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龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

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

(Stock Code: 00916)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2022, revenue amounted to RMB21,662 million, representing an increase of 11.7% over the corresponding period of 2021
- For the six months ended 30 June 2022, profit before taxation amounted to RMB6,309 million, representing a decrease of 13.1% over the corresponding period of 2021
- For the six months ended 30 June 2022, net profit attributable to equity holders of the Company amounted to RMB4,333 million, representing a decrease of 17.5% over the corresponding period of 2021
- For the six months ended 30 June 2022, earnings per share amounted to RMB0.5052, representing a decrease of RMB0.1333 over the corresponding period of 2021

The board of directors (the “**Board**”) of China Longyuan Power Group Corporation Limited* (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022, together with comparative figures for the corresponding period of 2021. The results were prepared in accordance with the International Accounting Standards (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in thousands of Renminbi)

		Six months ended 30 June	
		2022	2021
		<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>Notes</i>	RMB'000	RMB'000
Revenue	5	<u>21,662,351</u>	<u>19,384,957</u>
Other net income	6	<u>612,405</u>	<u>575,432</u>
Operating expenses			
Depreciation and amortisation		(4,967,483)	(4,393,676)
Coal consumption		(1,808,290)	(1,370,982)
Coal sales costs		(4,123,229)	(2,497,341)
Service concession construction costs		(12,615)	(70,779)
Personnel costs		(1,846,767)	(1,262,133)
Material costs		(101,632)	(78,675)
Repairs and maintenance		(354,242)	(405,980)
Administrative expenses		(330,503)	(248,022)
Operating expenses		<u>(533,964)</u>	<u>(474,608)</u>
		<u>(14,078,725)</u>	<u>(10,802,196)</u>
Operating profit		<u>8,196,031</u>	<u>9,158,193</u>
Finance income		214,650	205,756
Finance expenses		<u>(1,990,616)</u>	<u>(2,031,882)</u>
Net finance expenses	7	<u>(1,775,966)</u>	<u>(1,826,126)</u>
Share of profits less losses of associates and joint ventures		<u>(110,818)</u>	<u>(75,843)</u>
Profit before taxation	8	6,309,247	7,256,224
Income tax	9	<u>(1,168,299)</u>	<u>(1,217,581)</u>
Profit for the period		<u>5,140,948</u>	<u>6,038,643</u>

		Six months ended 30 June	
		2022	2021
		<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>Notes</i>	RMB'000	RMB'000
Other comprehensive income/(loss)			
Other comprehensive income/(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 income/(loss), net of tax		153,300	(13,799)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		(50,769)	14,617
Exchange difference on net investment in foreign operations		(2,875)	748
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax	10	99,656	1,566
		<hr/>	<hr/>
Total comprehensive income for the period		5,240,604	6,040,209
		<hr/> <hr/>	<hr/> <hr/>

		Six months ended 30 June	
		2022	2021
		<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>Notes</i>	RMB'000	RMB'000
Profit attributable to:			
Equity holders of the Company			
– Shareholders		4,216,351	5,131,104
– Perpetual medium-term notes and renewable corporate bonds holders		116,414	119,450
Non-controlling interests		808,183	788,089
		<hr/>	<hr/>
Profit for the period		5,140,948	6,038,643
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income			
attributable to:			
Equity holders of the Company			
– Shareholders		4,315,426	5,130,154
– Perpetual medium-term notes and renewable corporate bonds holders		116,414	119,450
Non-controlling interests		808,764	790,605
		<hr/>	<hr/>
Total comprehensive income for the period		5,240,604	6,040,209
		<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share			
<i>(RMB cents)</i>	11	50.52	63.85
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

(Expressed in thousands of Renminbi)

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Restated) RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		147,581,703	145,929,078
Investment properties		7,385	7,680
Right-of-use assets		3,860,998	3,734,270
Intangible assets		6,665,274	6,905,846
Goodwill		195,617	195,617
Investments in associates and joint ventures		4,196,537	4,166,936
Other assets		3,830,116	4,736,326
Deferred tax assets		286,035	295,991
		<hr/>	<hr/>
Total non-current assets		<u>166,623,665</u>	<u>165,971,744</u>
Current assets			
Inventories		940,406	765,096
Trade and bills receivables	12	29,927,735	30,250,343
Prepayments and other current assets		3,410,404	3,663,413
Tax recoverable		115,031	127,128
Other financial assets		760,550	742,494
Restricted deposits		269,207	262,099
Cash at banks and on hand		14,825,649	3,913,121
		<hr/>	<hr/>
Total current assets		<u>50,248,982</u>	<u>39,723,694</u>

		30 June 2022	31 December 2021
		<i>(Unaudited)</i>	<i>(Restated)</i>
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Borrowings		41,707,324	42,402,672
Trade and bills payables	13	3,517,761	4,130,038
Other current liabilities		21,163,145	15,347,582
Lease liabilities		45,126	37,325
Tax payable		382,151	321,786
		<u>66,815,507</u>	<u>62,239,403</u>
Total current liabilities		<u>66,815,507</u>	<u>62,239,403</u>
Net current liabilities		<u>(16,566,525)</u>	<u>(22,515,709)</u>
Total assets less current liabilities		<u>150,057,140</u>	<u>143,456,035</u>
Non-current liabilities			
Borrowings		66,225,490	61,165,878
Lease liabilities		1,263,517	1,286,944
Deferred income		1,054,757	1,103,361
Deferred tax liabilities		241,446	200,136
Other non-current liabilities		1,437,225	1,675,537
		<u>70,222,435</u>	<u>65,431,856</u>
Total non-current liabilities		<u>70,222,435</u>	<u>65,431,856</u>
NET ASSETS		<u>79,834,705</u>	<u>78,024,179</u>

	30 June 2022	31 December 2021
	<i>(Unaudited)</i>	<i>(Restated)</i>
<i>Notes</i>	RMB'000	RMB'000
CAPITAL AND RESERVES		
Share capital	8,381,963	8,036,389
Perpetual medium-term notes and renewable corporate bonds	5,942,666	6,061,652
Reserves	54,356,388	53,990,014
	<hr/>	<hr/>
Total equity attributable to equity holders of the Company	68,681,017	68,088,055
	<hr/>	<hr/>
Non-controlling interests	11,153,688	9,936,124
	<hr/>	<hr/>
TOTAL EQUITY	79,834,705	78,024,179
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Notes :

1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The interim condensed consolidated financial information for the six month ended 30 June 2022 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 Limited, and International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”). This interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021. This interim financial information was approved by the board of the directors of the Company for issuance on 23 August 2022.

The interim financial information has been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group had net current liabilities as at 30 June 2022 amounting to RMB16,566,525,000 (31 December 2021 (restated) :RMB22,515,709,000). The directors of the Company are of the opinion that, based on a review of the forecasted cash flows of the Group, the unutilised banking facilities and the unutilised credit lines with banks as at 30 June 2022, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the revised International Financial Reporting Standards (“IFRSs”) effective as of 1 January 2022. Details of any changes in accounting policies are set out in note 2.

2 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 2021, except for the adoption of the following revised IFRSs for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018–2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2022 as a result of the adoption of the amendments to IAS 16:

	Increase/ (decrease) <i>RMB'000</i>
Assets	
Property, plant and equipment	399,842
Deferred tax assets	<u>(1,974)</u>
Total assets	<u><u>397,868</u></u>
Equity	
Retained earnings	362,111
Non-controlling interests	<u>35,757</u>
	<u><u>397,868</u></u>

- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

- (d) Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group’s financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3 RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment (“**Purchase Agreement**”) with CHN Energy Northeast Electric Power Co., Ltd. (“**Northeast Electric Power**”), CHN Energy Shaanxi Electric Power Co., Ltd. (“**Shaanxi Electric Power**”), CHN Energy Guangxi Electric Power Co., Ltd. (“**Guangxi Electric Power**”), CHN Energy Yunnan Electric Power Co., Ltd. (“**Yunnan Electric Power**”), CHN Energy Gansu Electric Power Co., Ltd. (“**Gansu Electric Power**”) and CHN Energy North China Electric Power Co., Ltd. (“**North China Electric Power**”) (the “**Acquisition I**”).

The above mentioned Acquisition I was completed on 4 January 2022, 5 January 2022 and 6 January 2022, respectively. Besides, Longyuan Tibet New Energy Co., Ltd (“**Tibet New Energy**”), the subsidiary of the Company, entered into the equity transfer agreement with CHN Energy Tibet Electric Power Co., Ltd (the “**Agreement**”). According to the Agreement, Tibet New Energy purchased 95% equity interest of CHN Energy Longyuan Ali New Energy (ALI) Co., Ltd (“**Ali Energy**”) with cash consideration of RMB114,000 (the “**Acquisition II**”). The Acquisition II was completed on 24 June 2022.

As the Group, Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were under common control of CHN Energy before and after the Acquisition I and the Acquisition II (the “**2022 Acquisitions**”), it is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the consolidated financial statements of the Group have been prepared as if Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were subsidiaries of the Company ever since they became under common control of CHN Energy.

Accordingly, the condensed consolidated statement of financial position as at 31 December 2021 has been restated to include the assets and liabilities of Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy at carrying amounts in the books of the Group. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2021 have been restated to include the results and cash flows of Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy as if these above mentioned companies were the subsidiaries of the Company throughout the six months ended 30 June 2021. Respective notes to the condensed consolidated financial information have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

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.

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 2022 and 2021 is set out below:

For the six months ended 30 June 2022

	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	14,278,323	2,039,837	352,528	16,670,688
– Others	15,254	4,906,986	56,808	4,979,048
Subtotal	14,293,577	6,946,823	409,336	21,649,736
Inter-segment revenue	–	–	97,471	97,471
Reportable segment revenue	14,293,577	6,946,823	506,807	21,747,207
Reportable segment profit (operating profit)	7,973,374	307,573	62,084	8,343,031

	Wind power (Unaudited) RMB'000	Coal power (Unaudited) RMB'000	All others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Depreciation and amortisation before inter-segment elimination	(4,700,639)	(148,292)	(139,624)	(4,988,555)
Reversal of provision of trade and other receivables	1,800	–	5,063	6,863
Impairment loss on property, plant and equipment	(56,646)	–	–	(56,646)
Interest income	26,517	4,648	41,405	72,570
Interest expenses	(1,679,378)	(26,105)	(127,345)	(1,832,828)
Expenditures for reportable segment non-current assets during the period	5,461,898	193,218	948,425	6,603,541

For the six months ended 30 June 2021

	Wind power (Unaudited and restated) RMB'000	Coal power (Unaudited) RMB'000	All others (Unaudited and restated) RMB'000	Total (Unaudited and restated) RMB'000
Revenue from external customers				
– Sales of electricity	14,203,701	1,638,847	248,953	16,091,501
– Others	4,032	3,187,457	31,188	3,222,677
Subtotal	14,207,733	4,826,304	280,141	19,314,178
Inter-segment revenue	–	–	66,628	66,628
Reportable segment revenue	14,207,733	4,826,304	346,769	19,380,806
Reportable segment profit (operating profit)	8,897,379	272,351	76,031	9,245,761
Depreciation and amortisation before inter-segment elimination	(4,199,397)	(142,062)	(70,869)	(4,412,328)
Reversal of provision/(provision) of trade and other receivables	98	–	(1,716)	(1,618)
Interest income	9,756	7,186	16,371	33,313
Interest expenses	(1,633,128)	(20,207)	(76,847)	(1,730,182)
Expenditures for reportable segment non-current assets during the period	6,565,556	132,018	355,855	7,053,429

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

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	21,747,207	19,380,806
Service concession construction revenue	12,615	70,779
Elimination of inter-segment revenue	<u>(97,471)</u>	<u>(66,628)</u>
Consolidated revenue	<u><u>21,662,351</u></u>	<u><u>19,384,957</u></u>
Profit		
Reportable segment profit	8,343,031	9,245,761
Elimination of inter-segment (profit)/ losses	<u>(16,596)</u>	<u>11,269</u>
	<u><u>8,326,435</u></u>	<u><u>9,257,030</u></u>
Share of profits less losses of associates and joint ventures	(110,818)	(75,843)
Net finance expenses	(1,775,966)	(1,826,126)
Unallocated head office and corporate expenses	<u>(130,404)</u>	<u>(98,837)</u>
Consolidated profit before taxation	<u><u>6,309,247</u></u>	<u><u>7,256,224</u></u>

(c) **Geographical information**

As the Group does not have material operations outside the People's Republic of China ("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 2022

	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	14,278,323	2,039,837	352,528	16,670,688
Sales of steam	–	422,566	–	422,566
Service concession construction revenue	12,615	–	–	12,615
Sales of coal	–	4,236,704	–	4,236,704
Others	15,254	247,716	56,808	319,778
	<u>14,306,192</u>	<u>6,946,823</u>	<u>409,336</u>	<u>21,662,351</u>
Geographic markets				
Mainland China	13,971,262	6,946,823	409,336	21,327,421
Canada	117,110	–	–	117,110
South Africa	141,283	–	–	141,283
Ukraine	76,537	–	–	76,537
	<u>14,306,192</u>	<u>6,946,823</u>	<u>409,336</u>	<u>21,662,351</u>
Timing of revenue recognition				
Goods transferred at a point of time	14,278,323	6,783,286	352,528	21,414,137
Services transferred over time	27,869	163,537	56,808	248,214
	<u>14,306,192</u>	<u>6,946,823</u>	<u>409,336</u>	<u>21,662,351</u>

For the six months ended 30 June 2021

	Wind power <i>(Unaudited and restated)</i> RMB'000	Coal power <i>(Unaudited)</i> RMB'000	Other business <i>(Unaudited and restated)</i> RMB'000	Total <i>(Unaudited and restated)</i> RMB'000
Types of goods and services				
Sales of electricity	14,203,701	1,638,847	248,953	16,091,501
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	4,032	240,224	31,188	275,444
	<u>14,278,512</u>	<u>4,826,304</u>	<u>280,141</u>	<u>19,384,957</u>
Geographic markets				
Mainland China	13,994,081	4,826,304	280,141	19,100,526
Canada	108,689	–	–	108,689
South Africa	175,742	–	–	175,742
	<u>14,278,512</u>	<u>4,826,304</u>	<u>280,141</u>	<u>19,384,957</u>
Timing of revenue recognition				
Goods transferred at a point of time	14,203,701	4,754,021	248,953	19,206,675
Services transferred over time	74,811	72,283	31,188	178,282
	<u>14,278,512</u>	<u>4,826,304</u>	<u>280,141</u>	<u>19,384,957</u>

6 OTHER NET INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Government grants	569,664	528,976
Rental income from investment properties	3,151	3,922
Gains/(losses) on disposal of property, plant and equipment	2,504	(1,316)
Others	37,086	43,850
	<u>612,405</u>	<u>575,432</u>

7 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Interest income on financial assets	72,570	33,313
Dividend income	5,050	4,284
Net unrealised profits on trading securities and derivative financial instruments	100,384	160,468
Foreign exchange gains	36,646	7,691
Finance income	<u>214,650</u>	<u>205,756</u>
Less:		
Interest on banks and other borrowings	1,944,966	1,983,796
Interest expenses capitalised into property, plant and equipment and right-of-use assets	<u>(112,138)</u>	<u>(253,614)</u>
	<u>1,832,828</u>	<u>1,730,182</u>

	Six months ended 30 June	
	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited and restated)</i>
	RMB'000	RMB'000
Foreign exchange losses	40,236	43
Net unrealised losses on trading securities	74,913	–
Bank charges and others	42,639	301,657
	<hr/>	<hr/>
Finance expenses	1,990,616	2,031,882
	<hr/>	<hr/>
Net finance expenses recognised in profit or loss	(1,775,966)	(1,826,126)
	<hr/> <hr/>	<hr/> <hr/>

The borrowing costs have been capitalised at rates of 3.00% to 4.83% per annum for the period ended 30 June 2022 (six months ended 30 June 2021: 3.05% to 4.78%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited and restated)</i>
	RMB'000	RMB'000
Amortisation		
– intangible assets	256,434	273,320
Depreciation		
– investment properties	295	295
– property, plant and equipment	4,623,920	4,000,472
– right-of-use assets	86,834	119,589
Provision/(reversal) of impairment losses		
– property, plant and equipment	56,646	–
– trade and other receivables	(6,863)	1,618
Cost of inventories	6,033,151	3,946,998

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	
	2022 <i>(Unaudited)</i> RMB'000	2021 <i>(Unaudited and restated)</i> RMB'000
Current tax		
Provision for the period	968,507	1,169,280
Underprovision in respect of prior years	91,324	18,889
	<u>1,059,831</u>	<u>1,188,169</u>
Deferred tax		
Origination and reversal of temporary differences	108,468	29,412
	<u>1,168,299</u>	<u>1,217,581</u>

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

	Six months ended 30 June	
	2022 <i>(Unaudited)</i> RMB'000	2021 <i>(Unaudited and restated)</i> RMB'000
Profit before taxation	<u>6,309,247</u>	<u>7,256,224</u>
Notional tax on profit before taxation	1,577,312	1,814,056
Tax effect of non-deductible expenses	8,154	10,458
Tax effect of share of profits less losses of associates and joint ventures	27,705	18,961
Effect of differential tax rates of certain subsidiaries of the Group <i>(Note (i))</i>	(684,388)	(714,342)
Use of unrecognised tax losses in prior years	(58,981)	(51,064)
Tax effect of unused tax losses and timing differences not recognised	132,515	120,623
Underprovision in respect of prior years	91,324	18,889
Others	74,658	–
Income tax	<u>1,168,299</u>	<u>1,217,581</u>

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 2022 and the six months ended 30 June 2021, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

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

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC were entitled to a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020. In addition, according to the Announcement on Continuation of Enterprise Income Tax in West Development published by the Ministry of Finance of the People's Republic of China (the "**Ministry of Finance**"), the State Taxation Administration and the National Development and Reform Commission (the "**NDRC**") on 23 April 2020, the aforementioned subsidiaries established in the Western Region of the PRC are authorised to be taxed at a preferential income tax rate of 15% till 31 December 2030.

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

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods		
Net profit/(loss) on equity investments in unlisted companies at fair value through other comprehensive income (“FVOCI”):		
Changes in fair value recognised during the period		
Before tax amount	168,897	(36,544)
Tax expense	(16,783)	8,660
Net of tax amount	<u>152,114</u>	<u>(27,884)</u>
Net profit on equity investments in listed companies at FVOCI:		
Changes in fair value recognised during the period		
Before tax amount	1,582	18,780
Tax expense	(396)	(4,695)
Net of tax amount	<u>1,186</u>	<u>14,085</u>
Other comprehensive (loss)/income 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	<u>(50,769)</u>	14,617
Exchange difference on net investment in foreign operations:		
Net of tax amount	<u>(2,875)</u>	748
Other comprehensive income	<u><u>99,656</u></u>	<u><u>1,566</u></u>

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 2022 of RMB4,216,351,000 (six months ended 30 June 2021: RMB5,131,104,000) and the weighted average number of shares in issue during the six months ended 30 June 2022 of 8,345,486,000 (six months ended 30 June 2021: 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	
	2022 <i>(Unaudited)</i>	2021 <i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Consolidated net profit attributable to equity holders of the Company	4,332,765	5,250,554
Less: Cumulative distribution of perpetual medium-term notes and renewable corporate bonds holders	116,414	119,450
Consolidated net profit attributable to ordinary shareholders of the Company	<u>4,216,351</u>	<u>5,131,104</u>
Weighted average number of the Company's outstanding ordinary shares (<i>'000</i>)	<u>8,345,486</u>	<u>8,036,389</u>
Basic and diluted earnings per share (<i>RMB cents</i>)	<u>50.52</u>	<u>63.85</u>

12 TRADE AND BILLS RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Restated) RMB'000
Amounts due from third parties	30,046,093	30,446,186
Amounts due from fellow subsidiaries	33,094	47,614
Amounts due from associates	121,671	31,492
	30,200,858	30,525,292
Less: Allowance for doubtful debts	(273,123)	(274,949)
	<u>29,927,735</u>	<u>30,250,343</u>

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Restated) RMB'000
Within 1 year	29,903,331	30,186,747
Between 1 and 2 years	16,139	56,404
Between 2 and 3 years	8,265	7,192
	<u>29,927,735</u>	<u>30,250,343</u>

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, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加資金管理辦法》) jointly issued by the Ministry of Finance, the NDRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have come into force since January 2020 and approvals on a project by project basis are required before the allocation of funds to local grid companies. Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance in March 2012 was repealed at the same time.

As at 30 June 2022, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The Board are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with the prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The trade receivables from the tariff premium are fully recoverable, considering that there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

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

13 TRADE AND BILLS PAYABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Restated) RMB'000
Bills payable	1,979,722	3,009,660
Trade payables	1,420,202	980,560
Amounts due to associates	24,602	24,111
Amounts due to fellow subsidiaries	93,235	115,707
	<u>3,517,761</u>	<u>4,130,038</u>

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Restated) RMB'000
Within 1 year	2,995,192	3,826,278
Between 1 and 2 years	406,944	235,939
Between 2 and 3 years	74,218	34,039
Over 3 years	41,407	33,782
	<u>3,517,761</u>	<u>4,130,038</u>

As at 30 June 2022 and 31 December 2021, all trade and bills payables are payable and expected to be settled within one year.

14 DIVIDENDS

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

The directors did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2021, approved during the following interim period, of RMB0.1470 per share (2020: RMB0.1176 per share)	1,232,149	945,079

Dividends in respect of the financial year ended 31 December 2021 have been fully paid on 18 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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

I. INDUSTRY REVIEW

(I) Operational Environment

In the first half of 2022, the environments were complex and severe both at home and abroad, with the continual triple pressures of shrinking demand, supply shocks and weakening expectations, leading to the volatility of economic operation during the period from late March to mid-May. With the effective and efficient advancement of the efforts in efficient coordination of pandemic prevention and control and economic and social development, positive results were achieved in the prevention and control of the pandemic in key regions, and the effects of economy stabilising policies unleashed gradually, with the decline in major economic indicators narrowing in May and the economy stabilising and rebounding in June. The gross domestic product (GDP) grew by 2.5% year-on-year in the first half of the year. Overall, China's economy showed a stable recovery in the first half of the year.

According to the statistics from China Electricity Council (“CEC”), during the period from January to June 2022, power consumption across the country was 4,097.7 billion kWh, representing a year-on-year increase of 2.9%. The power generation by above-the-scale power plants across the country was 3,963.1 billion kWh, representing a year-on-year increase of 0.7%, of which, the coal power generation was 2,727.7 billion kWh, representing a year-on-year decrease of 3.9%; the on-grid wind power generation amounted to 386.1 billion kWh, representing a year-on-year increase of 12.2%. The accumulated average utilisation hours of power generation facilities across the country were 1,777 hours, representing a decrease of 81 hours as compared with the same period of the previous year, of which, that of coal power generation were 2,057 hours, representing a decrease of 133 hours as compared with the same period of the previous year; that of on-grid wind power generation were 1,154 hours, representing a decrease of 58 hours as compared with the same period of the previous year; that of solar power generation were 690 hours, representing an increase of 30 hours as compared with the same period of the previous year.

As at the end of June 2022, the total power generation installed capacity across the country was 2.44 billion kW, representing a year-on-year increase of 8.1%, of which, the non-fossil energy power generation installed capacity was 1.18 billion kW, representing a year-on-year increase of 14.8%, accounting for 48.2% of the total installed capacity (up by 2.8 percentage points year-on-year); the coal power generation installed capacity was 1.30 billion kW, representing a year-on-year increase of 2.9%. From January to June 2022, the installed capacity of wind power and solar power generation maintained a relatively rapid growth. The wind power generation installed capacity across the country was 0.34 billion kW, representing a year-on-year increase of 17.2%, of which, the onshore wind power and offshore wind power generation installed capacity was 315.58 million kW and 26.66 million kW, respectively. The solar power generation installed capacity was 0.34 billion kW, representing a year-on-year increase of 25.8%.

(II) Policy Environment

1. Improving Clean Energy Policies and Regulations, and Promoting Carbon Peak and Carbon Neutrality in An Orderly Manner

In March 2022, the State Council issued the Opinions on the Division of Key Work in Implementing the Report on the Government Work (《關於落實〈政府工作報告〉重點工作分工的意見》), proposing the orderly promotion of carbon peak and carbon neutrality, promoting the planning and construction of large-scale wind and photovoltaic power bases and their supporting adjustable power supply, strengthening the construction of pumped storage power stations, enhancing the capacity of the grid to consume the electricity generated by renewable energy, promoting the research and development and application of green and low-carbon technologies, developing green finance, and accelerating the formation of a green and low-carbon production mode and lifestyle.

In March 2022, the NDRC, the Ministry of Foreign Affairs, the Ministry of Ecology and Environment and the Ministry of Commerce jointly issued the Opinions on Promoting the Green Development of “The Belt and Road” (《關於推進共建「一帶一路」綠色發展的意見》), proposing to deepen cooperation in green and clean energy, promote green and low-carbon transformation and development through international energy cooperation, encourage solar and wind power generation enterprises to “go global” and promote the completion of a number of green energy best practice projects.

In April 2022, the National Energy Administration issued the Annual Report on the Construction of Law-based Government in 2021 (《2021年法治政府建設年度報告》), proposing to actively promote legislation in the energy sector. It emphasised the need to make positive progress on energy law legislation, speed up amendments to the coal law and electricity law, and carry out preparatory work on amendments to the renewable energy law; to coordinate the targets of carbon peak and carbon neutrality, energy security and green and low-carbon transformation, and systematically plan key energy legislation projects to be promoted in the next five years.

In June 2022, nine governmental departments including the NDRC and the National Energy Administration jointly issued the “14th Five-Year” Plan for Renewable Energy Development (《「十四五」可再生能源發展規劃》) (the “**Plan**”). The Plan set four major targets on total renewable energy consumption, electricity generation, consumption responsibility weight and non-electricity utilisation, and proposed to optimise the development mode in terms of supply, develop renewable energy on a large scale, vigorously promote the base development for wind power and photovoltaic power generation in the “three northern” regions (i.e. northeast, north and northwest China), actively promote the distributed development of wind power and photovoltaic power generation in central and southeast China, co-ordinate and promote the integrated base development for hydropower, wind power and solar power generation in the southwest China and actively promote the development of offshore wind power clusters on the eastern coastal regions. The Plan also proposed to improve the mechanism for guaranteeing the consumption of electricity generated from renewable energy sources, strengthen the security of land and environment support for renewable energy, enhance the fiscal policy support for renewable energy and improve the green financial system for renewable energy.

2. Promoting Steadily Structural Transformation and Developing Renewable Energy of High Quality

In March 2022, the National Energy Administration published the Guiding Opinions on Energy Work in 2022 (《2022年能源工作指導意見》), proposing to steadily promote structural transformation, so that the proportion of coal consumption would steadily decrease, the proportion of non-fossil energy in total energy consumption would increase to about 17.3%, newly-added alternative output from power generation would reach around 180 billion kWh, and the proportion of wind power and photovoltaic power generation in the total electricity consumption in the society would reach about 12.2%. It emphasised the need to vigorously develop wind power and photovoltaic power, optimise the offshore wind power layout, set up a demonstration on the construction of wind power in deep seas, and steadily promote the construction of offshore wind power bases. It proposed to actively promote the construction of complementary hydropower, wind and photovoltaic power bases, improve the mechanism for guaranteeing the consumption of electricity from renewable energy sources and perfect the green electricity certificate system for renewable energy generation.

In March 2022, the NDRC issued the “14th Five-Year” Plan for Promoting Modernisation of Agriculture and Rural Areas (《「十四五」推進農業農村現代化規劃》), pointing out that the construction of clean energy in villages should be strengthened, the proportion of electricity in energy consumption in rural areas should be increased, the development of photovoltaic and wind power in rural areas should be promoted in accordance with local conditions, and the construction of a renewable energy-based rural clean energy utilisation system should be accelerated.

In May 2022, the NDRC and the National Energy Administration issued the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展實施方案》), proposing to innovate the mode of new energy development and utilisation, accelerate the construction of large-scale wind power and photovoltaic power bases focusing on desert, gobi and desert areas, promote the integration between new energy development and utilisation and rural revitalisation, and promote the application of new energy in industry and construction sectors. It stressed the importance of guiding the whole society to consume new energy and other green power, accelerating the building of new type of power systems to accommodate the gradual increase in the proportion of new energy, focusing on improving the ability of power distribution networks to accept distributed new energy, steadily promoting the participation of new energy in electricity market transactions, and improving the system of weighting responsibility for the consumption of electricity generated from renewable energy.

In June 2022, the Ministry of Ecology and the Environment issued the Circular on Environmental Impact Assessment of Major Investment Projects (《關於做好重大投資項目環評工作的通知》), proposing to actively carry out pilots to reform the examination and approval method for the environmental impact assessment. For infrastructure construction projects such as highways, railways, water conservancy and hydropower, photovoltaic power generation, onshore wind power generation and supply-supporting coal mining projects, the environmental impact assessment approval might not be linked to the total pollutants indicator provided various pollution prevention and control measures were strictly implemented.

3. Coordinating the Promotion of Green Power Trading and Building A Unified National Power Market

In January 2022, seven governmental departments including the NDRC and the Ministry of Industry and Information Technology jointly issued the Implementation Plan for Promoting Green Consumption (《促進綠色消費實施方案》), proposing to implement the requirement that new renewable energy and energy used as raw materials should not be included in the total energy consumption control, and to coordinate the promotion of green power trading and green certificate trading. It encouraged the consumption of green power by industry leaders, large state-owned enterprises and multinational companies, and promoted the gradual increase in the proportion of green power consumption in regions with relatively more export-oriented enterprises and stronger economic capacity. It was stressed that the requirement on use of green power by high energy-consuming enterprises should be made more rigid, and that the minimum proportion of green power in the power consumption by high energy-consuming enterprises could be set by each region according to its actual situation.

In January 2022, the NDRC and the National Energy Administration issued the Guiding Opinions on Accelerating the Building of a Nationwide Unified Power Market System (《關於加快建設全國統一電力市場體系的指導意見》), proposing to improve the operation and management of the electricity trading platform and the cross-provincial and cross-regional market trading mechanism, promote the opening of and the cooperation among inter-provincial and cross-regional markets in an orderly manner, establish a mechanism for multiple market entities to participate in cross-provincial and cross-regional trading, encourage and support direct trading between power generation enterprises and electricity sales companies and consumers, and enhance the flexibility of the mechanism for the cross-provincial and cross-regional transmission price.

In April 2022, the Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a Unified National Market (《中共中央、國務院關於加快建設全國統一大市場的意見》) was released, which specified clearly the rules that the establishment of a unified national market system should be accelerated, local protection and market segmentation should be broken, the smooth flow of commodity resources should be promoted on a wider scale, and the construction of an efficient, regulated, fair, competitive and fully open national market should be accelerated.

In April 2022, the NDRC issued the Letter on the Continuation of the Parity Grid-connection Policies for New Wind Power and Photovoltaic Power Projects in 2022 (《關於2022年新建風電、光伏發電項目延續平價上網政策的函》), specifying that in 2022, the parity grid-connection policies would be continued for newly approved onshore wind power projects, newly filed centralised photovoltaic power plants and distributed photovoltaic projects for industrial and commercial sectors. New projects could voluntarily participate in market-based trading to form on-grid tariff. At the same time, various regions were encouraged to introduce specific support policies to support the high quality development of the wind power and photovoltaic power generation industries.

4. *Diversifying the Application of New Energy Storage Technologies and Promoting the Integrated Development of Power Generation, Grid, Load and Energy Storage*

In January 2022, the NDRC and the National Energy Administration issued a circular on the publication of the Plan for Modern Energy System during the “14th Five-Year” Period (the “**Plan**”) (《「十四五」現代能源體系規劃的通知》), which provided a top-level design for the building of a modern energy system by strengthening safety control under emergency, promoting the building of new power systems, innovating the structure and operation mode of power grids, enhancing the capacity of coordinated and optimised operation of power sources, accelerating the large-scale application of new energy storage technologies and vigorously enhancing the power load flexibility, which provided detailed rules and regulations and implementation paths of policies for the development of various links of power industry. In terms of promoting the building of a new power system, the document highlighted that greater efforts should be made to plan and build a new energy supply and consumption system based on large-scale wind and photovoltaic power bases, supported by clean, efficient and advanced energy-saving coal power in their vicinity and carried by stable, safe and reliable ultra-high voltage transmission and distribution circuits, to actively promote the integrated development of power generation, grid, load and energy storage.

In February 2022, the NDRC and the National Energy Administration issued the Implementation Plan for the Development of New Types of Energy Storage Technologies during the “14th Five-Year” Period (《「十四五」新型儲能發展實施方案》), emphasising the need to step up efforts to develop new types of energy storage technologies on the power generation side, develop diversified applications of new types of energy storage technologies and expand business model of new types of energy storage technologies. By 2025, the new types of energy storage technologies would step into large-scale development stage from early stage of commercialization, with conditions for large-scale commercial application; by 2030, the new types of energy storage technologies would achieve market-oriented development in an all-around way and in-depth development integrating with various links of power system, to basically meet the need of the building of new power system and provide comprehensive support for the achievement of target of carbon peak in the energy sector as scheduled.

In April 2022, the NDRC published the Power Reliability Management Measures (Interim) (《電力可靠性管理辦法(暫行)》). Since 1 June, large-scale wind, solar and other renewable energy power generation enterprises in desert, gobi and desert areas were required to establish power reliability management systems to match, strengthen the reliability management of systems and equipment, establish publishing mechanisms for the construction demand of new types of energy storage, allow various types of energy storage facilities to participate in system operation, and enhance the comprehensive regulation capability of the power system.

In June 2022, the NDRC and the National Energy Administration issued the Notice on Further Promoting the Participation of New Types of Energy Storage Facilities in the Power Market and Scheduling Application (《關於進一步推動新型儲能參與電力市場和調度運用的通知》), specifying that new types of energy storage facilities could participate in the electricity market as independent energy storage, and encouraging new energy field stations and supporting facilities for energy storage to jointly participate in the market, using energy storage to improve the grid-connection related performance of new energy and ensuring efficient consumption and use of new energy.

5. *Implementing Subsidies for Renewable Energy and Vigorously Developing Green Finance*

In March 2022, the Ministry of Finance released the Draft about the Implementation of the Central and Local Budgets in 2021 and the Budgets in 2022 (《關於2021年中央和地方預算執行情況與2022年中央和地方預算草案》), to study the introduction of opinions on financial support for carbon peak and carbon neutrality, study the establishment of a national low-carbon transformation fund, promote the optimisation of the energy structure, improve clean energy support policies, vigorously develop renewable energy and promote the resolution of the funding gap of subsidies for renewable energy power generation.

In March 2022, the NDRC, the National Energy Administration and the Ministry of Finance jointly issued the Notice on Launching the Self-inspection in respect of Subsidies for Renewable Energy Power Generation (《關於開展可再生能源發電補貼自查工作的通知》), deciding to launch the nationwide verification in respect of subsidies for renewable energy power generation. The targets of the self-inspection included power grids and power generation enterprises. The scope of the self-inspection covered all renewable energy power generation projects that had been grid-connected and needed subsidies as at 31 December 2021, mainly wind power, centralised photovoltaic power stations and biomass power generation projects.

In May 2022, Premier of the State Council, Li Keqiang chaired an executive meeting of the State Council and proposed to ensure energy supply by allocating an additional subsidies of RMB50 billion for renewable energy to central government-owned power generation enterprises and injecting RMB10 billion through the state-owned capital operating budget to support coal power enterprises to alleviate their difficulties and generate more electricity, in addition to the previous support.

In June 2022, seven governmental departments including the Ministry of Ecology and Environment and the NDRC issued the Implementation Plan for Synergistic Effectiveness in Reducing Pollution and Reducing Carbon Emission (《減污降碳協同增效實施方案》), pointing out that we should vigorously develop green finance, make good use of monetary policy tools for carbon emission reduction, and guide financial institutions and social capital to increase their support for reducing pollution and reducing carbon emission; we should solidly promote investment and financing in climate, build a national database of climate investment and financing projects, and launch pilot projects for climate investment and financing; we should establish green electricity price policies that would be conducive to the green and low-carbon

development of enterprises and promote pilot green power trading; we should implement actions in replacement with renewable energy, vigorously develop wind energy, solar energy, biomass, ocean energy and geothermal energy, and continuously increase the proportion of non-fossil energy consumption.

II. BUSINESS REVIEW

In the first half of 2022, the Group adhered to the general principle of seeking progress while maintaining stability by implementing the new development concept with integrity, accuracy in all aspects, and highlighted the work orientation of “stability, synergy, empowerment and quality improvement”, and promoted the effective implementation of various tasks with high quality. During the Reporting Period, the total power generation of the Group was 36,305 GWh, representing a year-on-year increase of 9.66%, of which wind power generation was 30,216 GWh, representing a year-on-year increase of 10.25%, thermal power generation was 5,271 GWh, representing a year-on-year increase of 0.23%, photovoltaic and other renewable energy power generation was 818 GWh, representing a year-on-year increase of 86.02%. In the first half of 2022, the consolidated installed capacity of the Group’s newly self-built projects was 129.75 MW, including 54.00 MW wind power projects and 75.75 MW photovoltaic projects. The consolidated installed capacity of wind power and M&A photovoltaic increased by 1,989.60 MW and 10.00 MW respectively through asset restructuring and mergers and acquisitions. As at 30 June 2022, the consolidated installed capacity of the Group reached 28,827.99 MW, of which the consolidated installed capacity of wind power, coal-fired power and photovoltaic and other renewable energy reached 25,711.44 MW, 1,875.00 MW and 1,241.55 MW, respectively.

(I) Striving to consolidate the safety foundation to improve the ability of preventing the major risks

In the first half of 2022, the Group earnestly implemented 15 mandating measures for production safety issued by the Safety Committee of the State Council by refining 55 measures in 21 aspects with tracks and supervision to ensure effective implementation. The Group scientifically compiled the “No. 1 Document” for safety and environmental protection, by coordinating and improving business security capabilities, and further focusing on implementing the special plan of the “Year for Consolidation and Improvement” to secure safety foundation.

In the first half of 2022, the safety situation of the Group was generally stable, and there were no personal accidents and general equipment accidents above Class B. The Group successfully completed the tasks of ensuring power supply for major events such as the Winter Olympic Games, the Paralympic Games and the “Two Sessions”. The Group regarded production safety as the “top issue”, continued to carry out inspections on high-risk operations by sorting out the types of operations, improving the rules and regulations, standardising the management and control process, improving the management standards for high-risk operations, and issuing a list of high-risk operations including production, operation and maintenance and engineering infrastructure. Relying on remote video to achieve full coverage of inspection, the Group strengthened inspection on wind turbine foundation, photovoltaic support, power transmission and transformation tower construction, and conducted inspections on major maintenance and technical transformation, engineering infrastructure construction, and external engaged personnel management, which effectively improved the overall safety management level.

In the first half of 2022, the Group continued to improve its ability to prevent major risks, strengthened the safety management of the whole process of projects under construction, strengthened supervision and assessment, and carried out on-site supervision using the GIS system (Geographic Information System) to ensure safety and controllability. The Group deployed 379 sets of mobile spherical monitors and 4,312 sets of work recorders in two batches, all of which were connected to the production management and control system, realised the “one person, one machine” configuration and thus achieved full coverage of on-site video monitoring.

In the first half of 2022, the Group carried out special rectification for power control failure of generating units, promoted the self-finding and optimisation of generating units, identified key issues and defects affecting the stability of generating units, specifically addressed the defects of power transmission and transformation equipment, carried out special investigation and rectification for DC system and deformed poles and towers, fully explored the power generation potential of equipment, and managed to increase power generation by approximately 170 GWh. During the Reporting Period, the total power generation of the Group was 36,305 GWh, of which the wind power generation was 30,216 GWh, representing a year-on-year increase of 10.25%. This was mainly due to the combined effect of the year-on-year increase in installed capacity of power generation, the improvement in management quality and the decline in wind resources. In the first half of 2022, the average utilisation hours of wind power was 1,173 hours, representing a decrease of 124 hours as compared with the same period of 2021, mainly due to the year-on-year decrease of 0.35 metres per second in wind velocity during the Reporting Period.

Geographical breakdown of the consolidated power generation of the Group's wind farms for the first half of 2021 and the first half of 2022:

	First half of 2022 (MWh)	First half of 2021 (MWh)	Percentage of change
Heilongjiang	1,638,801	1,577,320	3.90%
Jilin	1,075,814	776,485	38.55%
Liaoning	1,680,293	1,428,730	17.61%
Inner Mongolia	3,511,740	3,834,809	-8.42%
Jiangsu (onshore)	1,250,126	1,419,358	-11.92%
Jiangsu (offshore)	2,753,465	2,107,571	30.65%
Zhejiang	175,644	183,831	-4.45%
Fujian	1,790,796	1,311,207	36.58%
Hainan	67,177	55,926	20.12%
Gansu	1,525,225	1,475,283	3.39%
Xinjiang	2,007,941	2,051,795	-2.14%
Hebei	2,114,493	1,921,996	10.02%
Yunnan	1,655,438	1,431,940	15.61%
Anhui	919,983	1,013,895	-9.26%
Shandong	733,305	711,907	3.01%
Tianjin	578,150	368,763	56.78%
Shanxi	1,314,569	1,373,075	-4.26%
Ningxia	763,197	934,491	-18.33%
Guizhou	774,781	721,495	7.39%
Shaanxi	789,097	562,874	40.19%
Tibet	7,996	9,143	-12.55%
Chongqing	275,711	327,077	-15.70%
Shanghai	58,022	58,178	-0.27%
Guangdong	160,881	155,258	3.62%
Hunan	300,387	268,817	11.74%
Hubei	103,464	100,520	2.93%
Guangxi	987,355	267,782	268.72%
Jiangxi	218,861	208,636	4.90%
Qinghai	154,978	124,540	24.44%
Henan	258,030	133,129	93.82%
Canada	155,029	144,767	7.09%
South Africa	282,494	346,703	-18.52%
Ukraine	132,283	–	–
Total	<u>30,215,527</u>	<u>27,407,301</u>	<u>10.25%</u>

Note: The power generation from January to June 2022 includes the power generation from assets purchased from CHN Energy Liaoning Electric Power Co., Ltd., Shaanxi Electric Power, Guangxi Electric Power, Yunnan Electric Power, Gansu Electric Power and North China Electric Power, all being subsidiaries of CHN Energy.

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2021 and the first half of 2022:

Region	Average utilisation hours of wind power for the first half of 2022 (hour)	Average load factor of wind power for the first half of 2022	Average utilisation hours of wind power for the first half of 2021 (hour)	Average load factor of wind power for the first half of 2021	Percentage of change of the average utilisation hours of wind power
Heilongjiang	1,218	28%	1,277	29%	-4.62%
Jilin	1,274	29%	1,299	30%	-1.92%
Liaoning	1,165	27%	1,364	31%	-14.59%
Inner Mongolia	1,239	29%	1,455	33%	-14.85%
Jiangsu (onshore)	934	22%	1,060	24%	-11.89%
Jiangsu (offshore)	1,256	29%	1,423	33%	-11.74%
Zhejiang	771	18%	807	19%	-4.46%
Fujian	1,707	39%	1,305	30%	30.80%
Hainan	679	16%	565	13%	20.18%
Gansu	852	20%	1,144	26%	-25.52%
Xinjiang	1,224	28%	1,290	30%	-5.12%
Hebei	1,195	27%	1,298	30%	-7.94%
Yunnan	1,551	36%	1,647	38%	-5.83%
Anhui	1,137	26%	1,253	29%	-9.26%
Shandong	1,286	30%	1,452	33%	-11.43%
Tianjin	1,075	25%	1,313	30%	-18.13%
Shanxi	1,060	24%	1,422	33%	-25.46%
Ningxia	985	23%	1,206	28%	-18.33%
Guizhou	1,048	24%	1,002	23%	4.59%
Shaanxi	946	22%	1,184	27%	-20.10%
Tibet	1,066	25%	1,219	28%	-12.55%
Chongqing	952	22%	1,130	26%	-15.75%
Shanghai	1,222	28%	1,225	28%	-0.24%
Guangdong	1,279	29%	1,235	28%	3.56%
Hunan	974	22%	1,178	27%	-17.32%
Guangxi	1,230	28%	1,393	32%	-11.70%

Region	Average utilisation hours of wind power for the first half of 2022 (hour)	Average load factor of wind power for the first half of 2022	Average utilisation hours of wind power for the first half of 2021 (hour)	Average load factor of wind power for the first half of 2021	Percentage of change of the average utilisation hours of wind power
Jiangxi	1,114	26%	1,271	29%	-12.35%
Hubei	1,098	25%	1,414	33%	-22.35%
Qinghai	1,033	24%	1,047	24%	-1.34%
Henan	1,486	34%	967	22%	53.67%
Canada	1,564	36%	1,461	34%	7.05%
South Africa	1,155	27%	1,418	33%	-18.55%
Ukraine	1,729	40%	–	–	–
Total	1,173	27%	1,297	30%	-9.56%

During the Reporting Period, the consolidated power generation from coal power segment of the Group was 5,271 GWh, representing an increase of 0.23% as compared with 5,259 GWh for the corresponding period of 2021. This was mainly due to the year-on-year increase in power load. The average utilisation hours of the Group's coal power segment were 2,811 hours, representing an increase of 6 hours as compared with 2,805 hours in the corresponding period of 2021.

(II) Focusing on main responsibilities and main businesses to accelerate the development of new energy

In the first half of 2022, the Group strengthened top-level design, enhanced strategic guidance and gave priority to plans, scientifically studied and judged the development situation around the “14th Five-Year” development goal, and fully leveraged the Group’s advantages in brand, technology, talents, layout and other aspects to accelerate high-quality development. Taking into account the strategic consistency and flexibility, the Group adhered to the policy of “one province, one policy” and made its layout from three levels featuring “base-type, station-type and distribution-type” to form a development strategy that adapts to the characteristics of each province. The Group also strengthened strategic synergy and cooperated with relevant units to plan for the development of large base projects in desert, gobi and desert areas. The Group integrated internal and external resources, actively deployed coastal provinces and cities, and orchestrated offshore wind power in advance. The Group adhered to the combination of centralised and distributed operations to promote the efficient and rapid development of PV. The Group deepened policy study and technology research and expanded the development and leading of emerging technologies such as energy storage, hydrogen energy and ammonia energy.

In the first half of 2022, the Group entered into new development agreements for a total of 16,488.5 MW. Through competitive allocation and other methods, the Group won bids of 3,976.5 MW (including 2,646.5 MW for wind power and 1,330.0 MW for photovoltaic power) and 1,730.0 MW of distributed photovoltaic power projects, and has achieved a total development quota of 5,706.5 MW.

(III) Keeping the bottom line to improve project quality

In the first half of 2022, the stable construction safety of the Group’s projects led to the steady improvement of quality and environmental protection level. There were no major or above safety, quality, environmental accidents or mass incidents affecting social stability. There were no cases of COVID-19 infection. Therefore, the progress of projects construction was effectively promoted with further strengthened cost control.

In the first half of 2022, the Group strictly implemented the “Three Simultaneities” (water resources conservation and environmental protection facilities in construction projects shall be designed, constructed and put into use simultaneously with the main project) management regulations for water and environmental protection, earnestly carried out environmental protection and water protection acceptance of projects, and prepared the “Manual for the Development, Construction and Operation of Distributed Photovoltaic Projects” and the “Standards for the Quality Acceptance of Engineering and

Equipment” to standardise the process of distributed project management and clarify the acceptance standards for project quality. The Group firmly implemented the requirements of “Two Highs and One Low” (high quality, high speed and low cost) to create high-quality projects. The Group’s 405 MW wind power project in southern offshore area of Sheyang, Jiangsu and 300 MW wind power project in Chensuoliang, Shangyi, Hebei were awarded the “2022 China Power Quality Project Award”.

In the first half of 2022, the consolidated installed capacity of self-built projects of the Group increased by 129.75 MW, including 2 wind power projects with consolidated installed capacity of 54.00 MW, 12 photovoltaic projects with consolidated installed capacity of 75.75 MW, and 36 wind power projects with consolidated installed capacity of 1,989.6 MW, 1 M&A photovoltaic project with consolidated installed capacity of 10.00 MW through asset restructuring and acquisition and merger. As at 30 June 2022, the consolidated installed capacity of the Group reached 28,827.99 MW, including 25,711.44 MW and 1,875.00 MW of wind power and coal power respectively, and 1,241.55 MW of photovoltaic and other renewable energy.

Geographical breakdown of the consolidated installed capacity of the Group’s wind farms as at 30 June 2021 and 30 June 2022 is set out as below:

Region	30 June 2022 (MW)	30 June 2021 (MW)	Percentage of change
Heilongjiang	1,345.70	1,234.70	8.99%
Jilin	844.40	762.05	10.81%
Liaoning	1,441.70	1,047.20	37.67%
Inner Mongolia	2,834.30	2,635.80	7.53%
Jiangsu (onshore)	1,338.50	1,338.50	–
Jiangsu (offshore)	2,191.60	1,585.30	38.25%
Zhejiang	227.90	227.90	–
Fujian	1,049.10	1,074.60	-2.37%
Hainan	99.00	99.00	–
Gansu	1,690.80	1,289.80	31.09%
Xinjiang	1,640.30	1,590.80	3.11%
Hebei	1,770.10	1,770.10	–
Yunnan	1,067.50	869.50	22.77%
Anhui	809.10	809.10	–
Shandong	570.40	618.40	-7.76%
Tianjin	538.00	347.50	54.82%
Shanxi	1,239.75	1,041.75	19.01%
Ningxia	774.70	774.70	–

Region	30 June 2022 (MW)	30 June 2021 (MW)	Percentage of change
Guizhou	789.00	789.00	–
Shaanxi	833.85	539.20	54.65%
Tibet	7.50	7.50	–
Chongqing	289.50	289.50	–
Shanghai	47.50	47.50	–
Guangdong	125.74	125.74	–
Hunan	308.35	287.35	7.31%
Guangxi	802.80	192.30	317.47%
Jiangxi	196.40	196.40	–
Hubei	94.20	94.20	–
Qinghai	150.00	150.00	–
Henan	173.65	173.65	–
Canada	99.10	99.10	–
South Africa	244.50	244.50	–
Ukraine	76.50	76.50	–
Total	<u>25,711.44</u>	<u>22,429.14</u>	<u>14.63%</u>

Note: In order to promote the issuance of A shares, the Group divested the defective assets of Longyuan (Putian) Wind Power Generation Co., Ltd.* (龍源(莆田)風力發電有限公司) and Guodian Shandong Longyuan Linqi Wind Power Generation Co., Ltd.* (國電山東龍源臨朐風力發電有限公司) in accordance with relevant regulatory requirements, resulting in a year-on-year decrease in the consolidated installed capacity of wind power of the Group in Fujian Province and Shandong Province. Details were disclosed in the announcement dated 26 September 2021 published by the Group in relation to the disposal of the Target Assets.

(IV) Enhancing the concept of efficiency with stable improvement of quality and efficiency

In the first half of 2022, the Group organised the preparation of the power market trading strategy for 2022, objectively and comprehensively analysed key factors such as power supply and demand, policy changes, and transmission conditions, researched and concluded the market trends, guided the implementation of favourable policies, actively carried out annual transaction contracts, locked in power sales revenue, steadily improved transaction level. The Group also actively carried out the endeavors in the construction of integrated marketing system, and conducted research on the Key Technology Research on Smart Power Generation Forecast and New Energy Power Spot Trading, accelerated the coupling of power forecasting system and spot trading supporting decision-making tools, so as to effectively improve the quality and trading efficiency of spot trading.

In the first half of 2022, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB478 per MWh (value added tax (“VAT”) exclusive), representing an increase of RMB4 per MWh as compared with RMB474 per MWh (VAT exclusive) in the corresponding period of 2021. The average on-grid tariffs for wind power amounted to RMB486 per MWh (VAT exclusive), representing a decrease of RMB8 per MWh as compared with RMB494 per MWh (VAT exclusive) in the corresponding period of 2021, which was mainly due to the combined effect of the change of the proportion of different tariff range and the increase in the proportion of electricity traded in the market. The average on-grid tariffs for coal power amounted to RMB423 per MWh (VAT exclusive), representing an increase of RMB84 per MWh as compared with the average on-grid tariffs for coal power of RMB339 per MWh (VAT exclusive) in the corresponding period of 2021, which was mainly due to the influence of increase in the electricity price in market trading.

(V) Standardising carbon trading to seek profit model through multiple channels

In the first half of 2022, the Group took various measures to expand its carbon trading business and carried out the endeavors in the development of the Verified Carbon Standard (VCS) for voluntary emission reduction project, which recorded an amounts of over 15 million tonne carbon emission, and in collection of capital for the Chinese Certified Emission Reduction (CCER) project, and collected information for projects that met the filing requirements of CCER, and prepared for the transaction. The Group improved the carbon asset management system and standards, revised the Administrative Measures for Carbon Emission and Carbon Trading, standardised the work process of carbon emission and carbon trading, sought for profit model through multiple channels, completed the issuance of

green certificate for 250MW grid parity project in Jilin, and organised Jilin Company and Electricity Sales Company of the Group to complete 40,000 green certificate transactions. The Group builds a carbon asset management network driven by professional carbon asset management institutions. The Group also extended the management based on the actual production conditions, established scientific decision-making process, carried out carbon emission trading with plans, arrangements and directions, closely tracked the progress of the carbon market through in-depth participation in carbon market activities, promoted carbon finance innovation business, thus to effectively promote carbon emission reduction actions, and undertake corporate social responsibilities.

In the first half of 2022, the Group signed a strategic cooperation agreement with Beijing Green Exchange to jointly promote the development of carbon index, and completed the pledge of 100,000 tonnes carbon quota of Hainan Ledong Power Plant and Industrial Bank. The Group also participated in the compilation of the Technical Specifications for Blockchain-based Carbon Emission Data for Power Generation Enterprises and the Technical Specifications for Blockchain-based Carbon Trading Data for Power Generation Enterprises, to fully promote the upgrading of carbon trading platform and add functional design modules such as simulated trading and carbon finance, for which, the Group comprehensively strengthened risk management to ensure the orderly development of carbon trading.

(VI) Strengthen the support of scientific and technological innovation to lead high-quality development

In the first half of 2022, the Group applied for 4 major scientific and technological projects to the NDRC and the Ministry of Science and Technology, 7 national energy science and technology innovation projects, and 24 self-initiated scientific and technological innovation projects. Meanwhile, it was authorised by the National Energy Administration to build the first national-level network security target range for the new energy industry; approved by the Department of Science and Technology of Fujian Province, the Group established the floating wind and fishery integration project, which was included in the 2022 major science and technology special plan of Fujian Province. Xuyi 10MW/20MWh Lithium Iron Phosphate Energy Storage Power Station, the onshore wind storage demonstration project of the Jiangsu subsidiary under the Group, commenced on-grid operation on 18 May 2022, becoming the first new energy supporting energy storage and power generation project in Jiangsu Province. The Energy Industry Standard NB/T 10918–2022 “Technical Guidelines for Smart Wind Farms”, edited by the Group, was approved and issued by the National Energy Administration on 13 May 2022. As the first industry standard for smart wind power in China, it is of great significance

to the digital and intelligent transformation and upgrading of the wind power industry. The domestic project of wind resource assessment software, a national key research and development plan which the Group is in charge of, has entered the development module integration stage. Through the integration and demonstration system development of modules such as self-adaptive tailing flow and typical topographic CFD (Computational Fluid Dynamics) model, the laser radar measurement of the last typical terrain wind farm has been completed.

In the first half of 2022, a total of 10 scientific and technological innovation projects of the Group completed the final acceptance, and 6 scientific and technological innovation achievements were certified by domestic authoritative institutions, of which 2 technologies were certified as international leading level. 27 new invention patents, 31 utility model patents were applied, and 3 industry standards and 2 corporate standards of CHN Energy were issued. As of 30 June 2022, the Group had 496 authorised patents, including 49 invention patents, 430 utility model patents and 17 appearance patents.

(VII) Actively reducing capital costs by following up on green credit policies

In the first half of 2022, the Group paid close attention to policy orientation, seized the window of reserve requirement ratio reduction to withdraw low-cost funds through multiple channels, dynamically adjusted financing ideas, clarified the financing positioning of its subsidiaries, accelerated the operation frequency of short-term funds, increased the self-financing of low-interest-rate project loans, and maximised financial benefits. The Group steadily adjusted debt structure and avoided debt risks. The Group initiated the replacement of existing high-interest-rate loans to further reduce capital costs. The Group further improved the efficiency of capital utilisation and maximised the time value of capital through a vertically-managed capital planning and coordination mechanism and rigid capital planning management. In terms of financing, the Group will keep a close eye on the two major capital markets both at home and abroad to further expand financing channels.

In the first half of 2022, the Group successfully issued ten tranches of ultra-short-term financing bonds, one tranche of short-term financing bonds and one tranche of medium-term notes, maintaining its advantages in the industry in terms of capital cost, and successfully issued one tranche of green medium-term notes, not only does it reduce the capital costs, but also represent the Group's responsibility for "Carbon Peak and Carbon Neutrality".

(VIII) Responding to challenges proactively and developing overseas markets

In the first half of 2022, the COVID-19 pandemic continued to spread around the world, with the variants of the virus rampant, and restrictions on the movement of personnel still in place, which severely affected overseas business expansion and the dispatch of delegations abroad. The Group overcame the adverse impact of the pandemic and achieved positive results in terms of overseas business. It successfully completed the tender for a 30MW photovoltaic project in Brunei. The Group proactively responded to the serious situation of the Russia-Ukraine conflict, adopted unified arrangements and adopted contingency plans to ensure the normal operation of its projects in Yuzhnyy, Ukraine without any loss of property or casualties.

In the first half of 2022, the results in management of the overseas assets of the Group were good, the prevention and control of the pandemic and production risks was effective and all in-service projects were running well. As of 30 June 2022, Canada Dufferin Wind Farm project of the Group recorded accumulated power generation of 155,029 MWh, recorded utilisation hours of 1,564 hours, and maintained its accumulated safe production for 2,768 days; the project of De Aar Wind Farm in South Africa recorded accumulated power generation of 282,494 MWh, recorded utilisation hours of 1,155 hours, and maintained its accumulated safe production for 1,703 days; the wind power project in Yuzhnyy, Ukraine recorded accumulated power generation of 132,283 MWh, recorded utilisation hours of 1,729 hours, and maintained its accumulated safe production for 299 days. At present, the Group is vigorously exploring the potential in the markets in Central and Eastern Europe, Southern Africa and Southeast Asia, closely tracking market trend and actively exploring key projects to achieve regional rolling development and breakthroughs in key markets.

III. CORE COMPETITIVENESS ANALYSIS

(I) Outstanding advantages in project construction

The Group continues to strengthen the construction of standard workmanship systems and enhance process quality control, to further improve the overall quality of its projects. The Group has completed the construction of an intelligent control platform system for new energy project construction sites, which realises the expected functions of remote monitoring, electronic fencing, personnel clock-in and localisation of personnel and vehicles, further enriches the means of project control and improves remote supervision and management capabilities by enhancing digital access to project information. In the first half of 2022, the Group overcame the impact

of negative factors such as the resurgence of the pandemic, rising component prices and continuous heavy rainfall in southern China and realised new consolidated installed capacity of 129.75 MW; the offshore southern district 405 MW wind power project in Sheyang, Jiangsu and the 300 MW wind power project in Chensuoliang, Shangyi, Hebei won the “2022 China Power Quality Project Award”; solar-tidal intelligent photovoltaic power station in Wenling achieved full-capacity grid-connected power generation, which is the first solar-tidal complementary photovoltaic power station in China and the first innovative application of solar energy – lunar tidal energy complementary development in China.

(II) High-quality and abundant project reserves

The Group actively leverages its advantages of being a good brand, low debt ratio, extensive project layout, having leading technology management and sufficient professional staff to expedite the acquisition of quality resources. It innovates its project cooperation mode and has been cooperating with various parties in an all-round, wide-ranging and multi-level manner based on the principles of “complementing advantages, mutual benefit and win-win situation, resource sharing and common development”, gradually forming a clear overall development strategy. It further promotes the development of “base-type, station-type and distribution-type” projects, advances the layout of desert, gobi and offshore-base projects, actively and orderly develops distributed photovoltaic projects, and strives for qualification for competitive allocation.

(III) Enhancing talent team development

The Group has 461 chief technician at four levels and 29 professional directions, and 10 “Innovation Workshops for Model Workers and Craftsmen”, giving full play to the technical leadership role of backbone talents such as model workers and craftsmen. Through the establishment of the “1+2+N” (1 new energy training centre, 2 company-level training bases and N provincial-level training bases) training base system and the continuous implementation of the “Leadership (Craftsmanship) Training Camp”, the Group has cultivated and reserved a number of outstanding wind power management and production talents, with a total of 154 trainees in the leadership training class and 215 trainees in the craftsmanship training class. Among them, a total of 125 persons were granted the “Central SOEs Technician” award by SASAC and the “Power Industry Technician” award by CEC.

The Group has 347 employees possessing senior titles and 1,784 possessing mid-level titles. The majority of the senior management team has been in the power industry for over 20 years, with extensive experience in new energy management and an international perspective. The Group has well-developed remuneration and incentive mechanism, which focuses on performance and contribution. The tenure system and contractual management designed for the management team are fully implemented, and the management rules for the remuneration of leaders and new energy incentives have been revised, to promote the distribution of remuneration to talents in frontline positions and those who have made outstanding contributions, so as to stimulate new motivation of cadres towards working and entrepreneurship.

(IV) Exploring potential in procurement cost reduction

In the procurement process of various projects, the Group insists on “Tender and disclosure must be made where necessary” and takes the annual procurement plan as a effective means to bring into play the scale effect, improves the overall efficiency of the procurement system through process optimisation, reduces production and operation costs and achieves the improvement of efficiency and effectiveness. The Group breaks the “one order, one procurement” mindset, reasonably reduces the number of purchases, and carefully plans corporate and regional long-term agreement framework purchases, batch procurement and correlated procurement. The centralised procurement of materials such as wind turbines and spare parts can reduce the cost by approximately 10% as compared to decentralised procurement. Long-term agreement procurement of production maintenance saves more than 40 days as compared to previous conventional procurement, effectively reducing power loss due to downtime. At the same time, the Group strengthens the supervision over key areas and key links such as tendering, procurement of materials and construction, improves information communication and result sharing mechanisms, to enhance the effectiveness of supervision.

(V) Strictly enforcing safety production

The Group seriously studies and implements the important instructions of the General Secretary of the Party, Xi Jinping on production safety, and comprehensively strengthens its work on production safety. The Group adheres to “Assuming the responsibilities and duties of both the Party and the management for one post, joint fulfilment of both duties, and accountability for negligence in performing both duties”, implements the requirement of “three musts for three managements (i.e. safety must be guaranteed in management of industry, management of operation and management of production)”, comprehensively applies measures such as supervision and inspection, assessment, reward and punishment to ensure

the responsibilities for production safety are in place, continues to deepen the three-year action for special rectification, and firmly implements the 15 mandating measures for national production safety; spares no efforts in the production safety inspection, strengthens the safety risk control and hidden danger investigation, enhances risk prediction, and forms a closed loop of working on investigation, rectification, cancellation and supervision; strictly focuses on site management, outsourced team management and high-risk operations, scientifically schedules to effectively respond to flood and typhoon prevention, improves the early warning management mechanism, does a good job in stockpiling materials and emergency drills, strictly implements the duty and information reporting system, enhances the ability to respond to emergencies and handle emergencies at all levels, builds an effective and efficient emergency management system requiring joint efforts from both top and bottom; strengthens the concept of “ensuring safety through the means of technology”, innovates digital means for supervision, works hard on the identification and rectification of hidden dangers, comprehensively applies mobile devices such as work recorders and mobile spherical monitors, realises the “one person, one machine” arrangement and “visibility” of the entire operation process, to promote the continuous improvement of safety.

(VI) Being leader in the industry in terms of technology level

The Group has seized the opportunity of the rapid development of new energy and regarded technological projects as important vehicles for reform and innovation, strengthens key scientific and technological research and the application of scientific and technological achievements, and supports and leads the high quality development of the Group with technological innovation, resulting in a number of important achievements. Focusing on new businesses and new industries such as hydrogen energy, ammonia energy and energy storage, the Group is expanding its research areas, strengthening joint research efforts with universities and research institutes such as Tsinghua University, Beijing Institute of Technology and the Chinese Academy of Sciences, and promoting the establishment of an enterprise-based science and innovation system with in-depth integration of industry, academia, research and application. Through studying and learning from successful experiences in the transformation of innovations within and outside the industry, the Group further explores the way to transform the achievements, strengthens the efforts to transform the achievements, deepens the digital transformation for production, explores the value of production data, continues to optimise the production control system, accelerates the construction of the production data mining and service system, accelerates the building of itself into a smart enterprise, and at the same time strengthens the implementation of the new system to stimulate the self-driving force for technological innovation.

(VII) Solid momentum of quality and efficiency improvement

By improving the work standards in offshore wind power pre-planning, project construction, technical improvement operations, vessel management and emergency planning, the Group has comprehensively improved the management level of its offshore wind power; by strengthening the refined management of production, using the digital platform as an effective means, adhering to problem-oriented principle and strengthening benchmarking analysis, the Group has promoted the transformation from “passive inspection and repair” to “prediction for maintenance”, with an accuracy rate of 85% in fault pre-warning; through careful and special treatment of electrical control faults of wind turbines, the self-optimisation of the turbines has been promoted and the stability of equipment operation has been enhanced.

The Group continues to improve its countermeasures against grid curtailment, scientifically analyses the risks of grid curtailment, proactively searches for room for consumption and continuously optimises its power trading strategy, coordinates various types of trading such as cross-provincial and cross-regional transmission, substitution of thermal power generation with wind power generation and green power trading. In accordance with the principle of “horizontally month-by-month and vertically site-by-site”, the Group has decomposed and issued a plan for 2022 grid curtailment proportion, clarifying the nodal targets and improving management refinement. By tracking and collecting information on power supply installations, grid operation mode, grid structure, load consumption and major policy changes, the Group is able to scientifically predict the risks of and trends in regional grid curtailment and strengthen information management for grid curtailment.

(VIII) Well-established compliance management system

The Group adheres to the “two consistency” and continues to optimise the “three keys and one large amount” (i.e. decision on key matters, appointment and removal of key cadres, investment decision for key projects, utilisation of larger amount of funds) and other decision-making systems, to promote the specification, standardisation and procedures of the terms of reference of the Party Committee, the Board and the management and the authority to make decisions on matters. Through strengthening the construction and standardised operation of the Board, improving the working mechanism and delegating powers scientifically, the Board is able to play its role of “determining strategies, making decisions and preventing risks”. At the same time, the Group combines domestic and international standards to develop an Environmental, Social and Corporate Governance (“ESG”) system with the characteristics of the new energy industry, build awareness of ESG governance, enhance the investment value of the Company and steadily implement the new development concept.

IV. ANALYSIS OF OPERATING RESULTS

In the first half of 2022, the Group achieved a net profit of RMB5,141 million, representing a decrease of 14.9% as compared to RMB6,039 million in the corresponding period of 2021. The net profit attributable to equity holders of the Company was RMB4,333 million, representing a decrease of 17.5% as compared to RMB5,251 million in the corresponding period of 2021. Earnings per share was RMB50.52 cents, representing a decrease of RMB13.33 cents as compared to RMB63.85 cents in the corresponding period of 2021.

1. Operating Revenue

Operating revenue of the Company amounted to RMB21,662 million in the first half of 2022, representing an increase of 11.7% as compared to RMB19,385 million in the corresponding period of 2021. The increase in operating revenue was primarily due to: (1) an increase of RMB85 million, or 0.6%, in electricity sales and other revenue of wind power segment to RMB14,293 million in the first half of 2022 as compared to RMB14,208 million in the corresponding period of 2021, which was primarily due to increases in electricity sales of wind power as compared to the corresponding period of 2021; (2) a decrease of RMB58 million, or 81.7%, in service concession construction revenue of wind power segment to RMB13 million in the first half of 2022 as compared to RMB71 million in the corresponding period of 2021, which was primarily due to the decrease in construction volume of service concession projects under construction in the first half of 2022 as compared to the corresponding period of 2021; (3) an increase of RMB401 million, or 24.5%, in revenue from electricity sales of coal power segment to RMB2,040 million in the first half of 2022 as compared to RMB1,639 million in the corresponding period of 2021, which was primarily due to the increase in the average unit price of electricity sales of coal power segment as compared to the corresponding period of 2021; (4) an increase of RMB1,685 million, or 66.0%, in revenue from coal sales of coal power segment to RMB4,237 million in the first half of 2022 as compared to RMB2,552 million in the corresponding period of 2021, which was primarily due to the increase in sales volume and the unit selling price of coal as compared to the corresponding period of 2021; and an increase of RMB28 million or 7.1% in revenue from sales of steam to RMB423 million as compared to RMB395 million in the corresponding period of 2021, which was primarily due to the increase in the unit selling price of steam as compared to the corresponding period of 2021; and (5) an increase of RMB104 million, or 41.8%, in revenue from electricity sales of other renewable energy segments to RMB353 million in the first half of 2022 as compared to RMB249 million in the corresponding period of 2021, which was primarily due to the increase in electricity generated from other renewable energy such as photovoltaic power and so on.

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

Operating revenue	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Electricity sales and other revenue of wind power segment	14,293	66.0%	14,208	73.2%
Electricity sales of coal power segment	2,040	9.4%	1,639	8.5%
Steam sales of coal power segment	423	2.0%	395	2.0%
Coal sales	4,237	19.6%	2,552	13.2%
Electricity sales of other renewable energy businesses	353	1.6%	249	1.3%
Service concession construction revenue	13	0.1%	71	0.4%
Others	303	1.3%	271	1.4%
Total	21,662	100%	19,385	100%

2. Other Net Income

Other net income of the Company amounted to RMB612 million in the first half of 2022, representing an increase of 6.4% as compared to RMB575 million in the corresponding period of 2021, primarily due to the increases of RMB41 million in government grants such as VAT refunds as compared to the corresponding period of 2021.

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

Other net income	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Government grants	570	93.1%	529	92.0%
Others	42	6.9%	46	8.0%
Total	612	100.0%	575	100.0%

3. Operating Expenses

Operating expenses of the Company amounted to RMB14,079 million in the first half of 2022, representing an increase of 30.3% as compared to RMB10,802 million in the corresponding period of 2021, primarily due to: (1) an increase of RMB502 million and RMB500 million in the depreciation and amortisation expenses and personnel costs in the wind power segment, respectively; and (2) an increase of RMB1,626 million in coal sales costs and an increase of RMB437 million in coal consumption costs in the coal power segment.

4. Depreciation and Amortisation Expenses

Depreciation and amortisation expenses of the Company amounted to RMB4,967 million in the first half of 2022, representing an increase of 13.0% as compared to RMB4,394 million in the corresponding period of 2021, primarily due to: (1) an increase of RMB502 million or 11.9% in depreciation and amortisation expenses in the wind power segment over the corresponding period of 2021 as a result of the effect of expansion in the installed capacity of wind power projects; and (2) an increase of RMB67 million or 116.7% in depreciation and amortisation expenses in photovoltaic segment over the corresponding period of 2021.

5. Coal Consumption Costs

Coal consumption costs of the Company amounted to RMB1,808 million in the first half of 2022, representing an increase of 31.9% as compared to RMB1,371 million in the corresponding period of 2021, which was primarily due to an increase of 32.7% in the average unit price of standard coal for power generation and heat supply as a result of the significant year-on-year increase in the coal price in the first half of 2022.

6. Coal Sales Costs

Coal sales costs of the Company in the first half of 2022 amounted to RMB4,123 million, representing an increase of 65.1% as compared to RMB2,497 million in the corresponding period of 2021, which was primarily due to: (1) an increase of 21.4% in the sales volume of coal in the first half of 2022 as compared to the corresponding period of 2021; and (2) an increase of 36.0% in the average procurement unit price of coal as compared to the corresponding period of 2021.

7. Service Concession Construction Costs

The Company's service concession construction costs in the first half of 2022 amounted to RMB13 million, representing a decrease of 81.7% as compared to RMB71 million in the corresponding period of 2021, primarily due to a decrease in the construction volume of service concession projects under construction in the first half of 2022 as compared to the corresponding period of 2021.

8. Personnel Costs

Personnel costs of the Company amounted to RMB1,847 million in the first half of 2022, representing an increase of 46.4% as compared to RMB1,262 million in the corresponding period of 2021, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed capacity of wind power project; (2) the timing adjustment of remuneration resulted in the significant phased increase in personnel costs; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

9. Material Costs

Material costs of the Company amounted to RMB102 million in the first half of 2022, representing an increase of 29.1% as compared to RMB79 million in the corresponding period of 2021, which was primarily due to an increase in external procurement of coal power by-products for coal power segment and an increase in external procurement of wind turbine spare parts for wind power segment.

10. Repairs and Maintenance Expenses

The repair and maintenance expenses of the Company amounted to RMB354 million in the first half of 2022, representing a decrease of 12.8% as compared to RMB406 million in the corresponding period of 2021, primarily due to a fall in the maintenance level of the wind power segment as compared to the corresponding period of 2021.

11. Administrative Expenses

Administrative expenses of the Company amounted to RMB331 million in the first half of 2022, representing an increase of 33.5% as compared to RMB248 million in the corresponding period of 2021, which was primarily due to an increase in the expenses including lease charges, travel expenses and office expenses with the increase in the efforts made to expand the Group's business.

12. Other Operating Expenses

Other operating expenses of the Company amounted to RMB534 million in the first half of 2022, representing an increase of 12.7% as compared to RMB474 million in the corresponding period of 2021, which was primarily due to the impairment provision of RMB57 million made for the suspended projects.

13. Operating Profit

In the first half of 2022, the operating profit of the Company amounted to RMB8,196 million, representing a decrease of 10.5% as compared to RMB9,158 million in the corresponding period of 2021, which was primarily due to: (1) a decrease of RMB924 million in the operating profits of the wind power segment as a result of the increase in the depreciation and amortisation costs and personnel costs in the wind power segment; (2) an increase of RMB36 million in operating profits of coal power segment with the growth in average unit price of electricity sales in the coal power segment; and (3) a decrease of RMB14 million in the operating profit of other segments due to the increase in the depreciation costs in photovoltaic power business and the increase in wage level and the average number of employees of other segments in the period.

14. Net Finance Expenses

Net finance expenses of the Company amounted to RMB1,776 million in the first half of 2022, representing a decrease of 2.7% as compared to RMB1,826 million in the corresponding period of 2021, which was primarily due to: (1) an increase in the interest-bearing liabilities of the Group which led to an increase of RMB102 million in interest expenses in the first half of 2022 as compared to the corresponding period of 2021; (2) a decrease of RMB12 million in the Group's net foreign exchange loss in the first half of 2022 as compared to the foreign exchange gain in the corresponding period of 2021; (3) an increase of RMB24 million in profit from changes in fair value of the interest rate swap contracts as compared to the corresponding period of 2021; (4) a decrease of RMB252 million in the service charge for securitisation of the trade receivables of the Group in the first half of 2022 as compared with the corresponding period of 2021; (5) a decrease of RMB159 million in the unrealised losses recognised for trading securities held in the first half of 2022 as compared to the unrealised gains in the corresponding period of 2021; and (6) an increase of RMB40 million in interest income on financial assets in the first half of 2022 as compared to the corresponding period of 2021.

15. Share of Profits Less Losses of Associates and Joint Ventures

The Company's share of profits less losses of associates and joint ventures amounted to RMB-111 million in the first half of 2022, representing an increase of 46.1% as compared to RMB-76 million in the corresponding period of 2021, which was mainly due to the loss of the joint venture Jiangsu Nantong Power Generation Co., Ltd. due to the increase in coal prices and the increase in the net profit of the joint venture Jiangsu Longyuan Zhenhua Offshore Engineering Co., Ltd. due to business growth.

16. Income Tax

In the first half of 2022, the income tax of the Company amounted to RMB1,168 million, representing a decrease of 4.1% as compared to RMB1,218 million in the corresponding period of 2021, which was mainly due to (1) a year-on-year decrease of 13.1% in profit before tax in the first half of 2022; and (2) the reversal of temporary differences recognised in the previous year during the period.

17. Net Profit

In the first half of 2022, the net profit of the Company amounted to RMB5,141 million, representing a decrease of 14.9% as compared to RMB6,039 million in the corresponding period of 2021, which was mainly due to the decrease in net profit of wind power segment and other segments.

18. Net Profit Attributable to Equity Holders of the Company

In the first half of 2022, the Company's net profit attributable to equity holders of the Company amounted to RMB4,333 million, representing a decrease of 17.5% as compared to RMB5,251 million in the corresponding period of 2021, which was mainly due to the decrease in net profit of wind power segment and other segments.

19. Segment Results of Operations

Wind power segment

Operating revenue

In the first half of 2022, the operating revenue of the wind power segment of the Company amounted to RMB14,306 million, representing an increase of 0.2% from RMB14,279 million in the corresponding period of 2021, 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.

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

Operating revenue	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	14,278	99.8%	14,204	99.5%
Service concession construction revenue	13	0.1%	71	0.5%
Others	15	0.1%	4	0.0%
Total	<u>14,306</u>	<u>100.0%</u>	<u>14,279</u>	<u>100.0%</u>

Operating profit

In the first half of 2022, the operating profit of the wind power segment of the Company amounted to RMB7,973 million, representing a decrease of 10.4% from RMB8,897 million in the corresponding period of 2021, which was mainly attributable to the growth of the operating revenue such as electricity sales in the wind power segment was lower than the growth of depreciation and amortisation costs and personnel costs, which led to a decrease in the operating profit in wind power segment.

Coal Power Segment

Operating revenue

In the first half of 2022, the operating revenue of the coal power segment of the Company amounted to RMB6,947 million, representing an increase of 43.9% as compared to RMB4,826 million in the corresponding period of 2021, primarily due to: the increase in the average unit price of electricity sales and the revenue of coal sales of the coal power segment as compared to the corresponding period of 2021.

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

Operating revenue	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	2,040	29.4%	1,639	34.0%
Revenue from sales of steam	423	6.1%	395	8.2%
Revenue from coal trading	4,237	61.0%	2,552	52.9%
Others	247	3.5%	240	5.0%
Total	<u>6,947</u>	<u>100.0%</u>	<u>4,826</u>	<u>100.0%</u>

Operating profit

In the first half of 2022, the operating profit of the coal power segment of the Company amounted to RMB308 million, representing an increase of 13.2% as compared to RMB272 million in the corresponding period of 2021, which was mainly attributable to the increase in revenue from coal sales in the coal power segment.

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

Operating profit	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Sales of electricity, steam and others	194	63.0%	217	81.3%
Coal trading business	114	37.0%	55	18.7%
Total	<u>308</u>	<u>100.0%</u>	<u>272</u>	<u>100.0%</u>

Other Segments

Operating revenue

In the first half of 2022, the operating revenue of other segments of the Company amounted to RMB507 million, representing an increase of 46.1% as compared to RMB347 million in the corresponding period of 2021, which was mainly attributable to: (1) an increase of RMB46 million in revenue from consulting and design services; and (2) an increase of RMB104 million in revenue from electricity sales of other renewable energy power such as photovoltaic power and so on.

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

Operating revenue	For the six months ended 30 June			
	2022		2021	
	Amount	Proportion	Amount	Proportion
	(RMB million)	(%)	(RMB million)	(%)
Revenue from electricity sales	353	69.6%	249	71.8%
Revenue from EPC	22	4.3%	15	4.3%
Other sales revenue	103	20.3%	57	16.4%
Others	29	5.8%	26	7.5%
Total	507	100.0%	347	100.0%

Operating profit

In the first half of 2022, the operating profit of other segments of the Company amounted to RMB62 million, representing a decrease of 18.4% as compared to RMB76 million in the corresponding period of 2021, which was mainly attributable to that the growth of the operating revenue from other renewable energy business was lower than the growth in the depreciation and amortization costs, personnel costs and general administrative costs, which led to the decrease in the operating profit of other segments.

20. Assets and Liabilities

As at 30 June 2022, the total assets of the Company amounted to RMB216,873 million, representing an increase of RMB11,178 million as compared with total assets of RMB205,695 million as at 31 December 2021. This was primarily due to: (1) an increase of RMB10,525 million in current assets including bank deposits; and (2) an increase of RMB653 million in non-current assets including property, plant and equipment.

As at 30 June 2022, the total liabilities of the Company amounted to RMB137,038 million, representing an increase of RMB9,367 million as compared to total liabilities of RMB127,671 million as at 31 December 2021. This was primarily due to: (1) an increase of RMB4,790 million in non-current liabilities including long-term borrowings; and (2) an increase of RMB4,577 million in current liabilities including other current liabilities.

As at 30 June 2022, the equity attributable to equity holders of the Company amounted to RMB68,681 million, representing an increase of RMB593 million as compared with RMB68,088 million as at 31 December 2021, which was due to: (1) the net profit attributable to equity holders of the Company in the first half of 2022 resulted in an increase of RMB4,433 million in equity attributable to equity holders; and (2) the issuance of ordinary A shares for share swap, merger by absorption, purchase of assets through cash payment and distribution of 2021 dividends during the period resulted in a net decrease in equity attributable to equity holders of RMB3,840 million.

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

Assets	30 June 2022 Amount (RMB million)	31 December 2021 Amount (RMB million)
Property, plant and equipment	147,582	145,929
Investment properties	7	8
Right-of-use assets	3,861	3,734
Intangible assets and goodwill	6,861	7,101
Other non-current assets	8,313	9,199
Current assets	50,249	39,724
Total	216,873	205,695

Liabilities	30 June 2022 Amount (RMB million)	31 December 2021 Amount (RMB million)
Long-term borrowings	66,225	61,166
Deferred income and deferred tax liabilities	1,296	1,303
Lease liabilities (long-term)	1,264	1,287
Other non-current liabilities	1,437	1,676
Current liabilities	66,816	62,239
	<hr/>	<hr/>
Total	137,038	127,671
	<hr/> <hr/>	<hr/> <hr/>
Equity	30 June 2022 Amount (RMB million)	31 December 2021 Amount (RMB million)
Equity attributable to equity holders of the Company	68,681	68,088
Non-controlling interests	11,154	9,936
	<hr/>	<hr/>
Total	79,835	78,024
	<hr/> <hr/>	<hr/> <hr/>

21. Capital Liquidity

As at 30 June 2022, the current assets of the Company amounted to RMB50,249 million, representing an increase of RMB10,525 million as compared with the current assets of RMB39,724 million as at 31 December 2021, which was mainly attributable to the increase in bank deposits.

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

Current assets	30 June 2022		31 December 2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Trade and bills receivables	29,928	59.6%	30,250	76.2%
Prepayments and other current assets	3,410	6.8%	3,663	9.2%
Cash at banks and on hand and restricted deposits	15,095	30.0%	4,175	10.5%
Others	1,816	3.6%	1,636	4.1%
Total	<u>50,249</u>	<u>100.0%</u>	<u>39,724</u>	<u>100.0%</u>

As at 30 June 2022, the current liabilities of the Company amounted to RMB66,816 million, representing an increase of RMB4,577 million as compared with the current liabilities of RMB62,239 million as at 31 December 2021, which was mainly attributable to the increase in other current liabilities.

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

Current liabilities	30 June 2022		31 December 2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Short-term borrowings	41,707	62.4%	42,403	68.1%
Trade and bills payables	3,518	5.3%	4,130	6.6%
Other current liabilities	21,164	31.6%	15,347	24.7%
Lease liabilities (short-term)	45	0.1%	37	0.1%
Tax payable	382	0.6%	322	0.6%
Total	<u>66,816</u>	<u>100.0%</u>	<u>62,239</u>	<u>100.0%</u>

As at 30 June 2022, the net current liabilities of the Company amounted to RMB16,567 million, representing a decrease of RMB5,949 million as compared with the net current liabilities of RMB22,516 million as at 31 December 2021. The liquidity ratio was 0.75 as at 30 June 2022, representing an increase of 0.11 as compared with the liquidity ratio of 0.64 as at 31 December 2021. The increase in liquidity ratio was mainly attributable to the increase in the scale of current assets was greater than the increase in the scale of current liabilities.

The restricted deposits amounted to RMB269 million, which mainly represent monetary funds used for repaying bank loans and deposits for land rehabilitation.

22. Borrowings and Bills Payable

As at 30 June 2022, the Company's balance of the borrowings and bills payables amounted to RMB109,913 million, representing an increase of RMB3,334 million as compared with the balance of RMB106,579 million as at 31 December 2021. As at 30 June 2022, the Company's outstanding borrowings and bills included short-term borrowings and bills payables of RMB43,688 million (including long-term borrowings due within one year of RMB17,538 million and bills payables of RMB1,980 million) and long-term borrowings amounting to RMB66,225 million (including debentures payables of RMB12,941 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB101,644 million, borrowings denominated in U.S. dollars of RMB2,544 million and borrowings denominated in other foreign currencies of RMB3,745 million. As at 30 June 2022, the long-term liabilities with fixed interest rates of the Company included long-term borrowings with fixed interest rates of RMB3,512 million and corporate bonds with fixed interest rates of RMB12,941 million. As at 30 June 2022, the balance of bills payables issued by the Company amounted to RMB1,980 million.

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

Borrowings and bills payables	30 June 2022		31 December 2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bank loans	66,883	60.9%	65,078	61.1%
Loans from other financial institutions	41	0.1%	41	0.1%
Loans from fellow subsidiaries	9,912	9.0%	7,434	7.0%
Loans from associated company and joint venture	100	0.1%	100	0.1%
Corporate bonds	30,997	28.2%	30,916	29.0%
Bills payables	1,980	1.7%	3,010	2.7%
Total	109,913	100.0%	106,579	100.0%

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

Borrowings and bills payables	30 June 2022		31 December 2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Within 1 year	43,688	39.7%	45,413	42.6%
1-2 years	12,299	11.2%	13,863	13.0%
2-5 years	20,344	18.5%	22,077	20.7%
Over 5 years	33,582	30.6%	25,226	23.7%
Total	109,913	100.0%	106,579	100.0%

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

Borrowings and bills payables	30 June 2022		31 December 2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bills payables	1,980	1.8%	3,010	2.6%
Fixed rate borrowings	42,544	38.7%	42,248	44.8%
Floating rate borrowings	65,389	59.5%	61,321	52.6%
Total	<u>109,913</u>	<u>100.0%</u>	<u>106,579</u>	<u>100.0%</u>

23. Capital Expenditure

The capital expenditures of the Company amounted to RMB6,604 million as at 30 June 2022, representing a decrease of 6.4% as compared to RMB7,053 million as at 30 June 2021, among which, the expenditures for the construction of wind power projects amounted to RMB5,462 million, and the expenditures for the construction of other renewable energy projects amounted to RMB899 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutes and the proceeds from the issuance of bonds.

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

Capital expenditures	For the six months ended 30 June			
	2022		2021	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Wind power projects	5,462	82.7%	6,566	93.1%
Other renewable energy projects	899	13.6%	352	5.0%
Others	243	3.7%	135	1.9%
Total	<u>6,604</u>	<u>100.0%</u>	<u>7,053</u>	<u>100.0%</u>

24. Net Gearing Ratio

As at 30 June 2022, the net gearing ratio of the Company, which is calculated by dividing net debt (the sum of borrowings and finance lease commitment less cash and cash equivalents) by the sum of net debt and total equity, was 54.18%, representing a decrease of 2.23 percentage points from 56.41% as at 31 December 2021. This was primarily due to the increase in net debts being lower than the increase in total equity during the first half of 2022.

25. Major Investments

The Company made no major investment in the first half of 2022.

26. Material Acquisitions and Disposals

References are made to the announcements of the Company dated 15 January 2021, 18 June 2021, 23 July 2021 and 20 January 2022 and the circular of the Company dated 8 July 2021 (the “**Circular**”), in relation to, among other things, the absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. (“**Pingzhuang Energy**”) through share swap by the Company, disposal of material assets, purchase of assets through cash payment (the “**Transaction**”) and matters in relation to the Issuance of A shares. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the Circular.

On 15 January 2021 and 18 June 2021, the Company and subsidiaries of CHN Energy entered into the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, respectively, pursuant to which the Company acquired the following target assets:

No.	Counterparty	Target assets	Transaction price (RMB 0'000)
1.	Northeast Electric Power	100% equity interest in Northeast New Energy ^(Note 1)	79,400.00
2.	Shaanxi Electric Power	100% equity interest in Dingbian New Energy ^(Note 1)	81,600.00
3.	Guangxi Electric Power	100% equity interest in Guangxi New Energy ^(Note 1)	98,600.00
4.	Yunnan Electric Power	100% equity interest in Yunnan New Energy ^(Note 1)	75,200.00
5.	Gansu Electric Power	100% equity interest in Gansu New Energy ^(Note 3)	44,200.00
6.		100% equity interest in Tianjin Jieneng ^(Note 3)	60,000.00
7.	North China Electric Power	100% equity interest in Inner Mongolia New Energy ^(Note 1)	79,100.00
8.		100% equity interest in Shanxi Jieneng ^(Note 2)	59,300.00

Notes:

1. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 4 January 2022. On 4 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 4 January 2022.
2. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 5 January 2022. On 5 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 5 January 2022.
3. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 6 January 2022. On 6 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 6 January 2022.

Upon the completion of the Merger, Pingzhuang Energy ceased to be listed. As the surviving company, the Company will inherit and take over all the remaining assets and liabilities of Pingzhuang Energy after the disposal of its assets. At the same time, the A shares issued by the Company for the Merger and its original domestic shares were listed and traded on the Main Board of the Shenzhen Stock Exchange (“SZSE”). On 21 January 2022, the Company issued 345,574,164 A shares on the Main Board of the SZSE to absorb and merge Pingzhuang Energy through share swap. On 24 January 2021, the A shares and the original domestic shares issued by the Company for the Merger were listed on the Main Board of the SZSE (SZSE: 001289). Upon the completion of the issuance and listing of the A shares, the total number of issued shares of the Company was 8,381,963,164, comprising 5,041,934,164 A shares and 3,340,029,000 H shares. For details of the above transactions, please refer to the Circular.

27. Pledged Assets

As at 30 June 2022, the general bank loans, bonds and other borrowings of the Group amounting to RMB10,862 million were secured by tariff collection rights of RMB5,726 million, bills receivable with an aggregate carrying amount of RMB14 million, inventories with an aggregate carrying amount of RMB4 million and property, plant and equipment with an aggregate carrying amount of RMB2,332 million.

28. Contingent Liabilities/Guarantees

As of 30 June 2022, the Company provided a counter-guarantee of not more than RMB7 million to the controlling shareholder of an associate. As at 30 June 2022, the bank loan balance for which the Company provided the counter-guarantee amounted to RMB7 million.

29. Cash Flow Analysis

As at 30 June 2022, the bank deposits and cash held by the Company amounted to RMB14,826 million, representing an increase of RMB10,913 million as compared to RMB3,913 million as at 31 December 2021, which was mainly due to the receipt of renewable energy subsidy granted by the State during the current period. The principal sources of funds of the Company mainly included self-owned funds and external borrowings. The Company mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow from the Company's operating activities amounted to RMB16,047 million in the first half of 2022, representing an increase of RMB7,526 million as compared to RMB8,521 million in the corresponding period of 2021, which was mainly due to the increase in the revenue from the sales of electricity and coal.

The net cash outflow from investing activities of the Company was RMB2,038 million in the first half of 2022. 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 Company was RMB3,115 million in the first half of 2022. 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 primarily used for the repayment of borrowings and payments of interest of borrowings.

V. RISKS FACING THE COMPANY AND COUNTERMEASURES

In the first half of 2022, the Group identified the following risks in its business development practices and took corresponding countermeasures to proactively address internal and external challenges and opportunities.

1. Policy Risk and Countermeasures

In the first half of 2022, as the power market-oriented reform continued to advance and the trading scale of the new energy market continued to expand. In the Guiding Opinions on Accelerating the Building of a Nationwide Unified Electricity Market System, it was proposed to further encourage clean energy to participate in market-based trading and expand the scale of green power trading. At present, the number of regions participating in new energy market-based trading continues to expand, with intra-provincial and inter-provincial spot trading running continuously and the proportion of electricity traded in new energy market-based trading increasing, new energy base hours falling further and risk of tariff falling being severe across trading regions. The Group will continue to track relevant national policies, study the impact of the policies, guide the implementation of favourable policies, actively strive for quality medium and long-term transactions, lock in revenue from electricity sales, keep a close eye on policy adjustments, so as to protect the interests of ourselves.

2. Climatic Risk and Countermeasures

The major climatic risk confronted by the wind and solar power industry is the annual fluctuation of wind and solar energy resources, which is represented by the higher power generation in years of high wind velocity and abundant solar irradiation and the lower power generation in years of low wind velocity and scarce solar irradiation than that in normal years. On the vast territory of our nation which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind velocity and abundant and scarce sunshine in the same period. In the first half of 2022, the average wind velocity and solar irradiation of most provinces (autonomous regions and municipalities) in our nation was close to the normal annual level, and the power generation was on the normal condition. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As at 30 June 2022, the Group had substantial projects in 32 provinces (autonomous regions and municipalities) in China, formulating an increasingly optimised and rational project layout. In the future, the Group will further balance the project development ratio in the regions subject to the impact of different climates.

3. Risks Relating to Power Grids and Countermeasures

With the continued increase in new energy installations, the situation of grid structure curtailment and insufficient transmission capacity is facing the risk of intensifying in some areas and the situation of new energy grid curtailment is still severe. The Group will continue to do a good job in the study of the operation characteristics of new energy, enhance the communications with the competent government authorities and power grid dispatching to strive for favorable policies and power generation spaces, and meanwhile proactively expand consumption channels and promote the improvement of local grid.

4. Risk in Interest Rate and Countermeasures

Changes in macro-economic environment at home and abroad, national economic policies and other factors cause the change in market interest rate, and the fluctuation of market interest rate will have a certain impact on loans of the Group and the issuance interest rate of relevant bonds. Through establishing financial market information sharing mechanism with several financial institutions, the Group keeps a watchful eye on macro environment, fiscal and monetary policies, specific operations of the central bank, and market risk events, and selects favorable issue windows to avoid the risk in interest rate resulting from the acute market volatility; the Group continues to increase the type of financing, does well in setting product terms and quotas, and matches long-term and short-term so as to ensure the stabilities of overall interest rate; the Group keeps close cooperation with the financial institutions, to guarantee that issuance interest rate can be at a comparable low level in the degree of marketization.

5. Risk in Currency Exchange Rate and Countermeasures

The Group's foreign exchange management is based on the principle of risk avoidance, foreign exchange risk management runs through its whole lifetime cycle and the Group is not involved in any speculative arbitrage. For new overseas projects, Hero Asia Company, a member of the Group, intervenes in the preliminary investigation and preparation stage, proposes suggestions on prevention and control of foreign exchange risk according to relevant data such as new project feasibility report, after consulting with professional financial institutions for external opinions, taking into consideration local overall social and economic situation, so as to avoid the potential foreign exchange risk that may appear in the construction period. In the start-up stage of new projects, Hero Asia Company, reviews the relevant foreign exchange risk items mainly through the fund plan and financial statements data reported by overseas subsidiaries of the Group. Meanwhile, Hero Asia Company keeps in close daily working contact with financial personnel of the new projects. Once the foreign exchange risk exposure caused by currency mismatch and other factors of overseas subsidiaries is found, it will immediately summon the overseas financial personnel to verify the relevant potential risks. Upon confirmation, it will report to the Group and a temporary risk control team will be set up to study and judge, and put forward relevant hedging plans, to ensure that foreign exchange risks are under control.

6. Risk in Fuel Prices and Countermeasures

The Group has two coal power plants with a consolidated installed capacity of 1,875 MW. In the first half of 2022, coal prices remained volatile at a high level and there was a structural shortage of quality coal, which made it more difficult to procure coal suitable for the efficient operation of the generating units in line with the rational price range, and the cost of power generation continued to rise. Late performance of long-term contracts happened occasionally, which adversely affected the production and operating results of the Group's coal power business. The Group is fully committed to implementing the annual long-term agreements on coal supply, improving the working mechanism for coal procurement and supply assurance, ensuring timely performance of long-term coal agreements and supply, keeping a close eye on changes in market conditions, scientifically grasping the procurement strategy for coal and increasing the procurement volume at low cost levels as far as possible to maintain a balance between supply and demand.

7. Internal Control Risk and Countermeasures

Focusing on the five major objectives of strategic development, operational performance, financial reporting, asset security and legal compliance, the Group continues to improve the internal control system, build information technology platforms and strengthen the implementation and application. Through monthly tracking, quarterly reporting and semi-annually summarising, the Group is firmly promoting the standardisation of the system, the standardisation of the procedures and the normalisation of the operations. The Group will take the construction of the internal control risk compliance management system as an opportunity to comprehensively refine the risk-oriented internal control matrix, evaluation standards, early warning indicators and other operational mechanisms, promote the internal control management system up and down, online monitoring and dynamic updates, promote the integration and docking with business systems, enhance the ability and efficiency of collaborative prevention and control, adapt to the development of the new energy industry and model innovation, and keep abreast of the times and promote the iterative update of the internal control management system.

VI. BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2022, the Group will be determined to implement the general requirements of “bringing the pandemic under control, stabilising the economy, developing safely”, seriously implement the arrangements proposed at the mid-year work conference, highlight the work direction of “stability, synergy, empowerment, quality enhancement”, closely focus on the strategic goal of being a leading new energy enterprise in the world, coordinate the work of risk prevention, development, growth stabilization, reform promotion and party building, and ensure that the annual targets and tasks are completed in a high quality manner. The Group will enhance its market competitiveness, modern governance, technological innovation, corporate influence and industry leadership, and strive to build a new Longyuan that is “inherently safe, doubling in scale, transforming digitally and progressing healthily”.

In the second half of 2022, the Group will focus on the following work:

1. Preventing risks in a strict and careful manner to ensure safety and stability. Strictly assuming the responsibility for safety production, continuously strengthening the foundation of safety production, focusing on the prevention of major safety risks, and implementing detailed management of various risks.

2. Making every effort to develop and accelerate the development of new energy. Promoting the synchronous play of “independent development, cooperative development and replacing small-capacity units with large-capacity units”, adhering to the concurrent of “centralised and distributed projects”, and giving full play to the driving force of “technology leadership, innovation and demonstration, resource guarantee and incentive” to ensure that the production target is achieved.
3. Taking multiple measures to stabilise growth and increase the quantity and quality of the results. Working hard to improve the capacity of the equipment to generate electricity, improve the ability to reduce costs and increase efficiency and improve the ability to create efficiencies in marketing and working hard to accelerate digitalisation transformation.
4. Being determined to promote reform and continuing to stimulate vitality and efficiency. Further enhancing the effectiveness of governance, stimulating endogenous driving force, strengthening legal compliance and enhancing technological support.
5. Continuing to strengthen the Party building and leading the Group to develop in a high quality manner. Strengthening political construction comprehensively, enhancing the quality and effectiveness of the Party building, continuing to strengthen team building and promoting strict governance of the Party in all respects.

OTHER INFORMATION

Subsequent Events After the Reporting Period

Mr. Li Zhongjun has resigned as an executive director, the chairman of the Board and the chairman of the strategic committee of the Board of the Company due to work rearrangements, with effect from 27 July 2022.

Save for the aforementioned, there are no material subsequent events after the Reporting Period.

Share Capital

As of 30 June 2022, the total share capital of the Company amounted to RMB8,381,963,164 divided into 8,381,963,164 shares of RMB1.00 each. The shares of the Company were listed on the Shenzhen Stock Exchange on 24 January 2022. The number of shares under the A share public offering was 345,574,164 shares, all of which were new shares and no old shares were transferred. After the issuance, the original domestic shares of the Company held by China Energy Investment Group Co., Ltd. and CHN Energy Liaoning Electric Power Co., Ltd. were converted into A shares and listed and circulating on the main board of the SZSE. The total share capital of A shares of the Company was 5,041,934,164 shares and the total share capital of H shares was 3,340,029,000 shares.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2022.

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 2022.

Compliance with the Requirements of Appendix 14 to the Listing Rules

On 22 June 2022, the Company held the 2021 annual general meeting (the "AGM"). On the date of the AGM, Mr. Li Zhongjun, the chairman of the Board, Mr. Tang Chaoxiong, Mr. Ma Bingyan and Mr. Michael Ngai Ming Tak, the directors of the Company, were unable to attend the AGM due to other business commitments. Save as disclosed above, during the period from 1 January 2022 to 30 June 2022, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and had complied with most of the recommended best practises as set out in Appendix 14 to the Listing Rules.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our directors and supervisors in the securities of the Company. Upon specific enquiries to the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the period from 1 January 2022 to 30 June 2022. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

AUDIT COMMITTEE

The Company has established the audit committee of the Board (the “**Audit Committee**”) in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee include: to oversee the financial reporting system of the Group; to monitor and review the annual and interim reports and results announcements; to oversee the Company’s risk management and internal control systems (unless such matters are handled by a separate risk committee or the Board itself), and to monitor and review the Company’s internal inspect and audit functions and the effectiveness of the audit process; to review the Company’s annual internal audit work plan, significant risks and the Company’s ability to respond to risks; to supervise the appointment, re-appointment and replacement of external auditors, and make recommendations to the Board on the remuneration and terms of engagement of external auditors; to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process; to develop and implement policy on engaging an external auditor to supply non-audit services; to monitor the quality of the Company’s internal audit and disclosure of financial information, and review the interim and annual financial statements before submission to the Board; to review and monitor the effectiveness of the Company’s financial reporting system, risk management and internal control procedures and the procedures for compliance with the relevant requirements under the Listing Rules; to review significant failures or weaknesses in internal control (if any), and the resulting and potential impact; evaluating the effectiveness of the internal control and risk management framework, ensuring the coordination between the internal audit personnel and the independent accountant, and ensuring that the internal audit function is adequately resourced and has sufficient capability and working experience, as well as regular training programmes or similar arrangements.

The Audit Committee consists of three directors: Mr. Tang Chaoxiong (non-executive director), Mr. Michael Ngai Ming Tak (independent non-executive director) and Ms. Zhao Feng (independent non-executive director). Ms. Zhao Feng serves as the chairman of the Audit Committee.

On 23 August 2022, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2022, 2022 interim report, the unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 prepared under IAS 34, Interim Financial Reporting and the disclosure requirements under the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND REPORT

This results announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and the Company's website at <http://www.clypg.com.cn>. The Company's 2022 interim report, containing all the information required under the Listing Rules, will be dispatched to the Shareholders and will be published on the above websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Tang Jian
Executive Director and President

Beijing, the PRC, 23 August 2022

As at the date of this announcement, the executive director of the Company is Mr. Tang Jian; the non-executive directors are Mr. Tian Shaolin, Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*