Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

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

Stock Code：00579

2011
Annual Report

Designed & Produced by **HeterMedia Services Limited**

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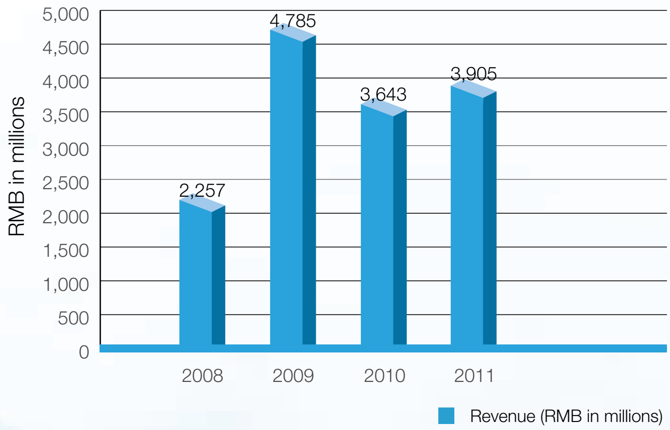
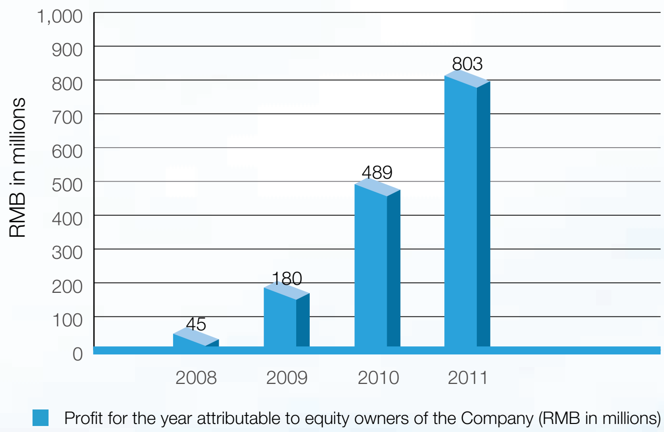
FINANCIAL HIGHLIGHTS

Revenue



Profit for the year attributable to equity owners of the Company



Earnings per share

FINANCIAL SUMMARY

	Year ended December 31			
	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**3,905,030**	3,642,818	4,785,453*	2,256,653*
Other income	**962,124**	609,044	580,246	502,242
Profit from operations	**1,490,707**	1,009,044	477,300	244,064
Profit before taxation	**1,070,544**	577,083	216,737	69,189
Income tax expense	**(175,559)**	(56,280)	(17,790)	(19,954)
Profit for the year	**894,985**	520,803	198,947	49,235
Total comprehensive income	**894,985**	520,803	201,171	46,794
Profit for the year attributable to:				
– Equity owners of the Company	**803,455**	488,919	179,585	44,956
– Non-controlling interests	**91,530**	31,884	19,362	4,279
	894,985	520,803	198,947	49,235
Total comprehensive income for the year attributable to:				
– Equity owners of the Company	**803,455**	488,919	181,809	42,515
– Non-controlling interests	**91,530**	31,884	19,362	4,279
	894,985	520,803	201,171	46,794
Earnings per share (RMB cents)				
Basic and diluted	**15.98**	10.23	4.88	1.75

* Certain construction service revenue under concession arrangements incurred in the year ended December 31, 2009 and 2008

	At December 31			
	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**25,301,053**	20,849,260	19,374,610	12,400,783
Non-current assets	**20,942,453**	18,326,278	17,356,194	11,279,111
Current assets	**4,358,600**	2,522,982	2,018,416	1,121,672
Total liabilities	**16,141,653**	13,775,803	13,809,067	8,245,313
Current liabilities	**7,941,118**	4,843,443	5,297,323	4,303,823
Non-current liabilities	**8,200,535**	8,932,360	8,511,744	3,941,490
Net assets	**9,159,400**	7,073,457	5,565,543	4,155,470
Capital and reserves				
Registered capital/share capital	**6,032,200**	5,000,000	1,006,441	500,000
Reserves	**2,749,385**	1,764,180	4,270,111	3,214,708
Equity attributable to equity owners of the Company	**8,781,585**	6,764,180	5,276,552	3,714,708
Non-controlling interests	**377,815**	309,277	288,991	440,462
Total equity	**9,159,400**	7,073,457	5,565,543	4,155,170

Note:

The financial information of the Group for the years ended December 31, 2008, 2009 and 2010 was extracted from the prospectus of the Group dated December 12, 2011, including the details of basis of presentation of these consolidated financial statements. The financial information of the Group for the year ended December 31, 2011 are set out on page 63 to 143 in this annual report, and have been prepared on the basis of presentation stated in note 2 to the financial statements.

CORPORATE PROFILE

"Our Company, a subsidiary of BEIH, was listed on the main board of Stock Exchange on December 22, 2011. A total of 1,135,420,000 H shares were issued at an offer price of HK$1.67 per share (the "IPO"). After the over-allotment option exercised on January 13, 2012, our Company issued a total of 1,637,546,000 H shares."

Our Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy business portfolio including gas-fired power and heat energy generation, wind power, small to medium hydropower and other clean energy generation businesses.

The diversified business portfolio enables us to make the most of the future development opportunities brought about by the clean energy generation as well as to consolidate our competitive advantages in the medium to long term.

In the coming years, we aim to increase the scale of our gas-fired power and heat energy generation business and continue to expand our wind power operation in strategic locations with abundant wind resources and high returns. In the meanwhile, we will develop other types of clean energy business with a goal to make the company an industry-leading, nationally first-class and internationally renowned clean energy provider.

CHAIRMAN'S STATEMENT

LU Haijun
Chairman

DEAR SHAREHOLDERS,

The global economy was successively affected by the aftermath of the financial crisis and the European debt crisis in 2011. At the end of the year, our Company bucked continuous slowdown of global stock market to go public and was successfully listed on the main board of the Stock Exchange on December 22, 2011, becoming a clean energy development platform with an access to the international capital market.

2011 marked the beginning of the leapfrogging development. During the year, our Company optimized the management, standardized the operation system and systematized the strategies with a goal to bring actual returns to our massive investors. Our profitability grew significantly that the profit attributable to our Company's equity holders increased by 64.33% to RMB803.5 million from RMB488.9 million at the end of 2010. The total assets amounted to RMB25,301.1 million.

Leveraging our continuous efforts in consolidating our industry-leading position in Beijing, we responded to the "Twelfth Five-Year Plan" on energy of the country and Beijing by constructing the modern clean energy system and expediting the construction of the "Four Major Thermal Power Centers" in Beijing. We also worked on developing regional energy markets. In the meanwhile, qualified projects of different segments such as wind power, hydropower and solar power were strongly promoted to achieve healthy development of various segments which continued to increase our Company's value and enhance our sustainable development.

2012 is so important that it serves as a link between the past and the future in respect of the "Twelfth Five-Year Plan". China will further advocate the strategic adjustment to its energy structure by raising the proportion of clean energy. Continuous development and upgrade will be provided to the clean energy industry in terms of scale and efficiency. Meanwhile, the continuously clearer policies in the clean energy industry will also create favorable conditions for our Company. Especially, Beijing Municipal Government, with an aim to achieve the PM2.5 monitor goal, potently introduced the "Coal-free" within the 5th ring road in Beijing, which will further advance the scheduled date for the Company's projects. We will maintain the momentum in our healthy development and capture any opportunities available while following the "Twelfth Five-Year Plan". We see Beijing as our crucial base and are effectiveness-oriented with a goal to develop ourselves into a world-class and nationally leading clean energy provider. We will look for more development opportunities as well as bring more attractive investment returns to our shareholders.

Lastly, on behalf of our Board, I would like to express my sincere thanks to our Shareholders and the public for your trust and support.

LU Haijun
Chairman
March 28, 2012

GENERAL MANAGER'S STATEMENT

2011 was an extraordinary year, a year signifying complicated macro-economic situation in the PRC and the world, a year for the challenging environment of the Company's development, a year for the outstanding achievement of the Company's production and business operations as well as the preliminary projects with solid foundation and accelerating development, and a year witnessing the rapid and robust growth of the Company. With the strong support from our Shareholders and investors and the insightful decisions of our Board, our management and staff members as a whole worked together and went all out to earnestly implement the Board's plans and requirements during the year. They followed our Company's working ideas, objectives and major tasks set at the beginning of the year. They positively and practically responded to and overcame different challenges. They helped our Company achieve our major objectives one by one under an extremely difficult environment, and eventually realized our successful listing on the main board of the Stock Exchange. In 2011, we achieved fairly good economic returns as our profits outstripped the target set earlier while a stable workforce was maintained. Satisfactory results were attained in our production, capital operation, project management and construction engineering.

MENG Wentao
General Manager

Looking back the year 2011, we bucked adverse circumstances to seek opportunities amid challenges. The year of hardships inspired us that the harder the situation was, the more concerted efforts and more courage to overcome difficulties would be needed; and the greater the challenge was, the stronger capability to confront the challenges and more unwavering confidence to seek development would be needed.

Looking into 2012, there are opportunities as well as challenges. We are optimistic about our operation and development as a whole as there are many favorable conditions. With the support of our Shareholders and investors, and based on the insightful decisions of the Board, we will continue to insist on our dedicated working spirit to overcome any difficulty we face. We will also act persistently and dauntlessly in innovation. Advocating our corporate culture which embraces unity, efficiency, creditworthiness and pragmatic attitude, we aim to build up confidence, work in a pragmatic manner, strengthen our execution force and standardize our operations for an outstanding results in the first year after listing.

MENG Wentao
General Manager
March 28, 2012

I. INDUSTRY REVIEW

In 2011, the economies of the US and Europe were beset with the debt crisis, leading to a dampened global economic growth, decelerated international trade, and increased exposure to all kinds of risks, all of which exerted downward pressure on the economy of China. Under such circumstances, China managed to maintain steady and relatively fast economic growth by proactively implementing the macro-economic control policies of "achieving steady growth, controlling prices, and adjusting the economic structure". In 2011, China's GDP reached RMB47.2 trillion, an increase of 9.2% over the previous year, which consolidated and expanded its achievements of resilience in defying global financial crisis, and marked a good start for the "Twelfth Five-Year Plan" period. In spite of the satisfactory overall growth, China's economy is facing challenges in its structure, development and system and there remains room for further improvement in the external environment for the economic development of China.

In 2011, the National Energy Bureau and the Beijing Municipal Commission of Development and Reform (the "**BJPC**") issued the "Twelfth Five-year Plan for National Energy Technology" and "Energy Development Plan of Beijing for the Twelfth Five-year Period", respectively. The "Energy Development Plan of Beijing for the Twelfth Five-year Period" (the "**Plan**") specified the goal of accelerating the adjustment to energy structure and to realize the leap forward for the development of natural gas usage. The Plan provides that by 2015, clean energy application in Beijing shall reach over 80% and the aggregate natural gas consumption shall be doubled; the annual consumption for natural gas shall increase from 7.5 billion m^3 in 2010 to 18 billion m^3 by 2015; the development of natural gas shall reach the full accelerating stage with the areas of application undergoing structural transformation, shifting from "cooking and heating" to "cooking, heating and heat and power cogeneration".

In 2011, Beijing took the lead to monitor PM2.5 (namely, particulate matter with a diameter of 2.5 millimeters in the atmosphere) and control its emission source. According to the requirement of the monitoring measures, the BJPC has compiled specific implementation plan that aligns with the goal of "coal-free within the 5th ring road" as set forth in the Plan, and targeted to speed up the implementation of "Four Major Thermal Power Centers" projects which are under construction and planning, of which the following projects are held by the Company – the construction of the Southwest Thermal Power Center – Jingqiao Gas-fired Power Project which kick-started in full wing in the first quarter of 2011 and was about to be put in operation in 2012 with an installed capacity of 838 MW; Northeast Thermal Power Center – Gaoantun Gas-fired Power Project which was approved in 2011, and was about to swing into operation in 2013 with an installed capacity of 845 MW; Northwest Thermal Power Center – Jingxi Gas-fired Power Project which was granted a preliminary approval with a total additional installed capacity of 1,308 MW, the operation of which will be advanced from 2014 to 2013.

The potent introduction of "coal-free" within the 5th ring road in Beijing will advance the scheduled date for commencement of operation of the projects under construction held by the Company and enhance the effectiveness in capital utilization. Meanwhile, the approval progress for the development of the Company's projects which are at preliminary stage will also speed up. The monitoring of the concentration of PM2.5 is expected to benefit the Company significantly.

In face of the favorable opportunity posed by the State and Beijing municipal government in encouraging the development of clean energy, the Company actively taps on the positive trend brought by the accelerated adjustment in energy structure of Beijing through stepping up efforts in development, rolling out construction projects, reinforcing safety production management, implementing detailed cost control and enhancing the management system. Remarkable achievements are evident in various aspects of the Company's operation and management.

II. BUSINESS REVIEW

The Group has experienced rapid development in 2011. During the year, the Group achieved and exceeded various operating goals, representing a major leap forward compared with 2010.

Profit and total comprehensive income attributable to equity owners of the Company for the year ended December 31, 2011 amounted to RMB803.5 million, an increase of 64.33% as compared with the corresponding period in 2010 and achieved the target profit attributable to equity owners of the Company for 2011 estimated prior to our Listing.

For the year ended December 31, 2011, the consolidated installed capacity of the Group's projects under construction amounted to 1,288.4 MW and the consolidated installed capacity approved by the State and provincial development and reform commissions amounted to 1,175.5 MW, which marked our success in achieving the goal set out for the first stage of the Group's Multiplied Capacity Plan.

1. Detailed cost management, significant increase in profitability and profit margin

With the expansion in the scale of installed capacity, the Group remained focused on improving safety production, achieving detailed cost control, optimizing the operation management of projects that have commenced production, paying attention to tariff reporting and price premium collection; leveraging on various favorable policies, striving to lower finance costs and increasing the efforts on the Clean Development Mechanism (the "CDM") project development with an aim to increase the Company's profitability. The profit and total comprehensive income attributable to equity owners of the Company in 2011 amounted to RMB803.5 million, representing an increase of 64.33% as compared with the corresponding period in 2010.

	2011 (RMB million)	2010 (RMB million)	Change (%)
Net profits attributable to shareholders	**803.5**	488.9	64.33

2. Gas-fired power projects under the Group raised grid tariff twice during the year under strong support from policies of the National Development and Reform Commission (the "NDRC")

In 2011, the Taiyanggong Gas-fired Power Project and Jingfeng Gas-fired Power Project under the Group received strong policy support from NDRC. Grid tariff increased twice during the year on April 10, 2011 and December 1, 2011, initially from RMB528 per MWh (VAT inclusive) to RMB538 per MWh (VAT inclusive), then to RMB573 per MWh (VAT inclusive). Total increase in grid tariff amounted to RMB45 per MWh, which served as the main safeguard to the results of the Company's continued operations.

3. Exploring the solar power field with development for the first megawatt scale large on-ground solar power station which connected to grid network in Beijing approved

In 2011, the Group obtained approval from the BJPC for the development of the Comprehensive Pilot Project of the Jingneng Badaling Solar Power Plant. The approved total installed capacity for the new solar power station was 31.08 MW. Being the first megawatt scale large on-ground solar power station which connected to grid network in Beijing, it is also the largest solar power project in Beijing. The Group also obtained approval to develop the Ningxia Taiyangshan Wind and Solar Power Complementary Project in 2011, in which the approved installed capacity of solar power was 10MW.

4. Unreserved efforts on enhancing technological innovation capability, with several projects passing national assessment for technological projects

The Group achieved major technological breakthroughs in 2011. The centralized control for wind power obtained PRC utility model patent. The utilization of heat recovered from steam in the Gaoantun Gas-fired Power Project passed the assessment of the PRC Ministry of Science and Technology. "The Key Technologies for the Increase in Efficiency of the Heating System of Cities with Demonstrations" in the Gas-fired Power Project for Future High-tech City was included as one of the key supported projects in "Twelfth Five-year Plan" by the PRC Ministry of Science and Technology. The Gas-fired Power Project for Future High-tech City was chosen as a demonstrative project for the development of decentralized energy in the "Twelfth Five-year" period by the Energy Bureau of the NDRC.

5. The Multiplied Capacity Plan commenced during the year and the goal for the first stage has been achieved as scheduled

The Group implemented the Multiplied Capacity Plan during the Reporting Period. The aim of the plan is to achieve a five-fold increase in the Group's installed capacity in five years from the beginning of the Reporting Period by building new projects or acquiring existing ones.

The consolidated installed capacity of the Group in operation, newly built or approved during the Reporting Period amounted to 2,463.9 MW. The consolidated installed capacity of the Group in operation, under construction and approved for the year ended December 31, 2011, amounted to 4,755.05 MW, representing an increase of 108% from 2,291.15 MW at the beginning of the Reporting Period, thus achieving the objective for the first stage of the Multiplied Capacity Plan as scheduled.

6. The Group gained greater support from the strong coalition of shareholders and the integration of the upstream and downstream industry chain

In December 2011, the Beijing Municipal Government announced the reorganization of the Group's two shareholders, BEIH and BDHG. Pursuant to the "Notice for the Implementation of Reorganization between Beijing Energy Investment Holding Co., Ltd and Beijing District Heating (Group) Co, Ltd" (Jing Guo Zi [2011] No.277) issued by the Beijing SASAC, the state-owned assets of BDHG shall be transferred to BEIH at nil consideration and BEIH shall perform the duties as a contributor.

BDHG is the nation's largest concentrated heat supply corporation capable of construction, management, coordination and operation. The reorganization represents a major strategic move of integrating the industry chain of energy supply in Beijing, extends the control of resources by BEIH (the Company's controlling shareholder) and further enhances its leading position in the energy industry in Beijing, providing the Company with a strong resource assurance for market exploration and the implementation of projects in Beijing.

After the reorganization, the Group will benefit from the strong coalition of shareholders and the integration of the upstream and downstream industry chain, enabling it to implement the "Four Thermal Power Centers" projects in Beijing more efficiently, and to take initiatives in the implementation of "Twelfth Five-year" energy plan of Beijing.

7. Stepping up efforts on CDM project development

The Group has a specialized team for the development of CDM projects. The total number of CDM projects approved by NDRC for the year ended December 31, 2011 amounted to 29; eight new CDM projects have been successfully registered with the CDM Executive Board ("**CDM EB**"), and the installed capacity of the newly registered projects was 594 MW.

For the year ended December 31, 2011, the Group successfully registered an aggregated total of 21 CDM projects, among which 18 were wind power projects with a total installed capacity of 1,174 MW, two were gas-fired power projects with a total installed capacity of 1,190 MW, and one was hydropower project with a total installed capacity of 15 MW.

III. OPERATING RESULTS AND ANALYSIS

1. Overview

The Company's profitability was improved substantially in 2011. Net profit for the year amounted to RMB895.0 million, representing an increase of 71.85% as compared to RMB520.8 million in 2010. Profit and total comprehensive income attributable to equity owners of the Company amounted to RMB803.5 million, representing an increase of 64.33% as compared to RMB488.9 million in 2010.

2. Operating income

Our total revenue increased by 7.20% from RMB3,642.8 million in 2010 to RMB3,905.0 million in 2011 due to increased sales of power as a result of increased sales of electricity from the gas-fired power and heat energy generation segment and increased production capacity of the wind power segment in 2011. The total adjusted operating income (calculated by using our total revenue, subtracting service concession construction revenue, and adding government grants and subsidies related to clean energy production) increased by 11.67% from RMB4,063.3 million in 2010 to RMB4,537.5 million in 2011, due to increased government grants and subsidies related to clean energy production.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the revenue by business segments and products type and the total revenue from reportable segments as well as the reconciliation to total revenue and the adjusted revenue for the periods indicated.

	2011 (RMB million)	2010 (RMB million)	Change (%)
Gas-fired power and heat energy generation segment:			
Sales of electricity	**2,308.9**	2,185.2	5.66
Sales of heat energy	**349.9**	368.6	(5.07)
Others	**40.9**	–	N/A
Total	**2,699.7**	2,553.8	5.72
Wind power segment:			
Sales of electricity	**1,145.7**	1,032.5	10.96
Others	**31.0**	–	N/A
Total	**1,176.7**	1,032.5	13.96
Hydropower and other businesses:			
Sales of electricity	**4.9**	54.4	(91.06)
Sales of heat energy	**1.5**	–	N/A
Other revenue	**22.2**	2.1	957.14
Total	**28.6**	56.5	(49.38)
Total revenue from reportable segments	**3,905.0**	3,642.8	**7.20**
Add: government grants and subsidies related to clean energy production	**632.4**	420.5	49.77
Adjusted revenue	**4,537.5**	4,063.3	**11.60**

Gas-fired power and heat energy generation segment

Revenue from our gas-fired power and heat energy generation segment increased by 5.72% from RMB2,553.8 million in 2010 to RMB2,699.7 million in 2011, due to increased sales of electricity and heat energy from this segment. Revenue generated from sales of electricity increased by 5.66% from RMB2,185.2 million in 2010 to RMB2,308.9 million in 2011, due to the increase of sales of electricity from Jingyang Power Plant. Revenue from sales of heat energy decreased by 5.07% from RMB368.6 million in 2010 to RMB349.9 million in 2011, primarily due to the fact that Jingqiao Power Plant was under reconstruction for technical improvement, which led to decreased heat energy supply.

Wind power segment

Revenue from our wind power segment increased by 13.96% from RMB1,032.5 million in 2010 to RMB1,176.7 million in 2011, due to an increase of 8.18% in net sales of electricity as we expanded the consolidated installed capacity in this segment with the number of wind farms in operation increased from 16 in 2010 to 22 in 2011.

Hydropower and other businesses

Revenue from our hydropower and other businesses decreased by 49.42% from RMB56.5 million in 2010 to RMB28.6 million in 2011.

3. Other income

Our other income increased by 57.97% from RMB609.0 million in 2010 to RMB962.1 million in 2011, due to the increase in certified emission reduction ("CER") and voluntary emission reduction ("VER") income as a result of increased sales of electricity from our wind power segment and gas-fired power and heat energy generation segment, as well as the increase in government grants and subsidies.

The table below sets forth the details of the total amount of other income during the periods indicated.

	2011 (RMB million)	2010 (RMB million)	Change (%)
Government grants and subsidies related to			
clean energy production	**629.8**	420.5	49.78
Construction of assets	**2.6**	2.8	(4.46)
Waiver for the retention money from certain suppliers	**38.9**	–	N/A
Value-added tax refunds	**4.8**	11.2	(57.20)
Income from CERs and VERs	**280.3**	156.3	79.37
Income from resale of purchased electricity		11.0	(100.00)
Dividend from available-for-sale			
financial assets, unlisted	**2.1**	0.8	147.46
Others	**3.6**	6.4	(43.30)
Total amount of other income	**962.1**	609.0	57.97

Note: the Company is entitled to a 50% refund of the VAT levied on sales of electricity generated from wind farms, and a full refund of the VAT levied on sales of heat to residential customers. The receivables of the VAT refund and corresponding income are recognized when relevant approval is obtained from competent tax authorities of the PRC.

4. Operating expenses

Our operating expenses increased by 4.12% from RMB3,242.8 million in 2010 to RMB3,376.4 million in 2011, due to the increase in the consumption of gas as a result of increased sales of electricity from our gas-fired power and heat energy generation segment, as well as the expense incurred as a result of the commencement of our projects in wind power segment.

The table below sets forth the details of operating expenses during the periods indicated.

	2011 (RMB million)	2010 (RMB million)	Change (%)
Gas consumption	**2,110.1**	1,970.5	7.08
Depreciation and amortization	**767.8**	758.1	1.27
Personnel costs	**194.8**	184.3	5.66
Repairs and maintenance	**102.6**	104.5	(1.68)
Other expenses	**195.1**	253.2	(22.94)
Other (gains) and losses	**6.0**	(27.8)	(121.67)
Adjusted operating expenses	**3,376.4**	3,242.8	4.12

(1) Gas consumption

Our gas consumption increased by 7.08% from RMB1,970.5 million in 2010 to RMB2,110.1 million in 2011, due to increased sales of electricity from our gas-fired power and heat energy generation segment.

(2) Depreciation and amortization

Our depreciation and amortization increased by 1.27% from RMB758.1 million in 2010 to RMB767.8 million in 2011, due to increased production capacity of our wind power projects.

(3) Personnel costs

Our personnel costs increased by 5.66% from RMB184.3 million in 2010 to RMB194.8 million in 2011, due to the increased number of employees as a result of the development and expansion of the Company and part of personnel costs were expensed as new projects commenced production.

(4) Repairs and maintenance

Our repairs and maintenance decreased by 1.68% from RMB104.5 million in 2010 to RMB102.6 million in 2011, due to stable operation of the gas-fired power generation units at the current stage and outsourcing of the maintenance of the wind power generation units.

(5) Other expenses

Our other expenses decreased by 22.94% from RMB253.2 million in 2010 to RMB195.1 million in 2011, due to the Company's implementation of refined management, which led to the improvement of production, operation and management of the Company and lower expenses, and the disposal of Shandong Jingneng Biomass Energy.

(6) Other (gains) and losses

Our other (gains) of RMB27.8 million in 2010 was changed to our other losses of RMB6.0 million in 2011, due to the gains from the private placing by Beijing Jingneng Thermal Power Co., Ltd. in 2010. Beijing Jingneng Thermal Power Co., Ltd. is a subsidiary of Beijing Jingneng International Power Co., Ltd. The Company currently holds 20% equity interests in Beijing Jingneng International Power Co., Ltd.

5. Profit from operations

As a result of the foregoing, our profit from operations increased by 47.74% from RMB1,009.0 million in 2010 to RMB1,490.7 million in 2011.

6. Adjusted operating profit

Our adjusted operating profit (calculated by subtracting our operating expenses (excluding service concession construction costs) from our adjusted operating income) increased by 48.04% from RMB782.9 million in 2010 to RMB1,158.9 million in 2011, due to increased sales of electricity from both our gas-fired power and wind power segments. Adjusted operating profit/(loss) for each business segment represents our reportable segment profit (or loss) excluding non-recurring other income items relating to the segment but includes government grants and subsidies relating to clean energy production for the segment.

The table below sets forth the total adjusted segment operating profit as reported on the consolidated statement of comprehensive income and the reconciliation to the operating profit.

	2011 (RMB million)	2010 (RMB million)	Change (%)
Gas-fired power and heat energy generation segment:	**596.3**	324.0	84.03
Wind power segment:	**587.2**	521.5	12.58
Hydropower and other businesses:	**(24.5)**	(62.6)	(60.86)
Total adjusted segment operating profit	**1,158.9**	782.9	47.69
Less: Government grants and subsidies related to clean energy production	**(632.4)**	(420.5)	50.39
Add: Other income	**962.1**	609.0	57.97
Add: Unallocated items	**2.1**	37.6	(94.43)
Operating profit	**1,490.7**	1,009.0	47.74

Note: Unallocated items include dividend income from available-for-sale financial assets and gains on capital contribution from non-controlling interests of associates and joint ventures.

Gas-fired power and heat energy generation segment

Adjusted segment operating profit of our gas-fired power and heat energy generation segment increased by 84.03% from RMB324.0 million in 2010 to RMB596.3 million in 2011, due to improved economies of scale from increased volume in power supply and a decrease in per unit cost of power generated as a result of decreased gas consumption in power generation brought by technical improvement.

Wind power segment

Adjusted segment operating profit of our wind power segment increased by 12.58% from RMB521.5 million in 2010 to RMB587.2 million in 2011, primarily due to increased sales of electricity from wind power segment as well as increased sales of CERs and VERs.

Hydropower and other businesses

Adjusted segment operating loss for hydropower and other businesses decreased by 60.87% from RMB62.6 million in 2010 to RMB24.5 million in 2011.

7. Finance costs

Our finance costs increased by 16.46% from RMB500.3 million in 2010 to RMB582.6 million in 2011, due to the fact that more interest expenses were incurred as a result of increased production capacity of wind power projects and increased interest rates of bank loans.

8. Share of results of associates and jointly controlled entities

Our share of results of associates and jointly controlled entities increased by 164.58% from RMB55.6 million in 2010 to RMB147.1 million in 2011, due to further increase in the production and sales of Beijing Jingneng International Power Co., Ltd., which led to a substantial increase in net profit.

9. Profit before taxation

As a result of the foregoing, our profit before taxation increased by 85.50% from RMB577.1 million in 2010 to RMB1,070.5 million in 2011.

10. Income tax expense

Our income tax expense increased by 211.94% from RMB56.3 million in 2010 to RMB175.6 million in 2011, and our effective tax rate increased from 9.75% in 2010 to 16.40% in 2011.

11. Profit for the year

As a result of the foregoing, our profit for the year increased by 71.85% from RMB520.8 million in 2010 to RMB895.0 million in 2011.

12. Profit and total comprehensive income for the year attributable to equity owners of the Company

Profit and total comprehensive income for the year attributable to equity owners of the Company increased by 64.33% from RMB488.9 million in 2010 to RMB803.5 million in 2011.

IV. FINANCIAL POSITION

1. Overview

As at December 31, 2011, total assets of the Company increased substantially to RMB25,301.1 million, total liabilities amounted to RMB16,141.7 million, and shareholders' equity reached RMB9,159.4 million, among which equity attributable to the equity owners of the Company amounted to RMB8,781.6 million.

2. Particulars of assets and liabilities

The table below sets forth a summary of the financial conditions during the periods indicated:

Item	2011 (RMB million)	2010 (RMB million)	Change (%)
Current assets	**4,358.6**	2,523.0	72.76
Non-current assets	**20,942.5**	18,326.3	14.28
Total assets	**25,301.1**	20,849.3	21.35
Current liabilities	**7,941.1**	4,843.4	63.96
Non-current liabilities	**8,200.6**	8,932.4	(8.19)
Total liabilities	**16,141.7**	13,775.8	17.17
Equity attributable to equity holders of the Company	**8,781.6**	6,764.2	29.82
Non-controlling interests	**377.8**	309.3	22.16
Total equity	**9,159.4**	7,073.5	29.49

Our total assets increased by 21.35% from RMB20,849.3 million as at December 31, 2010 to RMB25,301.1 million as at December 31, 2011, due to an increase of construction projects and our proceeds raised from the Listing. Our total liabilities increased by 17.17% from RMB13,775.8 million as at December 31, 2010 to RMB16,141.7 million as at December 31, 2011, primarily due to increased borrowings funding construction projects. Our total equity increased by 29.49% from RMB7,073.5 million as at December 31, 2010 to RMB9,159.4 million as at December 31, 2011, and equity attributable to equity owners of the Company increased by 29.82% from RMB6,764.2 million as at December 31, 2010 to RMB8,781.6 million as at December 31, 2011, primarily due to the Listing and increased profit.

3. Liquidity

As at December 31, 2011, our current assets amounted to RMB4,358.6 million, among which cash reached RMB2,443.4 million. Bills and account receivables amounted to RMB1,401.7 million, mainly comprising receivables from sales of electricity and heat energy. Prepayment and other current assets amounted to RMB513.5 million, mainly comprising inventories and value-added other recoverable receivables. Current liabilities amounted to RMB7,941.1 million, including short-term borrowings of RMB6,087.5 million and bills and account payables of RMB1,367.0 million, mainly comprising payables for purchase of gas and engineering equipment. Other current liabilities amounted to RMB486.6 million, mainly comprising deferred income, income tax payable and amounts due to related parties.

As at December 31, 2011, net current liabilities amounted to RMB3,582.5 million, representing an increase of 54.39% from RMB2,320.5 million as at December 31, 2010, due to rising amounts of short-term borrowings.

As at December 31, 2011, current ratio was 54.89%, representing an increase of 2.80% as compared to 52.09% as at December 31, 2010, due to increased cash as a result of proceeds raised from the Listing.

4. Net gearing ratio

Our net gearing ratio, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by sum of net debt and total equity, decreased by 4.51% from 60.81% as at December 31, 2010 to 56.30% as at December 31, 2011, primarily due to an increased owners' equity as a result of the Listing and increased profit.

Our Group's short and long-term loans increased by 22.62% from RMB11,614.7 million as at December 31, 2010 to RMB14,242.1 million as at December 31, 2011, including short-term borrowings of RMB6,087.5 million and long-term borrowings of RMB8,154.6 million.

Bank balances and cash held by our Group increased by 282.49% from RMB638.8 million as at December 31, 2010 to RMB2,443.4 million as at December 31, 2011, due to proceeds raised from the Listing.

5. Capital expenditure

In 2011, capital expenditures of the Group amounted to RMB2,821.2 million, including expenditures incurred for construction projects of gas-fired power and heat energy generation segments of RMB916.8 million, expenditures incurred for construction projects of wind power segment of RMB1,533.8 million and expenditures incurred for construction projects of hydropower segment and other segments of RMB370.6 million.

6. Substantial acquisition and disposal

Pursuant to "Approval for State-Owned Equity Interests Transfer of Beijing Jing Neng Gas-fired Power Co., Ltd." (Jing Guo Zi Chan Quan [2011] No.11), the Company completed an acquisition of 100% equity interests in Gaoantun Power with a consideration of RMB81.3 million in June 2011.

Pursuant to "Approval for State-Owned Equity Interests Transfer of Shandong Jingneng Biomass Power Co., Ltd. and Guodian Tangyuan Biomass Power Co., Ltd." (Jing Guo Zi Chan Quan [2011] No.9), the Company sold its 60% equity interests in Shandong Jingneng Energy and 40% equity interests in Guodian Tangyuan with an aggregate selling price of RMB71.6 million in January 2011.

7. Contingent liabilities

Guaranteed parties	Way of guarantee	Type of guarantee	Guaranteed amount (RMB million)	Drawn amount (RMB million)	Borrowing balance (RMB million)	Purpose of the Loan
Huayuan Heating	Joint Liability Guarantee	Loan Guarantee	629.4	629.4	619.4	Project Construction

As of December 31, 2011, the Group's total financial guarantee amounted to RMB629.4 million.

8. Pledge of the Group's Assets

As at December 31, 2011, the Group has pledged trade receivables amounting to approximately RMB51.9 million (2010: RMB40.6 million) for bank borrowings.

V. RISK FACTORS AND RISK MANAGEMENT

Currently, the operation and development of the Group is not exposed to any major risk factor, but certain factors may pose an impact in the short run:

1. Interest Rate Risk

The People's Bank of China raised the benchmark borrowing rate for three times in 2011. Such movements in interest rate shall affect the finance cost of the Group.

The Group has a good credit standing and sufficient credit facility from banks, which ensured safe, stable and smooth funding. Also, the Group actively plans to further lower the finance cost by issuing bonds and the use of medium-term notes, short-term financing bills and other low cost funding.

The Group shall closely monitor the changes in the economic environment, predict the direction of change for bank interest rate, improve the management of the liability structure and make timely adjustment, so as to minimize interest rate exposure.

2. Development Risk of CDM Projects

As the registration process of CDM projects by the CDM EB is rather complex, we are exposed to the risk of changes in the certification standard or policy, therefore uncertainties exist regarding the time and results of project registration. The Group's income from CDM projects will be affected if projects cannot be registered or significant policy change takes place during the development of the project.

The Group leverages on its professional project development team to keep track of the status of projects and production process, strengthen the management on the development process of CDM projects, and put the quality of the project application documents under strict control.

The team is also responsible for the real-time analysis of market and policy conditions and forging closer communications with the relevant authorities, so as to maximize CDM income.

3. Exchange Rate Risk

The businesses of the Group are mainly located in mainland China. Most of the Group's income and expenses are denominated in RMB. The Group raises capital in Hong Kong dollars and CDM income is denominated in foreign currency. Movements in the RMB exchange rate may cause exchange loss or gain for the Group's foreign currency denominated business.

The Group actively monitors and studies the changes in exchange rate, so as to respond to changes in the exchange rate market and improve the management on exchange rate risk through various management measures.

VI. FUTURE OUTLOOK

China Electricity Council has recently released "Comprehensive Rolling Research Report on the Twelfth Five-Year Plan of Electric Power Industry" (the "New Plan"), which further amended "Research Report on the Twelfth Five-Year Plan of Electric Power Industry" (the "2010 Plan") released in 2010 so as to conform to changes in related plans, policies and macro-economy of China. In the New Plan, as compared to the 2010 Plan, the target of national electricity installed capacity is increased by 26,900 MW to 1,463 million KW by the end of the Twelfth Five-Year Plan, in which the installed capacity for gas-based power showed the most significant increase among other types of electricity generators with its installed capacity to be increased by 10,000 MW to 40,000 MW due to the discovery of more natural gas resources.

Capitalizing on the favorable macro-control policies, as an enterprise committed to clean energy development, the Group will seize every material opportunity to step up its pace of development.

In 2012, the Group will endeavor to achieve the following targets:

1. Maintaining efficient production and stable operation, keeping production indicators in top standings

The Group endeavors to improve management of production sites, perfect the control system of safety production operation, enhance the analysis of major operational indicators, improve communication and coordination with power grid companies, raise our power production capacity through policies, technology and management measures so as to keep production indicators in top standings. The estimated power generation and heat supply is expected to reach 9,470,000 MW/h and 5,170,000 GJ respectively throughout the year.

2. Ensure growth in installed capacity in operation by strengthening project management

With its focused projects under construction aiming to achieve the standard of national premium quality projects, the Group will formulate and implement detailed quality control measures which are to be strictly implemented in detailed aspects in construction stages. Project costs will also be controlled in every dimension and stage to ensure scheduled commencement of operation in the coming year and achieve the growth target of installed capacity in operation.

3. Exploring financing channels, lowering finance costs, and providing an effective assurance on capital for the development of the Company

The Group shall actively plan for further reduction in finance costs by issuing bonds and the use of medium-term notes, short-term financing bills and other low cost funding with reference to funding arrangement and market conditions, so as to provide an effective assurance on capital for the development of the Company.

4. Committed to building quality projects, achieving balanced development of "gas, wind, hydro and solar" powers

The Group is committed to building quality projects with the main focus on developing gas-fired power projects, steadily advancing on wind power projects, putting huge emphasis on hydropower projects, actively developing solar power projects, keeping close track on the technological development of other renewable sources of power such as tidal, solar thermal and geothermal energy, to finally reach a new stage of balanced development of clean energy power generation from "gas, wind, hydro and solar" powers.

HUMAN RESOURCES

I. Summary of Human Resources

The Group had a total of 1,549 employees as at December 31, 2011. The breakdown of personnel as at December 31, 2011 was as follows:

1. By age:

Age	Number of employees	Percentage
Under 30	691	44.6%
30 to 40	470	30.3%
40 to 50	353	22.8%
Over 50	35	2.3%
Total	1549	100.0%

2. By degree held:

Degree	Number of employees	Percentage
Doctorate degree	4	0.3%
Master degree	92	5.9%
Undergraduate	636	41.1%
College or below	817	52.7%
Total	1549	100.0%

II. Employees Incentives

With an aim to cope with its development, the Company, on the basis of existing position-oriented accountability system, has established and optimized a comprehensive accountability system, a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly locating position-oriented performance targets and formulating performance standards, the Company has managed to assess employees' performance in an objective manner. By materializing reward and penalty in the performance-related portion of the employees' remuneration, the Company is able to boost the potential and morale of employees, thus achieving the coexistence of incentives and restraints.

III. Employees' Remuneration

The employees' remuneration comprises basic salary and performance-based salary. The performance-based salary is determined by reference to the performance appraisal of the employees of the Group.

IV. Staff Training

To regulate the management of staff training, the Company has formulated the Management Standards for Staff Training. The implementation of staff training emphasizes the probe into training needs, in a view to actively motivating all departments to participate in the training activities. The Company has designed and organized various vocational training for the employees that are geared to the characteristics of profession and position requirements of each department.

The training provided by the Company in 2011 can be divided into four categories: daily management training, specialized position-related training, orientation training for new employees and technical skills training for frontline employees. During the year 2011, 3 training courses that took nearly 32 training hours on average were received by each employee.

V. Employees' Benefits

The Company has made contributions to the social security fund and housing fund for its employees in strict compliance with the Labor Law, Labor Contract Law and Social Insurance Law. Meanwhile, the Group has also established related systems such as the "Management Standards for Basic Healthcare" and "Management Standards for Supplementary Healthcare" to secure the benefits for all employees.

NON-EXECUTIVE DIRECTORS

Mr. LU Haijun (陸海軍), aged 55, is our chairman of the Board and has been a non-executive Director of our Company since January 2010. Mr. Lu is responsible for our business strategy and overall development. Mr. Lu has more than 18 years of experience in management, investment management, capital management and human resource management in large power and energy companies. He joined BEIH as the chairman in December 2008. From June 1998 to December 2008, Mr. Lu held various governmental roles while working for Beijing Municipal Government. Between February 2003 and December 2008, he was deputy director then director of Beijing Municipal Administration Commission. He served as the deputy director of Chongwen District of Beijing from October 1998 to February 2003, and he was the assistant director of Beijing Municipal Public Utility Bureau from June 1998 to October 1998. Between January 1988 and June 1998, he worked as a deputy manager then manager of Beijing Liquefied Petroleum & Gas Company. From July 1982 to January 1988, he worked for Beijing Gas Company and held various positions including deputy manager and the deputy manager of the Bottling Plant in Northern Suburb of the company. He studied enterprise management at the Department of Industrial Economics at Capital University of Economics and Business (formerly known as Beijing School of Economics) from September 1978 to July 1982 obtaining a bachelor's degree, and studied enterprise management in the same university from September 1994 to July 1997 respectively, and now holds a master's degree.

Mr. GUO Mingxing (郭明星), aged 44, has been a non-executive Director of our Company since January 2010 and is responsible for our business strategy and overall development. Mr. Guo has more than 20 years of experience in production, construction, business management and capital management in the power industry. In January 2005, Mr. Guo joined BEIH as an assistant general manager. There he was promoted to deputy general manager in December 2005 and then general manager and director in December 2008. Also, since January 2007, he has been the president of Beijing Jingneng International. From June 2003 to December 2005, he was the general manager at Inner Mongolia Daihai Electric Power Generation Co., Ltd. Between September 2000 and December 2004, he worked with Beijing International Power Development and Investment Corporation as the deputy manager and then the manager of the electric investment management division and was then promoted to the assistant general manager in June 2003. From November 1999 to September 2000, he was an assistant director of the People's Government of Shenhe District in Shenyang. Between September 1990 and March 1993, Mr. Guo worked as an electrical technician and a secretary of the factory office at Shenyang Shenhai Power Plant, then as the manager of fuel division from September 1995 to November 1999. Between October 1997 and April 1998, he attended a training program at Tokyo Electric Power. Mr. Guo obtained a bachelor's degree in electric power engineering from Chengdu University of Science and Technology in July 1990 and a master's degree from Wuhan University of Hydraulic and Electrical Engineering in March 1995. Between 2003 and 2006, he studied quantitative economics in Jilin University and obtained a doctorial degree. Between 2007 and 2008, he was a part-time student at the centre for post-doctoral studies of the management school of Beijing University of Technology.

Mr. XU Jingfu (徐京付), aged 56, has been a non-executive Director of our Company since January 2010 and is responsible for our business strategy and overall development. Mr. Xu has over 10 years of experience in management and investment in the power industry. He has been a deputy general manager in BEIH since November 2004, and has also been the chairman of BEIH-Property Co., Ltd. (a company listed on the Shanghai Stock Exchange) since November 2005. From February 2000 to November 2004, Mr. Xu was the deputy general manager of Beijing Comprehensive Investment Company, the predecessor of BEIH. From March 1980 to January 2000, he worked at Beijing Bureau of Technical Supervision for almost twenty years, as deputy section head, department head and deputy director, in that respective order. Mr. Xu graduated from the School of Mechanical Engineering at Beijing University of Technology in January 1980, major in optical instruments, and he obtained an MBA degree from Asia International Open University (Macau) in April 2003.

Mr. LIU Guochen (劉國忱), aged 55, has been a non-executive Director of our Company since January 2010 and is responsible for our business strategy and overall development. Mr. Liu has more than 7 years of experience in the management of finance, property and accounting of large power companies. Mr. Liu joined BEIH in November 2004 and has held the position of deputy general manager to this present day. Between September 2004 and November 2004, he worked with Beijing International Power Development and Investment Corporation as the deputy general manager. From August 1996 to March 1998, Mr. Liu worked as the vice director of Dalian Golden Pebble Beach Resort Management Commission. Between March 1998 and September 2004, he was the deputy director of Dalian Economic and Technology Development Area Administration Commission. Mr. Liu studied financial management at Liaoning Institute of Finance and Economics from September 1978 to October 1982 and was awarded a bachelor's degree. He was awarded a master's degree in investment economics in June 1986, and studied industrial economics in Dongbei University of Finance and Economics and obtained a doctoral degree.

Mr. YU Zhongfu (于仲福) aged 41, has been a non-executive Director of our Company since December 2011. Mr. Yu has been the deputy general manager of Beijing State-owned Assets Operation and Management Center since May 2009, and the director of Beijing Rural Commercial Bank Co., Ltd., Beijing Automobile Co., Ltd., and Beijing BOE Display Technology Co., Ltd. since December 2009. From November 2003 to May 2009, he worked with Beijing State-owned Assets Supervision and Administration Commission, as deputy director of Department of Reform and Development, deputy director then director of Department of Enterprise Reform, in that respective order. From September 1996 to November 2003, he worked with Beijing Economic and Trade Commission, where he was a senior staff, principal staff, then deputy director of Department of Small and Medium Enterprises, then deputy director of the Department of Enterprise Reform, in that respective order. From January 1996 to September 1996, Mr. Yu worked with Shijingshan District Economic Planning Commission in Beijing as a staff then deputy section chief of Industry Section. Mr. Yu started his career as a staff at Shijingshan District Committee of the Chinese People's Political Consultative Conference in Beijing, where he worked from July 1992 to January 1996. Mr. Yu studied at North China University of Technology from September 1988 to July 1992, where he obtained a bachelor's degree of engineering. From September 2000 to July 2002, he studied in a post-graduate course at Central University of Finance and Economics, major in finance. He is currently taking a post-graduate course in Peking University, major in public administration.

EXECUTIVE DIRECTOR

Mr. MENG Wentao (孟文濤), aged 42, has been an executive Director of our Company since November 2010 and general manager of our Company since June 2010. He has over 18 years of experience in production, construction and business management in the power industry. He joined our Company in June 2010 and has been the general manager. Mr. Meng worked as a director and the general manager at Beijing Jingneng Thermal Power Co., Ltd. (a company listed on the Shanghai Stock Exchange) from May 2007 to July 2010, and the deputy head of the department of safety production supervision of Huaneng Northern Company from November 2006 to May 2007. From March 2005 to November 2006, he was the deputy general manager of Inner Mongolia Daihai Electric Power Generation Co., Ltd. Mr. Meng worked at Dalate Power Plant from July 1992 to March 2005, where he served successively as the operation team leader and shift leader of the operation department, the deputy director of the organization department, the deputy director, director then the vice chief engineer of the inspection and maintenance department. Mr. Meng obtained a master's degree in power system and its automation from North China Electric Power University, China in June 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Chaoan (劉朝安), aged 56, has been an independent non-executive Director of our Company since December 2011. Mr. Liu is currently an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (stock code: 1798) and was an independent non-executive director of Datang International Power Generation Co., Ltd. (stock code: 991) from 2007 to 2010. Mr. Liu has 30 years of experience in the field of electric power design, and has been the chairman of the board of China Power Engineering Consulting Group Corporation North China Electric Power Design Institute Engineering Co., Ltd. since 2010. Between 2005 and 2010, he was the chairman of the board of Beijing Guodian North China Electric Engineering Co., Ltd. From 1999 to 2005, he worked as a deputy general manager at Guodian North China Electric Engineering Co., Ltd. Between 1984 and 1999, he worked at North China Electric Power Design Institute as section chief, deputy department chief and then assistant president. He worked as a technician and an assistant engineer at Beijing Electric Power Design Institute between 1980 to 1984. Mr. Liu obtained a bachelor's degree in engineering from Changchun College of Geology (which has merged into Jilin University) in 1980 and a double-bachelor's degree in management engineering from North China Electric Power University in 2001. Mr. Liu is a professor-grade senior engineer.

Mr. SHI Xiaomin (石小敏), aged 61, has been an independent non-executive Director of our Company since December 2011. Mr. Shi is an expert in China's economic reform. He is a vice president of China Society of Economic Reform, and has been working there since 1991 as the director of research office, deputy secretary-general, secretary-general and vice president, in that respective order. Between August 2005 and December 2007, he was an independent director of China Galaxy Holdings Co., Ltd. Between 1983 to 1991, he worked at the State Reform Committee, first as deputy department chief then department chief. From 1982 to 1983, Mr. Shi worked at the Theory Department of Economic Daily. Mr. Shi studied at Peking University between 1978 and 1982, and obtained a bachelor's degree in economics in 1982.

Ms. LAU Miu Man (樓妙敏), aged 40, has been an independent non-executive Director of our Company since December 2011. Ms. Lau now serves as the Chief Financial Officer of Sunnywafer Holdings Limited. Before then, Ms. Lau served as the Chief Financial Officer of the China Renji Medical Group Ltd. (stock code: 648) from December 2007 to March 2011. She was a Practising Director of Shinewing (HK) CPA Limited from September 2005 to December 2007. Between January 1994 and August 2005, she worked with Ho and Ho & Company, Certified Public Accountants, holding positions including Audit Manager and Partner, in that respective order. Ms. Lau has more than 13 years of professional experience in finance, accounting and auditing, and she provided auditing, business advisory, due diligence review, mergers and acquisition transactions and internal controls review for listed companies, state-owned enterprises and foreign investment enterprises. Ms. Lau graduated from Monash University in Australia in 1994 and obtained a bachelor's degree of economics, major in accounting. She has been a fellow member of Hong Kong Institute of Certified Public Accountants and Certified Practising Accounting of CPA (Aust.) since 1997.

SUPERVISORS

Mr. CHEN Yanshan (陳燕山), aged 58, joined our Company as the chairman of the Board of Supervisors of our Company in January 2010. Mr. Chen has over 6 years of experience in resource management and auditing in power companies. He joined BEIH in November 2004 and has served as a director and a member of the Audit Committee of the board of BEIH since then. From April 2004 to November 2004, he worked as the deputy secretary of the Communist Party committee of Beijing International Power Development and Investment Corporation. From July 1985 to April 2004, he worked at the Organization Department of Beijing Municipal Committee, where he held various positions, including the deputy director of the division of general affairs, and the director of the division of cadres of the Organization Department of Beijing Municipal Committee. Mr. Chen studied labor economics at Beijing School of Economics and was awarded a bachelor's degree in 1984. Additionally, he took a post-graduate course in economic management from the Party School of Beijing Municipal Committee in July 1998.

Mr. LIU Jiakai (劉嘉凱), aged 44, joined our Company as a Supervisor of our Company in January 2010. Mr. Liu has over 20 years of experience in construction and accounting in the power industry. Mr. Liu joined BEIH in December 2009 and has been the director of the department of finance and property management. Also, he was the chief accountant of Beijing Jingneng Thermal Power Co., Ltd. (a company listed on the Shanghai Stock Exchange) between April 2006 and April 2007 and has been a supervisor of the same company since June 2007. From July 2006 to December 2009, he held the position of the chief financial officer at Beijing Jingneng International. Between July 2003 and April 2006, he was the chief accountant at Inner Mongolia Daihai Electric Power Generation Co., Ltd. Mr. Liu worked as the director of the finance department and the vice director of the audit department of Inner Mongolia Power Control Bureau for eleven years from March 1992 to July 2003. Mr. Liu obtained a bachelor's degree in economics from Central University of Finance and Economics of China in June 1989.

Ms. HUANG Linwei (黃林偉), aged 43, has served as a Supervisor of our Company since January 2010. Ms. Huang has more than 16 years of experience in accounting and auditing in power companies. She joined Beijing Jingneng Technology in December 1993, where she has held various positions successively, including cashier, accountant, supervisory accountant and deputy manager of the finance department, and deputy manager of the department of audit and internal control. Ms. Huang took an on-job post-graduate course in the Party School of Beijing Municipal Committee in July 2009. Ms. Huang is an intermediate accountant.

SENIOR MANAGEMENT

Mr. MENG Wentao (孟文濤), please refer to the paragraph headed "—Executive Director".

Mr. REN Qigui (任啟貴), aged 49, is a deputy general manager of our Company and is responsible for our business strategy and overall development. Mr. Ren has more than 14 years of experience in production, construction and management in the power industry. He joined our Company in December 1995 and since then has held the following positions respectively: manager of the division of investment and the division of information, assistant general manager, deputy general manager, and general manager. From July 1986 to May 1995, Mr. Ren worked at the Department of Energy and Power of China Research Institute of Agricultural Machinery. Mr. Ren obtained a master's degree in business management from Xiamen University in June 2008.

Mr. LI Haibin (李海濱), aged 47, joined our Company as a deputy general manager of our Company in December 2009. Mr. Li has more than 6 years of experience in power production and power project planning. In December 2009, he was appointed as a deputy general manager of our Company and has held this position since then. He worked at the research centre of energy strategy of BEIH between December 2004 and March 2006 and was subsequently promoted to the role of the project manager of the department of power energy in March 2006. He held this position until December 2009. Between October 2006 and December 2009, he was on secondment to Beijing Municipal Development and Reform Commission. From January 2004 to December 2004, he was the project manager of the department of power investment and construction of Beijing International Power Development and Investment Corporation. Between January 2000 and January 2004, he was teaching at Beijing Jiaotong University and was promoted to the director of the center of power simulation in October 2001. He obtained a bachelor's degree in industrial electronic technology from Zhejiang University in July 1986. Between September 1986 and January 1989, he studied the thermal energy and automation of power plants in North China Electric Power University (formerly known as North China Electric Power College), and obtained a master's degree.

Mr. KANG Jian (康健), aged 48, has been a deputy general manager of our Company since March 2010 and joined our Company as the secretary of the Board in December 2009. Mr. Kang has over 15 years of experience in strategic management, sales management and investor relationship management in large state-owned enterprises and transnational corporations. Mr. Kang has been the deputy general manager of our Company since March 2010, and the secretary of the Board since December 2009. Between August 2009 and December 2009, Mr. Kang worked for BEIH as the deputy director of the office of strategic investment. Mr. Kang worked at several transnational corporations, including as a senior manager of the department of automation system of Automation & Drives Group and the director of strategic development and customer relations of the company's Strategic Marketing Department at Siemens Ltd., China from January 2004 to July 2009, as a regional manager of the Greater China area of Canadian Tucows Inc. from April 2000 to March 2003, and as the assistant manager of the Marketing Division of the U.S. Albany International Company from July 1999 to February 2000. Mr. Kang obtained a bachelor's degree in international trade from Beijing University of Technology in July 1988, and an MBA degree from Rensselaer Polytechnic Institute in the United States in May 1999.

Mr. LI Zhijian (李志堅), aged 41, joined our Company as a deputy manager of our Company in March 2010. Mr. Li has over 15 years of experience in production and management in the power industry. Mr. Li has been a deputy general manager of our Company since March 2010. He worked as the deputy general manager of New Energy from July 2009 to March 2010, as the deputy general manager of Wulanyiligeng Power from August 2008 to July 2009, the project manager of the Chayouzhong Project of Inner Mongolia Wind Power Division of Beijing Jingneng International from September 2007 to August 2008. Between November 2001 and September 2007, he worked for Jingfeng Thermal Power, where he served successively as the vice director (and later the director) of the boiler maintenance branch, the leader of the division of project extension, and the deputy head of the department of maintenance. From July 1995 to November 2001, he worked at Beijing No. 3 Thermal Power Plant and held various positions successively. These included being a boiler forge engineer and the vice director of the ash plant. Mr. Li obtained a bachelor's degree in power plant thermal energy and power engineering from Northeast China Institute of Electric Power Engineering in July 1995.

Mr. LI Yuehua (李日華), aged 50, has been a deputy general manager of our Company since August 2010. Mr. Li has over 21 years of experience in project management in the power industry. In April 2005, he joined our Company and held various positions subsequently. These included being the manager of the comprehensive utilization of the resources division and the manager of the regional energy division between January 2006 and March 2008, the deputy chief engineer between March 2008 and May 2009, and the chief engineer of our Company between May 2009 and August 2010. Between August 2003 and April 2005, he was the deputy manager of Beijing Huaxin Electric Power Industry General Company Limited of Guodian North China Electric Power Design Institute. Between May 1985 and December 1998, Mr. Li worked for North China Electric Power Design Institute as an officer of the hydro engineering division, and between December 1998 and August 2003, he worked for Guodian North China Electric Power Design Institute Engineering Co., Ltd., where he was promoted to the role of chief engineer of the subsidiary of consolidated engineering in December 2002. Mr. Li obtained a bachelor's degree in construction machinery from Liaoning Institute of Construction, China in July 1983. He is a senior engineer.

Mr. ZHU Baocheng (朱保成), aged 38, has been the chief accountant of our Company since March 2010. Mr. Zhu is experienced in accounting and property ownership management in power companies. In March 2010, Mr. Zhu joined our Company as the chief accountant. He was the chief accountant at Beijing Jingneng Thermal Power Co., Ltd. (a company listed on the Shanghai Stock Exchange) from May 2009 to March 2010. Between April 2007 and May 2009, he worked as the manager of the finance department at Beijing Jingneng International. From October 2002 to April 2007, he worked with China Grand Enterprises where he was the chief accountant of the medical division and the manager of investment management department. From January 2001 to September 2002, he was the chief financial officer at Beijing Wantong Technology Investment Co., Ltd., before which he was a manager of the audit department of Hebei Hua'an Certified Public Accountants Co., Ltd. from July 1996 to December 2000. Mr. Zhu obtained a bachelor's degree in accounting from Hebei University of Economics and Business in June 1996 and a master's degree in world economics at Hebei University in June 2002. Between September 2004 and June 2007, he also studied accounting at Renmin University of China to obtain a doctoral degree. Mr. Zhu is a senior accountant.

Mr. ZHANG Jurui (張巨瑞), aged 44, has been a chief engineer of our Company since March 2010. Mr. Zhang has over 6 years of experience in project management in the power industry. He joined our Company and has been the chief engineer since March 2010. Between January 2008 and April 2010, he worked at the department of planning and development of Beijing Jingneng International. From February 2004 to January 2008, Mr. Zhang worked at the Inner Mongolia Daihai Electric Power Generation Co., Ltd., starting as assistant manager of the maintenance department and director of the electrics office, and then the chief engineer of the power generation subsidiary and was later appointed as the deputy director of the department of safe production. He worked at the Second Power Plant in Datong of Guodian Power Development from July 1989 to February 2004, holding various positions including senior engineer. Mr. Zhang obtained a bachelor's degree in power system and its automation from School of Electric Power of Taiyuan University of Industry in July 1989. He is a senior engineer.

JOINT COMPANY SECRETARIES

Mr. KANG Jian, Please refer the paragraph headed "—Senior Management."

Ms. LEUNG, Wai Han Corinna (梁慧嫻), aged 44, serves as the joint company secretary of our Company since January 2011. She is a senior manager of Tricor Services Limited, a company secretarial services provider and has almost 20 years of experience in corporate secretarial work. Ms. Leung is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. As at the date of this annual report, Ms. Leung acted as the joint company secretary of Honghua Group Limited (stock code: 196) and SBI Holdings, Inc. (stock code: 6488), both companies are listed on the Stock Exchange.

The Board of Directors of the Company now presents the annual report and the audited financial statements of the Group (the "**Financial Statements**") for the year ended December 31, 2011 to Shareholders.

ISSUE AND LISTING OF SHARES

In December 2011, the H Shares of the Company were listed on the Main Board of the Stock Exchange by way of initial public offering, a total of 1,637,546,000 H Shares with nominal value of RMB1.00 each were issued after exercise of over-allotment option at a price of HK$1.67 per Share to Hong Kong and overseas investors. In connection with the initial public offering, an aggregate of 11,770,546 domestic shares (including the part of the exercise of over-allotment option) of RMB1.00 each were converted into H shares on a one-to-one basis and sold by BEIH, BIEE, BSAMAC and BDHG in accordance with the relevant laws of PRC. As of January 13, 2012, after exercising the over-allotment option, the Company had an aggregate of 6,149,905,454 shares, of which, 4,512,359,454 were domestic shares and 1,637,546,000 were H Shares.

SHARE CAPITAL

As of December 31, 2011, the total share capital of the Company was RMB6,032,200,000, divided into 6,032,200,000 shares of RMB1.00 each. After exercising the over-allotment option on January 13, 2012, the total share capital of the Company was RMB6,149,905,454, divided into 6,149,905,454 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in note 31 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the Company's Listing on the Stock Exchange on December 22, 2011, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended December 31, 2011.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association of the Company and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects. All electricity generated is sold to local grid companies. Details of the major subsidiaries, associates and jointly controlled entities of the Company are set out in notes 40, 41 and 42 to the Financial Statements.

REPORT OF THE BOARD OF DIRECTORS

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended December 31, 2011 are set out in the Consolidated Statement of Comprehensive Income on page 63. The financial condition of the Company and its subsidiaries for the year ended December 31, 2011 is set out in the Consolidated Statement of Financial Position on pages 64 to 65. The consolidated cash flow of the Company and its subsidiaries for the year ended December 31, 2011 is set out in the Consolidated Statement of Cash Flows on pages 68 to 69.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Management Discussion and Analysis of this annual report from page 11 to page 25.

FURTHER INFORMATION ON THE SPECIAL DISTRIBUTION

Reference is made to pages 28 and 29 of the prospectus issued by the Company on December 12, 2011 (the "**Prospectus**"). The shareholders of the Company resolved at the first extraordinary general meeting of 2010 to declare a special distribution to BEIH, Beijing International Electric Engineering Co., Ltd. ("**BIEE**"), Beijing State Assets Management and Administration Centre ("**BSAMAC**"), BDHG, Beijing Shenghai Science and Technology Development Co., Ltd. ("**Shenghui**"), Beijing Enterprises Energy Technology Investment Co., Limited ("**BEETI**") and Barclays Bank PLC ("**Barclays**") in an amount equal to our Group's net profit attributable to equity owners of the Company derived from the period from April 30, 2010, the date on which our assets were valued for establishment as a joint stock limited company, to September 30, 2011 , the end of the quarter immediately prior to the Listing of the company (the "**Special Distribution**"). The actual amount of the Special Distribution shall be determined based on a special audit of the consolidated financial statements of the Group for the period from April 30, 2010 to September 30, 2011 (the "**Special Audit**").

According to the result of the Special Audit, the net profit attributable to equity owners of the Company derived from the period from April 30, 2010 to September 30, 2011 was approximately RMB669.8 million. After making the statutory surplus reserve, we plan to make the Special Distribution of approximately RMB565.9 million to BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays. Based on the number of shares held by each shareholder as at November 16, 2010, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays is entitled to receive a cash distribution of approximately RMB485.2 million, RMB3.1 million, RMB26.0 million, RMB1.9 million, RMB7.4 million, RMB24.8 million and RMB17.4 million, respectively. The meeting of the Board held on March 28, 2012 has approved the above-mentioned Special Distribution.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company on the forthcoming Annual General Meeting (the "**AGM**") to be held on June 7, 2012, for the payment of a final dividend of RMB0.874 cent per share (tax inclusive) for the year ended December 31, 2011 payable to the shareholders of the Company whose names are listed in the register of members of the Company on June 18, 2012, in an aggregate amount of approximately RMB53.7 million (the "**2011 Final Dividend**") . Dividends will be denominated and declared in RMB. Dividends on domestic shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. The proposal for the payment of the final dividend above is subject to the consideration and approval of the shareholders at the AGM of the Company.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules, which came into force since January 1, 2008 and relevant rules, where the Company distributes the proposed 2011 Final Dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold enterprise income tax at a rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax.

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the Individual Income Tax Law, the Tentative Measures on Withholding and Payment of Individual Income Tax and other relevant laws and regulations, the foreign individuals who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of the such individual H shareholders. However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax effective from May 13, 1994 (the "**1994 Notice**") grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has become a "foreign-invested enterprise" since August 2010 as approved by the relevant PRC authorities, the individual shareholders who hold the Company's H shares and whose names appear on the register of members of H shares of the Company (the "**Individual H Shareholders**") are not required to pay PRC individual income tax when the Company distributes the 2011 Final Dividend based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2011 Final Dividend to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H shares of the Company.

According to the Articles of Association of the Company, unless otherwise provided by the relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the applicable exchange rates shall be the average selling price announced by the People's Bank of China for the one calendar week before the declaration date of such cash dividends and other payments.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertaining shareholders' entitlement to attend and vote at the AGM and to the proposed final dividend, the H share register of members of the Company will be closed from Monday, May 7, 2012 to Thursday, June 7, 2012 (both days inclusive) and from Wednesday, June 13, 2012 to Monday, June 18, 2012 (both days inclusive), respectively, during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, holders of H shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Friday, May 4, 2012. In order to qualify for receiving the proposed final dividend (subject to the approval by shareholders at the forthcoming AGM), holders of H shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Tuesday, June 12, 2012.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Company and its subsidiaries during the year are set out in note 15 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the year are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to shareholders are set out in Consolidated Statement of Changes in Equity.

DONATIONS

During the reporting period, the Company and its subsidiaries made external donations of approximately RMB250,000 (excluding personal donations of employees) .

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at December 31, 2011 are set out in note 29 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors, Supervisors and Senior Management of the Company for the year ended December 31, 2011 is illustrated below.

Name	Title in the Company	Date of Appointment
LU Haijun	Chairman and non-executive Director	January 26, 2010
GUO Mingxing	Non-executive Director	January 26, 2010
XU Jingfu	Non-executive Director	January 26, 2010
LIU Guochen	Non-executive Director	January 26, 2010
MENG Wentao	Executive Director and general manager	November 16, 2010/ June 9, 2010
YU Zhongfu	Non-executive Director	December 22, 2011
LIU Chaoan	Independent non-executive Director	December 22, 2011
SHI Xiaomin	Independent non-executive Director	December 22, 2011
LAU Miu Man	Independent non-executive Director	December 22, 2011
CHEN Yanshan	Chairman of the Board of Supervisors	January 26, 2010
LIU Jiakai	Supervisor	January 26, 2010
HUANG Linwei	Supervisor	January 26, 2010
REN Qigui	Deputy general manager	June 9, 2010
LI Haibin	Deputy general manager	December 14, 2010
KANG Jian	Deputy general manager and secretary of the Board	March 11, 2010/ December 14, 2009
LI Zhijian	Deputy general manager	March 11, 2010
LI Yuehua	Deputy general manager	August 19, 2010
ZHU Baocheng	Chief accountant	March 11, 2010
ZHANG Jurui	Chief engineer	March 11, 2010

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent from the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 28 to 34 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors, major terms of which include that (1) the tenure of each Director shall continue till the expiration of the term of the first session of the Board of Directors; and (2) the tenure may be terminated in accordance with respective terms of the contract. The service contracts may be renewed under the Articles of Association and applicable rules.

The Company has entered into contracts with the Supervisors in respect of, among others, compliance with relevant laws and regulations, the Articles of Association and provisions of arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company which is not determinable by the Company within one year without payment of compensation, other than statuary compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 12 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year 2011 or at any time during the year, there were no contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor had a material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2011, save as disclosed below, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses:

Name	Positions in the Company	Other interests
LU Haijun	Chairman of the Board and non-executive Director	Chairman of the board and director of BEIH
GUO Mingxing	Non-executive Director	Director and general manager of BEIH
XU Jingfu	Non-executive Director	Deputy general manager of BEIH
LIU Guochen	Non-executive Director	Deputy general manager of BEIH

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2011, no Director, Supervisor or senior management members of the Company had any interest or short position in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO) , or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at December 31, 2011, to the knowledge of the Directors of the Company, the persons (other than a Director, Supervisor or member of the senior management of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholders	Types of Shares	Capacity	Number of shares/underlying shares held (share)		Percentage of relevant class of share capital (%)		Percentage of total share capital (%)	
			Long position	Short position	Long position	Short position	Long position	Short position
BEIH	Domestic share	Beneficial interest and interest of a controlled corporation	4,217,360,071	–	93.22	–	69.91	–
BSAMAC	Domestic share	Beneficial interest and interest of a controlled corporation	4,442,302,231	–	98.19	–	73.64	–
Barclays Bank PLC	H share	Beneficial interest	323,752,000	307,310,928	21.47	20.38	5.37	5.09
Barclays PLC	H share	Interest of a controlled corporation	323,752,000	307,310,928	21.47	20.38	5.37	5.09
SAIF IV GP Capital Ltd.	H share	Beneficial interest	233,532,000	–	15.49	–	3.87	–
SAIF IV GP LP	H share	Interest of a controlled corporation	233,532,000	–	15.49	–	3.87	–
SAIF Partners IV L.P.	H share	Interest of a controlled corporation	233,532,000	–	15.49	–	3.87	–
Yan Yan	H share	Interest of a controlled corporation	233,532,000	–	15.49	–	3.87	–

Name of shareholders	Types of Shares	Capacity	Number of shares/underlying shares held (share) Long position	Short position	Percentage of relevant class of share capital (%) Long position	Short position	Percentage of total share capital (%) Long position	Short position
Shanghai Electric Group Company Limited	H share	Beneficiary of a trust	232,000,000	–	15.38	–	3.85	–
Beijing Enterprises Holdings Limited	H share	Interest of a controlled corporation	219,200,000	–	14.54	–	3.63	–
Beijing Enterprises Energy Technology Investment Co. Limited	H share	Beneficial interest	219,200,000	–	14.54	–	3.63	–
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited	H share	Interest of a controlled corporation	219,200,000	–	14.54	–	3.63	–
Jetcote Investment Co., Ltd.	H share	Beneficial interest	140,118,000	–	9.29	–	2.32	–
China Aerospace Science & Technology Corporation	H share	Interest of a controlled corporation	140,118,000	–	9.29	–	2.32	–
Xinjiang Goldwind Science & Technology Co., Ltd.	H share	Interest of a controlled corporation	140,118,000	–	9.29	–	2.32	–
New Wealth Investment Holdings Limited	H share	Beneficial interest	137,008,928	–	9.09	–	2.27	–
Chen Li	H share	Interest of a controlled corporation	137,008,928	–	9.09	–	2.27	–
China Longyuan Power Group Corporation Limited	H share	Interest of a controlled corporation	121,000,000	–	8.02	–	2.01	–
CSOF Inno Investments Limited	H share	Beneficial interest	94,414,000	–	6.26	–	1.57	–
China Special Opportunities Fund III, L.P.	H share	Interest of a controlled corporation	94,414,000	–	6.26	–	1.57	–

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2011.

CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt continuing connected transactions during the year. The Company has obtained approval from the Hong Kong Stock Exchange in respect of the annual caps for such continuing connected transactions upon the listing of its H Shares and was exempted from the announcement and independent shareholders' approval requirements. The table below shows the annual caps and actual transaction value of such continuing connected transactions:

(RMB million)

Connected transactions	Connected persons	Annual caps for 2011	Actual transaction value in 2011
1. Framework Property Lease Agreement	BEIH	10.0	8.1
2. Framework Equipment Maintenance Agreement	BEIH	19.0	16.0
3. Framework Electricity Sale and Purchase Agreement	BEIH	16.0	10.2
4. Framework Service Agreement	BEIH	58.0	17.7
– landscaping services		1.3	1.1
– property management services		9.1	2.0
– consultancy and technical support regarding operational safety		26.9	–
– conference services		2.2	1.5
– bidding agency services		–	–
– project management services		17.8	13.1
5. Framework Operating Agreement	BEIH	2.0	1.0
6. Framework Equipment Operating and Maintenance Agreement	BEIH	15.0	14.2
7. Framework Heat Sale and Purchase Agreement	BDHG	345.0	284.2
8. Project Contracting Agreements	BIEE, a subsidiary of BEIH	864.0	490.9
9. Guarantee Agreement	Huayuan Heating	634.0	629.4

Connected Transactions between the Group and BEIH and its Associates

Pursuant to the Listing Rules, BEIH is the Company's substantial shareholder, while BEIH and its subsidiaries are connected persons of the Company. BEIH, a controlling shareholder of the Company, was interested in 69.91% of the total issued share capital of the Company as at December 31, 2011. As such, BEIH and its associates are connected persons of the Company pursuant to the Listing Rules.

BDHG, as at December 31, 2011, was interested in 19.97% of the equity interest of Beijing Jingqiao Thermal Power Co., Ltd. (北京京橋熱電有限責任公司) , a subsidiary of the Company, and is therefore a connected person of the Company pursuant to the Listing Rules. In January 2012, pursuant to a decision of Beijing SASAC, BDHG will become a wholly owned subsidiary of BEIH.

The Company and BEIH and its associates entered into several framework agreements in respect of the connected transactions between them, so as to regulate the continuing business relationship. The connected transactions with BEIH and its associates are as follows:

- The Group leasing properties from BEIH and/or its associates, in respect of which BEIH and the Company entered into the Framework Property Lease Agreement on May 23, 2011 for a term of 20 years commencing from listing date;
- BEIH and/or its associates providing equipment maintenance services to the Group, in respect of which BEIH and the Company entered into the Framework Equipment Maintenance Agreement on May 23, 2011 for a term of 3 years commencing from listing date;
- BEIH and/or its associates purchasing electricity from the Group from time to time, in respect of which BEIH and the Company entered into the Framework Electricity Sale and Purchase Agreement on May 23, 2011 for a term of 3 years commencing from listing date;
- BEIH and/or its associates providing various services to the Group from time to time, including (i) landscaping services; (ii) property management services, including cleaning, security and catering services; (iii) consultancy and technical support regarding operational safety; (iv) conference services; and (v) bidding agency services and project management services, in respect of which BEIH and the Company entered into the Framework Service Agreement on May 23, 2011 for a term of 3 years commencing from listing date;
- BEIH and/or its associates operating the power and/or heating equipment for the Group, in respect of BEIH and the Company entered into the Framework Operating Agreement on May 23, 2011 for a term of 3 years commencing from listing date;
- The Group providing equipment operating and maintenance services to BEIH and/or its associates, in respect of which BEIH and the Company entered into the Framework Equipment Operating and Maintenance Agreement on May 23, 2011 for a term of 3 years commencing from listing date;
- BDHG and/or its associates purchasing heat generated by the Group from time to time, in respect of which BDHG and the Company entered into the Framework Heat Sale and Purchase Agreement on May 23, 2011 for a term of 3 years commencing from listing date.

Connected Transactions between the Group and BIEE

BIEE is a wholly-owned subsidiary of BEIH, a controlling shareholder of the Company which was interested in 69.91% of the total issued share capital of the Company as at December 31, 2011. As a result, BIEE is a connected person of the Company pursuant to the Listing Rules.

The Company entered into project contracting agreements in 2010 with BIEE for four projects (the "**Project Contracting Agreements**"). Pursuant to these agreements, BIEE agreed to (i) procure equipment required for the construction and operation of wind farms, such as wind turbine and wind tower, as well as provide technical guidance for installation, configuration and performance test of the equipment; (ii) construct wind power projects, including the construction and installation of power generators, substations, communication and transportation equipment as well as the construction of buildings required for wind farm operation; and (iii) manage the project construction process.

The Project Contracting Agreements are valid from signing dates to the completion and delivery of the projects, fulfillment of warranty obligations and settlement all outstanding balances.

Financial Assistance Provided by the Company to the Connected Persons

Huayuan Heating is owned as to 50% by the Company and as to 50% by BDHG, a connected person of the Company. As such, Huayuan Heating, as an associate of BDHG, is a connected person of the Company pursuant to the Listing Rules.

The Company agreed to provide guarantee for the loan obligations of Huayuan Heating in an aggregate amount of RMB629.44 million pursuant to the four guarantee agreements (the "**Guarantee Agreements**").

The loans were provided by commercial banks (all of which are independent third parties) after arm's length negotiations between Huayuan Heating and each of the commercial banks. To the knowledge of the Company, the Guarantee Agreements were made in the form of standard contracts of such banks. The Company did not charge Huayuan Heating any fees for the guarantee provided.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 36 to the Financial Statements is a connected transaction or a continuing connected transaction for the Company as defined under the Listing Rules or they are connected transactions or continuing connected transactions for the Company exempt from the reporting requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Review by and Confirmation of Independent Non-executive Directors of the Company

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that such transactions were:

(1) carried out in the ordinary course of business of the Group;

(2) made on normal commercial terms; and

(3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of our Company's Shareholders as a whole.

Confirmation of the Auditors

The auditors of the Company have performed the relevant agreed-upon procedures regarding the above continuing connected transactions, and confirmed by way of a letter to the Board of Directors that for the year ended December 31, 2011 these transactions:

a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors.

b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d) with respect to the aggregate amount of each of the continuing connected transactions set out in the above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus dated December 12, 2011 made by the Company in respect of each of the disclosed continuing connected transactions.

Save as disclosed above, the Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the above connected transactions.

COMPLIANCE WITH THE NON-COMPETITION AGREEMENTS

The Company and BEIH entered in to a Non-Competition Agreement and a Supplemental Non-Competition Agreement collectively, the "**Non-Competition Agreements**" on June 13, 2011 and December 2, 2011 respectively, under which, BEIH agrees that it will not (and it will procure that its subsidiaries (other than listed subsidiaries) will not) compete with the Company in the gas-fired power and heat energy generation business, wind power business, hydro-power business and other clean energy generation business (the "core business" of the Company) that and will grant the Company options for new business opportunities and acquisitions, as well as pre-emptive rights. The independent non-executive Directors of the Company are responsible for approving, considering and deciding on the acceptance of new business opportunities introduced by BEIH and/or its subsidiaries.

During the year, the Company's independent non-executive Directors have reviewed the implementation of the Non-Competition Agreements and confirmed that BEIH has fully observed the Non-Competition Agreements without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2011, the total amount of procurement from the five largest suppliers of the Company accounted for 99.45% of the total amount of procurement of the year. The purchase from the largest supplier accounted for 96.16% of the total amount of procurement during the year

For the year ended December 31, 2011, the total amount of sales to the five largest customers of the Company accounted for 95.63% of the total amount of sales of the year. The sales to the largest customers accounted for 64.60% of the total amount of sales of the year.

During the year, to the knowledge of the Directors, none of the Directors, their associates, or shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest suppliers or customers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the note 35 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As a listed company on the Stock Exchange, the Company strives to maintain high standards of corporate governance and comply with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. Please refer to the Corporate Governance Report on pages 51 to 60 of this annual report for further information.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the latest practicable date prior to the issue of this annual report, which was in line with the requirement under the Listing Rules.

USE OF PROCEEDS

The proceeds from initial public offering totaling approximately RMB1,413.5 million (net of issue expenses) after exercise of over-allotment option. As the Company was listed on the Stock Exchange on December 22, 2011, the Company did not apply the proceeds in 2011. The proceeds will be applied according to the use of proceeds as set out in the Prospectus of the Company dated December 12, 2011 from 2012 namely, approximately 50% of net proceeds will be used for the construction of wind power and gas-fired power projects, approximately 20% of net proceeds will be used for purchasing key equipment and parts and technological consultancy for maintenance as well as equipment improvement for existing projects, approximately 20% of net proceeds will be used for repaying bank loans and approximately 10% of net proceeds will be used for working capital. Unused proceeds have been placed at bank as deposit.

REPORT OF THE BOARD OF DIRECTORS

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2011, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Company's annual results for 2011 and the financial statements prepared in accordance with the International Financial Reporting Standards for the year ended December 31, 2011.

AUDITORS

Deloitte Touche Tohmatsu and Crowe Horwath China Certified Public Accountants were appointed as auditors for the financial statements prepared in accordance with IFRSs and Accounting Standards for Business Enterprises of PRC, respectively, for the year ended December 31, 2011. The Company's financial statements for the year 2011 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu. The Company has retained the services of Deloitte Touche Tohmatsu and Crowe Horwath China Certified Public Accountants since 2011.

A resolution to re-appoint Deloitte Touche Tohmatsu and Crowe Horwath China Certified Public Accountants as the international and domestic auditors of the Company respectively in the year of 2012 will be proposed at the Company's forthcoming AGM.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the assets and liabilities of the Group for the last four financial years is set out on pages 4 to 5 in this annual report.

By order of the board
Beijing Jingneng Clean Energy Co., Limited
Lu Haijun
Chairman

Beijing, the PRC
March 28, 2012

REPORT OF THE BOARD OF SUPERVISORS

In 2011, all members of the Board of Supervisors of the Company had, in accordance with the Company Law, Articles of Association, Rules of Procedure for Meetings of the Board of Supervisors, and the relevant requirements under the Listing Rules of the Stock Exchange, duly fulfilled their supervisory responsibilities with a view to safeguard the interests of the Company and its shareholders.

I. MEETING OF THE BOARD OF SUPERVISORS

Due to the preparation for the listing (the Shares of the Company were successfully listed on the Main Board of the Stock Exchange in Hong Kong on December 22, 2011), the Company did not convene any meeting of the Board of Supervisors separately in 2011. However, members of the Board of Supervisors had attended the physical meeting of the Board of Directors.

II. MAJOR WORK OF INSPECTION AND SUPERVISION BY THE BOARD OF SUPERVISORS IN 2011

1. Members of the Board of Supervisors supervised and inspected the financial positions of the Company and the internal control systems of the Company, including the financial management system. In particular, the Supervisors proceeded with regular inspections on the financial reports and financial budget of the Company and conducted irregular reviews of accounting vouchers and books of the Company.

2. Members of the Board of Supervisors attended the physical meeting of the Board of Directors and supervised the procedure in respect to the matters considered at the meeting to ensure its legitimacy and compliances with relevant requirements.

3. The Board of Supervisors raised no dissenting opinion on any of the reports and resolutions proposed to be considered at the general meetings, and was of the opinion that the Board of Directors duly implemented each of the resolutions passed at the general meetings.

III. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON THE RELEVANT MATTERS

1. Operation and Management of the Company

During the reporting period, the Company achieved satisfactory results in production and operation, cost control, project construction, capital operation, internal management, market exploration, and realized the annual targets for production and operation. The management of the Company further enhanced the corporate governance by reinforcing various systems of internal control, with particular focus on optimizing the system of business process for departments and divisions of the Company. The management fulfilled their duties prescribed in the Articles of Association with dedicated diligence, and duly implemented each of the resolutions passed by the Board of Directors.

2. Financial Positions of the Company

Members of the supervised and inspected the financial management system and the financial positions of the Company, and reviewed the relevant financial information. The Board of Supervisors considered that the Company was in strict compliance with the laws and regulations in respect of finance and accounting and relevant financial systems, that the financial system of the Company was healthy and effective, and that the accounting policies had been consistently applied; and the financial statements of the Company reflected a true and fair view on the financial positions and the operation results of the Company. The Board of Supervisors reviewed the standard unqualified auditors' report on the consolidated financial statements for the year ended December 31, 2011 prepared by Deloitte Touche Tohmatsu according to the IFRSs and gave no dissenting opinion thereon.

3. The Connected Transactions of the Company

The Board of Supervisors reviewed the connected transactions conducted from time to time between the Company or its subsidiaries and their connected persons for the year, and was of the opinion that these transactions complied with the relevant requirements of Listing Rules of the Stock Exchange, and the prices for the transactions are reasonable, open and fair. The Board of Supervisors was not aware of any matter that was detrimental to the interests of the Shareholders and the Company.

4. The Implementation of the Resolutions of the General Meetings

The Board of Supervisors gave no dissenting opinion on any of the reports and resolutions proposed to be considered at the general meetings during the reporting period. The Board of Directors duly implemented each of the resolutions passed at the general meetings. In 2012, the Board of Supervisors will continue, in accordance with the Company Law, Articles of Association, Rules of Procedure for Meetings of the Board of Supervisors, and the relevant requirements under the Listing Rules of the Stock Exchange, to uphold the principle of integrity and effectively supervise the Company, the Directors and senior management of the Company. Specifically, the Supervisors will closely monitor the production, operation and management of the Company, pay attention to major initiatives of the Company, and further strengthen the procedural monitoring of the investment projects of the Company, with an aim to boost the economic benefits of the Company and faithfully safeguard the interests of the Company and the Shareholders as a whole.

Chen Yanshan
Chairman of the Board of Supervisors

Beijing, the PRC
March 28, 2012

The Board of Directors of the Company is pleased to present the Corporate Governance Report for the year ended December 31, 2011.

The key corporate governance principles and practices of the Company are summarized as follows:

CORPORATE GOVERNANCE PRACTICES

The Group strives to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to Shareholders.

The Board believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

CG Code contained in the Listing Rules sets out the principles of good corporate governance and two levels of corporate governance practices:

a) Code provisions, which listed issuers are expected to comply with or to give considered reasons for deviation; and

b) Recommended best practices for guidance only, which listed issuers are encouraged to comply with or to give considered reasons for deviation.

The Company has adopted various measures to ensure a high standard of corporate governance and has put in place corporate governance practices that are considered to be relevant to the Group, to meet the CG Code contained in the Listing Rules.

In the opinion of the directors, the Company has complied with all the major code provisions as set out in the CG Code throughout the year under review.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to reviewing its corporate governance practices from time to time to ensure that they comply with the statutory and professional standards and align with the latest development.

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times.

Delegation of Management Functions

The Company has formalized and adopted the written terms on the division of functions reserved to the Board and delegated to the management.

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has the full support of the senior management for the discharge of its responsibilities.

Board Composition

The Board currently comprises 9 members, consisting of 1 executive Director, 5 non-executive Directors and 3 independent non-executive Directors.

The Board of the Company comprises the following Directors:

Executive Director:

MENG Wentao

Non-executive Directors:

LU Haijun *(Chairman)*
GUO Mingxing
XU Jingfu
LIU Guochen
YU Zhongfu

Independent non-executive Directors:

LIU Chaoan
SHI Xiaomin
LAU Miu Man

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

None of the members of the Board is related to one another.

Since the date of listing of December 22, 2011, the Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and has adopted the recommended best practice under the CG Code for the Board to have at least one-third of its membership comprising independent non-executive Directors. At least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all non-executive Directors have made various contributions to the effective direction of the Company.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Remuneration and Nomination Committee is responsible for reviewing Board composition, developing and formulating procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive Directors. Details of the Remuneration and Nomination Committee and its work performed during the year ended December 31, 2011 are set out in the "Board Committees" section below.

The term of office of Directors (including executive and non-executive directors) shall be three years and is renewable upon re-election by Shareholders.

Training, Induction and Continuing Development of Directors

Immediately prior to the listing of the Company, all the Directors have attended a formal, tailor-made and comprehensive training.

Each newly appointed Director would also receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

Board Meetings

Number of Meetings and Directors' Attendance

During the year ended December 31, 2011 (including the period when the Company was not listed), fourteen regular Board meetings were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the Board meetings, during the year ended December 31, 2011 are set out below:

Name of Director	Attendance/Number of Board Meetings during the term of office
LU Haijun *(Chairman)*	14/14
GUO Mingxing	14/14
XU Jingfu	14/14
LIU Guochen	14/14
MENG Wentao	14/14
YU Zhongfu (Note 1)	0/0
LIU Chaoan (Note 1)	0/0
SHI Xiaomin (Note 1)	0/0
LAU Miu Man (Note 1)	0/0

Note 1: The director was only appointed on December 22, 2011.

Practices and Conduct of Meetings

Annual Board meeting plans and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and Board committee meetings, reasonable notice is generally given before convening of the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Directors also have separate and independent access to the senior management where necessary.

The senior management attend all regular Board meetings and where necessary, other Board and Board committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

Mr. KANG Jian, one of the joint company secretaries, is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association contain provisions requiring Director to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Director or any of their associates have a material interest.

CHAIRMAN

The Chairman of the Board is Mr. LU Haijun, and the General Manager is Mr. MENG Wentao. The positions of Chairman and General Manager are held by separate persons in order to preserve independence and a balance of views and judgement. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board.

BOARD COMMITTEES

The Board has established 3 committees, namely, the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and are available to shareholders upon request.

The majority of the members of the Audit Committee and the Remuneration and Nomination Committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 146.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises 3 members, namely Mr. GUO Mingxing, Mr. LIU Chaoan and Mr. SHI Xiaomin, the majority of which are independent non-executive directors. In 2011, the Remuneration and Nomination Committee was chaired by Mr. GUO Mingxing. The Board resolved to elect Mr. LIU Chaoan, an independent executive director as the chairman of the Remuneration and Nomination Committee at the Board meeting held on March 28, 2012, in order to comply with the latest revised requirements of the Listing Rules.

The primary duties of the Remuneration and Nomination Committee include (but without limitation), (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for policies on such remuneration, (ii) determining the specific remuneration package of all executive Director(s) and senior management, and making recommendations to the Board on the remuneration of non-executive Directors, (iii) reviewing and approving performance-based remuneration policy by reference to the corporate goals that are passed by the Board from time to time; (iv) Studying the incentive scheme, remuneration policy and share option scheme, overseeing and accessing implementation effects and making recommendation, and (v) considering and making recommendations to our Board about who should fill any vacancy on our Board and senior management.

The Remuneration and Nomination Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration and Nomination Committee reviews the Board's structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Remuneration and Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

The Remuneration and Nomination Committee would meet at least once a year for reviewing the remuneration policy and structure and determining the annual remuneration packages of the executive Directors and the senior management and other related matters. No meeting of the Remuneration and Nomination Committee has been held for the year ended December 31, 2011 due to the reason that the Company was just listed on December 22, 2011.

Audit Committee

The Audit Committee comprises three non-executive Directors, namely Ms. LAU Miu Man (Chairman), Mr. LIU Guochen and Mr. LIU Chaoan, with independent non-executive Directors in majority (including one independent non-executive Director with the accounting expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include (but not limited to) the following:

- To review the Company's annual report, interim report, quarterly report, and the integrity of relevant financial reports and accounts, and review the important advises on financial reporting in all the financial statements and reports mentioned above.
- To review the work of the internal audit department and monitor the financial reporting system of the Company and internal control procedure , to review the efficiency of the internal control and risk management system, to ensure the co-ordination between the work of internal auditors and independent external auditors, in order to ensure that the internal audit function is adequately resourced within the Company and relevant staff has sufficient ability and work experience, and provide training program or similar program on regular basis.
- To monitor the appointment, re-appointment and change of external auditors and make recommendation to the Board, and to approve the remuneration and terms of engagement of the external auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process, formulate and implement policies for the non-audit services provided by the external auditors.

As the Company was just listed on December 22, 2011, there is not sufficient time for the Audit Committee to review the internal control system of the Company. The system was reviewed by the Board instead. The Audit Committee has taken up this duty since the listing date and would continue to review the system on an on-going basis.

The Audit Committee would hold at least 2 meetings for a year to review the financial results and reports, financial reporting and compliance procedures, the report from management on the Company's internal control and risk management review and processes, and the re-appointment of the external auditors.

The external auditors would be invited to attend the meeting without the presence of the executive Directors to discuss with the Audit Committee issues arising from the audit and financial reporting matters. No meeting of the Audit Committee has been held for the year ended December 31, 2011 due to the reason that the Company was just listed on December 22, 2011.

Where appropriate, a report will be submitted on any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

The Company's annual results for the year ended December 31, 2011 have been reviewed by the Audit Committee.

Strategy Committee

The current members of the Strategy Committee are Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu, Mr. LIU Guochen and Mr. MENG Wentao. The Strategy Committee is chaired by Mr. LU Haijun. The primary function of the Strategy Committee is to make recommendations to the Board on the long-term development strategies of the Company.

COMPLIANCE WITH CODE ON SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors and supervisors of the Company. Upon making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors of the Company confirmed that during the reporting period and since the Listing of the Company on the Stock Exchange, each of the directors and supervisors of the Company had fully complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Companies.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2011.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The Management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 61 to 62.

During the year ended December 31, 2011, the remuneration paid to the Company's external auditors, Deloitte Touche Tohmatsu in respect of audit services amounted to RMB2,000,000.

INTERNAL CONTROLS

Since the listing of the Company, the Board has conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate internal control system to safeguard Shareholder investments and Company assets and reviewing the effectiveness of such on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The internal auditor reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

The Company maintains a set of comprehensive internal control procedures to facilitate the effective operation of our business. We have adopted protective measures to ensure the enforceability of the Non-Competition Agreements between the Company and BEIH.

The key elements of the Group's internal control system include the following:

- An organizational structure with clearly defined and distinct lines of authority and control responsibilities
- A comprehensive financial accounting system to provide indicators for performance measurement and to ensure compliance with relevant rules
- Annual plans prepared by senior management on financial reporting, operations and compliance with reference to potential significant risks

- Strict prohibition of unauthorized expenditures and release of confidential information
- Specific approval from executive Director prior to commitment in all material matters
- Appropriate policy to ensure the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget
- Review and evaluation of the control process and monitoring of any risk factors on a regular basis by the management; and report by the same to the Audit Committee on any findings and measures to address the variances and identified risks.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at shareholder meetings.

The 2012 Annual General Meeting will be held on June 7, 2012. The notice of AGM will be sent to shareholders at least 45 days before the AGM.

During the year ended December 31, 2011, the Company also convened 2 Extraordinary General Meetings and at least 45 days' notice was given for these meetings.

To promote effective communication, the Company maintains a website at http://www.jncec.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

SHAREHOLDER RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors.

All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholders' meeting.

PRINCIPAL CHANNELS OF COMMUNICATION

Mr. KANG Jian and Ms. HOU Jinghui serve as the principal channels of communication of external service authority of the Company.

Deloitte.
德勤

TO THE MEMBERS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED

(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 63 to 143, which comprise the consolidated statement of financial position as at December 31, 2011, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2011, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 28, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	Year ended December 31, 2011 RMB'000	2010 RMB'000
Revenue	6	**3,905,030**	3,642,818
Other income	7	**962,124**	609,044
Gas consumption		**(2,110,052)**	(1,970,455)
Depreciation and amortization	11	**(767,754)**	(758,117)
Personnel costs	11	**(194,778)**	(184,343)
Repairs and maintenance		**(102,738)**	(104,497)
Other expenses		**(195,106)**	(253,186)
Other gains and losses	8	**(6,019)**	27,780
Profit from operations		**1,490,707**	1,009,044
Interest income	9	**15,343**	12,707
Finance costs	9	**(582,588)**	(500,259)
Share of results of associates		**147,398**	55,151
Share of results of jointly controlled entities		**(316)**	440
Profit before taxation		**1,070,544**	577,083
Income tax expense	10	**(175,559)**	(56,280)
Profit and total comprehensive income for the year	11	**894,985**	520,803
Profit and total comprehensive income for the year attributable to:			
– Equity owners of the Company		**803,455**	488,919
– Non-controlling interests		**91,530**	31,884
		894,985	520,803

	Notes	Year ended December 31, 2011 RMB cents	2010 RMB cents
Earnings per share Basic and diluted	14	**15.98**	10.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2011

	Notes	At December 31, 2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	15	**14,044,371**	11,812,691
Intangible assets	16	**3,627,509**	3,806,328
Prepaid lease payments	17	**91,499**	58,707
Investments in associates	18(a)	**1,267,749**	1,120,351
Loans to associates	18(b)	**136,440**	109,961
Investments in jointly controlled entities	19(a)	**200,429**	200,745
Deferred tax assets	20	**107,220**	82,719
Available-for-sale financial assets	21	**98,028**	98,048
Value-added tax recoverable	25	**516,526**	562,456
Deposit paid for acquisition of property, plant and equipment		**852,682**	474,272
		20,942,453	18,326,278
Current assets			
Inventories	22	**51,445**	35,103
Trade and bill receivables	23	**1,401,721**	1,157,357
Other receivables, deposits and prepayments	24	**131,768**	105,727
Current tax assets		**1,048**	–
Amounts due from related parties	36(c)	**35,845**	16,240
Loan to jointly controlled entities	19(b)	**–**	40,604
Prepaid lease payments	17	**2,009**	1,294
Value-added tax recoverable	25	**291,343**	245,434
Cash and cash equivalents	26	**2,443,421**	638,825
		4,358,600	2,240,584
Assets classified as held for sale	27	**–**	282,398
		4,358,600	2,522,982

	Notes	At December 31, 2011 RMB'000	2010 RMB'000
Current liabilities			
Trade and other payables	28	**1,367,020**	1,644,320
Amounts due to related parties	36(d)	**260,743**	157,605
Bank and other borrowings-due within one year	29	**6,087,492**	2,731,300
Income tax payable		**65,769**	43,495
Deferred income-current portion	30	**160,094**	90,576
		7,941,118	4,667,296
Liabilities associated with assets classified as held for sale	27	**–**	176,147
		7,941,118	4,843,443
Net current liabilities		**(3,582,518)**	(2,320,461)
Total assets less current liabilities		**17,359,935**	16,005,817
Non-current liabilities			
Bank and other borrowings-due after one year	29	**8,154,585**	8,883,437
Deferred tax liabilities	20	**3,845**	4,186
Deferred income	30	**42,105**	44,737
		8,200,535	8,932,360
Net assets		**9,159,400**	7,073,457
Capital and reserves			
Registered capital/share capital	31	**6,032,200**	5,000,000
Reserves		**2,749,385**	1,764,180
Equity attributable to equity owners of the Company		**8,781,585**	6,764,180
Non-controlling interests		**377,815**	309,277
Total equity		**9,159,400**	7,073,457

The consolidated financial statements on pages 63 to 143 were approved and authorized for issue by the Board of Directors on March 28, 2012 and are signed on its behalf by:

Liu Guochen
Director

Meng Wentao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Attributable to equity owners of the Company							
	Registered capital/ share capital RMB'000 (Note 31)	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (Note b)	Other reserves RMB'000	Accumulated profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2010	1,006,441	4,065,755	28,880	3,914	171,562	5,276,552	288,991	5,565,543
Capital contribution to a subsidiary under common control (Note a)	–	80,000	–	–	–	80,000	–	80,000
Increase in registered capital by cash (Note 31(a))	159,771	1,083,960	–	–	–	1,243,731	–	1,243,731
Capitalization of reserves on transformation into joint stock company (Note 31(b))	3,833,788	(3,799,494)	(34,294)	–	–	–	–	–
Transfer of Company's associate to a fellow subsidiary (Note 1(a))	–	(14,692)	–	–	–	(14,692)	–	(14,692)
Adjustment on interest in an associate transferred by holding company (Note 1(b))	–	(145,731)	–	–	–	(145,731)	–	(145,731)
Appropriation to statutory surplus reserve	–	–	73,795	–	(73,795)	–	–	–
Share of associates' other reserves (Note c)	–	74,719	–	–	–	74,719	–	74,719
Acquisition of a subsidiary from holding company (Note 1(c))	–	(3,000)	–	–	–	(3,000)	–	(3,000)
Dilution in non-controlling interest (Note d)	–	(800)	–	–	–	(800)	800	–
Dividend declared (Note 13(a))	–	–	–	–	(235,518)	(235,518)	(12,398)	(247,916)
	5,000,000	1,340,717	68,381	3,914	(137,751)	6,275,261	277,393	6,552,654
Profit/total comprehensive income for the year	–	–	–	–	488,919	488,919	31,884	520,803
At December 31, 2010	**5,000,000**	**1,340,717**	**68,381**	**3,914**	**351,168**	**6,764,180**	**309,277**	**7,073,457**
Additional capital injection in a subsidiary by non-controlling interests			**-**	**-**	**-**		**19,480**	**19,480**
Issue of shares (Note 31(c))	**1,032,200**	**369,056**	**-**	**-**	**-**	**1,401,256**	**-**	**1,401,256**
Issuance costs	**-**	**(141,725)**	**-**	**-**	**-**	**(141,725)**	**-**	**(141,725)**
Disposal of investment in an associate and a subsidiary to holding company (Note 1(d))	**-**	**35,739**	**-**	**-**	**-**	**35,739**	**1,166**	**36,905**
Appropriation to statutory surplus reserve	**-**	**-**	**138,554**	**-**	**(138,554)**	**-**	**-**	**-**
Acquisition of a subsidiary from holding company (Note 1(e))	**-**	**(81,320)**	**-**	**-**	**-**	**(81,320)**	**-**	**(81,320)**
Dividend declared (Note 13(b))	**-**	**-**	**-**	**-**	**-**	**-**	**(43,638)**	**(43,638)**
	6,032,200	**1,522,467**	**206,935**	**3,914**	**212,614**	**7,978,130**	**286,285**	**8,264,415**
Profit/total comprehensive income for the year	**-**	**-**	**-**	**-**	**803,455**	**803,455**	**91,530**	**894,985**
At December 31, 2011	**6,032,200**	**1,522,467**	**206,935**	**3,914**	**1,016,069**	**8,781,585**	**377,815**	**9,159,400**

Notes:

(a) The amounts represent the increase of registered capital of a subsidiary by cash injection of 北京能源投資（集團）有限公司 (Beijing Energy Investment Holding Co., Ltd., English name for identification purpose) ("BEIH"), the Company's ultimate holding company, during 2010.

(b) According to the relevant requirement in the memorandum of the Company and its subsidiaries, a portion of their profits after taxation computed in accordance with the relevant accounting principles and financial regulations in the PRC ("PRC GAAP") will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to equity owners. Such statutory surplus reserve can be used to offset the previous years' losses, if any, and increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.

(c) The amount represents the share of increase in the capital reserve of 北京京能國際能源股份有限公司 (Beijing Jingneng International Power Co., Ltd. for identification purpose) ("Beijing Jingneng International"), which attributed to the exchange of certain subsidiaries between Beijing Jingneng International and BEIH.

(d) On November 24, 2010, the Company increased its equity interest in a subsidiary, 北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd., English name for identification purpose) ("Jingqiao Power"), to 80.03% by capital injection of RMB40,000,000. The non-controlling interest's share of the capital injection was RMB800,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	Year ended December 31, 2011 RMB'000	2010 RMB'000
Operating activities			
Profit before taxation		**1,070,544**	577,083
Adjustments for:			
Depreciation and amortization	11	**767,754**	758,117
Impairment losses on doubtful receivables	8	**175**	164
Dividend from available-for-sale financial assets	7	**(2,096)**	(847)
Loss on disposal of property, plant and equipment	8	**282**	339
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	8	**–**	(36,796)
Share of results of associates		**(147,398)**	(55,151)
Share of results of jointly controlled entities		**316**	(440)
Interest income	9	**(15,343)**	(12,707)
Finance costs	9	**582,588**	500,259
Prepaid lease payments released to profit or loss	11	**1,211**	1,350
Deferred income released to profit or loss	7	**(2,632)**	(2,755)
Operating cash flows before movements in working capital		**2,255,401**	1,728,616
Movements in working capital			
Increase in inventories		**(16,342)**	(5,577)
Increase in trade and bill receivables		**(244,539)**	(342,201)
Increase in amounts due from related parties		**(32,593)**	(15,037)
Decrease in other receivables, deposits and prepayments		**89,855**	155,872
Increase in trade and other payables		**17,448**	9,548
(Decrease) increase in amounts due to related parties		**(30,457)**	11,355
Increase in deferred income		**69,518**	65,492
Cash generated from operations		**2,108,291**	1,608,068
Income tax paid		**(171,731)**	(69,853)
Net cash generated from operating activities		**1,936,560**	1,538,215
Investing activities			
Interest received		**12,090**	12,707
Dividends received		**2,096**	181,604
Repayment of loans by associates		**4,521**	621
Cash advanced to associates		**(31,000)**	–
Repayment of loans by jointly controlled entities		**240,604**	6,337
Cash advanced to jointly controlled entities		**(200,000)**	–
Repayment of loan from related party		**110,684**	94,840
Acquisition of:			
– Property, plant and equipment		**(3,632,935)**	(1,644,891)
– Intangible assets		**(4,738)**	(192)
– Available-for-sales financial assets		**–**	(10,000)
Additional capital contribution to a jointly controlled entity		**–**	(87,000)

	Notes	Year ended December 31, 2011 RMB'000	2010 RMB'000
Investing activities – continued			
Prepaid lease payments on land use rights		**(35,908)**	(30,279)
Proceeds on disposals of			
– Property, plant and equipment		**2,539**	2,406
– Available-for-sales financial assets		**20**	–
Receipt of restricted bank deposits		**–**	16,217
Cash inflow on disposal of subsidiaries		**17,499**	–
Cash inflow on disposal of an investment in an associate classified as assets held for sale		**15,782**	–
Deposit paid for acquisition of property, plant and equipment		**–**	(474,272)
Net cash used in investing activities		**(3,498,746)**	(1,931,902)
Financing activities			
Interest paid		**(575,419)**	(496,168)
Cash received from capital contribution		**19,480**	1,323,731
Advances from related parties		**19,855**	–
New bank and other loans raised		**9,728,368**	5,523,000
Repayments of bank and other loans		**(7,101,028)**	(5,815,486)
Repayment to related parties		**–**	(67,271)
H Shares issued under the initial public offering		**1,401,256**	–
H Shares sold on behalf of National Council for Social Security Fund of the PRC ("NSSF")		**140,126**	–
Payment of transaction costs attributable to issue of new shares		**(74,243)**	–
Settlement of consideration payable for acquisition of a subsidiary		**(84,320)**	–
Dividends paid to:			
– Equity owners of the Company		**(61,401)**	(174,118)
– non-controlling shareholders of subsidiaries		**(43,638)**	(12,398)
Net cash generated from financing activities		**3,369,036**	281,290
Net increase (decrease) in cash and cash equivalents		**1,806,850**	(112,397)
Cash and cash equivalents at the beginning of the year		**640,590**	753,899
Effect of foreign exchange rate changes		**(4,019)**	(912)
Cash and cash equivalents at the end of the year		**2,443,421**	640,590
Represented by:			
– Cash and cash equivalents included in a disposal group reclassified as assets held for sale	27	**–**	1,765
– Cash and cash equivalents at the end of the year	26	**2,443,421**	638,825

1. GROUP RESTRUCTURE AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was a joint stock company established in the People's Republic of China (the "PRC") with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 22, 2011.

The address of the Company's registered office is at Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC.

In the opinion of the directors of the Company (the "Directors"), BEIH is the Company's ultimate holding company (also the immediate parent company). BEIH is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by the State-owned Assets Supervision and Administration Commission ("SASAC") of the People's Government of Beijing Municipality of the PRC ("Beijing Government").

The principal activities of the Company's principal subsidiaries are set out in Note 40.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

To rationalize the group structure for the purpose of listing of the Company's shares on the Stock Exchange (the "Listing"), the Company has carried out certain group restructuring. Details of these restructuring are set out in the prospectus of the Company dated December 12, 2011 in connection with the Listing. The group restructuring relevant to the two years ended December 31, 2011 are set out below:

(a) On February 24, 2010, the Company transferred 46.92% equity interest in its associate, 北京科利源熱電有限公司 (Beijing Keliyuan Thermal Power Co., Ltd., English name for identification purpose) ("Beijing Keliyuan"), to one of BEIH's subsidiaries. The carrying amount of Beijing Keliyuan amounting to RMB14,692,000 is accounted for as distribution to BEIH, the equity participant.

1. GROUP RESTRUCTURE AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(b) On December 31, 2009, BEIH transferred 9.28% equity interest in Beijing Jingneng International to the Company. Together with the existing 10.72% equity interest of Beijing Jingneng International held by the Company before this transfer, the Company held 20% of Beijing Jingneng International, and Beijing Jingneng International became the Company's associate. The additional 9.28% equity interest was recorded at the fair value of the equity interest as at December 31, 2009 amounting to RMB548,448,000, which was accounted for as capital contribution from BEIH and presented as capital reserve. The excess of the share of the net fair value of the identifiable assets and liabilities over the carrying amount of 10.72% equity interest as at December 31, 2009 amounting to RMB58,457,000 was distributable pursuant to relevant rules in the PRC and therefore credited to the accumulated profits.

On January 21, 2010, the Company, BEIH and a group of strategic investors agreed that the accumulated profits attributable to 9.28% equity interest of Beijing Jingneng International as at December 31, 2009 should be entitled by BEIH. On June 11, 2010, the shareholders of Beijing Jingneng International approved a dividend distribution resolution to distribute all of the accumulated profits of Beijing Jingneng International as at December 31, 2009. The dividend attributable to 9.28% equity interest amounting to RMB145,731,000 was allocated to BEIH pursuant to the above agreement and accounted for as an adjustment to reduce the fair value of the contribution of equity interest received from BEIH.

(c) On December 30, 2010, Beijing Jingneng International transferred 100% equity interests in 內蒙古京能巴林右風力發電有限責任公司 (Inner Mongolia Jingneng Balinyou Wind Power Co., Ltd., English name for identification purpose) ("Balinyou Wind Power") to 北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd., English name for identification purpose) ("New Energy") at cash consideration of RMB3,000,000.

(d) On January 18, 2011, the Group has disposed of its subsidiary, 山東京能生物質發電有限公司 (Shandong Jingneng Biomass Power Co., Ltd., English name for identification purpose) ("Shandong Jingneng Energy"), and its associate, 國電湯原生物質發電有限公司 (Guodian Tangyuan Biomass Power Co., Ltd., English name for identification purpose) ("Guodian Tangyuan"), to BEIH, with the approval from SASAC of Beijing Government. The Group has fully received the consideration of RMB19,264,000 and RMB15,782,000 respectively. The disposal gain amounting to RMB35,739,000 is accounted for as contribution from BEIH.

1. GROUP RESTRUCTURE AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(d) *(Continued)*

In the RMB35,739,000 contribution, RMB22,125,000 is related to the gain on disposal of Shandong Jingneng Energy.

The details of the assets and liabilities (classified as held for sale) of Shandong Jingneng Energy at the disposal date and the disposal gain recorded as the contribution from BEIH are set out as below:

	RMB'000
Assets and liabilities derecognized:	
Property, plant and equipment	222,808
Intangible assets	84
Prepaid lease prepayments	14,089
Inventories	5,507
Trade and bills receivable	34,297
Other receivables, deposits and prepayments	570
Cash and cash equivalents	1,765
Trade and other payables	(17,220)
Bank and other borrowings	(152,956)
Deferred Income	(5,971)
Other borrowings from the Company	(107,000)
	(4,027)
Less:	
Non-controlling interest	(1,166)
Net liabilities disposed	(2,861)
Total consideration received by cash	19,264
Gain on disposal recorded in contribution from BEIH	22,125
Net cash inflow on disposal of subsidiaries	17,499

(e) In addition, BEIH transferred 100% equity interests in 北京京能高安屯燃氣熱電有限責任公司 (Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd., English Name for identification purpose) ("Gaoantun Power") to the Company at cash consideration of RMB81,320,000 on May 12, 2011.

As the Company and the entities transferred from BEIH and acquired from Beijing Jingneng International ("Common Controlled Entities") are under common controlled by BEIH prior and after the reorganization, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years 2010 and 2011 include the results, changes in equity and cash flows of the Common Controlled Entities as if the Common Controlled Entities were in the Group throughout the years 2010 and 2011.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the Directors have given careful consideration that at December 31, 2011, the Group has net current liabilities of RMB3,582,518,000. Taking into consideration of the unutilized banking facilities available to Group of RMB12,745,321,000 at December 31, 2011, and the Group's cash inflows generated from operating activities, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly the consolidated financial statements have been prepared on a going concern basis.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied all the standards, amendments and interpretations issued by the International Accounting Standards Board, which are effective for the Group's financial year beginning January 1, 2011.

At the date of the issue of these consolidated financial statements, the following new and revised standards, amendments and interpretation have been issued which are not yet effective:

IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income (4)
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets (2)
IAS 19 (Revised 2011)	Employee Benefits (3)
IAS 27 (Revised 2011)	Separate Financial Statements (3)
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures (3)
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities (5)
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (1)
IFRS 1 (Amendments)	Government Loans (3)
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets (1)
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities (3)
IFRS 9	Financial Instruments (6)
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures (6)
IFRS 10	Consolidated Financial Statements (3)
IFRS 11	Joint Arrangements (3)
IFRS 12	Disclosure of Interests in Other Entities (3)
IFRS 13	Fair Value Measurement (3)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (3)

Notes:

(1) Effective for annual periods beginning on or after July 1, 2011

(2) Effective for annual periods beginning on or after January 1, 2012

(3) Effective for annual periods beginning on or after January 1, 2013

(4) Effective for annual periods beginning on or after July 1, 2012

(5) Effective for annual periods beginning on or after January 1, 2014

(6) Effective for annual periods beginning on or after January 1, 2015

The Group has not early adopted these new and revised standards, amendments and interpretation in the preparation of the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

The Directors anticipate that the application of the new and revised standards, amendments or interpretations other than disclosed below will have no material impact on the results and the financial position of the Group.

IFRS 9 "Financial Instruments"

IFRS 9 introduces new requirements for the classification and measurement of financial assets and will be effective from annual period beginning on or after January 1, 2015, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. The Group is in the process of assessing the impact of IFRS 9.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that it is applied early with IFRS 10, IFRS 11, IAS 27 (Revised 2011) and IAS 28 (Revised 2011) at the same time.

The Directors anticipate that IFRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of this new standard may result in more extensive disclosures in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial Instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except that certain properties, plant and equipment which are recorded as deemed cost, and in accordance with IFRSs.

The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year, are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the owners of the Company. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the share of non-controlling equity owners in equity since the date of the consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from January 1, 2010 onwards).

Business combinations

(i) Business combination under common control

For group reorganization and combination of businesses under common control, merger accounting is adopted. In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

(ii) Business combination other than under common control

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

(ii) Business combination other than under common control *(Continued)*

At the acquisition date, the acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively.

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Change in ownership interests in subsidiaries not resulting in loss of control

Changes in the Group's ownership interests in a subsidiary that do not result in loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests will be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity (capital reserves) and attributed to the owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods, include electricity, heat energy and other goods, is recognized when such goods are delivered and title has passed.

The Group sells carbon credits known as Certified Emission Reductions ("CERs") generated from wind farms or other clean energy facilities which have been registered under the United Nation's Clean Development Mechanism ("CDM"). The Group also sells Voluntary Emission Reductions ("VERs") generated from CDM projects but generated before the registration with CDM. The revenue in relation to CERs and VERs are recognized when there is a persuasive arrangement between the Group and a buyer, the selling price is fixed or determinable, the relevant electricity has been generated and CERs and VERs have been verified and admitted by the Clean Development Mechanism Executive Board.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid operating lease payments on land use rights are carried at cost and released over the lease term on a straight-line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes under the state-managed retirement benefits schemes in the PRC are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency").

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognized in profit or loss in the period in which they arise.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognize as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred taxation is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred taxation liabilities are generally recognized for all taxable temporary differences and deferred taxation assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred taxation liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate and tax laws that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in the comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any recognized impairment loss except for certain property, plant and equipment stated at deemed cost under PRC GAAP less accumulated depreciation and any recognized impairment loss on the first adoption of IFRSs.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the profit or loss in the period in which the item is derecognized.

Intangible assets

The Group recognize an intangible assets arising from the wind farm concession arrangement when it has a right to receive the income for the usage of the concession infrastructure. Intangible assets received as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately and with finite useful lives are carried at cost less amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development or from the development stage of an internal project is recognized if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Gain or losses arising from derecognition of intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the assets is derecognized.

Impairment losses on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group 's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills, other receivables and deposits, amounts due from related parties, loans to associates and jointly controlled entities, and cash and cash equivalents) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Loans and receivables and available-for-sale financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For loans and receivables which carried at amortized costs, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade, bill and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When trade, bill and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For available-for-sale financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For loans and receivables, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the original carrying amount would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group entities after deducting all of their respective liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties, and bank and other borrowings) are subsequently measured at amortized cost using effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability, or, where appropriate, a shorter period to net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 "Revenue".

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the group entity has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition (Continued)

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumption concerning the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Nevertheless, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance on doubtful receivables

The Group estimates the impairment on trade and bill receivables by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Impairments are applied to trade and bill receivables when events or changes in circumstances indicate that the balances may not be recoverable. Where the expectation is different from the original estimate, such difference will affect the carrying amount of trade and bill receivable and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment on trade and bill receivables at the end of each reporting period. At December 31, 2011, the carrying amount of trade and bill receivables net of allowance on doubtful receivables is RMB1,401,721,000 (2010: RMB1,157,357,000).

6. REVENUE

An analysis of the Group's revenue is as follows:

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Sales of goods:		
– Electricity	**3,459,418**	3,272,036
– Heat energy	**351,378**	368,595
– Other goods	**–**	2,187
Service income from:		
– Fellow subsidiaries (Note (a))	**50,264**	–
– Associate (Note 36(f)(viii))	**13,000**	–
– Third parties (Note (b))	**30,970**	–
	3,905,030	3,642,818

Notes:

(a) The service income mainly represented the technology services provided and the service fee earned for the power generation capacity transfer arrangement. The service income from fellow subsidiaries included the continuing transactions amounting to RMB1,200,000 (Note 36(f)(ix)) and the discontinued transactions amounting to RMB49,064,000 (Note 36(f) (xii)).

(b) The service income represented fee received from the wind turbine suppliers for providing them the improvement work done on the turbines to ensure the operating safety of the power grids in certain power plants.

7. OTHER INCOME

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Government grants and subsidies related to:		
– Clean energy production (Note 30)	**629,788**	420,487
– Construction of assets (Note 30)	**2,632**	2,755
Income from CERs and VERs	**280,286**	156,263
Waiver for the retention money from certain suppliers (Note (a))	**38,847**	–
Value-added tax refunds (Note (b))	**4,777**	11,160
Profit earned from resale of purchased electricity, net (Note (c))	**–**	11,010
Dividend from available-for-sale financial assets, unlisted	**2,096**	847
Others	**3,698**	6,522
	962,124	609,044

7. OTHER INCOME *(Continued)*

Notes:

(a) The waived amount represented the compensation from certain gas equipment suppliers for the relevant repairing expense incurred by the Group.

(b) The Group entitles to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and a full refund of value-added tax for its revenue from the sale of heat energy generated to residential customers. A receivable and the corresponding income of the value-added tax refund are recognized when relevant value-added tax refund application is approved by the relevant PRC tax authorities.

(c) The amount represented the profit earned from the resale of purchased electricity. During the year ended December 31, 2010, the Group purchased electricity from other power plants (including a related party, see Note 36(f)(xi)) and resold it to the grid on the basis of purchase cost plus a profit. That one-time arrangement was made to satisfy the unfulfilled commitment to supply electricity to the grid resulting from the temporary shut-down of one gas-fired power plant of the Group for maintenance.

8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
Other gains (losses) comprises:		
Impairment loss on doubtful receivables	**(175)**	(164)
Loss on disposal of property, plant and equipment	**(282)**	(339)
Net exchange loss	**(5,348)**	(10,019)
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity (Note)	**–**	36,796
Others	**(214)**	1,506
	(6,019)	27,780

Note: Including in this item, the amount RMB30,377,000 represented the share of increase in Jingneng International's capital reserves, which attributed to a private placement to the non-controlling shareholders of a subsidiary of Jingneng International. In addition, the amount RMB6,419,000 represented the share of the increase in the reserve of a jointly controlled entity, because the non-controlling shareholder of this jointly controlled entity made additional contribution into a subsidiary of this jointly controlled entity during the year.

9. INTEREST INCOME/FINANCE COSTS

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Interest income from:		
– Loans to associates	**7,748**	5,237
– Loans to jointly controlled entities	**1,889**	2,296
– Loans to a fellow subsidiary	**1,533**	–
– A related non-bank financial institution (Note)	**817**	4,014
– Bank balances	**3,356**	1,160
Total interest income	**15,343**	12,707
Interest on bank and other borrowings wholly repayable:		
– Within five years	**586,572**	441,505
– Over five years	**184,849**	188,398
Total interest expense	**771,421**	629,903
Less: Amounts capitalized in property, plant and equipment	**(188,833)**	(129,644)
Total finance costs	**582,588**	500,259
Net finance costs	**567,245**	487,552
Capitalization rate of borrowing costs to expenditure on qualifying assets	**6.21%**	5.67%

Note: A related non-bank financial institution refers to 京能集團財務有限公司 (BEIH Finance Co, Ltd., English name for identification purpose) ("BEIH Finance") which is a fellow subsidiary of the Group.

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	**200,401**	104,098
Deferred tax (Note 20):		
Current year	**(24,842)**	(47,818)
Income tax expense	**175,559**	56,280

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the companies in the Group during the year ended December 31, 2011.

Pursuant to the joint circular (2008) No. 46 of the Ministry of Finance and the State Administration of Taxation of the PRC, a PRC enterprise engaging in public infrastructure projects is entitled to a three-year tax exemption and a three-year 50% deduction on the PRC enterprise income tax for taxable income generated by qualified public infrastructure projects which are approved after January 1, 2008 commencing from the first year when relevant projects generate revenue. Details of the group companies and projects enjoy this tax concession are set out below.

10. INCOME TAX EXPENSE *(Continued)*

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
The Company	Lumingshan Guanting Wind Farm Phase I	2008 to 2010	2011 to 2013
	Lumingshan Guanting Wind Farm Phase II	2010 to 2012	2013 to 2015
	Lumingshan Guanting Wind Farm Phase II (Density increased)	2011 to 2013	2014 to 2016
	Yanqing Wind Farm	2010 to 2012	2013 to 2015
New Energy	Saihan Wind Farm Phase I	2009 to 2011	2012 to 2014
New Energy	Saihan Wind Farm Phase II	2010 to 2012	2013 to 2015
New Energy	Zheligentu Wind Farm Phase I	2009 to 2011	2012 to 2014
New Energy	Zheligentu Wind Farm Phase II	2010 to 2012	2013 to 2015
New Energy	Huitengxile Wind Farm Phase II	2011 to 2013	2014 to 2016
內蒙古京能烏蘭伊利更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd., English name for identification purpose) ("Wulanyiligeng Power")	Wulanyiligeng Wind Farm	2009 to 2011	2012 to 2014
內蒙古京能商都風力發電有限責任公司 (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd., English name for identification purpose)("Shangdu Power")	Shangdu Wind Farm Phase I	2010 to 2012	2013 to 2015
Shangdu Power	Shangdu Wind Farm Phase II	2010 to 2012	2013 to 2015
內蒙古霍林郭勒風力發電有限責任公司 (Inner Mongolia Huolinguole Wind Power Co., Ltd., English name for identification purpose)("Huolinguole Power")	Huolinguole Wind Farm Phase II	2011 to 2013	2014 to 2016
Balinyou Wind Power	Balinyou Wind Farm Phase I	2011 to 2013	2014 to 2016

10. INCOME TAX EXPENSE *(Continued)*

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Limited, English name for identification purpose only) ("Ningxia New Energy)	Ningxia Taiyangshan Wind Farm Phase I	2011 to 2013	2014 to 2016
內蒙古京能察右中風力發電有限責任公司 (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd., English name for identification purpose) (" Chayouzhong Wind Power")	Chayouzhong Wind Farm Phase II	2009 to 2011	2012 to 2014
錫林郭勒吉相華亞風力發電有限責任公司 (Xilinguole Jixianghuaya Wind Power Co., Ltd., English name for identification purpose) ("Jixianghuaya Wind Power")	Jixianghuaya Wind Farm Phase II	2010 to 2012	2013 to 2015

The Company's PRC subsidiary, Shandong Jingneng Energy, produces products which satisfied the PRC industrial standards by using the resources listed in the Catalogue of Preferential Tax Treatments for Comprehensive Resource Utilization Enterprises issued by the Ministry of Finance, the National Tax Bureau and the National Development and Reform Committee of the PRC as key raw materials. In accordance with the EIT Law promulgated on March 16, 2007 ("EIT Law"), only 90% of its income is subject to PRC enterprise income tax.

Under the EIT Law, the preferential tax treatment for encouraged enterprises located in western PRC and certain industry-oriented tax incentives remains available up to December 31, 2010 when the original preferential tax period was expired. The Company's subsidiary, 黑水縣三聯水電開發有限責任公司 (Heishui County Sanlian HydroPower Development Co., Ltd., English name for identification purpose) ("Sanlian Power"), enjoys this preferential PRC enterprise income tax rate of 15% with a tax exemption for two years ended December 31, 2008 and 2009 and 50% deduction on enterprise income tax for the year ended December 31, 2010. Three wind power projects wholly-owned by subsidiaries of the Company, Chayouzhong Wind Farm Phase I, Jixianghuaya Wind Farm Phase I and Huolinguole Wind Farm Phase I enjoys the preferential PRC enterprise income tax rate of 15% with a tax exemption for two years ended December 31, 2009 and 2010. Up to December 31, 2011, the National Tax Bureau has announced the extension for the original preferential period of five years to the relevant expiration dates.

10. INCOME TAX EXPENSE *(Continued)*

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Profit before taxation	**1,070,544**	577,083
PRC enterprise income tax at 25%	**267,636**	144,271
Tax effect on:		
– Expenses not deductible for tax purposes	**630**	14,807
– Tax effect of share of result of associate and jointly controlled entities that are exempt from taxation	**(36,771)**	(14,110)
– Effect of the gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	**–**	(9,199)
– Tax losses and temporary differences not recognized as deferred tax assets	**8,117**	9,964
– Utilization of tax losses not recognized previously	**(1,638)**	(3,837)
– Effect of income that is exempted from taxation	**–**	(3,411)
– PRC enterprise income tax exemption and concessions	**(62,415)**	(82,205)
	175,559	56,280

11. PROFIT FOR THE YEAR

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**2,408**	883
Prepaid lease payments released to profit or loss	**1,211**	1,350
Operating lease payments in respect of land and building	**9,353**	10,132
Depreciation and amortization:		
Depreciation of property, plant and equipment (Note 15)	**566,231**	558,284
Amortization of intangible assets (Note 16)	**201,523**	199,833
Total depreciation and amortization	**767,754**	758,117
Personnel costs:		
Directors' emoluments (Note 12)	**712**	258
Other personnel costs	**194,066**	184,085
Total personnel costs	**194,778**	184,343

12. DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The emoluments paid or payable to each of the existing Directors and the existing Supervisors by the Group were as follows:

	Director fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
Year ended December 31, 2011					
Executive Director:					
Mr. Wentao Meng	–	530	152	30	712
	–	530	152	30	712
Non-executive Directors:					
Mr. Haijun Lu (Chairman)*	–	–	–	–	–
Mr. Mingxing Guo*	–	–	–	–	–
Mr. Jingfu Xu*	–	–	–	–	–
Mr. Guochen Liu*	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Chaoan Liu	–	–	–	–	–
Mr. Xiaomin Shi	–	–	–	–	–
Ms. Miu Man Lau	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Mr. Yanshan Chen*	–	–	–	–	–
Mr. Jiakai Liu*	–	–	–	–	–
Ms. Linwei Huang*	–	258	56	30	344
	–	258	56	30	344
	–	788	208	60	1,056

12. DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(Continued)*

	Director fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
Year ended December 31, 2010					
Executive Director:					
Mr. Wentao Meng	–	178	65	15	258
	–	178	65	15	258
Non-executive Directors:					
Mr. Haijun Lu (Chairman)*	–	–	–	–	–
Mr. Mingxing Guo*	–	–	–	–	–
Mr. Jingfu Xu*	–	–	–	–	–
Mr. Guochen Liu*	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Chaoan Liu	–	–	–	–	–
Mr. Xiaomin Shi	–	–	–	–	–
Ms. Miu Man Lau	–	–	–	–	–
	–	–	–	–	–
Supervisors:					
Mr. Yanshan Chen*	–	–	–	–	–
Mr. Jiakai Liu*	–	–	–	–	–
Ms. Linwei Huang*	–	250	52	27	329
	–	250	52	27	329
	–	428	117	42	587

* Represents directors or supervisors appointed in January 2010. Other directors were appointed in November 2010.

During the year, Directors' emoluments were RMB712,000 (2010: RMB258,000) (Note 11). Also, Mr. Haijun Lu, Mr. Mingxing Guo, Mr. Jingfu Xu, Mr. Guochen Liu and Mr. Zhongfu Yu did not receive any remuneration from the Group for their services provided to the Group. They were also management of BEIH and their remunerations were paid by BEIH over the respective periods. The executive director Mr. Wentao Meng started to receive his emolument from the Group in July 2010. Given the amounts of emoluments paid by BEIH to them are considered to be not material compared with the revenue and profits of the Group, BEIH did not allocate any of their remuneration to the Group.

12. DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(Continued)*

Five highest paid individuals

For the year ended December 31, 2011, the five highest paid individuals include only the Executive Director, Mr. Wentao Meng. The emoluments of the remaining four (2010: five, not including any Directors) highest paid individuals for the year ended December 31, 2011 are as follows:

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
Salaries and allowances	**1,073**	1,643
Bonus	**1,319**	648
Retirement benefit contributions	**135**	118
	2,527	2,409

Each of the four (2010: five) highest paid individuals in the Group for the year ended December 31, 2011 was below HK$1,000,000.

During the year, no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices. None of the Directors waived any emoluments during the year.

13. DIVIDENDS

(a) On June 9, 2010, a dividend in the total amount of approximately RMB235,518,000 was declared by the Company. Dividends amounting RMB12,398,000 were declared by subsidiaries to their non-controlling shareholders.

(b) On May 6, 2011, a dividend in the total amount of RMB167,840,000 was declared by 北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Company, English name for identification purpose) ("Taiyanggong Power") to its then shareholders, including RMB43,638,000 attributable to its non-controlling shareholder.

13. DIVIDENDS *(Continued)*

(c) On November 16, 2010, the Company made a special resolution to make a special distribution to the then shareholders of the Company (the "Special Distribution") in an amount equal to the Group's profit attributable to the equity owners of the Company derived from April 30, 2010 to September 30, 2011. April 30, 2010 is the date on which the Group's assets are valued for establishment as a joint stock limited company, and September 30, 2011 is the end of the quarter immediately prior to the listing in December 2011. The Special Distribution amounting to RMB565,857,000 was determined based on the lower of the profit as determined under IFRSs or under PRC GAAP after the relevant 10% statutory surplus reserve was provided according to a special audit of the consolidated financial statements of the Group for the period from April 30, 2010 to September 30, 2011. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution before actual payment. As advised by the Group's PRC legal advisor, the declaration of the Special Distribution is subject to the Company having sufficient distributable reserves in accordance with PRC law, and as a result, the Company will need to make arrangements for the distribution of dividends from its subsidiaries to the Company prior to declaring and paying the Special Distribution. In the opinion of the Director, the Special Distribution will be paid during the year ending December 31, 2012.

(d) Besides of the Special Distribution, subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2011 of RMB 0.874 cents per share (tax inclusive) (2010: Nil) representing RMB53,720,000 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to equity owners of the Company	**803,455**	488,919

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,028,279**	4,778,548
Effect of dilutive potential ordinary shares:		
Over-allotment options issued by the Company	**40**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,028,319**	4,778,548

14. EARNINGS PER SHARE *(Continued)*

For the purpose of presenting earnings per share, the weighted average number of shares for the year ended December 31, 2010 was computed by reference to the 5,000,000,000 shares issued pursuant to the capitalization issue completed on August 25, 2010 as set out in Note 31(b).

The Company had the potential ordinary shares due to the existence of over-allotment options during the year ended December 31, 2011. Accordingly, the diluted earnings per share is presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators and related equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At January 1, 2010	1,521,188	6,699,178	44,804	20,549	3,617,970	11,903,689
Additions	4,364	15,419	26,517	16,810	1,471,549	1,534,659
Adjustment (Note (b))	85,122	(127,116)	–	(253)	–	(42,247)
Transfer	7,969	2,372,000	–	–	(2,379,969)	–
Disposals	(11,275)	(3,631)	(2,836)	(2,035)	–	(19,777)
Reclassified as held for sale (Note (d))	(82,015)	(157,398)	(1,396)	(743)	(6,416)	(247,968)
At December 31, 2010	1,525,353	8,798,452	67,089	34,328	2,703,134	13,128,356
Additions	11,115	3,768	16,692	5,494	2,814,505	2,851,574
Adjustment (Note (b))	(27,283)	(24,670)	–	–	–	(51,953)
Transfer	25,599	1,526,275	175	1,871	(1,553,920)	–
Reclassification (Note (e))	–	(204,474)	–	–	204,474	–
Net-off of accumulated depreciation (Note (e))	–	(36,141)	–	–	–	(36,141)
Capitalization of depreciation for construction in progress (Note (e))	–	–	–	–	9,052	9,052
Disposals	–	(846)	(2,873)	(324)	–	(4,043)
At December 31, 2011	1,534,784	10,062,364	81,083	41,369	4,177,245	15,896,845
DEPRECIATION AND IMPAIRMENT						
At January 1, 2010	92,322	684,800	15,062	7,388	–	799,572
Depreciation provided for the year (Note 11)	54,653	488,750	9,009	5,872	–	558,284
Eliminated on disposals	(1,254)	(1,018)	(1,051)	(1,357)	–	(4,680)
Impairment loss written off (Note (c))	(10,021)	(2,330)	–	–	–	(12,351)
Reclassified as held for sale (Note (d))	(3,642)	(20,523)	(644)	(351)	–	(25,160)
At December 31, 2010	132,058	1,149,679	22,376	11,552	–	1,315,665
Depreciation provided for the year (Note 11)	50,595	501,465	8,741	5,430	–	566,231
Capitalization of depreciation for construction in progress (Note (e))	5,987	78	2,168	819	–	9,052
Net-off of accumulated depreciation (Note (e))	–	(36,141)	–	–	–	(36,141)
Eliminated on disposals	–	(44)	(2,196)	(93)	–	(2,333)
At December 31, 2011	188,640	1,615,037	31,089	17,708	–	1,852,474
NET BOOK VALUE						
At December 31, 2011	1,346,144	8,447,327	49,994	23,661	4,177,245	14,044,371
At December 31, 2010	1,393,295	7,648,773	44,713	22,776	2,703,134	11,812,691

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

(a) The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method, after taking in into account of their residual values, at the following rates per annum.

Buildings	2.11% to 4.75%
Generators and related equipment	3.17% to 7.92%
Motor vehicles	9.50% to 18.83%
Office equipment	11.00 to 19.00%

(b) The Directors estimates the final construction cost of certain assets when the assets are ready for use and transferred from construction in progress to respective categories of property, plant and equipment. Adjustments of the final cost will be made in the subsequent periods when the construction cost is finalized with the contractors.

(c) During the year ended December 31, 2009, the Directors conducted a review on the Group's property, plant and equipment and determined that the certain buildings and equipment were fully impaired, due to the recoverable amount was less than its carrying amount. Accordingly, impairment losses of RMB12,351,000 have been recognized to adjust the carrying value those assets to their recoverable amounts. The recoverable amount of the said assets has been determined on the basis of their value in use. Those buildings and equipment were disposed or demolished during the year ended December 31, 2010.

(d) The net book value of RMB222,808,000 (Note 27) has been classified as the "asset classified as held for sale".

(e) Since April 1, 2011, the operation of Jingqiao Project Phase I has been ceased and relevant equipment were transferred for an upgrading project of combined heat and power generation. The net book value of those equipment of RMB204,474,000 was reclassified to construction in progress, and the cumulative depreciation as at the date of transfer amounting to RMB36,141,000 was net off with the cost. Certain property, plant and equipment of Jingqiao Power were also used in the construction of Jingqiao Project Phase II, the depreciation of such assets amounting to RMB9,052,000 for the year ended December 31, 2011 was capitalized as part of the construction in progress.

(f) The Group was in the process of applying for the title certificates of certain buildings with the aggregate net book value of approximately RMB 18,835,000 (2010: 5,939,000) as at December 31, 2011. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at December 31, 2011.

16. INTANGIBLE ASSETS

	Concession rights RMB'000 (Note (b))	Operation rights RMB'000 (Note (c))	Software RMB'000	Development cost RMB'000	Total RMB'000
COST					
At January 1, 2010	4,004,987	130,000	408	–	4,135,395
Additions	–	10,134	378	–	10,512
Adjustments (Note (e))	(186)	–	–	–	(186)
Disposals	–	–	(140)	–	(140)
Reclassified as held for sale (Note (d))	–	–	(85)	–	(85)
At December 31, 2010	4,004,801	140,134	561	–	4,145,496
Additions	–	–	1,656	3,082	4,738
Adjustments (Note (e))	17,966	–	–	–	17,966
At December 31, 2011	4,022,767	140,134	2,217	3,082	4,168,200
AMORTIZATION					
At January 1, 2010	138,054	1,275	147	–	139,476
Provided for the year (Note 11)	198,065	1,700	68	–	199,833
Eliminated on disposals	–	–	(140)	–	(140)
Reclassified as held for sale (Note (d))	–	–	(1)	–	(1)
December 31, 2010	336,119	2,975	74	–	339,168
Provided for the year (Note 11)	199,659	1,696	168	–	201,523
December 31, 2011	535,778	4,671	242	–	540,691
CARRYING VALUES					
At December 31, 2011	3,486,989	135,463	1,975	3,082	3,627,509
At December 31, 2010	3,668,682	137,159	487	–	3,806,328

Notes:

(a) Intangible assets, other than development cost, have finite useful lives and are amortized on a straight-line basis over the following rates:

Concession rights	5.00%
Operation rights	3.30%
Software	20.0% to 50.0%

(b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognizes the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights amortized according to the respective beneficial periods.

(c) Operation rights represent governmental permits or contractual arrangements which grant the operators to construct and operate power facilities. Those operation rights are amortized on straight-line basis according to the estimated beneficial period of such facilities.

(d) The net book value amounted to RMB84,000 (Note 27) has been classified as the "asset classified as held for sale" as at December 31, 2010.

(e) The fair values of construction services provided pursuant to the wind farm concession arrangements are subject to management's estimation on the values of services sub-contracted to third parties. During the year ended December 31, 2011, changes of estimation of RMB17,966,000 (2010: RMB186,000) were made when the Group finalized the construction costs with sub-contractors.

17. PREPAID LEASE PAYMENTS

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Land in the PRC held under medium-term shown in the consolidated financial statements:		
Non-current	**91,499**	58,707
Current	**2,009**	1,294
	93,508	60,001

18. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	At December 31, 2011 RMB'000	2010 RMB'000
Unlisted equity investments, at cost	**947,681**	947,681
Share of post-acquisition profits (losses) net of dividend declared	**320,068**	172,670
	1,267,749	1,120,351

The summarized financial information in respect of the Group's associates which are accounted for using the equity accounting method is set out below:

	At December 31, 2011 RMB'000	2010 RMB'000
Non-current assets	**30,949,471**	28,529,694
Current assets	**5,085,402**	3,191,580
Non-current liabilities	**15,813,615**	8,769,814
Current liabilities	**9,859,024**	13,805,360

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Revenue	**10,075,103**	8,586,570
Profit and total comprehensive income for the year	**737,504**	402,860

18. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

(b) Loans to associates

	At December 31, 2011 RMB'000	2010 RMB'000
Loans to associates	**136,440**	109,961

The loans to associates of the Group are unsecured and bear interest at the rate promulgated by the People's Bank of China ("PBOC"). The Directors did not expect the repayments would be made within one year at the end of December 31, 2011, and accordingly the amounts were classified as non-current.

19. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES/LOANS TO JOINTLY CONTROLLED ENTITIES

(a) Investments in jointly controlled entities

	At December 31, 2011 RMB'000	2010 RMB'000
Unlisted equity investments, at cost	**192,000**	192,000
Share of post-acquisition profits, net of dividend declared	**8,429**	8,745
	200,429	200,745

The summarized financial information before non-controlling interests in respect of the Group's jointly controlled entities attributable to the Group's interest therein which are accounted for using the equity accounting method is set out below:

	At December 31, 2011 RMB'000	2010 RMB'000
Non-current assets	**1,630,084**	1,022,977
Current assets	**200,350**	265,219
Non-current liabilities	**1,329,314**	839,745
Current liabilities	**291,763**	238,788
Non-controlling interests	**8,928**	8,918

19. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES/LOANS TO JOINTLY CONTROLLED ENTITIES *(Continued)*

(a) Investments in jointly controlled entities *(Continued)*

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Revenue	**35,482**	31,759
Expenses	**44,179**	31,045
Total comprehensive (expense) income for the year	**(316)**	599

(b) Loans to jointly controlled entities

	At December 31, 2011 RMB'000	2010 RMB'000
Loans to jointly controlled entities		
Current	**–**	40,604

The loans to joint controlled entities of the Group were unsecured and bore interest at the rate promulgated by the PBOC. The loans are fully repaid during the year ended December 31, 2011.

20. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2010 and 2011:

	Tax loss RMB'000	Impairment on doubtful receivables RMB'000	Impairment on property, plant and equipment RMB'000	Trial run profit RMB'000 (Note a)	Deferred income related to clean energy production RMB'000 (Note b)	Unpaid employee payroll RMB'000 (Note c)	Trial run loss RMB'000 (Note a)	Total RMB'000
At January 1, 2010	–	–	3,088	26,704	5,450	–	(4,527)	30,715
Credit (charge) to profit or loss (Note 10)	6,238	1,575	(3,088)	22,722	17,194	2,836	341	47,818
At December 31, 2010	6,238	1,575	–	49,426	22,644	2,836	(4,186)	78,533
(Charge) credit to profit or loss (Note 10)	(46)	–	–	7,049	17,379	119	341	24,842
At December 31, 2011	6,192	1,575	–	56,475	40,023	2,955	(3,845)	103,375

20. DEFERRED TAXATION *(Continued)*

Notes:

(a) The revenue and cost generated from trial run of property, plant and equipment were credited and debited respectively in the property, plant and equipment but the profit margin is subject to PRC enterprise income tax and results in a temporary difference. The trial run profit/(loss) resulted in the tax bases of the related property, plant and equipment to be higher/(lower) than their carrying value on the consolidated statement of financial position in accounting, which the entity can receive more/(less) deductible depreciation charging to the tax profit to save/(increase) the future income tax expense during the useful life of the related property, plant and equipment. Accordingly the deferred tax assets/(liabilities) are recognized from the trial run profit/(loss).

(b) The subsidies from the government will be taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognized.

(c) Starting from January 1, 2010, employee payrolls accrued but unpaid at the end of the financial year will not be deductible for PRC enterprise income tax purpose until the allowed amount is paid.

For the purpose of consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At December 31,	
	2011	2010
	RMB'000	RMB'000
Deferred tax assets	**107,220**	82,719
Deferred tax liabilities	**(3,845)**	(4,186)
	103,375	78,533

Details of tax losses and other temporary differences not recognized are set out below:

	At December 31,	
	2011	2010
	RMB'000	RMB'000
Tax losses	**54,406**	60,190
Deductible temporary differences on deferred income	**–**	5,971
	54,406	66,161

The Group has not recognized deferred tax assets on above tax losses and deductible temporary differences, because it is not probable that the future taxable profits will be available in relevant subsidiaries to offset the tax losses and deductible temporary differences.

20. DEFERRED TAXATION *(Continued)*

The unrecognized tax losses will expire as the following:

	At December 31, 2011 RMB'000	2010 RMB'000
2011	**–**	4,284
2012	**–**	–
2013	**–**	6,305
2014	**149**	9,744
2015	**21,549**	39,857
2016	**32,469**	–
	54,167	60,190

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At December 31, 2011 RMB'000	2010 RMB'000
Unlisted equity investments, at cost	**98,028**	98,048

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

22. INVENTORIES

Inventories as at December 31, 2011 mainly represent spare parts used for maintenance during the year ended December 31, 2011. The cost of inventory included in the relevant maintenance charges arising on maintenance consumption was RMB39,064,000 (2010: RMB38,648,000) during the year ended December 31, 2011.

23. TRADE AND BILL RECEIVABLES

	At December 31, 2011 RMB'000	2010 RMB'000
Trade receivables	**1,386,103**	1,151,019
Bill receivables	**15,927**	6,472
	1,402,030	1,157,491
Less: allowance for doubtful receivables	**309**	134
	1,401,721	1,157,357

The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables by invoice date as at the reporting date:

	At December 31, 2011 RMB'000	2010 RMB'000
Within 60 days	**773,505**	831,888
61 to 365 days	**455,397**	323,436
1 to 2 years	**172,819**	2,033
	1,401,721	1,157,357

The Group's major customers are the PRC state-owned grid companies with good credit rating.

The common credit terms granted to the PRC state-owned grid companies on the sale of electricity and heat energy are 30 to 60 days, except for the wind power price premium to be collected from the PRC state-owned grid companies will normally be due around 18 months. Sale of other goods not having a specific credit terms will normally be recovered within one year.

The Directors closely monitors the trade receivables and considers the trade receivables past due but not impaired will be insignificant and the Group does not hold any collateral over those balances. The Directors consider that there is no impairment in view of the continuing repayment from those customers.

The aged analysis of trade receivables which are past due but not impaired is as follows:

	At December 31, 2011 RMB'000	2010 RMB'000
1 to 2 years	**6,039**	2,033

23. TRADE AND BILL RECEIVABLES *(Continued)*

Bill receivables are mainly bank's acceptance bills endorsed by the PRC state-owned grid companies.

At December 31, 2011, trade receivables amounting to RMB51,897,000 (2010: RMB40,587,000) are pledged for bank borrowings set out in Note 29(d).

Movements in the allowance of doubtful receivables are set out as follows:

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
At the beginning of the year	**134**	–
Provided during the year	**175**	134
At the end of the year	**309**	134

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,	
	2011	2010
	RMB'000	RMB'000
Other receivables and deposits, net of impairment (Note (a))	**100,349**	100,108
Advances to suppliers (Note (b))	**31,419**	5,619
	131,768	105,727

Note:

(a) The balances mainly represented the receivables for CERs as at December 31, 2011 and certain deposits as at December 31, 2010.

(b) The increase in the balance as at December 31, 2011 was mainly due to the increase in the prepayment for the future maintenance in power plants.

Movements in the impairment of other receivables are set out as follows:

	Year ended December 31,	
	2011	2010
	RMB'000	RMB'000
At the beginning of the year	**6,260**	6,385
Write off	**–**	(125)
At the end of the year	**6,260**	6,260

25. VALUE-ADDED TAX RECOVERABLE

	At December 31, 2011 RMB'000	2010 RMB'000
Value-added tax recoverable, classified as:		
– Current	**291,343**	245,434
– Non-current	**516,526**	562,456
	807,869	807,890

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax promulgated on November 10, 2008, starting from January 1, 2009, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of the property, plant and equipment and service concession assets are recognized as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arouse on future revenue. Value-added tax recoverable will be classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next twelve months.

26. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise cash on hand and deposits to banks and a related non-bank financial institution with an original maturity of three months or less. Deposits to banks and a related non-bank financial institution carry prevailing market interest rate.

	At December 31, 2011 RMB'000	2010 RMB'000
Bank deposits denominated in:		
– RMB	**961,936**	446,847
– HK Dollar ("HK$")	**1,481,329**	–
– Euro Dollar ("EUR")	**10**	8,162
Deposits in a related non-bank financial institution denominated in RMB	**–**	183,681
Cash on hand	**146**	135
	2,443,421	638,825

The Group had certain amount of deposit placed with BEIH Finance, a non-bank financial institution approved by China Banking Regulatory Commission as at December 31, 2010. Such deposits were short-term and are subject to an insignificant risk of changes in value, accordingly, the balances as at December 31, 2010 have been regarded as cash and cash equivalent.

26. CASH AND CASH EQUIVALENTS *(Continued)*

The deposits in banks and a related non-bank financial institution at the end of each reporting period carrying interest at the following variable interest rates per annum:

	At December 31, 2011 RMB'000	2010 RMB'000
Range of interest rates per annum	**0.3% to 1.0%**	0.4% or 1.39%

27. DISPOSAL GROUP HELD FOR SALE

On December 30, 2010, the Directors resolved to dispose all equity interest held in a subsidiary, Shandong Jingneng Energy and an associate, Guodian Tangyuan. The Company has taken place to negotiate with a potential buyer. The assets and liabilities attributed to such entities, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). Shandong Jingneng Energy is included in other businesses for segment reporting purpose (see Note 39). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized during the year ended December 31, 2010.

On January 18, 2011, the Group has disposed of the above mentioned subsidiary and the associate to BEIH.

The major classes of assets and liabilities of the disposal group classified as held for sale as at December 31, 2010 are as follows:

	December 31, 2010 RMB'000
Property, plant and equipment (Note 15 (d))	222,808
Intangible assets (Note 16 (d))	84
Prepaid lease prepayments	14,089
Inventories	5,507
Trade and bills receivable	35,409
Other receivables, deposits and prepayments	570
Cash and cash equivalents	1,765
Total assets of a subsidiary classified as held for sale	280,232
Investments in an associate classified as asset held for sale	2,166
Total assets classified as held for sale	282,398
Trade and other payables	17,220
Bank and other borrowings	152,956
Deferred Income (Note 30)	5,971
Total liabilities classified as held for sale	176,147

28. TRADE AND OTHER PAYABLES

	At December 31, 2011 RMB'000	2010 RMB'000
Trade payables	**977,596**	819,950
Bills payable (Note (a))	**31,594**	694,411
Advance received from customers	**400**	9,830
Salary and staff welfares	**43,952**	37,827
Non-income tax related tax payables	**49,890**	35,889
Accrued interests payable	**26,193**	14,964
Payable to National Council for Social Security Fund of the PRC ("NSSF") for new share issuance (Note (b))	**140,126**	–
Payable for costs of new share issuance	**63,729**	–
Other payables	**33,540**	31,449
	1,367,020	1,644,320

Note:

(a) Including in the balances at December 31, 2010 were bank acceptance notes issued to a fellow subsidiary of the Group amounting to RMB470, 000,000, which there is no such balance as at December 31, 2011.

(b) In accordance with relevant PRC regulations regarding disposal of state-owned shares, in the event of an initial public offering or a share placement to public shareholders in overseas securities markets by a PRC joint stock company in which the state has an interest, such company shall dispose of its state-owned shares representing 10% of the amount received from such offering or placement. Proceeds generated from the disposal of such state-owned shares shall be remitted to 全國社會保障基金理事會 ("NSSF").

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payable for property, plant and equipment and relevant retention payables. At December 31, 2011, there was RMB195,448,000 (2010: RMB111,898,000) retention payables to be settled after one year of the end of the reporting period. The Group normally settles the trade payable related to gas purchase within 30 days, settles the trade payable related to equipment purchase and construction cost, according to related contractual arrangements which normally requires progress payments during the construction period and a final payment after construction cost verified by independent valuer.

The following is an aged analysis of the Group's trade payables by invoices date as at the reporting date:

	At December 31, 2011 RMB'000	2010 RMB'000
Within 30 days	**395,433**	39,691
31 to 365 days	**292,246**	447,513
1 to 2 years	**64,225**	289,980
2 to 3 years	**190,515**	24,333
Over 3 years	**35,177**	18,433
	977,596	819,950

29. BANK AND OTHER BORROWINGS

	At December 31, 2011 RMB'000	2010 RMB'000
Bank loans	**14,242,077**	8,251,737
Other borrowings from:		
– ultimate holding company (Note (a))	**–**	1,665,000
– a related non-bank financial institution (Note (b))	**–**	1,698,000
	14,242,077	11,614,737
Represented by:		
– Unsecured borrowings (Note (c))	**13,929,077**	11,288,737
– Secured borrowings (Note (d))	**313,000**	326,000
	14,242,077	11,614,737
Bank and other borrowings repayable:		
– Within one year	**6,087,492**	2,731,300
– More than one year but not exceeding two years	**2,107,262**	2,035,777
– More than two years but not exceeding three years	**710,693**	2,146,777
– More than three years but not exceeding five years	**1,402,047**	998,553
– More than five years	**3,934,583**	3,702,330
	14,242,077	11,614,737
Less: Amount due within one year shown under current liabilities	**6,087,492**	2,731,300
Amount due after one year	**8,154,585**	8,883,437

Notes:

(a) The loans at December 31, 2010 were provided by BEIH in the form of entrusted loans through banks. Except that a loan amounting to RMB150,000,000 is with the annual fixed interest rate of 5.14% per annum, all the other loans are unsecured and carried at variable interest rate by reference to the interest rate promulgated by the PBOC. These loans were repaid during the year ended December 31, 2011. The interest expenses attributed to above entrusted loan was RMB20,064,000 for the year ended December 31, 2011 (2010: RMB102,879,000).

(b) Other borrowings from a related non-bank financial institution at December 31, 2010 represented loans from BEIH Finance. The loans were unsecured, carried interest at beneficial rates higher than 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. These loans were repaid during the year ended December 31, 2011. The interest expenses attributed to above loans from BEIH Finance were RMB28,393,000 for the year ended by December 31, 2011 (2010: RMB93,037,000).

(c) The Group's guaranteed borrowing in the unsecured borrowings include:

(i) the borrowings with the balances amounting to RMB65,000,000 as at December 31, 2011(2010: RMB97,500,000) which were guaranteed by the non-controlling shareholder of Taiyanggong Power, a related party of the Group;

(ii) the borrowings with the balances amounting to RMB2,362,000,000 as at December 31, 2011 (2010: RMB2,265,000,000) which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized facilities is RMB2,923,000,000 (2010: RMB2,731,000,000).

(d) The Group's secured borrowings were pledged by a right to receive the wind power electricity sale consideration in two subsidiaries of New Energy, and guaranteed by New Energy as at December 31, 2011. The relevant account receivable balances were RMB51,897,000 (Note 23) as at December 31, 2011(2010: RMB40,587,000).

29. BANK AND OTHER BORROWINGS *(Continued)*

The following is an analysis of the Group's bank and other borrowings by variable and fixed interest rate:

	At December 31, 2011 RMB'000	2010 RMB'000
Variable interest rate	**14,072,077**	10,864,737
Fixed interest rate	**170,000**	750,000
	14,242,077	11,614,737

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Range of interest rates per annum:		
– Variable-interest borrowings	**4.78% to 7.76%**	4.62% to 7.47%
– Fixed-interest borrowings	**4.78% to 5.81%**	4.78% to 5.14%

30. DEFERRED INCOME

	Government grants and subsidies for		
	Clean energy production RMB'000 (Note (a))	**Construction of assets** RMB'000 (Note (b))	**Total** RMB'000
At January 1, 2010	25,084	53,463	78,547
Additions	485,979	–	485,979
Released to profit or loss (Note 7)	(420,487)	(2,755)	(423,242)
Reclassified to liabilities held for sale (Note 27)	–	(5,971)	(5,971)
At December 31, 2010	**90,576**	**44,737**	**135,313**
Additions	**699,306**	**–**	**699,306**
Released to profit or loss (Note 7)	**(629,788)**	**(2,632)**	**(632,420)**
At December 31, 2011	**160,094**	**42,105**	**202,199**

Notes:

(a) The Group's gas and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognize receivable and deferred income when the Group obtains the relevant government approvals to allocate the subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidized rate. The amounts released to profit or loss are set out in Note 7.

(b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets. The amounts released to profit or loss are set out in Note 7.

30. DEFERRED INCOME *(Continued)*

	At December 31, 2011 RMB'000	2010 RMB'000
Presented in the consolidated financial statements as:		
Non-current	**42,105**	44,737
Current	**160,094**	90,576
	202,199	135,313

31. REGISTERED CAPITAL/SHARE CAPITAL

	Registered capital		Year ended December 31, Number of shares		Share capital	
	2011 **RMB'000**	2010 RMB'000	**2011** **'000**	2010 '000	**2011** **RMB'000**	2010 RMB'000
At beginning of the year	**–**	1,006,441	**5,000,000**	–	**5,000,000**	–
Cash contribution	**–**	159,771	**–**	–	**–**	–
Transformation into a joint stock company						
– Converted to share capital	**–**	(1,166,212)	**–**	1,166,212	**–**	1,166,212
– Capitalization of reserves	**–**	–	**–**	3,833,788	**–**	3,833,788
Issue of shares upon listing of the Company's shares on the Stock Exchange on December 22, 2012	**–**	–	**1,032,200**	–	**1,032,200**	–
At end of the year	**–**	–	**6,032,200**	5,000,000	**6,032,200**	5,000,000

As at December 31, 2011, the share capital comprised the domestic legal person shares 4,524,130,000 (2010: 5,000,000,000) and H shares 1,508,070,000 (2010: Nil).

Notes:

(a) On April 29, 2010, the registered capital of the Company was increased from RMB1,006,441,000 to RMB1,166,212,000 by cash contribution of a group of strategic investors (including a foreign financial investor). The group of strategic investors contributed cash of RMB1,243,731,000, of which RMB159,771,000 was recorded as registered capital and the remaining RMB1,083,960,000 was recorded as capital reserve.

(b) On August 25, 2010, the Company transformed into a joint stock company with limited liability. The initial share capital of the Company is RMB5,000,000,000 divided into 5,000,000,000 shares with the par value of RMB1 each. The share capital was paid up by capitalization of the registered capital of RMB1,166,212,000 and reserves of RMB3,833,788,000.

(c) On December 22, 2011, the Company issued 1,032,200,000 ordinary shares of RMB1 each at the price of HK$1.67 per share by way of placing and public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

32. LEASE ARRANGEMENTS

The Group as a lessee

At December 31, 2011, the Group had future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	At December 31, 2011 RMB'000	2010 RMB'000
Within one year	**981**	600
In the second to fifth year inclusive	**4,240**	2,580
Over five years	**14,381**	8,943
	19,602	12,123

Operating lease payments represent rentals payable by the Group for certain of its office premises and land. Leases are negotiated for the term in the range of one to two years and rentals are fixed at the date of signing of lease except for a land lease of the Company with a term of twenty years.

33. COMMITMENTS

The Group had the following commitments:

	At December 31, 2011 RMB'000	2010 RMB'000
Contracted but not provided for the acquisition or construction of property, plant and equipment for:	**3,678,469**	2,060,295

34. CONTINGENT LIABILITIES

The Group provided guarantees in respect of bank facilities granted to a jointly controlled entity. In the opinion of the Directors, the fair values of these financial guarantee contracts are insignificant at the date of issue of the financial guarantee.

The amounts of the outstanding guarantees provided by the Group as at December 31, 2011 are as follows:

	At December 31, 2011 RMB'000	2010 RMB'000
Guarantee given to banks in respect of banking facilities granted to:		
一北京華源熱力管網有限公司 (Beijing Huayuan Heating Pipeline Co., Ltd., English name for identification purpose) ("Huayuan Heating")	**629,440**	589,440

At December 31, 2011, all guarantee facilities were utilized (2010: unutilized guarantee facilities of RMB38,738,000).

35. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2011, total cost of RMB20,819,000 (2010: RMB18,240,000) were charged to the profit or loss as retirement benefit scheme contributions.

The Group participates in retirement benefit schemes organized by the local government authority in the PRC. The local government authority in the PRC is responsible for managing the pension liabilities to these retired employees. For the pension liabilities to these retired employees, the Group's obligation is only to make monthly contributions at 20% of basic salary for the years ended December 31, 2011 and 2010.

36. RELATED PARTY BALANCES AND TRANSACTIONS

(a) The following parties are identified as related party to the Group and the respective relationships are set out below:

Name of related party	Relationship
BEIH	Ultimate holding company
北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd., English name for identification purpose) ("BIEE")	Fellow subsidiary
BEIH Finance	Fellow subsidiary
Beijing Jingneng International	Fellow subsidiary and an associate company
北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) ("Jingfeng Thermal")	Fellow subsidiary
北京京西發電有限責任公司 (Beijing Jing Xi Power Generation Co., Ltd., English name for identification purpose) ("Jing Xi")	Fellow subsidiary
北京京能熱電股份有限公司 (Beijing Jing Neng Thermal Power Co., Ltd., English name for identification purpose) ("Jing Neng Thermal Power")	Fellow subsidiary
京能電力後勤服務有限公司 (Jing Neng Electricity Logistic Services Co., Ltd., English name for identification purpose) ("Jingneng Logistic")	Fellow subsidiary
內蒙古岱電房地產開發公司 (Inner Mongolia Dai Dian Real Estate Development Co., Ltd., English name for identification purpose) ("Dai Dian Real Estate")	Fellow subsidiary
北京博爾節能設備技術開發有限責任公司 (Beijing Boer Energy-saving Equipment Technology Development Co., Ltd., English name for identification purpose) ("Bo Er Jie Neng")	Fellow subsidiary
深圳鈺湖電力有限公司(Shenzhen Yuhu Power Co., Ltd., English name for identification purpose) (" Shenzhen Yuhu")	Fellow subsidiary
四川大川電力有限公司 (Sichuan Dachuan Power Co., Ltd., English name for identification Purpose) ("Sichuan Dachuan")	Fellow subsidiary
四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification Purpose) ("Sichuan Zhongneng")	Fellow subsidiary
內蒙古岱海發電有限責任公司 (Inner Mongolia Daihai Electricity Generation Co., Ltd., English name for identification Purpose) ("Daihai")	Fellow subsidiary, also a subsidiary of Beijing Jingneng International
北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co, Ltd.) ("BDHG")	a non-controlling shareholder held approximately 20% equity interest in a subsidiary

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(b) During this year, the Group entered into contracts to acquire property, plant and equipment from BIEE amounting to nil (2010: RMB1,608,923,000), and the total amount of equipment and services provided by BIEE to the Group were RMB490,931,000 (2010: RMB745,574,000).

At December 31, 2011, RMB31,307,000 (2010: RMB160,834,000) was paid to BIEE and recognized as "deposit for acquisition of property, plant and equipment" on the consolidated statement of financial position.

(c) At December 31, 2011, other than loans to associates and jointly controlled entities as set out in Notes 18 and 19, respectively and the deposit in a related non-bank financial institution as set out in Note 26, the Group has amounts receivable from the following related parties and the details are set out below:

	At December 31,	
	2011	2010
	RMB'000	RMB'000
Amounts due from:		
BEIH	**–**	2,106
Associates	**3,252**	–
Fellow subsidiaries	**32,593**	14,134
	35,845	16,240
Represented by:		
Trade receivables aged within 90 days by invoice date	**32,593**	–
Non-trade receivables*	**3,252**	16,240
	35,845	16,240

The credit terms granted to the related parties are 90 to 180 days.

* The balances were interest-free, unsecured and repayable on demand.

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(d) Except for the balances in bank acceptance notes issued to related party as set out in Note 28, borrowings from ultimate holding company and related non-bank financial institution as set out in Note 29, the Group has amounts payable to the following related parties and the details are set out below:

	At December 31, 2011 RMB'000	2010 RMB'000
Amounts due to:		
BEIH	**13,684**	95,019
Fellow subsidiaries	**247,059**	62,586
	260,743	157,605
Represented by:		
Trade payables aged within 180 days by invoice date	**227,203**	68,165
Non-trade payables*	**33,540**	89,440
	260,743	157,605

* The balances were interest-free, unsecured and repayable on demand.

(e) At December 31, 2011, the Group has the following balances with government/government-related entities other than the balances disclosed above:

	At December 31, 2011 RMB'000	2010 RMB'000
Trade and bill receivables	**1,342,477**	1,150,774
Other receivables	**100,327**	98,367
Bank balances	**537,152**	311,929
Trade payables	**563,867**	414,824
Other payables	**106**	879
Bank borrowings	**4,456,319**	3,389,837

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(f) During the year ended December 31, 2011, other than interest income paid by related parties, interest expense charged by related parties, and guarantee provided by a related party as set out in Note 9, Note 29(a) and Note 29(c)(i), respectively the Group entered into the following significant transactions with its related parties:

Continuing transactions:

(i) Management services from related parties

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jing Xi	**2,114**	2,751
BIEE	**13,100**	–
BEIH	**–**	23,600

(ii) Equipment maintenance services from related parties

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingfeng Thermal	**7,496**	7,218
BIEE	**8,545**	4,739

(iii) Conference service from a related party

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingneng Logistic	**1,447**	1,155

(iv) Rental expense as a lessee charged by related parties

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingfeng Thermal	**8,065**	8,065
BEIH	**25**	50

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(f) *(Continued)*

(v) Commission for entrusted loan service from a related non-bank financial institution

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
BEIH Finance	**2,193**	2,421

(vi) Electricity sold to a related party

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingfeng Thermal	**10,187**	11,583

(vii) Property management fee charged by a related party

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingneng Logistic	**2,042**	1,237

(viii) Equipment maintenance service to related parties

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Daihai (Note 6 (b))	**13,000**	–

(ix) Operating and management service to a related party

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingfeng Thermal (Note 6 (a))	**1,200**	–

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(f) *(Continued)*

(x) Heat energy sold to a connected person

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
BDHG	**284,210**	313,664

The amount of the revenue to this connected person excludes the value added tax based on the 13% rate.

Discontinued transactions:

(xi) Purchase from related parties

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
BIEE	**490,931**	745,574
Jingfeng Thermal	**–**	22,752
Jing Neng Thermal Power (Note 7 (c))	**–**	42,082
Bo Er Jie Neng	**–**	220
Dai Dian Real Estate	**–**	10,364

(xii) Service income from related parties (Note 6 (b))

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Commission income:		
Jingfeng Thermal	**26,414**	–
Technology service:		
Shenzhen Yuhu	**16,920**	–
Maintenance service:		
Sichuan Dachuan	**3,140**	–
Sichuan Zhongneng	**2,211**	–
BIEE	**379**	–
	49,064*	–

* Together with operating and management service income RMB1,200,000 in Note 36(f)(ix), total service income recognised was RMB50,264,000 (Note 6 (a)) during the year ended December 31, 2011.

36. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(f) *(Continued)*

(xiii) Heat energy sold to a related party

Name of related party	Year ended December 31, 2011 RMB'000	2010 RMB'000
Jingfeng Thermal	**746**	–

(g) During the year ended December 31, 2011, the Group entered into the following significant transactions with government-related entities other than the amounts disclosed above:

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Revenue from sales of electricity (Note 39(d))	**3,459,418**	3,272,036
Revenue from sales of heat energy	**335,582**	355,888
Purchases of gas	**2,110,052**	1,973,319
Interest income on bank balances	**2,664**	1,330
Interest expenses on bank borrowings	**221,812**	140,092

(h) Details of the remuneration paid and payable to the key management of the Company who are also the Directors and Supervisors are set out in Note 12.

(i) Details of the guarantees provided to related parties are set out in Note 34.

(j) In addition, the Group also has entered into other various transactions with government-related entities in its ordinary course of business. In view of the insignificance of these transactions, the Directors are of the opinion that separate disclosure would not be meaningful.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings, amounts due to related parties, net of cash and cash equivalents and equity attributable to owners of the Company, comprising registered capital, reserves and accumulated profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital, and take appropriate actions to balance its overall capital structure.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31, 2011 RMB'000	2010 RMB'000
Financial assets		
Available-for-sales financial assets	**98,028**	98,048
Loans and receivables (including cash and cash equivalent)	**4,117,776**	2,062,532
Financial liabilities		
Financial liabilities at amortized cost	**15,819,550**	13,370,943

The Group's major financial instruments include trade and bill receivable, other receivables, available-for-sale financial assets, cash and cash equivalents, trade and other payables, loans to and amounts due from/to related parties and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and foreign currency exchange rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year ended December 31, 2011.

38. FINANCIAL INSTRUMENTS *(Continued)*

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to associates and jointly controlled entities, cash and cash equivalent and bank and other borrowings carried at prevailing market interest based on the interest rates quoted by the PBOC plus a premium or less a discount.

The Group's fair value interest rate risk mainly included bank borrowings carried at fixed interest rate.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing prevailing interest rate, the analysis is prepared assuming the amount of balances outstanding at the end of each reporting period was outstanding for the whole year. A 25 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended December 31, 2011 would decrease (increase) by RMB 18,221,000 (2010: RMB20,036,000).

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Foreign currency risk management

Currency risk

The Group has certain assets and liabilities, including other receivables, bank balances and cash (Note 26) and other payables (Note 28) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arise.

The Group has not entered into any forward contract to hedge against these foreign currencies risk exposure. However, the management of the Group will consider to hedge these balances should the need arise.

38. FINANCIAL INSTRUMENTS *(Continued)*

Foreign currency risk management *(Continued)*

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR and HK$, because the CDM receivables in other receivables and bank balances caused by CDM transactions were mainly denominated in EUR, and the bank balances and payable to NSSF for new share issuance raised in new share listing was denominated in HK$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2011 RMB'000	31/12/2010 RMB'000	**31/12/2011 RMB'000**	31/12/2010 RMB'000
Euro	**–**	–	**83,949**	31,274
HK$	**140,126**	–	**1,481,329**	–

The following table details the Group's sensitivity to a 5% strengthening of RMB against EUR and HK$. 5% represents management's assessment of the possible change in the exchange rate of RMB against EUR and HK$. For a 5% weakening of RMB against EUR and HK$, there would be an equal and opposite impact on the profit for the year:

	At December 31,	
	2011 RMB'000	2010 RMB'000
Decrease in profit (EUR)	**3,509**	1,411
Decrease in profit (HK$)	**56,063**	–

In management's opinion, the sensitivity analysis is unrepresentative of inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk management

The Group's credit risk is primarily attributable to its trade and bill receivables, other receivables, loans to and amounts due from related parties, bank balances and cash, deposit in a non-bank financial institution and financial guarantee contracts. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets stated in the consolidated statement of financial position and the financial guarantee respectively.

38. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk management *(Continued)*

In order to minimize the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the Directors consider that the Groups' credit risk is significantly reduced.

Credit risk on trade receivables is concentrated on a limited number of power grids companies. However, the management, having considered the strong financial background and good creditability of the power grids, believes there is no significant credit risk. As at December 31, 2011, the Group has concentration of credit risk as 48% (2010: 47%) of total trade receivable is due from the Group's largest customer, and 94% (2010: 97%) were due from the five largest customers. The Group has also concentration of credit risk in relation to the loans to associates as loans are made to one to two associates only. The associates are engaged in managing and operating of hydropower and heat energy plants in the PRC.

Liquid funds are deposited with several banks in the PRC and Hong Kong. However, the credit risk on liquid funds is limited because the counterparties are authorized financial institutions in the PRC and Hong Kong.

In the view of the management of the Company, the credit risk on financial guarantee contract is limited, after considered the counterparties' strong financial capacity.

Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilization of bank borrowings from time to time.

The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As at December 31, 2011, the Group has available unutilized banking facilities of RMB12,745,321,000 (2010: RMB 5,271,470,000).

The following table details the Group's expected remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

38. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

The amounts included in the following table for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group has net current liabilities as at December 31, 2010 and 2011, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operating cash flow of the Group as well as the unused bank facilities to meet its liquidity requirements in the short and long term.

	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2011								
Trade and other payables	**–**	**1,316,730**	**–**	**–**	**–**	**–**	**1,316,730**	**1,316,730**
Bank and other borrowings-variable interest rate	**6.09**	**6,594,037**	**2,539,545**	**1,057,203**	**1,966,449**	**4,772,921**	**16,930,155**	**14,072,077**
Bank and other borrowings-fixed interest rate	**5.30**	**179,008**	**–**	**–**	**–**	**–**	**179,008**	**170,000**
Amounts due to related parties	**–**	**260,743**	**–**	**–**	**–**	**–**	**260,743**	**260,743**
Financial guarantee contracts (Note)	**–**	**21,000**	**79,700**	**142,400**	**94,800**	**291,540**	**629,440**	**–**
		8,371,518	**2,619,245**	**1,199,603**	**2,061,249**	**5,064,461**	**19,316,076**	**15,819,550**
At December 31, 2010								
Trade and other payables	–	1,598,601	–	–	–	–	1,598,601	1,598,601
Bank and other borrowings-variable interest rate	5.56	2,676,129	2,318,931	2,467,826	1,465,772	4,422,803	13,351,461	10,864,737
Bank and other borrowings-fixed interest rate	5.09	638,175	157,635	–	–	–	795,810	750,000
Amounts due to related parties	–	157,605	–	–	–	–	157,605	157,605
Financial guarantee contracts (Note)	–	209,442	20,000	70,000	154,000	135,998	589,440	–
		5,279,952	2,496,566	2,537,826	1,619,772	4,558,801	16,492,917	13,370,943

Note: The amount is including both the utilized amount and the unutilized amount.

38. FINANCIAL INSTRUMENTS *(Continued)*

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statements of financial position approximate their respective fair values at the end of each reporting period.

39. SEGMENT INFORMATION

After the reorganization set out in Note 1, the Group starts to manage its businesses by divisions, such as performs the monthly revenue analysis by segments which are organized by types of business from 2011. In order to present the segment information in a same rationale, the segment information for the year ended December 31, 2010 was presented in the same rationale according to the management internal report in year 2011, and was consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment during year 2011. The Group has presented the following operating and reportable segments.

– Wind power: constructs, manages and operates wind power plants and generates electric power for sale to external customers.

– Gas-fired power and heat energy generation: manages and operates natural gas-fired power plants and generates electric power and heat energy for sale to external customers.

– Hydropower: manages and operates hydropower plants and sales of electricity generated to external customers.

– Others: business activities other than "Wind power", "Gas-fired Power and Heat Energy Generation" and "Hydropower".

39. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, result, assets, and liabilities for the year ended December 31, 2011 by operating segment is as follows:

	Wind power RMB'000	Gas-fired power and heat energy generation RMB'000	Hydropower RMB'000	Others RMB'000	Total RMB'000
For the year ended December 31, 2011					
Revenue from external customers					
Sales of electricity	1,145,703	2,308,854	4,861	–	3,459,418
Sales of heat energy	–	349,900	–	1,478	351,378
Others	30,970	40,993	5,351	16,920	94,234
Reportable segment revenue/ consolidated revenue	1,176,673	2,699,747	10,212	18,398	3,905,030
Reportable segment profit (loss) (i)	672,712	838,336	6,493	(28,930)	1,488,611
Reportable segment assets	13,370,821	6,053,201	1,412,375	4,338,703	25,175,100
Reportable segment liabilities	10,235,975	3,877,732	999,755	2,642,490	17,755,952
Additional segment information:					
Depreciation	291,931	270,086	1,762	2,452	566,231
Amortization	201,450	53	2	18	201,523
Finance costs (ii)	385,495	144,038	–	53,055	582,588
Other income	110,677	849,347	4	2,096	962,124
Including:					
– Government grant related to clean energy production	25,133	607,287	–	–	632,420
– Income from CERs and VERs	82,003	198,283	–	–	280,286
– Others	3,541	43,777	4	2,096	49,418
Expenditures for reportable segment non-current assets	1,533,845	916,781	343,987	26,630	2,821,243

39. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities *(Continued)*

An analysis of the Group's reportable segment revenue, result, assets, and liabilities for the year ended December 31, 2010 by operating segment is as follows:

	Wind power RMB'000	Gas-fired power and heat energy generation RMB'000	Hydropower RMB'000	Others RMB'000	Total RMB'000
For the year ended December 31, 2010					
Revenue from external customers					
Sales of electricity	1,032,494	2,185,168	5,315	49,059	3,272,036
Sales of heat energy	–	368,595	–	–	368,595
Others	–	–	–	2,187	2,187
Reportable segment revenue/ consolidated revenue	1,032,494	2,553,763	5,315	51,246	3,642,818
Reportable segment profit (loss) (i)	556,838	466,490	1,501	(53,428)	971,401
Reportable segment assets	11,512,585	5,293,085	1,168,321	1,587,668	19,561,659
Reportable segment liabilities	8,862,564	3,521,709	693,180	1,015,496	14,092,949
Additional segment information:					
Depreciation	223,738	319,588	1,786	13,172	558,284
Amortization	198,759	777	2	295	199,833
Finance costs (ii)	331,504	155,360	–	13,395	500,259
Other income	47,055	551,209	–	10,780	609,044
Including:					
– Government grant related to clean energy production	11,760	408,727	–	–	420,487
– Income from CERs and VERs	31,982	124,281	–	–	156,263
– Others	3,313	18,201	–	10,780	32,294
Expenditures for reportable segment non-current assets	1,168,002	125,027	274,515	7,721	1,575,265

Notes:

(i) The segment profit is arrived at after the deduction of gas consumption, depreciation and amortization, personnel costs, repair and maintenance, other expenses, and other gains and losses from revenue and other income (excluding gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity, dividend from available-for-sale financial assets).

(ii) Finance costs have been allocated among the segments for the additional information to the CODM, but are not considered to arrive at the segment profit. However, the relevant borrowings have been allocated into the segment liabilities. It represents amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss.

39. SEGMENT INFORMATION *(Continued)*

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Results		
Reportable segment profit	**1,488,611**	971,401
Unallocated		
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	**–**	36,796
Dividend income from available-for sale financial assets	**2,096**	847
Profit from operations	**1,490,707**	1,009,044
Interest income	**15,343**	12,707
Finance costs	**(582,588)**	(500,259)
Share of results of associates	**147,398**	55,151
Share of results of jointly controlled entities	**(316)**	440
Consolidated profit before taxation	**1,070,544**	577,083

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Assets		
Reportable segment assets	**25,175,100**	19,561,659
Inter-segment elimination	**(2,491,782)**	(1,172,137)
Unallocated assets:		
– Investments in associates	**1,267,749**	1,120,351
– Loans to associates*	**136,440**	109,961
– Investments jointly controlled entities	**200,429**	200,745
– Loans to jointly controlled entities*	**–**	40,604
– Deferred tax assets	**107,220**	82,719
– Available-for-sales financial assets	**98,028**	98,048
Different presentation on:		
– Value-added tax recoverable (Note (i))	**807,869**	807,890
– Accrued of unpaid land use right (Note (ii))	**–**	(580)
Consolidated total assets	**25,301,053**	20,849,260

* All the relevant interest income is allocated to segment profit but these loans and receivables are not allocated to segment assets, which caused the segment results and segment assets asymmetrically presented.

39. SEGMENT INFORMATION *(Continued)*

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements *(Continued)*

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Liabilities		
Reportable segment liabilities	**17,755,952**	14,092,949
Inter-segment elimination	**(2,491,782)**	(1,172,137)
Unallocated liabilities:		
– Income tax payable	**65,769**	43,495
– Deferred tax liabilities	**3,845**	4,186
Different presentation on:		
– Value-added tax recoverable (Note (i))	**807,869**	807,890
– Accrued of unpaid land use right (Note (ii))	**–**	(580)
Consolidated total liabilities	**16,141,653**	13,775,803

Notes:

(i) Value-added tax recoverable was net-off with value-added tax payables under segment information, but reclassified and presented as assets on the consolidated statement of financial position.

(ii) The Group records prepayments related to land use rights as assets but records the full contract value for the segment analysis purpose.

All assets are allocated to reportable segments, other than available-for-sale financial assets, investments in associates and jointly controlled entities, loans to associates and jointly controlled entities and deferred tax assets; all liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities.

(c) Geographical information

All of the Group's revenue and non-current assets (non-current assets excluded deferred tax assets) are located in the PRC, therefore no geographic segment information was presented. The basis for attributing the revenue is based on the location of customers from which the revenue is earned, which are located in the PRC and the sales activities are made in the PRC.

39. SEGMENT INFORMATION *(Continued)*

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2011 amounted to RMB3,459,418,000 (Note 36(g)) (2010: RMB3,272,036,000). Sales of electricity to the major customers for the year ended December 31, 2011 by segment were as follows:

	Year ended December 31, 2011 RMB'000	2010 RMB'000
Wind Power	**1,145,703**	1,032,494
Gas-fired Power and Heat Energy Generation	**2,308,854**	2,185,168
Hydropower	**4,861**	5,315
Others	**–**	49,059
Total	**3,459,418**	3,272,036

40. SUBSIDIARIES

The subsidiaries of the Company were established and operate in the PRC as the limited liability companies. The particulars of subsidiaries of the Company as at December 31, 2011 and 2010 are set out as followings:

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Taiyanggong Power	RMB700,000,000	74%	–	Gas-fired power and heat energy generation
Jingqiao Power	RMB500,751,000	80.03%	–	Gas-fired power and heat energy generation
北京京豐燃氣發電有限公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd., English name for identification purpose)	RMB325,770,000	100%	–	Gas-fired power and heat energy generation
New Energy	RMB1,999,670,000	100%	–	Investment management, wind power generation
Gaoantun Power	RMB80,000,000	100%	–	Gas-fired power and heat energy generation
Sanlian Power	RMB155,690,000	100%	–	Water power generation
北京華富能源咨詢有限公司 (Beijing Huafu Energy Consultancy Co., Ltd., English name for identification only)	RMB199,170,000	100%	–	Investment management

40. SUBSIDIARIES *(Continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct	Equity interest attributable to the Company Indirect	Principal activities
盈江華富水電開發有限公司 (Yingjiang Hua Fu HydroPower Development Co., Ltd., English name for identification purpose only)	RMB198,170,000	–	100%	Water power generation
騰沖縣猴橋永興河水電開發有限公司 (Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd., English name for identification purpose)	RMB51,300,000	100%	–	Water power generation
內蒙古京能科右中風力發電有限責任公司 (Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd., English name for identification purpose)	RMB78,000,000	–	100%	Wind power generation
內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd., English name for identification purpose)	RMB73,000,000	–	100%	Wind power generation
Shangdu Power	RMB207,520,000	–	100%	Wind power generation
Chayouzhong Wind Power	RMB313,641,000	–	100%	Wind power generation
Wulanyiligeng Power	RMB655,520,000	–	100%	Wind power generation
Jixianghuaya Wind Power	RMB324,468,000	–	100%	Wind power generation
Huolinguole Power	RMB129,220,000	–	100%	Wind power generation
京能昌圖新能源有限公司 (Jingneng Changfu New Energy Co., Ltd., English name for identification purpose)	RMB108,000,000	–	100%	Wind power generation

40. SUBSIDIARIES *(Continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct	Equity interest attributable to the Company Indirect	Principal activities
Shandong Jingneng Energy (Note)	RMB50,000,000	–	–	Biomass energy generation
Balinyou Wind Power	RMB79,000,000	–	100%	Wind power generation
Ningxia New Energy	RMB126,700,000	–	100%	Wind power generation
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd., English name for identification purpose only)	RMB65,000,000	–	100%	Wind power generation
內蒙古京能巴音風力發電有限公司 (Inner Mongolia Jingneng Bayin Wind Power Co., Ltd., English name for identification purpose)	RMB5,000,000	–	100%	Wind power generation
內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd., English name for identification purpose)	RMB5,000,000	–	100%	Wind power generation
內蒙古京能文貢烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd., English name for identification purpose)	RMB65,000,000	–	100%	Wind power generation
左雲京能風力發電有限責任公司 (Zuoyun Jingneng Wind Power Co., Ltd., English name for identification purpose) ("Zuoyun Jingneng Wind Power")	RMB3,000,000	–	100%	Wind power generation

Note: This was a subsidiary of New Energy which has been classified to the disposal group held for sale and it was disposed to BEIH during the year ended December 31, 2011. Please refer to Note 27 for more details.

Note of the subsidiaries has issued any debt securities at the end of the year.

41. ASSOCIATES

The associates of the Company were established and operate in the PRC. The particulars of associates of the Company as at December 31, 2011 and 2010 are set out as followings:

Name of associate	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2011	2010	Principal activities
Beijing Jingneng International	RMB4,000,000,000	**20%**	20%	Electric power and energy construction, investment management
全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co., Ltd., English name for identification purpose)	RMB25,000,000	**40%**	40%	Water power project development and investment
北京市天銀地熱開發有限責任公司(Beijing Tian Yin Di Re Development Co., Ltd.)	RMB70,000,000	**43%**	43%	Geothermal power development and heating
國電湯原生物質發電有限公司 (Guodian Tangyuan Biomass Power Co., Ltd., English name for identification purpose) (Note)	RMB50,000,000	**–**	40%	Resources of materials utilization and development

Note: The investment in this associate company has been classified into "assets classified as held for sale" as at December 31, 2010 and was disposed to BEIH during the year ended December 31, 2011. Please refer Note 1 (d) for more details.

42. JOINTLY CONTROLLED ENTITIES

The jointly controlled entities of the Company were established and operate in the PRC The particulars of jointly controlled entities of the Company established as at December 31, 2011 and 2010 are set out as followings:

Name of jointly controlled entity	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2011	2010	Principal activities
北京華源惠眾環保科技有限公司 Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	RMB160,000,000	**50%**	50%	Environment protection technology development
Huayuan Heating	RMB224,000,000	**50%**	50%	Heating service, contraction

43. INFORMATION ABOUT THE FINANCIAL POSITIONS OF THE COMPANY

	At December 31, 2011 RMB'000	2010 RMB'000
Non-current assets		
Property, plant and equipment	**1,294,887**	1,336,118
Investments in subsidiaries	**4,881,072**	4,358,366
Prepaid lease payments	**1,407**	1,436
Investments in associates	**947,681**	947,681
Loans to associates	**136,440**	109,440
Loans to subsidiaries	**1,268,000**	–
Investments in jointly controlled entities	**192,000**	192,000
Deferred tax assets	**23,196**	23,196
Available-for-sale financial assets	**30,000**	30,000
Value-added tax recoverable	**1,539**	14,912
Deposit paid for acquisition of property, plant and equipment	**10,503**	–
	8,786,725	7,013,149
Current assets		
Inventories	**418**	376
Trade and bill receivables	**26,923**	42,111
Other receivables, deposits and prepayments	**19,524**	13,388
Amounts due from related parties	**20,173**	–
Amounts due from subsidiaries	**113,559**	–
Loan to jointly controlled entities	**–**	40,604
Prepaid lease payments	**29**	29
Value-added tax recoverable	**28,096**	35,180
Cash and cash equivalents	**1,678,657**	92,403
	1,887,379	224,091
Current liabilities		
Trade and other payables	**241,315**	121,413
Amounts due to related parties	**667**	61,621
Amounts due to a subsidiary	**750**	–
Bank and other borrowings-due within one year	**1,733,000**	200,000
	1,975,732	383,034
Net current liabilities	**(88,353)**	(158,943)
Total assets less current liabilities	**8,698,372**	6,854,206
Non-current liabilities		
Bank and other borrowings-due after one year	**690,200**	460,000
Deferred income	**42,105**	44,737
	732,305	504,737
Net assets	**7,966,067**	6,349,469
Capital and reserves		
Registered capital/share capital	**6,032,200**	5,000,000
Reserves	**1,933,867**	1,349,469
Total equity	**7,966,067**	6,349,469

43. INFORMATION ABOUT THE FINANCIAL POSITIONS OF THE COMPANY *(Continued)*

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated (loss)/profits RMB'000	Total RMB'000
At January 1, 2010	4,285,228	12,824	(34,521)	4,263,531
Increase in registered capital by cash (Note 31(a))	1,083,960	–	–	1,083,960
Capitalization of reserves on transformation into joint stock company (Note 31(b))	(3,799,494)	(34,294)	–	(3,833,788)
Transfer of Company's associate to a fellow subsidiary	(11,999)	–	–	(11,999)
Adjustment on interest in an associate transferred by holding company (Note 1(b))	(145,731)	–	–	(145,731)
Appropriation to statutory surplus reserve	–	29,801	(29,801)	–
Dividend declared	–	–	(235,518)	(235,518)
	1,411,964	8,331	(299,840)	1,120,455
Profit/total comprehensive income for the year	–	–	229,014	229,014
At December 31, 2010	1,411,964	8,331	(70,826)	1,349,469
Issue of shares (Note 31(c))	369,056	–	–	369,056
Issuance costs	(141,725)	–	–	(141,725)
Appropriation to statutory surplus reserve	–	50,548	(50,548)	–
Acquisition of a subsidiary from holding company (Note 1(e))	(1,320)	–	–	(1,320)
	1,637,975	58,879	(121,374)	1,575,480
Profit/total comprehensive income for the year	–	–	358,387	358,387
At December 31, 2011	1,637,975	58,879	237,013	1,933,867

44. EVENTS AFTER THE REPORTING PERIOD

On February 28, 2012, the Board had made a resolution that the Company would issue corporate bonds amounting not higher than RMB3,600 million with the maturity not longer than seven years.

On March 28, 2012, the Company and BEIH Finance entered into the financial services framework agreement for the continuing connected transactions between the Group and BEIH Finance pursuant to which, BEIH Finance has agreed to provide the Group with deposit services, loan services and the other financial services subject to the terms and conditions provided therein, with a term of three years.

On March 28, 2012, the Company and BEIH entered into the equipment purchase framework agreement for the continuing connected transactions between the Group and BEIH pursuant to which, BEIH and/or its associates have agreed to purchase equipment for the Group subject to the terms and conditions provided therein, with a term of three years.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 63 to 143 were approved by the board of directors of the Company on March 28, 2012.

DEFINITIONS

"Articles of Association"	Articles of Association of the Company
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd)
"BEIH"	北京能源投資（集團）有限公司 (Beijing Energy Investment Holding Co., Ltd)
"BIEE"	北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd)
"Board of Directors" or "Board"	board of directors of the Company
"Board of Supervisors"	board of supervisors of the Company
"BSAMAC"	北京國有資本經營管理中心 (Beijing State Assets Management and Administration Centre)
"China" or "PRC"	the People's Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"Company", "our Company", "we" or "us"	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited)
"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huayuan Heating"	北京華源熱力管網有限公司 (Beijing Huayuan Heating Pipeline Co., Ltd.)
"H Shares"	overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange

"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"NSSF"	全國社會保障基金理事會 (National Council for Social Security Fund of the PRC)
"PBOC"	中國人民銀行(People's Bank of China)
"PRC GAAP"	generally accepted accounting principles in the PRC
"Renminbi" or "RMB"	the lawful currency of the PRC
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SERC"	國家電力監管委員會 (State Electricity Regulatory Commission of the PRC)
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company

Rounding: any discrepancies in any table between totals and sums of the amounts listed therein are due to rounding.

CORPORATE INFORMATION

Registered name	Beijing Jingneng Clean Energy Co., Limited
Directors	
Non-Executive Directors	Mr. LU Haijun *(Chairman)* Mr. GUO Mingxing Mr. XU Jingfu Mr. LIU Guochen Mr. YU Zhongfu
Executive Director	Mr. MENG Wentao
Independent Non-Executive Directors	Mr. LIU Chaoan Mr. SHI Xiaomin Ms. LAU Miu Man
Strategy Committee	Mr. LU Haijun *(Chairman)* Mr. GUO Mingxing Mr. XU Jingfu Mr. LIU Guochen Mr. MENG Wentao
Remuneration and Nomination Committee	Mr. LIU Chaoan *(Chairman)* Mr. GUO Mingxing Mr. SHI Xiaomin
Audit Committee	Ms. LAU Miu Man *(Chairman)* Mr. LIU Guochen Mr. LIU Chaoan
Supervisors	Mr. CHEN Yanshan Mr. LIU Jiakai Ms. HUANG Linwei
Company secretary	Mr. KANG Jian Ms. LEUNG, Wai Han Corinna (ACS, ACIS)
Authorized representatives	Mr. LIU Guochen No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, the PRC Ms. LEUNG, Wai Han Corinna (ACS, ACIS) Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong

Registered office	1 Ziguang East Road, Room 118 Badaling Economic Development Zone Yanqing County, Beijing
Principal place of business in PRC	7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing
Principal place of business in Hong Kong	Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong
Principal bankers	Shanghai Pudong Development Bank Co., Ltd. (Fucheng Branch) No. 3, Chegongzhuangdajie Xicheng District Beijing the PRC
	Bank of Communications Co., Ltd. (Fuwai Branch) Building 1, No. 9, Chegongzhuangdajie Xicheng District Beijing the PRC
	Agricultural Bank of China Limited (Fengtai Branch) No. 9, East Anevue Street Fengtai District Beijing the PRC
	Industrial and Commercial Bank of China Limited (Taoranting Branch) No. 55, Taoranting Road, Xicheng District Beijing the PRC
Compliance advisor	Somerley Limited 10/F Hong Kong Club Building 3A Chater Road Central Hong Kong
International auditors	Deloitte Touche Tohmatsu Certified Public Accountants 35/F, One Pacific Place 88 Queensway Hong Kong

Corporate Information (Continued)

Domestic auditors	Crowe Horwath China CPAs Co., Ltd. Room 608, Zhenren Plaza No. 9 Chongwanmenwai Street Dongcheng District Beijing the PRC
Hong Kong Legal Advisors	Freshfields Bruckhaus Deringer 11/F, Two Exchange Square Central Hong Kong
PRC Legal Advisors	Tian Yuan Law Firm 10/F, CPIC Plaza 28 Fengsheng Lane Xicheng District Beijing the PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock code	00579
Company's website	www.jncec.com
Listing place	The Stock Exchange of Hong Kong Limited