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 2023

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2023, revenue amounted to RMB19,847 million, representing a decrease of 8.4% over the corresponding period of 2022
- For the six months ended 30 June 2023, profit before taxation amounted to RMB6,999 million, representing an increase of 10.9% over the corresponding period of 2022
- For the six months ended 30 June 2023, net profit attributable to equity holders of the Company amounted to RMB5,124 million, representing an increase of 18.3% over the corresponding period of 2022
- For the six months ended 30 June 2023, earnings per share amounted to RMB0.5997, representing an increase of RMB0.0945 over the corresponding period of 2022

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 2023, together with comparative figures for the corresponding period of 2022. 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 (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi)

		Six months ended 30 June	
		2023	2022
			(Restated)
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**19,846,651**	21,662,351
Other net income	5	**664,838**	612,405
Operating expenses			
Depreciation and amortisation		**(5,285,364)**	(4,967,483)
Coal consumption		**(1,726,852)**	(1,808,290)
Coal sales costs		**(1,468,421)**	(4,123,229)
Service concession construction costs		**–**	(12,615)
Personnel costs		**(2,182,457)**	(1,846,767)
Material costs		**(57,793)**	(101,632)
Repairs and maintenance		**(312,552)**	(354,242)
Administrative expenses		**(331,503)**	(330,503)
Operating expenses		**(524,695)**	(540,827)
Impairment losses on financial assets, net		**(6,303)**	6,863
		(11,895,940)	(14,078,725)
Operating profit		**8,615,549**	8,196,031
Finance income		**215,019**	214,650
Finance expenses		**(1,778,356)**	(1,990,616)
Net finance expenses	6	**(1,563,337)**	(1,775,966)
Share of profits less losses of associates and joint ventures		**(53,303)**	(110,818)
Profit before taxation	7	**6,998,909**	6,309,247
Income tax	8	**(1,164,467)**	(1,168,960)
Profit for the period		**5,834,442**	5,140,287

	Notes	Six months ended 30 June **2023** ***RMB'000***	 2022 *(Restated)* *RMB'000*
Other comprehensive income			
Other comprehensive income 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, net of tax		**12,104**	153,300
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(6,652)**	(50,769)
Exchange difference on net investment in foreign operations		**(2,025)**	(2,875)
Other comprehensive income for the period, net of tax	9	**3,427**	99,656
Total comprehensive income for the period		**5,837,869**	5,239,943

	Notes	Six months ended 30 June **2023** ***RMB'000***	2022 *(Restated)* *RMB'000*
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**5,026,897**	4,215,731
– Perpetual medium-term notes and renewable corporate bonds holders		**97,393**	116,414
Non-controlling interests		**710,152**	808,142
Profit for the period		**5,834,442**	5,140,287
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**5,028,282**	4,314,806
– Perpetual medium-term notes and renewable corporate bonds holders		**97,393**	116,414
Non-controlling interests		**712,194**	808,723
Total comprehensive income for the period		**5,837,869**	5,239,943
Basic and diluted earnings per share *(RMB cents)*	10	**59.97**	50.52

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AT 30 JUNE 2023

(Expressed in thousands of Renminbi)

	Notes	**30 June 2023** *RMB'000*	31 December 2022 *(Restated)* *RMB'000*
Non-current assets			
Property, plant and equipment		**154,272,656**	151,599,930
Investment properties		**6,795**	7,090
Right-of-use assets		**5,335,938**	3,802,118
Intangible assets		**6,016,545**	6,287,691
Goodwill		**195,617**	195,617
Investments in associates and joint ventures		**5,825,838**	3,796,677
Other assets		**4,220,772**	4,125,972
Deferred tax assets		**539,417**	542,463
Total non-current assets		**176,413,578**	170,357,558
Current assets			
Inventories		**800,991**	749,955
Trade and bills receivables	11	**34,051,897**	27,657,623
Prepayments and other current assets		**3,397,233**	3,428,069
Tax recoverable		**89,945**	104,479
Other financial assets		**491,786**	448,539
Restricted deposits		**425,468**	2,137,452
Cash at banks and on hand		**17,669,477**	18,338,302
Total current assets		**56,926,797**	52,864,419

	Notes	30 June 2023 RMB'000	31 December 2022 (Restated) RMB'000
Current liabilities			
Borrowings		**50,299,982**	53,279,235
Trade and bills payables	12	**2,460,612**	2,936,019
Other current liabilities		**17,806,408**	17,132,068
Lease liabilities		**260,308**	266,882
Tax payable		**561,607**	412,531
Total current liabilities		**71,388,917**	74,026,735
Net current liabilities		**(14,462,120)**	(21,162,316)
Total assets less current liabilities		**161,951,458**	149,195,242
Non-current liabilities			
Borrowings		**73,983,103**	66,359,454
Lease liabilities		**1,279,222**	711,384
Deferred income		**910,700**	965,503
Deferred tax liabilities		**273,250**	259,902
Other non-current liabilities		**1,337,024**	1,153,906
Total non-current liabilities		**77,783,299**	69,450,149
NET ASSETS		**84,168,159**	79,745,093

	Notes	30 June 2023 RMB'000	31 December 2022 (Restated) RMB'000
CAPITAL AND RESERVES			
Share capital		**8,381,963**	8,381,963
Perpetual medium-term notes and renewable corporate bonds		**4,957,393**	5,056,400
Reserves		**59,057,852**	55,011,098
Total equity attributable to equity holders of the Company		**72,397,208**	68,449,461
Non-controlling interests		**11,770,951**	11,295,632
TOTAL EQUITY		**84,168,159**	79,745,093

Notes:

1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The interim condensed consolidated financial information for the six month ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**"). This interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022. This interim financial information was approved by the board of the directors of the Company for issuance on 29 August 2023.

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 2023 amounting to RMB14,462,120,000 (31 December 2022: RMB21,162,316,000). 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 2023, 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 2022, except for the adoption of the revised International Financial Reporting Standards ("**IFRSs**") effective as of 1 January 2023. 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 2022, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the interim condensed consolidated statement of financial position:

		Increase/(decrease)		
	Note	**As at 30 June 2023** ***RMB'000***	As at 31 December 2022 *RMB'000*	As at 1 January 2022 *RMB'000*
Assets				
Deferred tax assets	(i)	**5,375**	2,636	2,412
Total non-current assets		**5,375**	2,636	2,412
Total assets		**5,375**	2,636	2,412

	Note	Increase/(decrease) As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 1 January 2022 RMB'000
Liabilities				
Deferred tax liabilities	(i)	**2,716**	812	925
Total non-current liabilities		**2,716**	812	925
Total liabilities		**2,716**	812	925
Net assets		**2,659**	1,824	1,487
Equity				
Retained profits (included in reserves)		**2,638**	1,833	1,373
Equity attributable to owners of the parent		**2,638**	1,833	1,373
Non-controlling interests		**21**	(9)	114
Total equity		**2,659**	1,824	1,487

Note:

(i) The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease) For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Income tax credit from continuing operations	**835**	–
Income tax expense from continuing operations	**–**	661
Profit/(loss) for the period from continuing operations	**835**	(661)
Profit/(loss) for the period	**835**	(661)
Attributable to:		
Owners of the parent	**805**	(620)
Non-controlling interests	**30**	(41)
	835	(661)
Total comprehensive income/(loss) for the period	**835**	(661)
Attributable to:		
Owners of the parent	**805**	(620)
Non-controlling interests	**30**	(41)
	835	(661)

The adoption of amendments to IAS 12 did not have significant impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, and have no impact on other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. After assessment, the amendments did not have any impact to the Group.

3 SEGMENT REPORTING

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

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

PV power segment has been separately disclosed along with the Group's development in PV power business. The operating segment disclosures in the comparative period have been restated accordingly.

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 2023 and 2022 is set out below:

For the six months ended 30 June 2023

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers					
– Sales of electricity	**15,208,729**	**1,900,503**	**460,317**	**6,876**	**17,576,425**
– Others	**5,865**	**2,202,915**	**488**	**60,958**	**2,270,226**
Subtotal	**15,214,594**	**4,103,418**	**460,805**	**67,834**	**19,846,651**
Inter-segment revenue	**–**	**–**	**–**	**191,618**	**191,618**
Reportable segment revenue	**15,214,594**	**4,103,418**	**460,805**	**259,452**	**20,038,269**
Reportable segment profit (operating profit)	**8,337,331**	**208,421**	**231,106**	**7,712**	**8,784,570**

	Wind power	Coal power	PV power	All others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation and amortisation before inter-segment elimination	**(4,978,793)**	**(158,614)**	**(162,556)**	**(18,764)**	**(5,318,727)**
(Provision)/reversal of trade and other receivables	**(6,973)**	**–**	**–**	**670**	**(6,303)**
Interest income	**39,653**	**1,911**	**1,309**	**121,949**	**164,822**
Interest expenses	**(1,407,102)**	**(31,527)**	**(79,230)**	**(131,726)**	**(1,649,585)**
Expenditures for reportable segment non-current assets during the period	**3,671,507**	**147,118**	**5,382,325**	**84,710**	**9,285,660**

For the six months ended 30 June 2022

	Wind power	Coal power	PV power	All others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers					
– Sales of electricity	14,278,323	2,039,837	312,457	40,071	16,670,688
– Others	15,254	4,906,986	–	56,808	4,979,048
Subtotal	14,293,577	6,946,823	312,457	96,879	21,649,736
Inter-segment revenue	–	–	–	97,471	97,471
Reportable segment revenue	14,293,577	6,946,823	312,457	194,350	21,747,207
Reportable segment profit (operating profit)	7,973,374	307,573	140,614	(78,530)	8,343,031

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	(4,700,639)	(148,292)	(124,768)	(14,856)	(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	604	40,801	72,570
Interest expenses	(1,679,378)	(26,105)	(58,664)	(68,681)	(1,832,828)
Expenditures for reportable segment non-current assets during the period	5,461,898	193,218	903,933	44,492	6,603,541

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**20,038,269**	21,747,207
Service concession construction revenue	**–**	12,615
Elimination of inter-segment revenue	**(191,618)**	(97,471)
Consolidated revenue	**19,846,651**	21,662,351
Profit		
Reportable segment profit	**8,784,570**	8,343,031
Elimination of inter-segment profit	**(47,993)**	(16,596)
	8,736,577	8,326,435

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Share of profits less losses of associates and joint ventures	**(53,303)**	(110,818)
Net finance expenses	**(1,563,337)**	(1,775,966)
Unallocated head office and corporate expenses	**(121,028)**	(130,404)
Consolidated profit before taxation	**6,998,909**	6,309,247

(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.

4 REVENUE

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

For the six months ended 30 June 2023

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services					
Sales of electricity	**15,208,729**	**1,900,503**	**460,317**	**6,876**	**17,576,425**
Sales of steam	**–**	**442,199**	**–**	**–**	**442,199**
Sales of coal	**–**	**1,506,651**	**–**	**–**	**1,506,651**
Others	**5,865**	**254,065**	**488**	**60,958**	**321,376**
	15,214,594	**4,103,418**	**460,805**	**67,834**	**19,846,651**
Geographic markets					
Mainland China	**14,871,621**	**4,103,418**	**460,805**	**67,834**	**19,503,678**
Canada	**102,218**	**–**	**–**	**–**	**102,218**
South Africa	**179,533**	**–**	**–**	**–**	**179,533**
Ukraine	**61,222**	**–**	**–**	**–**	**61,222**
	15,214,594	**4,103,418**	**460,805**	**67,834**	**19,846,651**
Timing of revenue recognition					
Goods transferred at a point of time	**15,208,729**	**4,005,369**	**460,805**	**6,876**	**19,681,779**
Services transferred over time	**5,865**	**98,049**	**–**	**60,958**	**164,872**
	15,214,594	**4,103,418**	**460,805**	**67,834**	**19,846,651**

For the six months ended 30 June 2022

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services					
Sales of electricity	14,278,323	2,039,837	312,457	40,071	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
	14,306,192	6,946,823	312,457	96,879	21,662,351
Geographic markets					
Mainland China	13,971,262	6,946,823	312,457	96,879	21,327,421
Canada	117,110	–	–	–	117,110
South Africa	141,283	–	–	–	141,283
Ukraine	76,537	–	–	–	76,537
	14,306,192	6,946,823	312,457	96,879	21,662,351
Timing of revenue recognition					
Goods transferred at a point of time	14,278,323	6,783,286	312,457	40,071	21,414,137
Services transferred over time	27,869	163,537	–	56,808	248,214
	14,306,192	6,946,823	312,457	96,879	21,662,351

5 OTHER NET INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**608,498**	569,664
Rental income from investment properties	**4,985**	3,151
Gains on disposal of property, plant and equipment	**638**	2,504
Others	**50,717**	37,086
	664,838	612,405

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income on financial assets	**164,822**	72,570
Dividend income	**2,988**	5,050
Net unrealised profits on trading securities and derivative financial instruments	**47,069**	100,384
Foreign exchange gains	**140**	36,646
Finance income	**215,019**	214,650
Less:		
Interest on banks and other borrowings	**1,813,098**	1,920,949
Interest on lease liabilities	**27,993**	24,017
Interest expenses capitalised into property, plant and equipment and right-of-use assets	**(191,506)**	(112,138)
	1,649,585	1,832,828
Foreign exchange losses	**106,192**	40,236
Net unrealised losses on trading securities	**–**	74,913
Bank charges and others	**22,579**	42,639
Finance expenses	**1,778,356**	1,990,616
Net finance expenses recognised in profit or loss	**(1,563,337)**	(1,775,966)

The borrowing costs have been capitalised at rates of 1.10% to 4.83% per annum for the period ended 30 June 2023 (six months ended 30 June 2022: 3.00% to 4.83%).

7 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**297,202**	256,434
Depreciation		
– investment properties	**295**	295
– property, plant and equipment	**4,918,822**	4,623,920
– right-of-use assets	**69,045**	86,834
Provision/(reversal) of impairment losses		
– property, plant and equipment	**–**	56,646
– trade and other receivables	**6,303**	(6,863)
Cost of inventories	**3,253,066**	6,033,151

8 INCOME TAX

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

	Six months ended 30 June	
	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**1,132,099**	1,038,587
Underprovision in respect of prior years	**14,162**	21,244
	1,146,261	1,059,831
Deferred tax		
Origination and reversal of temporary differences	**18,206**	109,129
	1,164,467	1,168,960

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

	Six months ended 30 June	
	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Profit before taxation	**6,998,909**	6,309,247
Notional tax on profit before taxation	**1,749,727**	1,577,312
Tax effect of non-deductible expenses	**12,046**	8,815
Tax effect of share of profits less losses of associates and joint ventures	**13,326**	27,705
Effect of differential tax rates of certain subsidiaries of the Group *(Note (i))*	**(651,652)**	(684,388)
Use of unrecognised tax losses in prior years	**(40,037)**	(58,981)
Tax effect of unused tax losses and timing differences not recognised	**66,895**	202,595
Underprovision in respect of prior years	**14,162**	21,244
Others	**–**	74,658
Income tax	**1,164,467**	1,168,960

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 2023 and the six months ended 30 June 2022, 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.

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 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 27%. Ukraine Yuzhne Energy Co., Ltd., a subsidiary of the Group in Ukraine, is subject to income tax at a rate of 18%.

9 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods		
Net profit 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	**14,194**	168,897
Tax expense	**(2,746)**	(16,783)
Net of tax amount	**11,448**	152,114
Net profit on equity investments in listed companies at FVOCI:		
Changes in fair value recognised during the period		
Before tax amount	**875**	1,582
Tax expense	**(219)**	(396)
Net of tax amount	**656**	1,186
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
Exchange difference on translation of financial statements of overseas subsidiaries:		
Net of tax amount	**(6,652)**	(50,769)
Exchange difference on net investment in foreign operations:		
Net of tax amount	**(2,025)**	(2,875)
Other comprehensive income	**3,427**	99,656

10 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 2023 of RMB5,026,897,000 (six months ended 30 June 2022: RMB4,215,731,000) and the weighted average number of shares in issue during the six months ended 30 June 2023 of 8,381,963,000 (six months ended 30 June 2022: 8,345,486,000 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	
	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Consolidated net profit attributable to equity holders of the Company	**5,124,290**	4,332,145
Less: Cumulative distribution of perpetual medium-term notes and renewable corporate bonds holders	**97,393**	116,414
Consolidated net profit attributable to ordinary shareholders of the Company	**5,026,897**	4,215,731
Weighted average number of the Company's outstanding ordinary shares *('000)*	**8,381,963**	8,345,486
Basic and diluted earnings per share *(RMB cents)*	**59.97**	50.52

11 TRADE AND BILLS RECEIVABLES

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Amounts due from third parties	**34,248,750**	27,821,207
Amounts due from fellow subsidiaries	**84,549**	76,171
Amounts due from associates	**16,638**	50,970
	34,349,937	27,948,348
Less: Allowance for doubtful debts	**(298,040)**	(290,725)
	34,051,897	27,657,623
Analysed into:		
Trade receivables	**33,893,458**	27,293,803
Bills receivable	**158,439**	363,820
	34,051,897	27,657,623

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 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 1 year or no invoice date specified	**34,010,483**	27,635,236
Between 1 and 2 years	**23,110**	12,192
Between 2 and 3 years	**8,879**	3,303
Over 3 years	**9,425**	6,892
	34,051,897	27,657,623

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.

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 of the PRC 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 came 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 2023, 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.

Except for the trade and bills receivable mentioned above, 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.

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.

12 TRADE AND BILLS PAYABLES

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Bills payable	**1,388,485**	1,668,779
Trade payables	**983,746**	1,129,242
Amounts due to associates	**16,647**	20,851
Amounts due to fellow subsidiaries	**71,734**	117,147
	2,460,612	2,936,019

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

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 1 year	**2,352,618**	2,768,032
Between 1 and 2 years	**63,367**	107,349
Between 2 and 3 years	**23,216**	31,254
Over 3 years	**21,411**	29,384
	2,460,612	2,936,019

As at 30 June 2023 and 31 December 2022, all trade and bills payables are payable and expected to be settled within one year.

13 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 2023 (six months ended 30 June 2022: nil).

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2022, approved during the following interim period, of RMB0.1171 per share (2021: RMB0.1470 per share)	**981,528**	1,232,149

Dividends in respect of the financial year ended 31 December 2022 have been fully paid on 14 August 2023.

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 2023, in the face of the complex and severe international environment and the arduous task of domestic reform, development and stability, the CPC Central Committee and the State Council made decisions and deployment of various work measures, accelerated the construction of a new development pattern, and strived to promote high-quality development. The market demand was gradually restored, production supply continued to increase, employment and prices were generally stable, and resident income was steadily growing, showing that the overall economic operation was picking up.

According to the statistics from the National Energy Administration and China Electricity Council, in the first half of 2023, the electricity consumption in the PRC amounted to 4,307.6 billion kWh, representing a year-on-year increase of 5.0%. In the first half of the year, the national renewable energy power generation amounted to 1.34 trillion kWh, of which, wind power generation amounted to 462.8 billion kWh, representing a year-on-year increase of 20%, and photovoltaic power generation amounted to 266.3 billion kWh, representing a year-on-year increase of 30%.

During the period from January to June 2023, the accumulated average utilisation hours of power generation facilities across the country were 1,733 hours, representing a decrease of 44 hours as compared with the same period of the previous year. Among them, the national average utilisation hours of on-grid wind power equipment were 1,237 hours, representing an increase of 83 hours as compared with the same period of the previous year; the national average utilisation hours of solar power equipment were 658 hours, representing a decrease of 32 hours as compared with the same period of the previous year; the national average utilisation hours of coal power equipment were 2,142 hours, representing an increase of 84 hours as compared with the same period of the previous year.

As of 30 June 2023, the power generation installed capacity across the country was 2.71 billion kW, representing a year-on-year increase of 10.8%. Among them, the non-fossil energy power generation installed capacity was 1.39 billion kW, representing a year-on-year increase of 18.6%, accounting for 51.5% of the total installed capacity, up by 3.4 percentage points year-on-year; the wind power generation was 390 million kW, representing a year-on-year increase of 13.7%; the solar power generation was 470 million kW, representing a year-on-year increase of 39.8%; the hydroelectricity was 420 million kW, representing a year-on-year increase of 4.5%; the coal power generation was 1.36 billion kW, representing a year-on-year increase of 3.8%; and the nuclear power generation was 56.76 million kW, representing a year-on-year increase of 2.2%.

(II) Policy Environment

1. ***Blueprints for dynamic industry development drawn, stimulating accelerated green and low-carbon transition of the whole society***

In January 2023, the National Government Offices Administration issued the Notice on the Arrangement of Energy Resource Conservation and Ecological Environment Protection Work in Public Institutions in 2023, proposing to continuously optimize the energy consumption structure and orderly implement coal consumption substitution; increase the utilization of renewable energy; encourage market-oriented approaches to promote the construction of distributed photovoltaic and photothermal projects.

In February 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Circular on Matters Relating to the Participation in Green Power Trading of Green Power Projects Enjoying Subsidies from the Central Government, which proposes to facilitate green power projects that enjoy national subsidies for renewable energy to participate in green power trading, offer appropriate guidance to lead the prices of green power and green certificate to positive development and ensure the realization of green power's environmental value effectively, adding that the premium yields which green power projects that enjoy national subsidies for renewable energy derive from participation in green power and green certificate trading would be specially allocated to make up for the gap of renewable energy subsidies. For green power projects whose green power trading settlement power represented more than 50% of the on-grid power and was not lower than the average level of green power settlement power in the region, the power grid enterprises could give priority to the payment of the subsidy from the Central Government for renewable energy after review.

In April 2023, the National Energy Administration issued the 2023 Energy Work Guidance, pointing out the need to vigorously develop wind and solar power generation; to promote the full coverage of green certificate issuance, make a good connection with carbon emission trading, and improve the renewable energy power consumption guarantee mechanism based on green certificate; to strengthen energy construction to assist rural revitalization, steadily promote the pilot development of distributed rooftop photovoltaics throughout the county, and promote clean energy use in rural areas.

In April 2023, the National Energy Administration issued the Guiding Opinions on Strengthening the Stability of New Power Systems (Draft for Soliciting Opinions), which pointed out the need to improve a reasonable power structure, build a strong and flexible power grid platform, deeply tap into the flexibility of the power load side, and scientifically arrange energy storage construction; establish and improve market-oriented incentive mechanisms, and accelerate the construction of new power load management systems.

In April 2023, the National Energy Administration issued the "Interpretation of the Cases of the Implementation Plan for Promoting the High-quality Development of New Energy in the New Era" part of Chapters II and III. The Implementation Plan requires that "no unreasonable investment or cost of new energy enterprises shall be increased in any name", that is, in addition to fees stipulated by national laws and regulations, local governments at all levels shall not set up separate names to collect fees, nor shall they force enterprises to pay fees in the name of donations or the like.

2. Priorities for energy development clarified, proposing initiatives to further promote the construction of a unified power market nationwide

In January 2023, the National Energy Administration issued the Notice on the Issuance of Key Points for Energy Regulatory Work in 2023, which pointed out the need to accelerate the construction of a unified national electricity market system, strengthen research on regional electricity market setup plans, and further leverage the role of electricity market mechanisms; fully leverage the decisive role of the market in resource allocation, continuously expand the scale of new energy participation in market-oriented transactions, and promote more industrial and commercial users to directly participate in transactions; accelerate the construction of the auxiliary service market, and study and formulate pricing methods for electric power auxiliary services.

In April 2023, the National Energy Administration issued the 2023 Energy Work Guidance, which proposed to accelerate the construction of a unified national electricity market system and continuously improve the marketization level of cross provincial and regional electricity trading; steadily increase the scale of medium and long-term power transactions, and actively and steadily promote the construction of the power spot market; strengthen the organic connection between the medium to long-term, spot, and auxiliary service markets in electricity, and actively promote the construction of auxiliary service markets.

In May 2023, the NDRC issued the Notice on Publicly Soliciting Opinions on the Electricity Demand Side Management Measures (Draft for Soliciting Opinions), which pointed out that non-operational power users with the ability to respond should be guided to participate in demand response in an orderly manner; encouraged demand response entities to participate in the corresponding energy market, auxiliary services market and capacity market; encouraged the consumption of green power by industry leaders, large state-owned enterprises and multinational companies; promoted the gradual increase in the proportion of green power consumption in regions with relatively more export-oriented enterprises and stronger economic capacity; enhanced the level of green power consumption in new infrastructure facilities and promoted the consumption of green power in the vicinity.

3. *Supervision mechanism improved and approval procedures regulated, conducing to smoother project progress*

In May 2023, the National Energy Administration issued the Notice on Further Regulating the Management of Electricity Business Licenses for Renewable Energy Power Generation Projects (Draft for Soliciting Opinions), which pointed out that on the basis of existing license exemption policies, distributed wind power projects connected to 35kV and below voltage level power grids nationwide would be included in the scope of license exemption and would be no longer required to obtain an electricity business license.

In May 2023, the National Energy Administration issued the Interim Regulations on Quality Supervision and Management of Electric Power Construction Projects, which pointed out that power generation construction projects with an installed capacity of less than 6 MW, distributed and decentralized power generation construction projects as clearly defined by the energy regulatory department through filing or approval, and new energy storage power station construction projects with a power of less than 5 MW do not require quality supervision.

In June 2023, the National Energy Administration issued the Management Measures for Wind Farm Transformation, Upgrading, and Retirement, encouraging wind farms that have been connected to the grid for more than 15 years or have a single unit capacity of less than 1.5 MW to carry out transformation and upgrading, and the renovation and upgrading of the original grid connected capacity would not occupy the newly added consumption space; encouraging the new grid-connected capacity to be connected to the grid through market-oriented methods. The on-grid tariff for the subsidized electricity in the wind farm renovation and upgrading project shall be subject to the tariff policy before the renovation, while the on-grid tariff for other electricity shall subject to the tariff policy of the year when the project is approved for the change.

II. BUSINESS REVIEW

In the first half of 2023, the Group has thoroughly studied and implemented the spirit of the 20th National Congress of the Communist Party of China and the spirit of General Secretary Xi Jinping's important speech on his inspection of Huanghua Port, comprehensively implemented the development strategy of "One Goal, Three Orientations, Five Variations and Seven World-Class Competitiveness", resolutely fulfilled the "Six Commitments", comprehensively strengthened the "Six Mindsets", accelerated the construction of a world-class new energy company, and made all-out efforts to build a new Longyuan that embodies the values of "inherent safety, doubled scale, digital transformation, innovation-driven leadership, and proactive growth", and has maintained the favorable momentum of progress amidst stabilisation. In the first half of 2023, 36 new projects of the Group were put into operation with consolidated installed capacity of 515.41 MW, of which the consolidated installed capacity of four wind power projects was 125.20 MW; the consolidated installed capacity of 32 photovoltaic power projects was 390.21 MW. In the first half of 2023, the accumulated power generation of the Group amounted to 39,746,820 MWh, representing a year-on-year increase of 9.48%, of which wind power generation amounted to 33,108,421 MWh, representing a year-on-year increase of 9.57%; coal power generation amounted to 5,027,922 MWh, representing a year-on-year decrease of 4.61%; photovoltaic and other renewable energy power generation amounted to 1,610,476 MWh, representing a year-on-year increase of 96.75%.

(I) Safety management efficiency solidified, with a sound risk prevention mechanism established simultaneously

In the first half of 2023, the Group deeply implemented the important instructions of General Secretary Xi Jinping on safety production, fully implemented the action plan "Year of Safety Management Enhancement", formulated a special plan, established an action leadership group, and implemented the overall goal of "seven practical strengthenings" in four stages. Taking the implementation of the Group's No.1 document on safety and environmental protection as the main line, we focused on the "four special actions", "standardization of safety production", the creation of healthy enterprises, and ecological and environmental supervision and other key works to ensure high-quality completion of the annual safety and environmental protection goals. Tianjin Company and Anhui Company subordinated to the Group were awarded construction excellent cases of "National Healthy Enterprises".

In the first half of 2023, the Group comprehensively implemented the "Hundred Day Campaign" activity to treat "visible leadership, and visible on-site" as an effective method to ensure the safety of production engineering and intensify the assessment of online rate, further consolidating and improving the level of security management. Through the special action of safe and civilized production, the Group has achieved significant results in addressing system and equipment issues, and the number of continuously operating units for long periods increased by 23.80% year on year in the first half of the year.

In the first half of 2023, the total power generation of the Group was 39,746,820 MWh, of which the wind power generation was 33,108,421 MWh, representing a year-on-year increase of 9.57%, which was mainly due to the year-on-year increase in installed capacity of power generation, the year-on-year improvement in the reliability of units and the year-on-year increase in average wind velocity. In the first half of 2023, the average utilisation hours of wind power were 1,271 hours, representing an increase of 98 hours as compared with the same period of 2022, mainly due to the year-on-year improvement in the reliability of units and the year-on-year increase in average wind velocity.

Geographical breakdown of the consolidated power generation of the Group's wind farms for the first half of 2022 and the first half of 2023:

Region	**First half of 2023** ***(MWh)***	First half of 2022 *(MWh)*	**Percentage of change**
Heilongjiang	**1,721,283**	1,638,801	5.03%
Jilin	**1,112,142**	1,075,814	3.38%
Liaoning	**2,053,826**	1,680,293	22.23%
Inner Mongolia	**3,936,034**	3,511,740	12.08%
Jiangsu (onshore)	**1,321,753**	1,250,126	5.73%
Jiangsu (offshore)	**2,895,528**	2,753,465	5.16%
Zhejiang	**182,346**	175,644	3.82%
Fujian	**1,555,877**	1,790,796	-13.12%
Hainan	**58,475**	67,177	-12.95%
Gansu	**1,747,601**	1,525,225	14.58%
Xinjiang	**2,105,107**	2,007,941	4.84%
Hebei	**2,310,376**	2,114,493	9.26%
Yunnan	**1,945,575**	1,655,438	17.53%
Anhui	**969,878**	919,983	5.42%
Shandong	**876,248**	733,305	19.49%
Tianjin	**581,304**	578,150	0.55%
Shanxi	**1,466,928**	1,314,569	11.59%

Region	**First half of 2023** *(MWh)*	First half of 2022 *(MWh)*	**Percentage of change**
Ningxia	**816,879**	763,197	7.03%
Guizhou	**856,051**	774,781	10.49%
Shaanxi	**944,223**	789,097	19.66%
Tibet	**8,570**	7,996	7.19%
Chongqing	**333,171**	275,711	20.84%
Shanghai	**61,717**	58,022	6.37%
Guangdong	**166,065**	160,881	3.22%
Hunan	**391,753**	300,387	30.42%
Guangxi	**1,238,195**	987,355	25.41%
Jiangxi	**249,942**	218,861	14.20%
Hubei	**123,045**	103,464	18.93%
Qinghai	**162,398**	154,978	4.79%
Henan	**311,937**	258,030	20.89%
Canada	**132,056**	155,029	-14.82%
South Africa	**377,492**	282,494	33.63%
Ukraine	**94,646**	132,283	-28.45%
Total	**33,108,421**	30,215,527	9.57%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for the first half of 2022 and the first half of 2023:

Region	**Average utilisation hours of wind power for the first half of 2023** ***(hour)***	**Average load factor of wind power for the first half of 2023**	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	**Percentage of change of the average utilisation hours of wind power**
Heilongjiang	**1,269**	**29%**	1,218	28%	4.19%
Jilin	**1,290**	**30%**	1,274	29%	1.26%
Liaoning	**1,425**	**33%**	1,165	27%	22.32%
Inner Mongolia	**1,292**	**30%**	1,239	29%	4.28%
Jiangsu (onshore)	**987**	**23%**	934	22%	5.67%
Jiangsu (offshore)	**1,320**	**30%**	1,256	29%	5.10%
Zhejiang	**795**	**18%**	771	18%	3.11%
Fujian	**1,432**	**33%**	1,707	39%	-16.11%
Hainan	**591**	**14%**	679	16%	-12.96%
Gansu	**1,039**	**24%**	852	20%	21.95%
Xinjiang	**1,288**	**30%**	1,224	28%	5.23%
Hebei	**1,303**	**30%**	1,195	27%	9.04%
Yunnan	**1,778**	**41%**	1,551	36%	14.64%
Anhui	**1,186**	**27%**	1,137	26%	4.31%
Shandong	**1,364**	**31%**	1,286	30%	6.07%
Tianjin	**1,192**	**27%**	1,075	25%	10.88%
Shanxi	**1,192**	**27%**	1,060	24%	12.45%
Ningxia	**1,090**	**25%**	985	23%	10.66%
Guizhou	**1,156**	**27%**	1,048	24%	10.31%
Shaanxi	**1,051**	**24%**	946	22%	11.10%
Tibet	**1,143**	**26%**	1,066	25%	7.22%
Chongqing	**1,149**	**26%**	952	22%	20.69%
Shanghai	**1,299**	**30%**	1,222	28%	6.30%
Guangdong	**1,317**	**30%**	1,279	29%	2.97%
Hunan	**1,207**	**28%**	974	22%	23.92%
Guangxi	**1,436**	**33%**	1,230	28%	16.75%
Jiangxi	**1,273**	**29%**	1,114	26%	14.27%
Hubei	**1,306**	**30%**	1,098	25%	18.94%

Region	**Average utilisation hours of wind power for the first half of 2023** ***(hour)***	**Average load factor of wind power for the first half of 2023**	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	**Percentage of change of the average utilisation hours of wind power**
Qinghai	**1,083**	**25%**	1,033	24%	4.84%
Henan	**1,475**	**34%**	1,486	34%	-0.74%
Canada	**1,333**	**31%**	1,564	36%	-14.77%
South Africa	**1,544**	**36%**	1,155	27%	33.68%
Ukraine	**1,237**	**28%**	1,729	40%	-28.46%
Total	**1,271**	**29%**	1,173	27%	8.35%

During the Reporting Period, the consolidated power generation from coal power segment of the Group was 5,027,922 MWh, representing a decrease of 4.61% as compared with the corresponding period of 2022. In the first half of 2023, the average utilisation hours of the Group's coal power segment were 2,682 hours, representing a decrease of 129 hours as compared with the corresponding period of 2022. The main reason for the year-on-year decrease in power generation and utilization hours is the year-on-year decrease in generation load of coal power in Jiangsu Province in the first half of 2023.

(II) Remarkable achievements recorded in the new energy segment, attributed to specific plans and strong execution based on the "one province, one policy" concept

In the first half of 2023, the Group witnessed base-type, station-type and distribution-type project development after its unremitting efforts, which was achieved by the comprehensive consideration of strategic consistency and flexibility, the firm stance in carrying out the "one province, one policy" concept and the development spirit of "Troikas, Dual-core Development, Four Growth Engines". It gained the initiative for base development through enhancing the strategic synergy and leveraging the integration advantage of CHN Energy, the industrial support of cooperation partners and the professional advantage of its own. Seizing the opportunities arising from development of offshore new energy, the Group expanded its layout in offshore energy development and actively participated in the bidding for competitive allocation of offshore wind power and photovoltaic power projects. With measures for both centralised and distributed operations, the Group promoted photovoltaic businesses to develop efficiently and rapidly. Meanwhile, we advanced policy analysis and technology development further, and strengthened the development of new technologies of energy storage, hydrogen energy and ammonia energy and consolidated our leading position in these areas.

In the first half of 2023, the Group signed 29.34 GW of new development agreements, representing an increase of 77.94% as compared with the corresponding period of last year, which included 15.32 GW wind power and 14.02 GW photovoltaic power, all distributed in regions of rich resources. During the first half of the year, the development quota the Group obtained reached 4.01 GW cumulatively, of which 3.07 GW quota was obtained through bidding or with benchmark tariff, including 1.58 GW wind power and 1.49 GW photovoltaic power.

(III) "Visualisation" advanced further, witnessing higher level of technological standardisation

In the first half of 2023, the Group further promoted the "visibility" of project sites and accelerated construction of project development management system to achieve digitalisation of project development and visualisation of project sites, and effectively implemented the "Ten Measures" of 100-day Work Safety Campaign. It prepared 65 sets of technological standards for application within the organisation, covering towers, main transformers, box-type transformers, the GIS system (geographical information system), the high-voltage switch gear in respect of wind power; developed the typical design for prefabricated cabin substation, the manual for standard construction processes and the manual for content and depth of preliminary design; strengthened the "Three Simultaneities" management of projects under construction and promoted green projects by adopting strict measures in work commencement and construction process and enhancing inspection. The Wenling 100 MW solar-tidal intelligent power station project developed by the Group in Zhejiang Province was awarded the "2023 China Power Quality Project Award".

In the first half of 2023, 36 new projects of the Group were put into operation with consolidated installed capacity of 515.41 MW, of which the consolidated installed capacity of four wind power projects was 125.20 MW; the consolidated installed capacity of 32 photovoltaic power projects was 390.21 MW. As of 30 June 2023, the Group recorded 31,623.25 MW consolidated installed capacity, among which, the wind power segment reported 26,317.04 MW consolidated installed capacity, the photovoltaic and other renewable energy segment reported 3,431.21 MW consolidated installed capacity, and the coal power segment reported 1,875 MW consolidated installed capacity.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 30 June 2022 and 30 June 2023 is set out as below:

Region	30 June 2023 *(MW)*	30 June 2022 *(MW)*	Percentage of Change
Heilongjiang	**1,345.70**	1,345.70	0.00%
Jilin	**893.90**	844.40	5.86%
Liaoning	**1,441.70**	1,441.70	0.00%
Inner Mongolia	**3,034.30**	2,834.30	7.06%
Jiangsu (onshore)	**1,338.50**	1,338.50	0.00%
Jiangsu (offshore)	**2,191.60**	2,191.60	0.00%
Zhejiang	**227.90**	227.90	0.00%
Fujian	**1,049.10**	1,049.10	0.00%
Hainan	**99.00**	99.00	0.00%
Gansu	**1,690.80**	1,690.80	0.00%
Xinjiang	**1,640.30**	1,640.30	0.00%
Hebei	**1,770.10**	1,770.10	0.00%
Yunnan	**1,078.70**	1,067.50	1.05%
Anhui	**827.85**	809.10	2.32%
Shandong	**646.90**	570.40	13.41%
Tianjin	**538.00**	538.00	0.00%
Shanxi	**1,239.75**	1,239.75	0.00%
Ningxia	**774.70**	774.70	0.00%
Guizhou	**800.10**	789.00	1.41%
Shaanxi	**833.85**	833.85	0.00%
Tibet	**7.50**	7.50	0.00%
Chongqing	**289.50**	289.50	0.00%
Shanghai	**47.50**	47.50	0.00%
Guangdong	**125.74**	125.74	0.00%
Hunan	**308.35**	308.35	0.00%
Guangxi	**991.35**	802.80	23.49%
Jiangxi	**196.40**	196.40	0.00%
Hubei	**94.20**	94.20	0.00%
Qinghai	**150.00**	150.00	0.00%
Henan	**223.65**	173.65	28.79%
Canada	**99.10**	99.10	0.00%
South Africa	**244.50**	244.50	0.00%
Ukraine	**76.50**	76.50	0.00%
Total	**26,317.04**	25,711.44	2.36%

(IV) Robust revenue and benefit growth, derived from stronger efforts in improving marketing management

In the first half of 2023, the Group made vigorous efforts to develop high-quality customers under the guidance of "integration, price, cost and profit" business philosophy, deepening businesses with major high-quality customers through bilateral negotiations, entering into framework agreements with Baowu Energy to have deeper cooperation in power trading, market-oriented inter-region resource allocation and other fields. Based on the "one plant, one policy" concept, it deepened the management of power curtailment and ensured power curtailment was controllable by strengthening the management of basic information, predicting the risk of regional power curtailment and the trend in a scientific manner and focusing on analysing the reasons for power curtailment and year-on-year changes of power curtailment. Following market development trends and trading rules, the Group further improved its power trading strategies, actively promoted high-quality transactions including wind-coal swap, green power and inter-provincial spot trading, and continuously enhanced capabilities of marketing and creating benefits.

In the first half of 2023, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB457 per MWh (value added tax ("VAT") exclusive), representing a decrease of RMB21 per MWh as compared with RMB478 per MWh (VAT exclusive) in the corresponding period of 2022. The average on-grid tariffs for wind power amounted to RMB469 per MWh (VAT exclusive), representing a decrease of RMB17 per MWh as compared with RMB486 per MWh (VAT exclusive) in the corresponding period of 2022, which was mainly due to the expansion of trading scale of the wind power market, the increase in grid parity projects and structural factors. The average on-grid tariffs for photovoltaic power amounted to RMB313 per MWh (VAT exclusive), representing a decrease of RMB159 per MWh as compared with the average on-grid tariffs for photovoltaic power of RMB472 per MWh (VAT exclusive) in the corresponding period of 2022, which was mainly due to that the newly launched photovoltaic power projects were all grid parity projects, lowering the overall average tariff of the photovoltaic power generation business. The average on-grid tariffs for coal power amounted to RMB415 per MWh (VAT exclusive), representing a decrease of RMB8 per MWh as compared with the average on-grid tariffs for coal power of RMB423 per MWh (VAT exclusive) in the corresponding period of 2022, which was mainly due to the declining tariffs in market transaction.

(V) Greater industry influence, consolidated by extraordinary technological breakthroughs

In the first half of 2023, the Group achieved several technological breakthroughs, including completion and installation of the main structure of the floating wind and fishery integration platform "Shared Development" ("共享號"). The new energy power simulation platform, the first mains-side power system in China, completed grid-connected modeling and simulation for five wind and photovoltaic power stations. The software developed in the project titled Characteristics of Complicated Wind Farms for Wind Power Generation, Their Application and Verification, one of the key national technological development projects, recorded improvement of 7%-22% in terms of wind speed accuracy in the blind tests of third-party institutions, as compared with overseas mainstream calculation software. The data mining platform under the investment-construction-operation integration project provided greater value and recorded further improvement in user friendliness. The harmless recycling and resource utilization of solid wastes produced by new energy businesses completed the preparation of feasibility study report; the key recipe for recycling waste blades (smashing and re-molding) was developed. The Alashan Wind, Solar, Hydrogen, and Ammonia Integration Project has passed the expert evaluation organized by the High-tech Department of the National Development and Reform Commission and has been included in the first batch of demonstration projects catalog.

In the first half of 2023, the Group submitted applications for 14 new invention patents; witnessed the release of Standards for Management of Control and Protection Parameters of Wind Turbines, an energy industry standard for which the Group played a leading role in the preparation; completed the preparation of another industry standard and submitted the same to the National Energy Administration for approval; had three industry standards pass the reviews of the National Energy Administration; applied for the establishment of national standard verification station for the field of new energy; completed acceptance of six projects including Analysis and Effectiveness Evaluation of CHN Energy Carbon Reduction Factors and Discussion of Energy Transition Strategies.

(VI) Capital security safeguarded by the full support of green credit policies utilised reasonably

In the first half of 2023, the Group obtained low-cost capitals through multiple channels as it closely followed policies announced by the government, made full use of green credit policies, made greater input in indirect financing and seized the opportunities of rate cut. While avoiding the debt risk by setting clear financing plans, leveraging subsidiaries' financing advantages for green projects and prudently adjusting the debt structure, the Group continuously adopted interest rate swaps for existing loans to further reduce capital costs. To maximise the time value of capitals, it further promoted the capital utilisation efficiency improvement campaign and the rigid capital plan management. For the purpose of financing, the Group aimed at both domestic and overseas capital markets to ensure smooth financing channels.

In the first half of 2023, the Group issued 11 tranches of ultra short-term debentures and withdrew over RMB30 billion low-cost loans from banks, maintaining an advantage of low capital costs in the industry.

(VII) Gradual expansion of overseas business landscape, boosted by further development of the international cooperation network

Taking strengthening strategic planning as the direction, the Group enhanced the research of key regions and countries and determined the development policy of "focus on key countries, enhancement of reserve and prudent development" in the first half of 2023. With high-level dialogues with government officials and distinguished guests from countries including South Africa and Brunei, the Group effectively promoted projects in Singapore, South Africa and Brunei and steadily advanced the preliminary work of over 3 GW key overseas projects, which included photovoltaic project in South Africa, trying hard to make new progress in overseas businesses.

In the first half of 2023, the Group maintained sound project operation by taking proactive measures to cope with complex and changing international situations and strengthening overseas asset management. As at 30 June 2023, Dufferin Wind Farm of the Group in Canada recorded total power generation of 132,056 MWh, with utilisation hours reaching 1,333 hours, and it has maintained safe production for 3,133 consecutive days. The wind power projects in De Aar of South Africa recorded power generation of 377,492 MWh in total, with utilisation hours reaching 1,544 hours, and maintained safe production for 2,068 consecutive days. The wind power projects in Yuzhnyy, Ukraine recorded accumulated power generation of 94,646 MWh, with utilisation hours reaching 1,237 hours, and maintained safe production for 687 consecutive days.

(VIII) Diversified sources of revenue and greater growth potential, enabled by the comprehensive carbon asset management

In the first half of 2023, the Group actively participated in the construction of carbon market, played a core role in the preparation of methodologies of distributed renewable energy power and offshore wind power, which was sponsored by China Electricity Council, and proactively presented the methodology of producing hydrogen with renewable energy for the purpose of emission reduction. It further advanced the development of technologies in several carbon segments, facilitated upgrading of carbon asset trading platform and promoted intelligence, informationization and digitalisation. Following the "Four Unifications" principles (unified management, unified accounting, unified development, unified trading) for management of carbon emission and carbon trading, the Group vigorously developed projects of CDM, CCER, VCS and green power certificates and materialised carbon emission and carbon trading plans, thereby shaping a green source of revenue. Several green certificate transactions have been completed, and so far, about 1.72 million green certificates have been acquired. By acquiring green certificates, the Group's headquarters and the Northern Training Base located in Yichun achieved the goal of 100% green power consumption for 2023.

III. CORE COMPETITIVENESS ANALYSIS

(I) Ample resources acquired despite severe difficulties

The Group comprehensively improved the resource acquisition capability and maintained a leading position in resource acquisition in a market of fierce competition by building an industry-leading service system that covered ten aspects including station design, power prediction, data analysis, modeling and simulation and preliminary advice, accumulating rich experience and core technologies in resource assessment, equipment selection and micro-perspective site selection, introducing industry clusters via the "New Energy+" pattern featuring agriculture-photovoltaic power integration and ecological management and developing new energy projects on a large scale.

(II) Quality and efficiency further improved with the empowerment of digitalisation

Advocating "ensuring safety through the means of technology" and "digital safety inspection", the Group unswervingly promoted digital transformation, building the "sensing+decision+execution" coordination system in accordance with the "three attainments within three years" strategy to achieve "comprehensive data collection, benchmarking management; predictive maintenance, equipment reliability; source and power grid coordination, unattended operation" by stages, thereby making contribution to the construction of new power system with renewable energy playing the key role and further improving the power grid's absorption and dispatching capacities to electricity generated by sources with high proportion of renewable energy. The Group established the world's largest digitalisation platform for new energy production, built the five-tier structure covering ubiquitous sensing, network transmission, data management, data application, assessment and appraisal, delivered services including intelligent production monitoring, standardised production management, alert, power prediction, remote monitoring, online vibration analysis, real-time positioning of people, vehicles and ships, and intelligent image and video recognition, shaping the digital operation support system to ensure safe production and operation, improving the standard of work safety intelligence and management intelligence, serving as a model of digitalisation and facilitating digital development of the new energy industry.

(III) Strong Team reinvigorated under combined talent development policies

The Group valued talents and consolidated talent support by continuously enhancing team building. It improved the remuneration and incentive mechanism that focused on performance and contribution, fully implemented the tenure system and contract-based management for the management team, and revised the total remuneration, the special incentive policy for new energy businesses and other management rules, aiming to promote greater distribution to talents in frontline positions and those who have made significant contributions and to re-energize the ambition for greater achievements and innovation. As at 30 June 2023, the Group had 367 employees of senior titles and 1,961 employees of 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 horizon. The Group had 471 chiefs of four levels and 10 "Innovation Workshops for Model Workers and Craftsmen", enabling model workers, craftsmen and other outstanding talents to fully play a leading role in advancing technological development; built the "1+2+N" training base system; preserved a talent pool of 459 members from five professional fields, internationalisation, technological innovation, law, directorship and supervisorship, and "certified professionals".

(IV) Higher efficiency delivered under the cost-effective centralised procurement standards

Strictly implementing the management philosophy highlighting "unified system, procedure and standard, universal design, equipment and cost estimate", the Group clarified the principles for work classification and the scope of standardised procure in respect of new energy farms and plants, and prepared 68 sets of standard requirements for equipment and construction projects, which started from the source of design and signified the standardisation of procurement requirements. On the basis of typical universal design, the Group actively promoted the centralised procurement pattern in which the framework agreement served as the frame and suppliers selected through tendering procedures prepared the inventory of core technologies in accordance with standard requirements, so as to control the cost of inventory shortage. For the service category, the Group adopted the three-year procurement management and encouraged high-quality suppliers to make long-term investments, achieving higher efficiency via large scale and further developing the cost reduction and efficiency improvement potential in the procurement process.

(V) Efficiency improvement achieved with the "Sharing" concept

As it incorporated the "Sharing" concept into corporate management and enjoyed the advantage of scale, the Group witnessed significant improvement in management standard and efficiency. In a deeper organisational reform, it established the financial service subsidiary to enable member companies to share the services offered thereby. The establishment of provincial-level operation branches at a faster pace further broke down the barriers among farms and plants and enabled member companies to share human resources. The Group established Law-based Longyuan Legal Working Group to better handle legal affairs in a centralised manner and enabled member companies to share the legal services offered by the professional group; set up the energy storage technology sharing subsidiary to develop a centralised and shared distribution and storage pattern and standardise the design of energy storage power station.

(VI) Defense line consolidated with the multi-dimension compliance management

The Group further improved the compliance management system, clarified responsibilities for the three defense lines of compliance management, built the "three-dimension" system incorporating risk, internal control and compliance, developed the "Law-based Longyuan" vigorously, prevented the compliance risk in all business processes and constructed the firewall by identification and monitoring, so as to ward off non-compliance and irregularities. In the meantime, the Group strengthened the capability of mitigating and resisting significant compliance risk by advancing compliance monitoring and investigation to business partners, key customers, target companies of investments, mergers and acquisitions and other third-party cooperators, thereby ensuring compliance, security and stability in business operation.

IV. ANALYSIS OF OPERATING RESULTS

In the first half of 2023, the Group achieved a net profit of RMB5,834 million, representing an increase of 13.5% as compared to RMB5,140 million in the corresponding period of 2022. The net profit attributable to equity holders of the Company was RMB5,124 million, representing an increase of 18.3% as compared to RMB4,332 million in the corresponding period of 2022. Earnings per share was RMB59.97 cents, representing an increase of RMB9.45 cents as compared to RMB50.52 cents in the corresponding period of 2022.

1. Operating revenue

Operating revenue of the Group amounted to RMB19,847 million in the first half of 2023, representing a decrease of 8.4% as compared to RMB21,662 million in the corresponding period of 2022. The decrease of operating revenue was primarily due to: (1) an increase of RMB921 million, or 6.4%, in electricity sales and other revenue of wind power segment to RMB15,215 million in the first half of 2023 as compared to RMB14,294 million in the corresponding period of 2022, which was primarily due to the increases in electricity sales of wind power as compared to the corresponding period of 2022; (2) a decrease of RMB13 million in service concession construction revenue of wind power segment to nil in the first half of 2023 as compared to RMB13 million in the corresponding period of 2022; (3) a decrease of RMB139 million, or 6.8%, in electricity sales of coal power segment to RMB1,901 million in the first half of 2023 as compared to RMB2,040 million in the corresponding period of 2022, which was primarily due to the decreases in electricity sales of coal power as compared to the corresponding period of 2022; (4) a decrease of RMB2,730 million, or 64.4%, in coal sales of coal power segment to

RMB1,507 million in the first half of 2023 as compared to RMB4,237 million in the corresponding period of 2022, which was primarily due to the decreases in sales volume and unit selling price of coal as compared to the corresponding period of 2022; and an increase of RMB19 million, or 4.5%, in revenue from sales of steam to RMB442 million as compared to RMB423 million in the corresponding period of 2022, which was primarily due to the increase in the unit selling price of steam as compared to the corresponding period of 2022; and (5) an increase of RMB148 million, or 47.4%, in revenue from photovoltaic power segment to RMB460 million in the first half of 2023 as compared to RMB312 million in the corresponding period of 2022, which was primarily due to the increase of photovoltaic electricity sales as compared to the corresponding period of 2022.

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

	For the six months ended 30 June			
Operating revenue	**2023**		2022	
	Amount ***(RMB million)***	**Proportion** ***(%)***	Amount *(RMB million)*	Proportion *(%)*
Electricity sales and other revenue of wind power segment	**15,215**	**76.6%**	14,294	65.9%
Electricity sales of coal power segment	**1,901**	**9.6%**	2,040	9.4%
Steam sales of coal power segment	**442**	**2.2%**	423	2.0%
Coal sales	**1,507**	**7.6%**	4,237	19.6%
Electricity sales of photovoltaic power segment	**460**	**2.3%**	312	1.4%
Electricity sales of other renewable energy business	**7**	**0.1%**	40	0.2%
Service concession construction revenue	**–**	**–**	13	0.1%
Others	**315**	**1.6%**	303	1.4%
Total	**19,847**	**100.0%**	21,662	100.0%

2. Other net income

Other net income of the Group amounted to RMB665 million in the first half of 2023, representing an increase of 8.7% as compared to RMB612 million in the first half of 2022, primarily due to the increase in government grants and insurance claim income as compared to the corresponding period of 2022.

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

	For the six months ended 30 June			
Other net income	**2023**		2022	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Government grants	**608**	**91.4%**	570	93.1%
Others	**57**	**8.6%**	42	6.9%
Total	**665**	**100.0%**	612	100.0%

3. Operating expenses

Operating expenses of the Group amounted to RMB11,896 million in the first half of 2023, representing a decrease of 15.5% as compared to RMB14,079 million in the corresponding period of 2022, primarily due to: (1) a decrease of RMB2,655 million in coal sales costs and a decrease of RMB81 million in coal consumption costs in the coal power segment; and (2) an increase of RMB279 million in the depreciation and amortisation expenses, and the timing adjustment of remuneration resulted in the increase of RMB317 million in personnel costs of wind power segment.

4. Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB5,285 million in the first half of 2023, representing an increase of 6.4% as compared to RMB4,967 million in the corresponding period of 2022, primarily due to: (1) an increase of RMB279 million or 5.9% in depreciation and amortisation expenses in the wind power segment over the corresponding period of 2022; and (2) an increase of RMB38 million or 30.3% in depreciation and amortisation expenses in photovoltaic power segment over the corresponding period of 2022.

5. Coal consumption costs

Coal consumption costs of the Group amounted to RMB1,727 million in the first half of 2023, representing a decrease of 4.5% as compared to RMB1,808 million in the corresponding period of 2022, which was primarily due to the decrease in power generation causing the decrease in coal consumption of power generation and heat supply in the first half of 2023.

6. Coal sales costs

Coal sales costs of the Group in the first half of 2023 amounted to RMB1,468 million, representing a decrease of 64.4% as compared to RMB4,123 million in the corresponding period of 2022, which was primarily due to: (1) a decrease of approximately 58.8% in the sales volume of coal as compared to the corresponding period of 2022; and (2) a decrease of approximately 13.6% in the average procurement unit price of coal as compared to the corresponding period of 2022.

7. Service concession construction costs

The Group did not incur any costs of service concession construction in the first half of 2023, representing a decrease of RMB13 million as compared to RMB13 million in the corresponding period of 2022, primarily due to the absence of new service concession projects during the period.

8. Personnel costs

Personnel costs of the Group amounted to RMB2,182 million in the first half of 2023, representing an increase of 18.1% as compared to RMB1,847 million in the corresponding period of 2022, 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 Group amounted to RMB58 million in the first half of 2023, representing a decrease of 43.1% as compared to RMB102 million in the corresponding period of 2022, which was primarily due to the decrease in external procurement of power generation by-products for coal power segment.

10. Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB313 million in the first half of 2023, representing a decrease of 11.6% as compared to RMB354 million in the corresponding period of 2022, primarily due to a decrease of large-scale maintenance and overhaul of the wind power segment in the first half of 2023.

11. Administrative expenses

Administrative expenses of the Group amounted to RMB332 million in the first half of 2023, representing an increase of 0.3% as compared to RMB331 million in the corresponding period of 2022, which was primarily due to the slight increase in travel expenses in the period as compared to the corresponding period of 2022.

12. Other operating expenses

Other operating expenses of the Group amounted to RMB525 million in the first half of 2023, representing a decrease of 3.0% as compared to RMB541 million in the corresponding period of 2022, which was primarily due to the impairment provision of RMB57 million made for the suspended projects in the corresponding period of 2022 as compared to nil in the period.

13. Operating profit

In the first half of 2023, the operating profit of the Group amounted to RMB8,616 million, representing an increase of 5.1% as compared to RMB8,196 million in the corresponding period of 2022, which was primarily due to: (1) an increase of RMB364 million in the operating profits of the wind power segment as a result of the increase in operating income from electricity sales greater than the increase in operating expenses such as depreciation and amortisation in the wind power segment; (2) a decrease of RMB100 million in operating profits of coal power segment with the scaling down of coal sales business in the coal power segment; and (3) an increase of RMB90 million in the operating profit of photovoltaic power segment due to the increase in revenue and decrease in costs of photovoltaic power segment.

14. Net finance expenses

Net finance expenses of the Group amounted to RMB1,563 million in the first half of 2023, representing a decrease of 12.0% as compared to RMB1,776 million in the corresponding period of 2022, which was primarily due to: (1) a decrease of RMB183 million in interest expenses as compared to the corresponding period of 2022 under the combined effect of increase in the interest-bearing liabilities and decrease in fund cost of the Group; (2) an increase of RMB102 million in the unrealised gains recognised for trading securities held in the first half of 2023 as compared to the corresponding period of 2022; (3) an increase of RMB102 million in the Group's net foreign exchange loss in the first half of 2023 as compared to the corresponding period of 2022; (4) an increase of RMB90 million in interest and dividend income on financial assets in the first half of 2023 as compared to the corresponding period of 2022; (5) a decrease of RMB80 million in profit from changes in fair value of the interest rate swap contracts as compared to the corresponding period of 2022; (6) a decrease of RMB14 million in other service charges in the first half of 2023 as compared to the corresponding period of 2022; and (7) a decrease of RMB6 million in the service charge for declining business volume of securitisation of the trade receivables of the Group in the first half of 2023 as compared to the corresponding period of 2022.

15. Share of profits less losses of associates and joint ventures

The Group's share of losses of associates and joint ventures amounted to RMB53 million in the first half of 2023, representing a decrease of RMB58 million, or 52.3% as compared to the share of losses of RMB111 million in the corresponding period of 2022, which was mainly due to the increase in net profit of Jiangsu Nantong Power Generation Co., Ltd., a joint venture, in the first half of 2023 as compared to the corresponding period of 2022.

16. Income tax

In the first half of 2023, the income tax of the Group amounted to RMB1,164 million, representing a decrease of 0.4% as compared to RMB1,169 million in the corresponding period of 2022. Profit before taxes in the period increased by 10.9% compared to the corresponding period of the last year, but the income tax expense was basically the same as the corresponding period of the last year, which was mainly due to that the profit of photovoltaic sector was improving in the period, and multiple newly launched photovoltaic power projects were currently in the exemption period of income tax.

17. Net profit

In the first half of 2023, the net profit of the Group amounted to RMB5,834 million, representing an increase of 13.5% as compared to RMB5,140 million in the corresponding period of 2022, which was mainly due to the increase in net profit of wind power and photovoltaic power segments.

18. Net profit attributable to equity holders of the Company

In the first half of 2023, the net profit attributable to equity holders of the Company amounted to RMB5,124 million, representing an increase of 18.3% as compared to RMB4,332 million in the corresponding period of 2022, which was mainly due to the increase in net profit of wind power and photovoltaic power segments.

19. Segment Results of Operations

Wind power segment

Operating revenue

In the first half of 2023, the operating revenue of the wind power segment of the Group amounted to RMB15,215 million, representing an increase of 6.4% from RMB14,306 million in the corresponding period of 2022, which was mainly due to the increase in the revenue from electricity sales in the wind power segment resulting from the increase in installed capacity and utilisation hours.

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**			
	2023		2022	
	Amount *(RMB million)*	**Proportion *(%)***	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**15,209**	**100.0%**	14,278	99.8%
Service concession construction revenue	**–**	**0.0%**	13	0.1%
Others	**6**	**0.0%**	15	0.1%
Total	**15,215**	**100.0%**	14,306	100.0%

Operating profit

In the first half of 2023, the operating profit of the wind power segment of the Group amounted to RMB8,337 million, representing an increase of 4.6% from RMB7,973 million in the corresponding period of 2022, which was mainly due to the increase in operating income from electricity sales greater than the increase in operating expenses such as depreciation and amortisation in the wind power segment, resulting in the increase in operating profit of wind power segment.

Coal Power Segment

Operating revenue

In the first half of 2023, the operating revenue of the coal power segment of the Group amounted to RMB4,103 million, representing a decrease of 40.9% as compared to RMB6,947 million in the corresponding period of 2022, which was mainly due to: (1) a decrease of RMB2,730 million in coal sales in the first half of 2023 as compared to the corresponding period of 2022 as the result of decreases in sales volume and the unit selling price of coal; and (2) a decrease of RMB139 million in electricity sales of coal power segment in the first half of 2023 as compared to the corresponding period of 2022 as the result of decreasing quantity of electricity sales and electricity price.

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

Operating revenue	**For the six months ended 30 June**			
	2023		2022	
	Amount *(RMB million)*	**Proportion *(%)***	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**1,901**	**46.3%**	2,040	29.4%
Revenue from sales of steam	**442**	**10.8%**	423	6.1%
Revenue from coal trading	**1,507**	**36.7%**	4,237	61.0%
Others	**253**	**6.2%**	247	3.5%
Total	**4,103**	**100.0%**	6,947	100.0%

Operating profit

In the first half of 2023, the operating profit of the coal power segment of the Group amounted to RMB208 million, representing a decrease of 32.5% as compared to RMB308 million in the corresponding period of 2022, which was mainly due to the scaling down of coal sales business of coal power segment.

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

	For the six months ended 30 June			
Operating profit	**2023**		2022	
	Amount *(RMB million)*	**Proportion *(%)***	Amount *(RMB million)*	Proportion *(%)*
Sales of electricity, steam and others	**169**	**81.2%**	194	63.0%
Coal sales business	**39**	**18.8%**	114	37.0%
Total	**208**	**100.0%**	308	100.0%

Photovoltaic power segment

Operating revenue

In the first half of 2023, the operating revenue of the photovoltaic power segment of the Group amounted to RMB461 million, representing an increase of 47.8% as compared to RMB312 million in the corresponding period of 2022, which was mainly due to the increase in the revenue from electricity sales in the photovoltaic power segment resulting from the increase in installed capacity.

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

Operating revenue	For the six months ended 30 June			
	2023		2022	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**460**	**99.9%**	312	100.0%
Others	**1**	**0.1%**	–	0%
Total	**461**	**100.0%**	312	100.0%

Operating profit

In the first half of 2023, the operating profit of the photovoltaic power segment of the Group amounted to RMB231 million, representing an increase of 63.8% as compared to RMB141 million in the corresponding period of 2022, which was mainly due to the combined effect of increase in revenue and decrease in engineering cost of photovoltaic power segment.

Other Segments

Operating revenue

In the first half of 2023, the operating revenue of other segments of the Group amounted to RMB259 million, representing an increase of 33.5% as compared to RMB194 million in the corresponding period of 2022, which was mainly due to the increase in revenue from consulting and design services.

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

Operating revenue	**For the six months ended 30 June**			
	2023		2022	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**7**	**2.7%**	40	20.6%
Revenue from EPC	**–**	**0.0%**	22	11.3%
Revenue from consulting and design services	**228**	**88.0%**	103	53.1%
Others	**24**	**9.3%**	29	15.0%
Total	**259**	**100.0%**	194	100.0%

Operating profit

In the first half of 2023, the operating profit of other segments of the Group amounted to RMB8 million, representing an increase of RMB87 million compared to the corresponding period of 2022, which was mainly due to the increase in revenue from consulting and design services.

20. Assets and Liabilities

As at 30 June 2023, the total assets of the Group amounted to RMB233,340 million, representing an increase of RMB10,118 million as compared with total assets of RMB223,222 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB4,062 million in current assets including trade and bills receivables; and (2) an increase of RMB6,056 million in non-current assets including property, plant and equipment.

As at 30 June 2023, the total liabilities of the Group amounted to RMB149,172 million, representing an increase of RMB5,695 million as compared to total liabilities of RMB143,477 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB8,333 million in non-current liabilities including long-term borrowings; and (2) a decrease of RMB2,638 million in current liabilities including short-term borrowings.

As at 30 June 2023, the equity attributable to equity holders of the Company amounted to RMB72,397 million, representing an increase of RMB3,948 million as compared with RMB68,449 million as at 31 December 2022, which was mainly due to the increase in earnings from business in the first half of 2023.

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

Assets	**30 June 2023 Amount** ***(RMB million)***	31 December 2022 *Amount* *(RMB million)*
Property, plant and equipment	**154,273**	151,600
Investment properties	**7**	7
Right-of-use assets	**5,336**	3,802
Intangible assets and goodwill	**6,212**	6,483
Other non-current assets	**10,585**	8,465
Current assets	**56,927**	52,865
Total	**233,340**	223,222

Liabilities	**30 June 2023 Amount *(RMB million)***	31 December 2022 Amount *(RMB million)*
Long-term borrowings	**73,983**	66,359
Deferred income and deferred tax liabilities	**1,184**	1,226
Lease liabilities (long-term)	**1,279**	711
Other non-current liabilities	**1,337**	1,154
Current liabilities	**71,389**	74,027
Total	**149,172**	143,477

Equity	**30 June 2023 Amount *(RMB million)***	31 December 2022 Amount *(RMB million)*
Equity attributable to equity holders of the Company	**72,397**	68,449
Non-controlling interests	**11,771**	11,296
Total	**84,168**	79,745

21. Capital Liquidity

As at 30 June 2023, the current assets of the Group amounted to RMB56,927 million, representing an increase of RMB4,062 million as compared with the current assets of RMB52,865 million as at 31 December 2022, which was mainly attributable to the increase in trade and bills receivables.

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

Current assets	**30 June 2023**		31 December 2022	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Trade and bills receivables	**34,052**	**59.8%**	27,658	52.3%
Prepayments and other current assets	**3,397**	**6.0%**	3,428	6.5%
Cash at banks and on hand and restricted deposits	**18,095**	**31.8%**	20,476	38.7%
Others	**1,383**	**2.4%**	1,303	2.5%
Total	**56,927**	**100.0%**	52,865	100.0%

As at 30 June 2023, the current liabilities of the Group amounted to RMB71,389 million, representing a decrease of RMB2,638 million as compared with the current liabilities of RMB74,027 million as at 31 December 2022, which was mainly attributable to the decrease in short-term borrowings.

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

Current liabilities	**30 June 2023**		31 December 2022	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Short-term borrowings	**50,300**	**70.5%**	53,279	72.0%
Trade and bills payables	**2,461**	**3.4%**	2,936	4.0%
Other current liabilities	**17,806**	**24.9%**	17,132	23.0%
Lease liabilities (short-term)	**260**	**0.4%**	267	0.4%
Tax payable	**562**	**0.8%**	413	0.6%
Total	**71,389**	**100.0%**	74,027	100.0%

As at 30 June 2023, the net current liabilities of the Group amounted to RMB14,462 million, representing a decrease of RMB6,700 million as compared with the net current liabilities of RMB21,162 million as at 31 December 2022. The liquidity ratio was 0.80 as at 30 June 2023, representing an increase of 0.09 as compared with the liquidity ratio of 0.71 as at 31 December 2022. The increase in liquidity ratio was mainly attributable to the increase in the current assets such as trade receivables. The restricted deposits amounted to RMB425 million, which mainly represent monetary funds used for repaying bank loans and deposits for land rehabilitation.

22. Borrowings and Bills Payables

As at 30 June 2023, the Group's balance of the borrowings and bills payables amounted to RMB125,671 million, representing an increase of RMB4,363 million as compared with the balance of RMB121,308 million as at 31 December 2022. As at 30 June 2023, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB51,688 million (including long-term borrowings due within one year of RMB15,234 million, debentures payables due within one year of RMB2,238 million and bills payables of RMB1,388 million) and long-term borrowings amounting to RMB73,983 million (including debentures payables of RMB10,929 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB117,710 million, borrowings denominated in U.S. dollars of RMB2,735 million and borrowings denominated in other foreign currencies of RMB3,838 million. As at 30 June 2023, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB1,766 million and corporate bonds with fixed interest rates of RMB10,929 million. As at 30 June 2023, the balance of bills payables issued by the Group amounted to RMB1,388 million.

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

Borrowings and bills payables	**30 June 2023**		31 December 2022	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bank loans	**78,582**	**62.5%**	68,726	56.7%
Loans from third party	**556**	**0.4%**	–	–
Loans from fellow subsidiaries	**21,631**	**17.3%**	17,835	14.7%
Loans from associated company and joint venture	**347**	**0.3%**	100	0.1%
Corporate bonds	**23,167**	**18.4%**	32,978	27.2%
Bills payables	**1,388**	**1.1%**	1,669	1.3%
Total	**125,671**	**100.0%**	121,308	100.0%

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

Borrowings and bills payables	**30 June 2023**		31 December 2022	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Within 1 year	**51,688**	**41.1%**	54,949	45.3%
1-2 years	**19,508**	**15.5%**	15,901	13.1%
2-5 years	**16,333**	**13.0%**	17,528	14.4%
Over 5 years	**38,142**	**30.4%**	32,930	27.2%
Total	**125,671**	**100.0%**	121,308	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 2023		31 December 2022	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bills payables	**1,388**	**1.1%**	1,669	1.4%
Fixed rate borrowings	**33,500**	**26.7%**	42,555	35.1%
Floating rate borrowings	**90,783**	**72.2%**	77,084	63.5%
Total	**125,671**	**100.0%**	121,308	100.0%

23. Capital Expenditure

The capital expenditures of the Group amounted to RMB9,286 million as at 30 June 2023, representing an increase of 40.6% as compared to RMB6,604 million as at 30 June 2022, among which, the expenditures for the construction of wind power projects amounted to RMB3,672 million, and the expenditures for the construction of other renewable energy projects amounted to RMB5,382 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	30 June 2023		30 June 2022	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Wind power projects	**3,672**	**39.5%**	5,462	82.7%
Photovoltaic power projects	**5,382**	**58.0%**	899	13.6%
Others	**232**	**2.5%**	243	3.7%
Total	**9,286**	**100.0%**	6,604	100.0%

24. Net Gearing Ratio

As at 30 June 2023, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 56.24%, representing an increase of 0.05 percentage points from 56.19% as at 31 December 2022. This was primarily due to the increase in debts being slightly higher than the increase in total equity in the first half of 2023.

25. Major Investments

In the first half of 2023, the Group had no major investments.

26. Material Acquisitions and Disposals

The Group made no material acquisitions and disposals in the first half of 2023.

27. Pledged Assets

As at 30 June 2023, the general bank loans and bonds of the Group amounting to RMB13,258 million were secured by equipment with a carrying amount of RMB3,633 million and inventories with a carrying amount of RMB4 million and the usufruct of accounts receivable generated from future electricity sales of the Group.

28. Contingent Liabilities/Guarantees

As of 30 June 2023, the Group provided a counter-guarantee of not more than RMB15 million to the controlling shareholder of an associate, and the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.

29. Cash Flow Analysis

As at 30 June 2023, the bank deposits and cash held by the Group amounted to RMB17,669 million, representing a decrease of RMB669 million as compared to RMB18,338 million as at 31 December 2022, which was mainly due to the investment in wind power and photovoltaic power projects. The principal sources of funds of the Group mainly included self-owned funds and external borrowings. The Group mainly used the funds for replenishing working capital and the construction of projects.

The net cash inflow from the Group's operating activities amounted to RMB7,998 million in the first half of 2023, representing a decrease of RMB8,049 million as compared to RMB16,047 million in the corresponding period of 2022, which was mainly due to the decrease in the amount of subsidy funds for tariff premium received.

The net cash outflow from investing activities of the Group was RMB11,179 million in the first half of 2023. The cash outflow from investing activities was mainly used for the construction of wind power and photovoltaic power projects.

The net cash inflow from financing activities of the Group was RMB2,530 million in the first half of 2023. 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. RISK FACTORS AND RISK MANAGEMENT

1. Policy Risk and Countermeasures

In accordance with the Guiding Opinions on Accelerating the Building of a Nationwide Unified Electricity Market System, by 2025, the nationwide unified electricity market system will be preliminarily built, and the trading scale of green electricity will significantly increase, which will be conducive to the preliminary development of market transactions and price mechanisms for new energy and energy storage. In terms of top-level design, the policy direction for further participation of renewable energy in market-based trading has been clearly defined, and provinces and regions have also carried out varying degrees of market-based construction and experimentation. The trading scale of new energy market will continue to expand, and the proportion of new energy market transactions will further increase, which may lead to the risk of a decrease in electricity prices in the future. In addition, with the decrease in coal prices in 2023, the cost of coal power decreased, leading to a reduction in the marginal cost for enterprises. It is expected that the quotation in the spot market will decrease, and the decrease in coal power prices will further drive down the electricity prices of new energy transactions, and the decrease in spot trading electricity prices will further drive down medium to long-term trading prices. The Group will track relevant national policies, conduct analysis on the new energy power market and research on transaction policies, analyse the situation, opportunities and the impact of the policies, take effective measures to guide the implementation of favourable policies and overcome the downward pressure on electricity prices. In line with the characteristics and trading rules of new energy power transactions, the Group will strengthen the management of the entire process of market-based trading decision-making, declaration and settlement, proactively adapt to external changes, and stimulate endogenic driving force.

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 2023, 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 of the end of June 2023, the Group had substantial projects in 31 provincial-level administrative regions 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

Under the dual carbon target, the installed capacity of new energy continues to increase. However, compared with the development speed of new energy, the construction of grid is relatively lagging behind, and the problem of weak local grid structure and insufficient external transmission channels still exists. In some areas such as Gansu, Inner Mongolia, Jilin, Shaanxi and Hebei, the constraints of local grid structure exacerbate the risk. On the other hand, large-scale wind power and photovoltaic power base projects focusing on desert, gobi, and desert areas have been successively on-grid and put into production. The consumption of the wind power and photovoltaic power bases requires both the addition of ultra-high voltage and the improvement of the utilization efficiency of existing ultra-high voltage transmission channels, however, the construction progress of new ultra-high voltage channels does not match that of power source. With the increase in the concentration of new energy projects, the pressure on consumption in some western and northern regions also increased. Based on different characteristics and situations in each region, the Group will continue to enhance the communications with the competent government authorities and power grid dispatching, and actively promote the improvement of local grid, and meanwhile expand consumption channels and strive for favorable policies and power generation spaces.

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 2023, facing the volatility of the coal market, the Group proactively took multiple measures and continuously adjusted the fuel procurement plan and strategy to ensure more than 15 days' coal inventory, effectively guaranteeing the fuel supply. The Group strengthened communication with its existing long-term suppliers such as CHN Energy, China Coal Group and Yitai Group to ensure that the contracted coal was delivered on time and in sufficient quantities. At the same time, the Group kept a close eye on market trends, enhanced market analysis, and scientifically grasped fuel procurement strategies and strength. While ensuring the heating value of coal as fired across generating units, the Group actively explored coal types with relatively low market prices, fully utilising activeness to ensure that both the heating value and price of coal as fired were under control. With the effective countermeasures mentioned above, the power generation cost of the Group's coal power plants has gradually decreased compared with the previous two years.

7. **Risk in Overseas Projects and Countermeasures**

The current external environment is complex and ever-changing, characterized by both competition and cooperation in the Sino-US relationship in the new era; the conflict between Russia and Ukraine continues, geopolitical risks in Europe and Central Asia are increasing, and globalization is experiencing a reversal; competition for national projects in key regions such as Southeast Asia and South Africa is becoming increasingly fierce. With high global inflation, exchange rates and interest rates are fluctuating intensively.

In the first half of 2023, the Group improved management efficiency, took overall measures to prevent risks of overseas projects in operation and new development projects, and continued to perfect compliance system construction; intensified tracking analysis of the conflict between Russia and Ukraine as well as the risk prevention of Ukrainian projects, maintained close communication with relevant ministries and commissions, and ensured the local operation and maintenance of projects in operation and the equipment safety of projects under construction and supplier relationship maintenance, laying a solid foundation for subsequent resumption of work and production; strengthened personnel safety awareness avoid the occurrence of safety incidents, and conducted emergency drills and safety risk assessment for companies in South Africa and Canada according to the plan, while continuously enhancing overall safety protection capabilities by implementing information collection and analysis mechanisms.

VI. BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2023, the Group will deeply carry out the education on the theme of studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely focus on the annual work tasks and the "14th Five-Year Plan" goals, effectively implement the "two ways" of improving the core competitiveness and enhancing core functions of enterprises, fully play the "three roles" of technological innovation, industrial control, and security support, and highlight the importance of ensuring safety, seeking development, stabilizing growth, having the courage to innovate, promoting reform and strengthen Party building, and efficiently coordinate all work, so as to ensure high-quality completion of annual goals and tasks.

In the second half of 2023, the Group will focus on the following tasks:

1. Adhere to strengthening responsibility as well as addressing both symptoms and root causes, and strive to improve the level of intrinsic safety;

2. Adhere to independent development as well as diversified and rapid development, and strive to improve the quality and efficiency of new energy development;

3. Adhere to optimizing operations as well as improving quality and efficiency, and strive to enhance value creation capabilities;

4. Adhere to innovation driven as well as achievement transformation, and strive to enhance the role of technology support;

5. Adhere to deepening reform as well as implementing precise policies, and strive to improve enterprise management capabilities;

6. Adhere to the guidance of Party building as well as promotion in depth, and strive to improve the effectiveness of guidance and guarantee.

OTHER INFORMATION

Subsequent Events After the Reporting Period

Mr. Chen Qiang has resigned from his position as the deputy general manager of the Company due to changes in his job arrangements, with effect from 17 August 2023.

As elected at the 2023 second extraordinary general meeting, Mr. Liu Jinji has been appointed as a supervisor of the Company with effect from 29 August 2023 until the expiry of the fifth session of the Supervisory Board. On the same day, Mr. Liu Jinji has been elected as the chairman of the Supervisory Board of the Company by the Supervisory Board with effect from 29 August 2023 until the expiry of the fifth session of the Supervisory Board.

On 30 June 2023, Mr. Shao Junjie resigned from his position as a supervisor and the chairman of the Supervisory Board of the Company due to his age, with effect from 29 August 2023.

Save for the afore-mentioned, there are no material subsequent events after the Reporting Period.

Share Capital

As of 30 June 2023, the total share capital of the Company amounted to RMB8,381,963,164, divided into 8,381,963,164 shares with a par value of RMB1.00 each, comprising 5,041,934,164 A shares and 3,340,029,000 H shares in total. There was no change in the share capital of the Company during the Reporting Period.

Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2023.

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 for the six months ended 30 June 2023.

Compliance with the Requirements of Appendix 14 to the Listing Rules

During the period from 1 January 2023 to 30 June 2023, 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 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 2023 to 30 June 2023. The Board will examine the corporate governance and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee include, but not limited to: 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; to organise and promote the development of the rule of law in the Company, and to receive reports on the work on the development of the rule of law in the Company.

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 29 August 2023, the Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2023, 2023 interim report, the unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 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 2023 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
Chairman

Beijing, the PRC, 29 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Tang Jian and Mr. Gong Yufei; 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*