)(iii)) | *RMB'000* (Note 22(c)(iv)) | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |

| | Attributable to the equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *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 2020 (Audited) | 8,036,389 | 4,991,000 | 14,708,774 | 1,743,507 | (453,566) | 242,773 | 23,653,765 | 52,922,642 | 7,732,430 | 60,655,072 |
| Changes in equity: | | | | | | | | | | |
| Profit for the period | – | 121,000 | – | – | – | – | 3,209,720 | 3,330,720 | 445,499 | 3,776,219 |
| Other comprehensive income | – | – | – | – | (122,622) | (166,151) | – | (288,773) | (8,137) | |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*(Expressed in thousands of Renminbi)*

| | Six months ended 30 June | |
|---|---|---|
| | 2021 *(Unaudited)* *RMB'000* | 2020 *(Unaudited)* *RMB'000* |
| Operating activitieshs from o Tm (Oonsited))Tj /CS0 cs 1 scn /GS0 gs /T1_1 8 Tc -0.0.50586 8.099 9,001,563 | | |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*(Expressed in thousands of Renminbi)*

| | Notes | Six months ended 30 June 2021 (Unaudited) RMB'000 | 2020 (Unaudited) RMB'000 |
|---|---|---|---|
| Net (decrease)/increase in cash and cash equivalents | | (1,892,960) | 1,155,005 |
| Cash and cash equivalents at 1 January | 18 | 5,226,331 | 2,908,445 |
| Effect of foreign exchange rate changes | | (4,858) | (58,897) |
| Cash and cash equivalents at 30 June | 18 | 3,328,513 | 4,004,553 |

The notes on pages 79 to 132 are an integral part of this unaudited interim condensed consolidated financial information.

*(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"). The registered office address of the Company is Room 2006, 20th Floor, Block c,6 Fuchengmen North Street, Xicheng District, Beijing, PRC.

The Company's parent and ultimate holding company is China Energy Investment Group Co., Ltd. ("CHN Energy"), which is a state-owned enterprise established in the PRC.

## 2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | *Interest R.2 a2* |

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

## 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 reportable segments:

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

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

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

### (a) Segment results

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

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

## 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 2021 and 2020 is set out below:

*For the six months ended 30 June 2021*

## 4 SEGMENT REPORTING (CONTINUED)

### (a) Segment results (Continued)

*For the six months ended 30 June 2020*

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

## 4 SEGMENT REPORTING (CONTINUED)

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

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

### (c) Geographical information

As the Group does not have material operations outside the 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.

## 5 REVENUE

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

*For the six months ended 30 June 2021*

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

## 5 REVENUE (CONTINUED)

*For the six months ended 30 June 2020*

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

## 7 FINANCE INCOME AND EXPENSES

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

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

## 8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

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

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

## 9 INCOME TAX (CONTINUED)

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

| | Six months ended 30 June | |
|---|---|---|
| | 2021 *(Unaudited)* *RMB'000* | 2020 *(Unaudited)* *RMB'000* |
| Profit before taxation | 6,374,623 | 4,594,243 |
| Notional tax on profit before taxation | 1,593,656 | 1,148,561 |
| Tax effect of non-deductible expenses | 10,432 | 5,960 |
| Tax effect of share of profits less losses of texpenjoint venture expenses | 2021 | |

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## 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 2021 and the six months ended 30 June 2020, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure

## 9 INCOME TAX (CONTINUED)

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

*Note*: (Continued)

(i) (Continued)

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

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

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

## 10 OTHER COMPREHENSIVE INCOME/(LOSS)

| | Six months ended 30 June | |
|---|---|---|
| | 2021 *(Unaudited)* *RMB'000* | 2020 *(Unaudited)* *RMB'000* |
| Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods | | |
| Net loss on equity investments in unlisted companies at fair value through other comprehensive income ("FVOCI"): | | |
| Changes in fair value recognised during the period | | |
| Net of tax amount | (27,884) | (161,748) |
| Net profit/(loss) on equity investments in listed companies at FVOCI: | | |
| Changes in fair value recognised during the period | | |
| Before tax amount | 18,780 | (8,644) |
| Tax expense | (4,695) | 2,161 |
| Net of tax amount | 14,085 | (6,483) |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | | |
| Exchange difference on translation of financial statements of overseas subsidiaries: | | |
| Net of tax amount | 14,617 | (52,426) |
| Exchange difference on net investment in foreign operations: | | |
| Net of tax amount | 748 | (76,253) |
| Other comprehensive income/(loss) | 1,566 | (296 .0) |

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

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

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

## 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment of RMB6,130,918,000 (six months ended 30 June 2020: RMB6,535,776,000). Items of property, plant and equipment with a net book value of RMB66,623,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB13,956,000), resulting in a loss on disposal of RMB3,468,000 (six months ended 30 June 2020: loss on disposal of RMB1,252,000). The Group made no impairment (six months ended 30 June 2020: RMB33,151,000).

## 13 INTANGIBLE ASSETS

Intangible assets mainly represent service concession assets of RMB6,912,235,000 (31 December 2020: RMB7,099,718,000), software and others of RMB304,974,000 (31 December 2020: RMB321,963,000).

During the six months ended 30 June 2021, the additions to intangible assets mainly represent service concession assets of RMB70,779,000 (six months ended 30 June 2020: RMB112,712,000).

## 14 OTHER ASSETS

| | 30 June 2021 *(Unaudited)* *RMB'000* | 31 December 2020 *(Audited)* *RMB'000* |
|---|---|---|
| Listed equity investments designated at FVOCI | 53,742 | 34,962 |
| Unlisted equity investments designated at FVOCI *(Note (i))* | 682,314 | 718,858 |
| Loans and advances to: | | |
| – Associates | 80,000 | 61,000 |
| – Non-controlling equity owners *(Note (ii))* | 56,391 | 56,749 |
| Advance payment for acquisitions | 927,780 | 370,000 |
| Others | 111,118 | 116,343 |
| Subtotal | 1,911,345 | 1,357,912 |
| Deductible value-added tax ("VAT") *(Note (iii))* | 3,131,066 | 3,207,653 |
| | 5,042,411 | 4,565,565 |

*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 thesety investmeesetytoese the Gghese18.2o (Otese)8.2d (crehensiveese)8.2tyd (eese)8.2ed eser e p

## 15 TRADE AND BILLS RECEIVABLES

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

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

## 15 TRADE AND BILLS RECEIVABLES (CONTINUED)

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome,

## 22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Share capital

| | 30 June 2021 *(Unaudited)* *RMB'000* | 31 December 2020 *(Audited)* *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 ("IPO") 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)

## 23 PERPETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS

On 28 August 2020, the Company issued the green renewable corporate bonds of the first tranche for the year of 2020 with the proceeds of RMB2 billion which were recorded as equity. The green renewable corporate bonds are issued at par value with an initial distribution rate of 4.10%. The interests of the green renewable corporate bonds are recorded as distributions, which are paid annually in arrears in August in each year 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) have occurred. The green renewable corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in August 2023, or the payment may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

On 16 September 2020, the Company issued perpetual medium-term notes with the proceeds of RMB1 billion which were recorded as equity. The perpetual medium-term notes are issued at par value with an initial distribution rate of 4.50%. The interests are recorded as distributions, which are paid annually in arrears in September in each year 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) have occurred. The medium-term notes have no fixed maturity date and are callable at the Company's discretion in whole in September 2023 and each distribution date after the third year of issuance, or the payment may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

## 23 PERPETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS (CONTINUED)

On 27 October 2020, the Company issued the green renewable corporate bonds of the second tranche for the year of 2020 with the proceeds of RMB2 billion which were recorded as equity. The bonds have been divided into two types, the issuance size of type one is RMB1 billion and the initial distribution rate is 3.59%; the issuance size of type two is RMB1 billion and the initial distribution rate is 3.90%. The interest of the green renewable corporate bonds are recorded as distributions, which are paid annually in arrears in October in each year 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) have occurred. The green renewable corporate bonds have no fixed maturity date, for type one, the bonds are callable at the Company's discretion in whole in October 2021, or the payment may be deferred for each renewal period to one year; for type two, the bonds are callable at the Company's discretion in whole in October 2022, or the payment may be deferred for each renewal period to two years. The applicable distribution rate will be reset, on the first call date and every renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

On 15 December 2020, the Company issued the green renewable corporate bonds of the third tranche for the year of 2020 with the proceeds of RMB1 billion which were recorded as equity. The green renewable corporate bonds are issued at par value with an initial distribution rate of 3.70%. The interest of the green renewable corporate bonds are recorded as distributions, which are paid annually in arrears in December in each year 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) have occurred. The green renewable corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in December 2021, or the payment may be deferred for each renewal period to one year. The applicable distribution rate will be reset, on the first call date and every year after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the six months ended 30 June 2021, the profit attributable to the holders of perpetual medium-term notes and renewable corporate bonds, based on the applicable interest rate, was RMB119,450,000 (six months ended 30 June 2020: RMB121,000,000).

## 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 2021 categorised into | | |
|---|---|---|---|---|
| | Fair value at 30 June 2021 | 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 | 682,314 | – | – | 682,314 |
| Listed equity investments designated at FVOCI | 53,742 | 53,742 | – | – |
| Listed investments designed at fair value through profit or loss | 185,728 | 185,728 | – | – |
| Financial assets designated at fair value through profit or loss | 157,300 | – | 157,300 | – |
| Trade and bills receivables designated at FVOCI | 25,056,860 | – | 25,056,860 | – |
| Financial liabilities: | | | | |
| Derivative financial instruments – interest rate swap contracts | 159,643 | – | 159,643 | – |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*(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)*

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2020: 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.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

The fair value of interest rate swap contracts in Level 2 is determined by discounting

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

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

*Fair value hierarchy (Continued)*

The Group entered into securitisation transactions whereby it transferred trade receivables on the 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 oium Financial instrransf3(ddrtr)0.5 (a

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

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

*Fair value hierarchy (Continued)*

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 to 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.

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

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

*Fair value hierarchy (Continued)*

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2021 and 31 December 2020:

| | Valuation technique | Significant unobservable input | Range | Sensitivity of fair value to the input |
|---|---|---|---|---|
| Unlisted equity investments | Valuation multiples | Average P/B multiple of peers | 0.7–1.2 (31 December 2020:0.9–1.5) | 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB67,972,000 (31 December 2020: RMB71,626,000) |
| | | Discount for lack of marketability | 30% (31 December 2020:30%) | 10% increase/decrease in discount would result in decrease/increase in fair value by RMB29,131,000 (31 December 2020: RMB30,697,000) |

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investment.

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

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

*Fair value hierarchy (Continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

| | 2021<br>*RMB'000* | 2020<br>*RMB'000* |
|---|---|---|
| Equity investments at fair value through other comprehensive income -unlisted: | | |
| At 1 January | 718,858 | 1,047,848 |
| Total losses recognised in other comprehensive income | (27,884) | (161,748) |
| Deferred tax liabilities | (8,660) | (51,626) |
| At 30 June | 682,314 | 834,474 |

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

### (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 2021 and 31 December 2020, except for the following:

| | 30 June 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | Carrying amount *RMB'000* | Fair value *RMB'000* | Carrying amount *RMB'000* | Fair value *RMB'000* |
| Other borrowings | 12,665,683 | 12,589,413 | 17,222,425 | 17,368,838 |
| Fixed rate long-term loans | 1,352,960 | 1,339,931 | 1,378,721 | 1,377,680 |
| | 14,018,643 | 13,929,344 | 18,601,146 | 18,746,518 |

## 25 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 30 June 2021, 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 RMB75,042,000 (31 December 2020: RMB146,709,000) and factored certain bills receivables accepted by banks in Mainland

## 25 TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are derecognised in their entirety (Continued)

During the six months ended 30 June 2021, the second phase of the Asset-backed security (the "ABS") of trade receivables on tariff premium of renewable energy was successfully issued with an aggregated amount of RMB1,139,146,000, whereby it transferred the trade receivables on tariff premium of renewable energy to this special project. The original carrying value of the trade receivables transferred under the arrangement of the the second phase of ABS as well as the first phase of ABS which issued on 15 January 2020 that had not been settled as at 30 June 2021 was RMB1,348,146,000 (31 December 2020: RMB249,007,000). 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 as at 30 June 2021, the Group only recognised the transferred assets to the extent of its continuing involvement amounting to RMB123,969,000 (31 December 2020: RMB64,288,000) as other assets, and also recognised associated liabilities amounting to RMB123,969,000 (31 December 2020: RMB64,288,000) as other non-current liabilities, which approximate the maximum exposure to losses from its involvement in such arrangements and the unconsolidated structured entities.

## 26 CAPITAL COMMITMENTS

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

| | 30 June 2021 *RMB'000* | 31 December 2020 *RMB'000* |
|---|---|---|
| Contracted for | 12,559,779 | 12,831,816 |

## 27 CONTINGENT LIABILITIES

At 30 June 2021, the Group issued the following guarantees:

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

| | 30 June 2021 *RMB'000* | 31 December 2020 *RMB'000* |
|---|---|---|
| Associates | 79,990 | 85,490 |

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. ( ³ • U « p … Þ " ® ! ), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. ( ³ ² X — † , b ï e Þ " ª , ® !), which is an associate of the Company, in respect of a guarantee issued by..5 453.5which .35 -1.81nnrg bGutergCt.,eLtd.g., d. (

## 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 | |
|---|---|---|
| | 2021 | 2020 |
| | *RMB'000* | *RMB'000* |

## 28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

| | Six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | *RMB'000* | *RMB'000* |
| Loans (received from)/provided to | | |
| Associates and joint ventures | (53,500) | 33,500 |
| Loans (provided by)/repaid to | | |
| Fellow subsidiaries | (183,558) | 8,937 |
| Interest income | | |
| Fellow subsidiaries | 1,134 | 2,239 |
| Associates and joint ventures | 7,854 | 9,942 |
| Interest expenses | | |
| Fellow subsidiaries | 15,485 | 11,858 |
| Associates and joint ventures | 2,102 | – |
| Rental income | | |
| Fellow subsidiaries | 1,574 | 1,578 |
| Lease payment | | |
| Fellow subsidiaries | 1,525 | – |
| Deposits paid to | | |
| Fellow subsidiaries | 248,698 | 157,713 |
| Increase investment to | | |
| Associates and joint ventures | 18,796 | – |

## 28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

| | Six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | *RMB'000* | *RMB'000* |
| Sales of electricity | 14,302,141 | 11,706,090 |
| Sales of other products | 866,591 | 463,915 |
| Interest income | 18,804 | 913 |
| Interest expenses | 1,660,550 | 1,616,206 |
| Loans received | (3,413,606) | (2,450,993) |
| (Withdrawn from)/deposit placed in | (294,159) | 796,889 |
| Purchase of materials and receipt of construction services | 2,685,258 | 2,142,880 |
| Service concession construction revenue | 70,779 | 112,712 |

## 28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

| | 30 June 2021 *RMB'000* | 31 December 2020 *RMB'000* |
|---|---|---|
| Receivables from sales of electricity | 24,401,547 | 20,741,895 |
| Receivables from sales of other products | 64,573 | 333,525 |
| Bank deposits (including restricted deposits) | 3,157,713 | 3,451,872 |
| Borrowings | 54,448,601 | 51,034,995 |
| Payable for purchase of materials and receiving construction work services | 2,570,090 | 1,311,987 |

### (d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | 2021 *RMB'000* | 2020 *RMB'000* |
| Salaries and other emoluments | 1,003 | 1,676 |
| Discretionary bonuses | 3,012 | 1,750 |
| Retirement scheme contributions | 379 | 306 |
| | 4,394 | 3,732 |

# GLOSSARY OF TERMS

| | |
|---|---|
| "Audit Committee" | the audit committee of the Board |
| "average utilisation hours" | the consolidated 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, formerly known as Shenhua Group Corporation Limited ( |

# GLOSSARY OF TERMS

| | |
|---|---|
| "consolidated power generation" | the aggregate gross power generation including our project companies that we fully consolidate in our financial statements for a specified period |
| "Director(s)" | the directors of the Company |
| "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 Ltd. (• 7 7 e « Þ " ® !) (formerly known as China Guodian Corporation (• 7 7 e « ® !)) signed the Agreement on the Merger of China Energy Investment Corporation Limited and China Guodian Corporation Ltd. on 5 February 2018 with CHN Energy. The merger has been implemented and completed, and CHN Energy continues to exist as a merged company. The controlling shareholder of the Company has been changed from Guodian Group to CHN Energy |
| "GW" | unit of energy, gigawatt. |
| "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. |
| "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 |
| "Latest Practicable Date" | 27 August 2021, being the latest practicable date prior to the printing of this report for the purpose of updating certain information |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "load factor" | the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period 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. |
| "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 |
| "NDRC" | the National Development and Reform Commission of the People's Republic of China ( • 6 [ O • q 7 7 • ï • q · ' ‰ p 6) |
| "Nomination Committee" | the nomination committee of the Board |

* *For identification purpose only*

# GLOSSARY OF TERMS

| | |
|---|---|
| "our Company", "the Company" or "Longyuan Power" | China Longyuan Power Group Corporation Limited* ( ² U e b « p … Þ " ® !) |
| "Pingzhuang Energy" | Inner Mongolia Pingzhuang Energy Co., Ltd. (« † ; • • U p … Þ " ® !), a joint stock limited company incorporated and validly existing under the laws of the PRC, whose shares are listed and traded on the Shenzhen Stock Exchange with stock code 000780.SZ. Pingzhuang Energy is mainly engaged in the business of production, preparation, processing and sales (limited to operation by branches) of coal, sales of mine equipment, materials, accessories and disposal materials, catering services, accommodation and other businesses. As at the Latest Practicable Date, the total number of issued shares of Pingzhuang Energy was 1,014,306,324, among which, CHN Energy holds 61.42% of shares of Pingzhuang Energy through Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (« † ; • i 8€ « •Þ " ª , ® !), and is an indirect controlling shareholder of Pingzhuang Energy |
| "PRC" or "China" | The People's Republic of China |
| "renewable energy" | sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight |
| "Reporting Period" | from 1 January 2021 to 30 June 2021 |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "SASAC" | the State-owned Assets Supervision and Administration Commission of the State Council |

* *For identification purpose only*

| | |
|---|---|
| “Shareholder(s)” | holder(s) of shares of the Company |
| “Strategic Committee” | the strategic committee of the Board |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “Supervisory Board” | the supervisory board of the Company |

## JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Chan Sau Ling