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

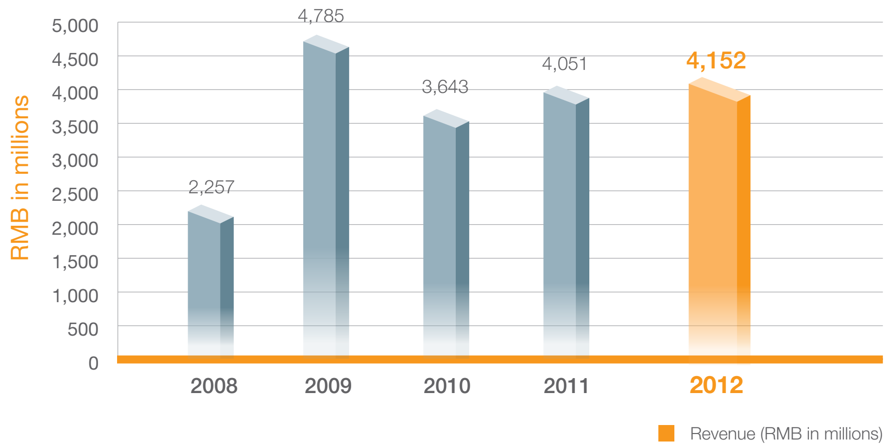
ANNUAL REPORT 2012


SAG

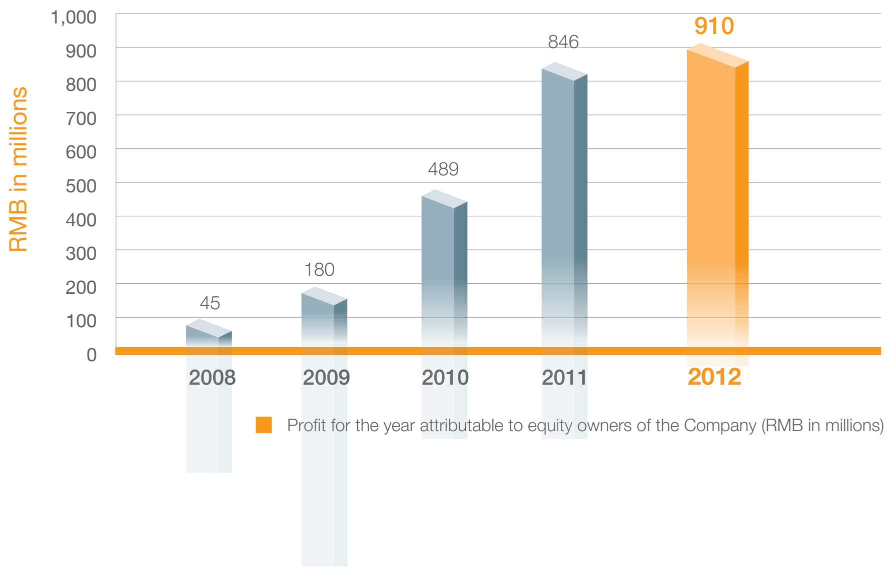
Contents

Financial Highlights

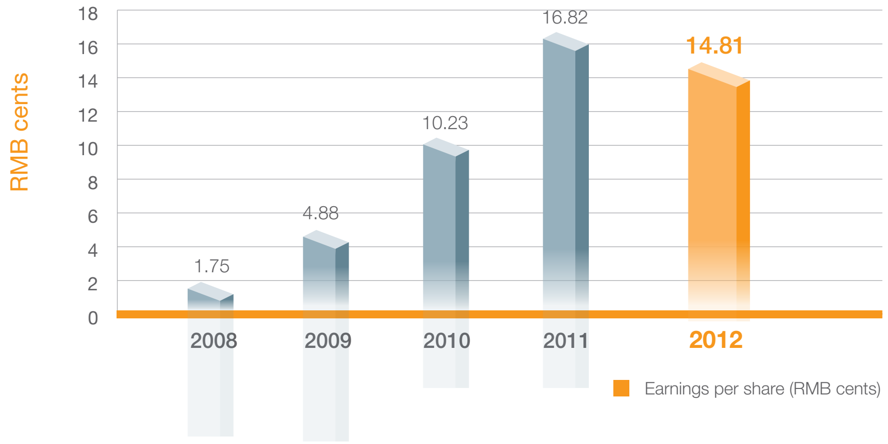
REVENUE



PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY



EARNINGS PER SHARE



Financial Summary

	Year ended December 31				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000* (restated)	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**4,151,630**	4,050,738	3,642,818	4,785,453*	2,256,653*
Other income	**733,211**	963,121	609,044	580,246	502,242
Profit from operations	**1,548,807**	1,562,258	1,009,044	477,300	244,064
Profit before taxation	**1,111,939**	1,134,193	577,083	216,737	69,189
Income tax expense	**(123,533)**	(196,822)	(56,280)	(17,790)	(19,954)
Profit for the year	**988,406**	937,371	520,803	198,947	49,235
Total comprehensive income	**988,406**	937,371	520,803	201,171	46,794
Profit for the year attributable to:					
– Equity owners of the Company	**910,101**	845,841	488,919	179,585	44,956
– Non-controlling interests	**78,305**	91,530	31,884	19,362	4,279
	988,406	937,371	520,803	198,947	49,235
Total comprehensive income for the year attributable to:					
– Equity owners of the Company	**910,101**	845,841	488,919	181,809	42,515
– Non-controlling interests	**78,305**	91,530	31,884	19,362	4,279
	988,406	937,371	520,803	201,171	46,794
Earnings per share (RMB cents)					
Basic and diluted	**14.81**	16.82	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				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(restated)			
Total assets	**31,109,078**	28,087,245	20,849,260	19,374,610	12,400,783
Non-current assets	**26,246,970**	23,106,005	18,326,278	17,356,194	11,279,111
Current assets	**4,862,108**	4,981,240	2,522,982	2,018,416	1,121,672
Total liabilities	**21,786,753**	16,638,944	13,775,803	13,809,067	8,245,313
Current liabilities	**7,604,768**	8,205,898	4,843,443	5,297,323	4,303,823
Non-current liabilities	**14,181,985**	8,433,046	8,932,360	8,511,744	3,941,490
Net assets	**9,322,325**	11,448,301	7,073,457	5,565,543	4,155,470
Capital and reserves					
Registered capital/share capital	**6,149,905**	6,032,200	5,000,000	1,006,441	500,000
Reserves	**2,896,880**	5,038,286	1,764,180	4,270,111	3,214,708
Equity attributable to equity owners of the Company	**9,046,785**	11,070,486	6,764,180	5,276,552	3,714,708
Non-controlling interests	**275,540**	377,815	309,277	288,991	440,462
Total equity	**9,322,325**	11,448,301	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 years ended December 31, 2011 and 2012 are set out on page 67 to 163 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 the Hong Kong Stock Exchange on December 22, 2011.

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 out 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 businesses 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,

In 2012, the global economy was stuck in the post-crisis period of in-depth correction as evidenced by the lackluster growth. Facing the complex economic situations, China transformed the economic development model to maintain a healthy and stable national economy. The year 2012 served as a foundation of the "Twelfth Five-Year Plan" of China and was the first complete fiscal year of the Company after its listing. With constant focus on economic benefits and with the standardized management as the foundation throughout the year, the Company seized opportunities, standardized operations and developed rapidly to bring practical returns to investors. The profitability of the Company was significantly improved during the year, realizing an increase of the profit and total comprehensive income attributable to equity owners of the Company from RMB845.8 million as at the end of 2011 to RMB910.1 million, representing a 7.60% rise.

Resolutely implementing the core development objectives of the previous year in the shaping of a modern clean energy system of the Capital, the Company solidly extended the energy projects to regions around Beijing, made efforts to advance the development and construction progress of various excellent projects and continuously consolidated the dominant position of energy supply in the Capital. The construction of the "Four Major Thermal Power Centers" and the supporting heating network projects made great progress with rapid growth in hydropower segment and a vast capacity of projects under construction and in reserve in each segment, forming a reasonable development echelon of projects. As a result, we achieved a coordinated and orderly development among various business segments and various periodic segments, which further optimized our business structure and continuously improved the value and the core competitiveness of the Company.

Against the backdrop of adjustment and transformation of the national energy industry, the Company encountered a great historic opportunity. This year, the haze frequently blanketing Beijing and Eastern China posed urgent calls to initiate the PM2.5 prevention and control. The "Four Major Thermal Power Centers" in Beijing and the regional energy projects will make outstanding contributions to the realization of the "Coal-free within the Fifth Ring Road" in Beijing, to the improvement of atmospheric environment quality and to the Capital's economic development as well. In 2013, China will accelerate the transformation of the development model based on the considerations on energy safety and climate change. Therefore, the energy economy characterized by "Three Highs and Four Lows" (high performance, high efficiency and high benefit, and low energy consumption, low material consumption, low pollution and low emission) will gain a strong developmental momentum. Focusing on Beijing and supplemented by other regions with rich resources in various segments, the Company will unswervingly take the "Twelfth Five-Year Plan" as the overall guidance, attach utmost emphasis on quality and efficiency, and ensure production commencement of the projects on schedule so as to facilitate development and progress for the Company, as well as bring lucrative investment returns to our Shareholders.

Lastly, on behalf of the Board of the Company, I would like to express my sincere thanks to the Shareholders and the public for your trust and supports over the past year.

LU Haijun

Chairman

March 27, 2013

General Manager's Statement

CHEN Ruijun
General Manager

2012 marked a new start for the Company in realizing its goal of strengthening management, standardizing operation and accelerating growth after its successful listing, and was also a fruitful year for the clean energy sector. Amidst the complicated economic situations during the year, the Company adhered to the correct decisions of the Board and earnestly carried out the guiding principles on investment and operation to "maintain stability, devise strategic layout, optimize structure, strengthen management and promote growth". Effective progress was made in all aspects with a focus on maximizing shareholders' interest, enhancing economic efficiency and standardizing the management system. Attributable to the joint efforts and commitment of the management team and all employees, the Company was able to achieve desirable results in all aspects with a healthy and stable growth.

Realizing the Multiplied Capacity Plan as scheduled through established scale: The Company recorded a significant growth in the installed capacity during the year. As at the end of 2012, the Company's consolidated clean energy power generation capacity in operation was 3,957.64MW, and the capacity of projects under construction reached 2,740.48MW.

Achieving a record high profitability through effective management: Adhering to the theme of "simultaneous upgrading of management and efficiency", the Company vigorously strengthened its business operation management and asset optimization during the year. Through a number of measures such as cost control, broadening of income source and reduction of expenditure, technological innovation, capital operation and management enhancement, the Company achieved rapid growth both in power generation and profitability. The total power generation for the year reached 8,508.36MWh, representing an increase of 9.86% as compared with the corresponding period in 2011; and the profit and total comprehensive income attributable to the equity owner of the Company was RMB910.1 million, representing an increase of 7.60% as compared with the corresponding period in 2011.

Capturing opportunities to optimize asset structure through strategically deployed development: During the year, the Company captured all opportunities to aggressively extend its presence in emerging and regional energy markets, stepped up efforts in the acquisition and merger of quality resources, and shaped a more reasonable strategic layout through continuous optimizations. Gas-fired power, wind power, hydropower and photovoltaic power accounted for 51.2%, 39.2%, 9.3% and 0.3% of the power generation capacity in operation respectively. Our gas-fired power projects are mainly located in Beijing, where the regional advantage is beyond compare; while most of our wind power, hydropower and photovoltaic power projects are situated in provinces outside Beijing where abundant resources are available, thus bringing strong cost advantage and promising growth prospect.

We would like to express our sincere gratitude to our shareholders and investors for their great support. Looking ahead to 2013, with a commitment to maximizing Shareholders' interest and enhancing economic efficiency, the Company will seize every opportunity to carry forward its guideline of "expanding gas-fired power, strengthening wind power, diversifying hydropower and optimizing photovoltaic power", while keeping a close eye on policy movements and the industrial trend. Consolidating its footing in Beijing, extending its presence in neighboring regions and planning a nationwide layout, the Company expects to maintain its first-mover advantages in the clean energy sector through pragmatic and pioneering efforts, so as to further improve its profitability, risk management capability and sustainability. The Company will strive to accomplish all its tasks for 2013 in an effort to build itself into a first-class listed company in the clean energy sector.

Chen Ruijun

General Manager

March 27, 2013

Management Discussion and Analysis

I. INDUSTRY REVIEW

In 2012, in face of severe challenges from complicated, volatile and long-sluggish international economic situation, China, by taking initiatives such as "macro-adjusting" and "expanding domestic demand", maintained a healthy and steady growth of national economy.

In the context of the favorable situation, China has become the world's biggest energy producer. Its installed capacity has increased to 1.14 billion KW; consumption of natural gas has increased quickly to around 150 billion m^3; installed hydropower capacity has increased to 249 million KW, which now ranks first in the world; installed wind power capacity has rapidly increased to 63 million KW, making China the world's largest wind power market in terms of installed capacity; and solar power generation filled the gap with installed capacity increasing to 7 million KW.

The year 2012 was critical for China to optimize energy structure and transform energy development model. The frequently appeared haze in Beijing and other cities posed urgent calls for upgrading the energy structure. To coordinate the development of energy industry and ecological environment, China is vigorously supporting clean energy industry, taking great efforts in developing new energy and renewable energy, so as to shape an economic growth that is sustainable in terms of resources and is within the ecological capacity. Beijing, as the capital, has initiated air pollution prevention measures and established clean air action plan of Beijing in accordance with the development mission of "Green Beijing" during the Twelfth Five-year Plan period. Beijing will also continue to optimize the energy structure, promote development of clean and low carbon energy, and build a highly-efficient and safe energy system through measures such as implementing the strategy of "Coal-free within the Fifth Ring Road" and establishing a regional energy center in full swing.

Thanks to the favorable policies above, the Group not only continued to consolidate the energy market in the capital region, but also made forward-looking deployments during the first financial year after listing, thus achieving rapid development in each segment with optimized business structure. Moreover, the Group opened a new chapter on safety production, project construction, primary development, operation management and financial control, laying a solid foundation for sound, rapid and sustainable development.

II. BUSINESS REVIEW

The Group has experienced rapid development in 2012. During the year, the Group achieved and exceeded various operating goals, representing a major leap forward compared with 2011.

Profit and total comprehensive income attributable to equity owners of the Company for the year ended December 31, 2012 amounted to RMB910.1 million, an increase of 7.60% as compared with the corresponding period in 2011 and achieved the target profit attributable to equity owners of the Company for 2012 estimated prior to our listing.

For the year ended December 31, 2012, 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. Refined management with improving profitability and steady growth of profit margin

With the increase in installed capacity and the optimization of business structure, the Group continued to reinforce safety production, refined cost control, and leveraged on various favorable policies to press forward project development and collection of receivables under Clean Development Mechanism (CDM) with an aim to increase the Group's profitability. Profit and total comprehensive income attributable to equity owners of the Company for the year ended December 31, 2012 amounted to RMB910.1 million, representing an increase of 7.60%, as compared with the corresponding period in 2011.

2. Continuously consolidating regional energy market in Beijing and effectively carrying out key project construction

In 2012, the Group created more profit growth by carrying out project construction of Four Major Thermal Power Centers, launching the regional energy project in full sail, and constructing and operating key projects as planned. First, with the accelerating progress of "Coal-free within the Fifth Ring Road", projects in the gas-fired power and heat energy generation segment came into operation and the capacity of projects under construction expanded rapidly, which laid solid foundation for the explosive growth of installed capacity in the future. At the end of 2012, Southwest Thermal Power Center – Jingqiao Project Phase II had successfully come into operation, and the installed capacity of the gas-fired power and heat energy generation segment amounted to 2028 MW; Northeast Thermal Power Center – Gaoantun Project had entered into the civil construction; and Northwest Thermal Power Center – Jingxi Project had proceeded at faster paces after obtaining approval in the first half of 2012 with its steel frame put into place. Meanwhile, key regional energy projects went smoothly. Jingqiao Peak Load Shifting Heat Supply Project Phase I and Changping Future Hightech City Peak Load Shifting Heat Supply Project as well as its supporting pipeline network came into operation and started to supply heat to users in 2012. The primary stages of other regional energy projects for Capital Airport No 2, Changping Technology Business District ("TBD") and Tongzhou Taihu, proceeded steadily, which further enhanced the Group's sustainability.

3. Reasonably adjusting development layout and continuously optimizing business structure

In 2012, the Group reasonably adjusted development layout, coordinated the development between each business segment and optimized business structure in accordance with the principles to "expand gas-fired power projects, build up wind power projects, increase hydropower projects, and optimize solar power projects" under the Twelfth Five-year Plan for China and Beijing, so as to further shape a new development landscape of clean energy.

In light of the governmental incentives for small to medium hydropower, the Group further expanded its niche by actively tapping on hydropower resources and pressing ahead with project construction in the year with guaranteed quality and quantity. As at the year of 2012, the Group acquired Dachuan and Zhongneng, two small to medium hydropower projects with attractive potential in Sichuan. At the end of 2012, Nabang hydropower project developed by the Group commenced production, substantially expanding the Group's hydropower installed capacity to 368.89 MW.

During the reporting period, by seizing opportunities from new policies of solar power industry, the Group actively expanded its solar power projects, managed investment cost strictly and optimized investment plan to ensure investment return. Badaling Solar Power Project – the first ground solar power project in Beijing broke ground; and Taiyangshan Project in Ningxia has successfully come into operation. Meanwhile, the Company put more efforts in obtaining approval for pipeline projects. During the reporting period, solar power projects with a total capacity of 71.08 MW were approved, hitting a new high in terms of annual approved capacity.

In view of the current situation, the Group actively adjusted its strategic layout, while steadily carrying forward project development with a focus on economic benefit. The Group initially expands to areas which could have better access to power grid and pushes forward the primary work according to local conditions and dispersed layout in multiple ways and through multiple channels. Therefore, the Group improved primary work with clearer goal, more scientific plan, more reasonable development layout and stricter management. During the reporting period, the sole wind power farm in Beijing – Guanting Wind Power Station achieved better profitability due to desirable wind resources, and was included into the Group's overall development plan in order to further increase installed capacity in that area. Guanting Project Phase III has been approved and its follow-up pipeline projects have been included into the national plan on wind power projects to be approved. Moreover, the Group is seeking to expand pipeline projects with better wind resources in Ningxia and Xinjiang.

4. Steady increase in power generation based on safe production and stable operation

In 2012, the Group continued to implement the safety production measures and, with effective management and refined operation, ensured safe, stable and efficient operation of each power generation project, which achieved a record high of annual power generation. As at December 31, 2012, the Group's consolidated installed capacity amounted to 3,957.64 MW with consolidated gross power generation of 8,506 MWh.

5. Enhancing technological innovation to strengthen core competitiveness

The Group increased its investment in technological innovation in 2012.

New technologies were adopted in infrastructure projects. The project of "Key Technologies and Demonstrations for Upgrading the Efficiency of Heat Supply Systems in Urban and Rural Areas" in the Future Science and Technology City was included as one of the key projects of "Twelfth Five-year Plan" by the Ministry of Science and Technology of the PRC; and the e-power plant of Northeast Thermal Power Center, featuring optimized designs such as circulating water system and in-depth utilization of waste gas heat, has laid a sound foundation for safety operation of power generation units.

The Group attained new achievements in scientific research and development. The Group's leading research program of CDM methodology in relation to gas-fired heat and power cogeneration projects is considered as a milestone in that field at home and abroad.

6. Taking initiatives to optimize debt structure for higher risk resistance capacity

In 2012, the Group explored multiple financing channels and actively optimized its financial structure. During the reporting period, the Group successfully issued corporate bonds of RMB3.6 billion and acquired low cost insurance capital facility of RMB3.0 billion through "Bond Investment Plan". Upon approval from regulatory authorities for short-term debentures of RMB1.8 billion, the Group issued short-term debentures successfully in January and March 2013. The Company's subsidiary, Beijing Jingneng New Energy Co., Ltd issued medium-term notes of RMB1.0 billion. The Group acquired large sum of stable funding at low cost through multiple financing channels, which greatly enhanced its profitability and ensured successful progress of projects with higher risk resistance capacity.

7. Properly developing CDM projects in alignment with market policies

In 2012, the Group actively realigned its sales strategy with international market policies to respond to the volatile CDM price movements, so as to ensure project contracts to be signed successfully and fulfilled in time. As at December 31, 2012, the Group successfully registered a total of 33 CDM projects, with a total installed capacity of 3,112.30 MW. In 2012, the 11 additional CDM projects contributed to a total installed capacity of 592.4 MW and the net income from certified emission reductions (CERs) and voluntary emission reductions (VERs) amounted to RMB248.5 million in total.

III. OPERATING RESULTS AND ANALYSIS

1. Overview

In 2012, the Group's profitability was gradually improved. Net profit for the year amounted to RMB988.4 million, representing an increase of 5.44% as compared to RMB937.4 million in 2011. Profit and total comprehensive income attributable to equity owner of the Company amounted to RMB910.1 million, representing an increase of 7.60% compared with RMB845.8 million in 2011.

2. Operating income

Total revenue increased by 2.49% from RMB4,050.7 million in 2011 to RMB4,151.6 million in 2012, due to an increase in the installed capacity in the wind power segment and the hydropower segment which commenced production in 2012. Our adjusted operating income, which is the sum of the operating revenue and government subsidies related to clean energy production, decreased by 1.68% from RMB4,680.5 million in 2011 to RMB4,602.0 million in 2012, due to a decrease in government grants and subsidies for production of clean energy after on-grid tariffs for gas-fired power rose twice in April 2011 and December 2011, respectively.

The table below sets forth the revenue by business segments and products type and the reconciliation of the total revenue from reportable segments and the adjusted revenue for the periods indicated:

	2012 (RMB million)	2011 (RMB million)	Change Percentage %
Gas-fired power and heat energy generation segment:			
Sales of electricity	**2,147.8**	2,308.9	(6.98%)
Sales of heat energy	**387.4**	349.9	10.73%
Others	**3.7**	40.9	(91.13%)
Total	**2,538.9**	2,699.7	(5.96%)
Wind power segment:			
Sales of electricity	**1,318.4**	1,145.7	15.07%
Others	**–**	31.0	(100.00%)
Total	**1,318.4**	1,176.7	12.04%
Hydropower segment:			
Sales of electricity	**283.7**	153.9	84.39%
Others			
Total	**283.7**	153.9	84.39%
Other segment:			
Sales of electricity			
Sales of heat energy	**1.3**	1.5	(10.42%)
Others	**9.3**	18.9	(50.90%)
Total	**10.6**	20.4	(47.97%)
Total revenue from reportable segments	**4,151.6**	4,050.7	2.49%
Add: government grants and subsidies related to clean energy production	**450.4**	629.8	(28.49%)
Adjusted revenue	**4,602.0**	4,680.5	(1.68%)

Gas-fired power and heat energy generation segment

Revenue from the gas-fired power and heat energy generation segment decreased by 5.96% from RMB2,699.7 million in 2011 to RMB2,538.9 million in 2012, due to a decrease in sales volume of electricity as a result of overhaul of part of the units in this segment. Revenue from sales of electricity decreased by 6.98% from RMB2,308.9 million in 2011 to RMB2,147.8 million in 2012, due to a decrease in sales volume of electricity as a result of overhaul of part of the units in this segment. Revenue from sales of heat energy increased by 10.73% from RMB349.9 million in 2011 to RMB387.4 million in 2012, due to the increased heat energy generation in this segment.

Wind power segment

Revenue from our wind power segment increased by 12.04% from RMB1,176.7 million in 2011 to RMB1,318.4 million in 2012, due to an increase in sales of electricity generated by the new projects which commenced operation in this segment.

Hydropower segment

Revenue from our hydropower segment increased by 84.39% from RMB153.9 million in 2011 to RMB283.7 million in 2012, due to an increase in sales volume of electricity as we increased the consolidated installed capacity in this segment.

Other businesses

Revenue from our other businesses decreased by 47.97% from RMB20.4 million in 2011 to RMB10.6 million in 2012.

3. Other income

Other income decreased by 23.87% from RMB963.1 million in 2011 to RMB733.2 million in 2012, due to a decrease in government grants and subsidies for production of clean energy in gas-fired power and heat energy generation segment after on-grid tariffs for gas-fired power rose twice in 2011.

The following table presents the detailed information of total other incomes during the period:

	2012 (RMB million)	2011 (RMB million)	Change Percentage %
Government grants and subsidies related to			
– Clean energy production	**450.4**	629.8	(28.49%)
– Construction of assets	**2.6**	2.6	0.00%
Value-added tax refunds	**13.5**	4.8	184.07%
Incomes from certified emission reduction and voluntary emission reduction	**248.5**	280.3	(11.36%)
Dividend from available -for-sale financial assets, unlisted	**2.5**	2.1	17.75%
Waiver for the retention money from certain suppliers	**–**	38.8	(100.00%)
Others	**15.7**	4.7	234.38%
Total of other incomes	**733.2**	963.1	(23.87%)

Note: the Company is entitled to refund of 50% of the value-added tax of the incomes of the wind power station from generating and selling electricity, and it is also entitled to refund in full the value-added tax of the incomes from selling heat energy to residents.

4. Operating expenses

Operating expenses decreased by 3.35% from RMB3,451.6 million in 2011 to RMB3,336.0 million in 2012, primarily due to a decrease in consumption of gas as a result of declining sales volume of electricity in our gas-fired power and heat energy generation segment.

The following table presents the detailed information of operating expenses during this period:

	2012 (RMB million)	2011 (RMB million)	Change Percentage %
Gas consumption	**1,841.3**	2,110.1	(12.74%)
Depreciation and amortization	**854.4**	801.5	6.60%
Personnel cost	**249.1**	211.7	17.66%
Repairs and Maintenance	**151.2**	105.6	43.17%
Other expenses	**291.3**	213.5	36.45%
Other (gains) and losses	**(51.4)**	9.2	(660.93%)
Adjusted operating expenses	**3,335.9**	3,451.6	(3.35%)

(1) Gas consumption

Our gas consumption decreased by 12.74% from RMB2,110.1 million in 2011 to RMB1,841.3 million in 2012, due to a decrease in sales volume of electricity as a result of overhaul of part of the units in the gas-fired power and heat energy generation segment, as well as a decrease in gas consumption.

(2) Depreciation and amortization

Our depreciation and amortization increased by 6.60% from RMB801.5 million in 2011 to RMB854.4 million in 2012, due to an increase in production capacity of our wind power and hydropower segments.

(3) Personnel cost

Our personnel cost increased by 17.66% from RMB211. 7 million in 2011 to RMB249.1 million in 2012, due to expensed personnel costs, which were increased as a result of increased number of employees following the Group's business development and commencement of production of new projects.

(4) Repairs and Maintenance

Repairs and maintenance increased by 43.17% from RMB105.6 million in 2011 to RMB151.2 million in 2012, due to an increase in expenses for repairs and maintenance of gas-fired power generation units.

(5) Other expenses

Other expenses increased by 36.45% from RMB213.5 million in 2011 to RMB291.3 million in 2012, due to an increase in expenses for business development in each segment.

(6) Other (gains) and losses

Our other (gains) and losses changed from other losses of RMB9.2 million in 2011 to other gains of RMB51.4 million in 2012, due to the gains from the transfer of 50% equity interests by the Company in Huayuan Heating and the transfer of 100% equity interests by Beijing Jingneng New Energy Co., Ltd. of the wind power segment in Jingneng Changtu New Energy Co., Ltd.

5. Profit from operations

As a result of the above, our profit from operations decreased by 0.86% from RMB1,562.3 million in 2011 to RMB1,548.8 million in 2012.

6. Adjusted segment operating profit

Adjusted segment operating profit, which is segment profit deducting profit from CDM projects and items other than government grants related to clean energy production, increased by 2.99% from RMB1,226.8 million in 2011 to RMB1,263.5 million in 2012, due to an increase in sales volume of electricity from our wind power and hydropower segments.

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

	2012 (RMB million)	2011 (RMB million)	Change Percentage %
Gas-fired power and heat energy generation segment	**433.0**	596.3	(27.38%)
Wind power segment	**677.1**	584.5	15.84%
Hydropower segment	**157.7**	76.2	106.93%
Other segment	**(4.3)**	(30.2)	(85.82%)
Total adjusted segment operating profit	**1,263.5**	1,226.8	2.99%
Less: Government grants and subsidies related to clean energy production	**(450.4)**	(629.8)	(28.49%)
Add: Other income	**733.2**	963.1	(23.87%)
Add: Unallocated items	**2.5**	2.1	17.75%
Operating profit	**1,548.8**	1,562.2	(0.86%)

Note: the unallocated item is the dividend income of financial assets available for sale.

Gas-fired power and heat energy generation segment

Total adjusted segment operating profit of our gas-fired power and heat energy generation segment decreased by 27.38% from RMB596.3 million in 2011 to RMB433.0 million in 2012, due to a decrease in revenue as a result of decreased sales volume of electricity in this segment and a decrease in government grants and subsidies for production of clean energy after on-gride tariffs for gas-fired power rose twice in 2011.

Wind power segment

Adjusted segment operating profit of our wind power segment increased by 15.84% from RMB584.5 million in 2011 to RMB677.1 million in 2012, due to increased sales of electricity generated by the new projects which commenced operation.

Hydropower segment

Adjusted segment operating profit of the hydropower segment increased by 106.93% from RMB76.2 million in 2011 to RMB157.7 million in 2012, due to increased sales volume of electricity in this segment.

Other businesses

Adjusted segment operating loss of other businesses decreased by 85.82% from RMB30.2 million in 2011 to RMB4.3 million in 2012, due to the gains from the transfer of 50% equity interests by the Company in Huayuan Heating.

7. Finance costs

Our finance costs increased by 19.78% from RMB591.5 million in 2011 to RMB708.5 million in 2012, due to increased interest expenses as a result of the commencement of production of new projects in wind power segment.

8. Share of results of associates and jointly controlled entities

Share of results of associates and jointly controlled entities increased by 65.70% from RMB147.1 million in 2011 to RMB243.7 million in 2012, due to much improved net profit of Beijing Jingneng International Power Co., Ltd. as a result of electricity price increase and coal price control.

9. Profit before taxation

As a result of foregoing, our profit before taxation decreased by 1.96% from RMB1,134.2 million in 2011 to RMB1,111.9 million in 2012.

10. Income tax expense

Our income tax expense decreased by 37.24% from RMB196.8 million in 2011 to RMB123.5 million in 2012, and our effective tax rate decreased from 17.35% in 2011 to 11.11% in 2012, primarily due to the preferential taxation policy enjoyed by the projects which newly come into production in wind power segment.

11. Profit for the year

As a result of the foregoing, profit for the year increased by 5.44% from RMB937.4 million in 2011 to RMB988.4 million in 2012.

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 7.60% from RMB845.8 million in 2011 to RMB910.1 million in 2012.

IV. FINANCIAL POSITION

1. Overview

As at December 31, 2012, total assets of the Group increased substantially to RMB31,109.1 million, total liabilities amounted to RMB21,786.8 million and shareholders' equity reached RMB9,322.3 million, among which, equity attributable to equity owners of the Company amounted to RMB9,046.8 million.

2. Particulars of assets and liabilities

The following table presents the summary of the financial conditions during the periods indicated:

	Dec. 31, 2012 (RMB million)	Dec. 31, 2011 (RMB million)	Change Percentage %
Current assets	**4,862.1**	4,981.2	(2.39%)
Non-current assets	**26,247.0**	23,106.0	13.59%
Total assets	**31,109.1**	28,087.2	10.76%
Current liabilities	**7,604.8**	8,205.9	(7.33%)
Non-current liabilities	**14,182.0**	8,433.0	68.17%
Total liabilities	**21,786.8**	16,638.9	30.94%
Equity attributable to equity holders of the Company	**9,046.8**	11,070.5	(18.28%)
Non-controlling interests	**275.5**	377.8	(27.07%)
Total equity	**9,322.3**	11,448.3	(18.57%)

Our total assets increased by 10.76% from RMB28,087.2 million as at December 31, 2011 to RMB31,109.1 million as at December 31, 2012, due to an increase in investment on project construction. The total liabilities increased by 30.94% from RMB16,638.9 million as at December 31, 2011 to RMB21,786.8 million as at December 31, 2012, due to an increase in loans for project construction. Total shareholders' equity decreased by 18.57% from RMB11,448.3 million as at December 31, 2011 to RMB9,322.3 million as at December 31, 2012. Equity attributable to equity owners of the Company decreased by 18.28% from RMB11,070.5 million as at December 31, 2011 to RMB9,046.8 million as at December 31, 2012, due to the distribution of special dividends to prior-listing shareholders.

3. Liquidity

As at December 31, 2012, our current assets amounted to RMB4,862.1 million, among which, cash reached RMB2,178.0 million. Bills and account receivables amounted to RMB1,475.2 million, mainly comprising receivables from sales of electricity and heat energy. Prepayment and other current assets amounted to RMB1,208.9 million, mainly comprising deductible value-added tax and other accounts receivables. Current liabilities amounted to RMB7,604.8 million (including short-term borrowings of RMB4,266.8 million and bills and account payables of RMB1,915.1 million), mainly comprising payables for gas and purchase of engineering equipments. Other current liabilities amounted to RMB1,422.9 million, mainly including deferred incomes, income tax payable and amounts due to related parties.

Net current liabilities decreased by 14.95% from RMB3,224.7 million as at December 31, 2011 to RMB2,742.7 million as at December 31, 2012, due to a decrease in short-term borrowings.

The liquidity ratio increased by 3.23% from 60.70% as at December 31, 2011 to 63.93% as at December 31, 2012, due to a decrease in short-term borrowings.

4. Net gearing ratio

Net gearing ratio (net debts (i.e., total borrowings minus cash and cash equivalents) divided by the sum of net debts and total equity) increased by 12.51% from 50.64% as at December 31, 2011 to 63.15% as at December 31, 2012, due to a decrease in owners' equity as a result of distribution of special dividends to prior-listing shareholders.

The Group's long-term and short-term borrowings increased by 25.28% from RMB14,492.1 million as at December 31, 2011 to RMB18,155.6 million as at December 31, 2012, including short-term borrowings of RMB4,266.8 million, long-term borrowings of RMB9,305.9 million, medium-term notes of RMB1,000.0 million and corporate bonds of RMB3,582.9 million.

Bank balances and cash held by the Group decreased by 20.72% from RMB2,747.3 million as at December 31, 2011 to RMB2,178.0 million as at December 31, 2012, due to exchange settlement and use of the majority of the proceeds according to the prospectus.

5. Capital expenditure

In 2012, the Group's capital expenditure amounted to RMB4,993.3 million, including expenditures incurred for construction projects in gas-fired power and heat energy generation segment of RMB2,491.7 million, expenditures incurred for construction projects in wind power segment of RMB1,620.8 million, expenditures incurred for construction projects in hydropower segment of RMB596.2 million, and expenditures incurred for other construction projects of RMB284.5 million.

6. Substantial acquisition and disposal

In accordance with "Approval on Equity Transfer by Beijing Jingneng Clean Energy Co., Limited in Beijing Huayuan Heating Pipeline Co., Ltd. " (Jing Guo Zi Chan Quan [2012] No. 117), the Company disposed 35% equity interests in Huayuan Heating in June 2012, at a consideration of RMB107.2 million.

In accordance with the "Approval on Equity Transfer by Beijing Jingneng Clean Energy Co., Limited in Beijing Huayuan Heating Pipeline Co., Ltd. (Jing Guo Zi Chan Quan [2012] No. 210)", the Company disposed 15% equity interests in Huayuan Heating in December 2012, at a consideration of RMB46.0 million.

In accordance with "Approval on Assets Evaluation on the Transferred Equity of Jingneng Changtu New Energy Co., Ltd." (Jing Guo Zi Chan Quan [2012] No. 121), the Company disposed 100% equity interest in Changtu New Energy Co., Ltd. in 2012, at a consideration of RMB132.6 million.

In accordance with "Approval on Equity Transfer of Sichuan Dachuan Power Co., Ltd. and Sichuan Zhongneng Power Co., Ltd." (Jing Guo Zi Chan Quan [2012] No. 267) in December 2012, the Company completed acquisition of 100% equity interest in Sichuan Dachuan and 100% equity interests in Sichuan Zhongneng, at a consideration of RMB1,281.1 million and RMB558.9 million, respectively.

7. Contingent liabilities

Guarantee object	Guarantee method	Guarantee type	Guarantee amount (RMB million)	Loan purpose
Huayuan Heating	Joint and several liability guarantees	Loan guarantees	598.4	Project construction
Total			**598.4**	

As at December 31, 2012, the Group's total financial guarantee amounted to RMB598.4 million.

8. Pledge of the Group's Assets

As at December 31, 2012, the Group has pledged trade receivables amounting to RMB80.3 million for bank borrowings.

V. RISK FACTORS AND RISK MANAGEMENT

Currently, the operation and development of the Group are not exposed to any material risks, but certain risk factors may exert impact in the short run:

1. Interest Rate Risk

Uncertainty of interest rate will pose certain impact on financing cost of the Group. In 2012, the People's Bank of China rolled out a series of interest rate cuts and made money supply relatively elastic. The Group's good credit standing and sufficient credit facility from banks ensured safe, stable and smooth funding. Also, for the purpose of minimizing the financing cost, the Group obtained a large sum of stable funding at low cost and ensured the funding source of projects by issuing bonds, medium-term notes and short-term debentures and raising other low cost funding.

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

2. Development Risk of CDM Project

As the risk may arise from potential changes in the certification standards or policies in relation to registration of CDM projects with CDM Executive Board (CDM EB), uncertainties exist regarding the time and results of project registration. The Group's income from CDM projects may be affected if projects cannot be registered or significant policy change takes place during the development of the projects.

The 2012 United Nations Climate Change Conference in Doha continued the decision on the second commitment period under the Kyoto Protocol. However, since the second half of 2012, countries of the European Union had witnessed the deteriorating economy, which led to inadequate intention to reduce emission and depressed CDM prices.

China is actively experimenting with the carbon-trading system, which is expected to create a demand for CDM or emissions reductions by other similar mechanisms. Considering such rules are not clear, the Group will have more uncertainties in CDM business.

The Group leverages on its professional project development team to keep track of the status of projects and production process, strengthens the management of the development process of CDM projects, and reinforces the quality of the project application documents. In the meantime, the Group conducted real-time analyses of market and policy trends, enhanced communications with the relevant authorities, adjusted development strategy in a timely manner and enhanced business negotiating power, so as to maximize the income from CDM projects.

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 Renminbi. The proceeds raised by the Group is denominated in Hong Kong dollars and CDM income is denominated in foreign currency. Changes in the Renminbi exchange rate may cause exchange loss or gain for the Group's foreign currency denominated business.

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

VI. FUTURE OUTLOOK

Despite the mixed and uncertain global economy in 2013, the Group has confidence that China will keep its economy smooth by adopting a combination of short-term and medium to long-term policies with flexibility and effectiveness. It will promote industrial structure upgrading and push forward the clean energy business for the better. In particular, in order to realize the goal of "Green Beijing" and "World City with Chinese Characteristics", Beijing will have higher requirement on environmental control while keeping rapid development with clean energy seizing more market share.

The Group will take full advantage of the opportunities in energy structure upgrading, highlight the guideline of "maintaining stable development with emphasis on Beijing, prioritizing efficient use of resources to achieve maximum cost-efficiency", proactively carry out the guiding principle on investment and operation to "maintain stability, devise strategic layout, optimize structure, strengthen management and promote growth", and keep the momentum stable, so as to further consolidate and develop the regional energy market in Beijing. The Group expects to improve its profitability, risk resistance capacity, sustainability and core competitiveness through forward-looking strategy, rational scale and efficient operation.

In 2013, the Group will endeavor to achieve the following targets:

1. Steadily carrying out project construction to create quality projects and increase scale and efficiency

Focusing on the Four Major Thermal Power Centers in Beijing, the Group will actively advance the construction of regional energy projects including Northeast Thermal Power Center, Northwest Thermal Power Center, the Changping Future High-tech City and projects in North Haidian District with strict control over construction costs. The Group will make endeavours to intensify design inspection and optimization, strengthen quality control and arrange construction schedules reasonably, so as to ensure that the projects could commence production as scheduled. On this basis, the Group expects to achieve its "Multiplied Capacity Plan" for the gas-fired and heat energy generation segment to build up a strong pillar for its profitability.

2. Improving management on production and operation to keep production indicators in top standings

In 2013, the Group will continue to improve the management on safe production, establish sound and safe management system for new energy development, control each production process and establish protocols to follow, so as to ensure safe and stable operation of equipment. The Group will enhance the capabilities of risk prevention and emergency response with improved dynamic control over production processes through technology and management measures, aiming to achieve the annual target of power generation.

3. Optimizing project distribution and enhancing capability of sustainable development

In 2013, to profit from the favorable industrial policies in China and Beijing for the Twelfth Five-year Plan period, the Group will continue to follow the principles to "expand gas-fired power projects, build up wind power projects, increase hydropower projects, and optimize solar power projects". Also, on the basis of accurate judgment on current situation and proactive justification of potential chances, the Group will promote the optimization of business structure, increase the number of pipeline projects and put great emphasis on primary development, so as to steadily advance the current work of regional energy, hydropower, wind power and solar power projects, coordinate development of multi-resources and enhance the capability for sustainable development.

4. Strengthening management to sharpen core competitiveness of the Company

The Group will implement refined management to tap on the efficiency of the existing assets, enhance financial management and optimize debt structure, so as to ensure funding source and improve risk resistance capacity. The Group will strengthen the bidding management to minimize procurement cost, keep track of the development trend of international CDM policies, analyze the equilibrium between demand and supply and choose appropriate timing for carbon trading, so as to ensure profit from CDM projects. The Group will, based on profound benchmarking analysis, constantly optimize planning and design, infrastructure management, procurement management and funding management to sharpen core competitiveness of the Company.

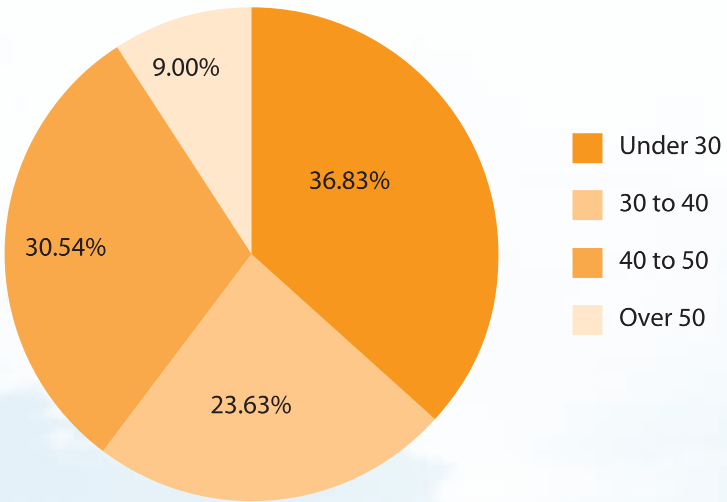
I. SUMMARY OF HUMAN RESOURCES

The Group had a total of 2,099 employees as at December 31, 2012. Please refer to the following tables for the details of the age structure and degree structure of employees:

1. Age structure:

Age distribution	Number of employees	Percentage
Under 30	773	36.83%
30 to 40	496	23.63%
40 to 50	641	30.54%
Over 50	189	9.00%
Total	2,099	100.0%

Age structure



2. Degree structure:

Educational background	Number of employees	Percentage
Doctorate degree	5	0.24%
Master degree	112	5.34%
Undergraduate	853	40.64%
College or below	1,129	53.79%
Total	2,099	100.0%

II. EMPLOYEES INCENTIVES

With an aim to cope with its development, the Company, on the basis of position-oriented accountability system, has established and optimized a comprehensive accountability management system, a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly defining position-oriented performance targets and formulating performance standards, the Company is able to assess employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration, the Company is able to fully boost the potential and the 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 all the employees of the Group.

IV. STAFF TRAINING

To regulate the management of staff training, the Company formulated the Management Standards for Staff Training. The implementation of the Standards emphasized the probe into training needs, in a view to actively motivating all departments initiatives. The Company 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 2012 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 2012, 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 56, 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 17 years of experience in management, investment management, capital management and human resource management in large power 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 (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 45, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Guo has more than 15 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 57, is a non-executive Director 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. (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 56, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Liu has more than six 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 42, is a non-executive Director of our Company. 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.

Mr. JIN Yudan (金玉丹), aged 56, is a non-executive Director of our Company. Mr. Jin now serves as a member of the board of trustees of Dulwich College Beijing, a British international school, and has been a partner of SAIF Partners RMB Fund since January 2010. From August 2008 to December 2009, he was an investment partner of SAIF Partners. From September 2005 to August 2008, he worked as the chief executive officer of Beijing Topsec Network Security Technology Co., Ltd. From July 2003 to September 2005, he worked as the president of Luminous Networks, Inc., a start-up company in Silicon Valley, USA. He studied in the Advanced Management Program of Kellogg School of Management, Northwestern University from April 2002 to June 2002. From May 1997 to December 2001, he was the president of Asia Pacific region for Marconi Plc, a British telecommunications company. He was the chief representative in China of the 3Com, a company in Silicon Valley, USA, from April 1994 to April 1997, and previously worked as a software R&D engineer from April 1988 to March 1994 for the company. From 1985 to 1987, he studied in the Postgraduate School of the Computer Science Department, Rochester Institute of Technology. He was an engineer in China HP from 1982 to 1985. He studied in the Department of Computer Engineering and Science, Tsinghua University from 1978 to 1981.

EXECUTIVE DIRECTOR

Mr. CHEN Ruijun (陳瑞軍), aged 50, is an executive Director and general manager of our Company. Mr. Chen is a senior engineer and served as the general secretary of Inner Mongolia Jingtai Power Limited ("Jingtai Power")'s committee of Communist Party of China ("CPC") and Jingtai Power's general manager since October 2007. From August 2003 to October 2007, he successively served as a deputy general secretary of Inner Mongolia Daihai Electric Power Generation Co., Ltd. ("Daihai Power")'s CPC committee, the general secretary of the CPC discipline inspection commission of Daihai Power, and then concurrently as an executive deputy general manager and a deputy general secretary of the CPC committee of Daihai Power. From January 1994 to August 2003, Mr. Chen successively served as a deputy governor and a deputy general secretary of the CPC committee of Liangcheng County of Inner Mongolia (during this period, he concurrently served as the chairman and the general manager of Hongmao Group Corporation from February 1997 to June 2001). From August 1982 to December 1993, Mr. Chen served as a technician, sales representative, section chief, deputy manager and the general manager of Inner Mongolia Liangcheng County Chemical Plant. Between April 2007 and September 2009, Mr. Chen studied electrical engineering at the School of Electrical and Automation Engineering of Tianjin University for master of engineering. He attended the undergraduate law courses provided by the Correspondence School of Inner Mongolia Party School between September 2003 and December 2005. He also studied secondary specialized inorganic chemical courses in Inner Mongolia Petrochemical School between September 1979 and July 1982.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Chaoan (劉朝安), aged 57, is an independent non-executive Director. 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 62, is an independent non-executive Director. 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 41, is an independent non-executive Director. She was the chief financial officer, authorized representative and company secretary of Huazhong Holdings Company Limited (Stock Code: 6830) from June 2012 to December 2012. Ms. Lau served as the chief financial officer of the China Renji Medical Group Ltd. (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.

Mr. WEI Yuan (魏遠), aged 57, is an independent non-executive Director of our Company. Mr. Wei has been a deputy secretary of the CPC committee and general manager of Hunan Branch of China Datang Corporation and Datang Huayin Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600744) since December 2005 and has been a director of Datang Huayin Electric Power Co., Ltd. since May 2006. He was a member of the CPC committee and deputy general manager of Datang International Power Generation Co., Ltd. from March 2003 to February 2005. He served as a deputy chief economist and manager of the planning and development department in Beijing Datang Power Generation Co., Ltd., from April 1998 to March 2003. From May 1996 to April 1998, he was the manager of Qinhuangdao Thermal Power Plant. He was the secretary of the CPC committee of Tangshan Dou He Power Plant from October 1995 to May 1996. He was a deputy manager and, subsequently, the manager of Tangshan Power Plant from November 1993 to October 1995. From January 1982 to November 1993, he served successively as the secretary of the boiler workshop, the director of the office of CPC committee, a director of the manager's office, the head of boiler maintenance team, the head and a deputy director of the pipeline team of coal conveying workshop, and the chief of the operating department of Tangshan Dou He Power Plant. From January 1978 to January 1982, he served successively as the director-general and the secretary of Communist Youth League of maintenance department in Tangshan Power Plant. He worked in the communications department of Tangshan Power Plant from June 1977 to January 1978. He served in the military for Tianjin 52855 Force from December 1970 to March 1977.

SUPERVISORS

Mr. CHEN Yanshan (陳燕山), aged 59, has served as the chairman of the Board of Supervisors of our Company since 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 45, has served as a Supervisor of our Company since 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. (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 44, 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. CHEN Ruijun (陳瑞軍), aged 50, is an executive Director and general manager of our Company. His biographical details are set out above under the paragraph headed "—Executive Director".

Mr. KANG Jian (康健), aged 49, has been a deputy general manager of our Company since March 2010 and the secretary of the Board since 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 42, has been a deputy manager of our Company since 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. ZHU Baocheng (朱保成), aged 39, 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. (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 45, 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.

Mr. JIA Geng (賈耕), aged 39, has been a deputy general manager of our Company since June 2012. Mr. Jia has been the assistant to general manager and the director of the general planning department of our Company since August 2010. He worked in Beijing Jingneng Thermal Power Co., Ltd. and served as the deputy chief economist from April 2010 to July 2010, as the manager of the operating and planning department from January 2005 to April 2010, and as assistant to manager of human resources department from June 2003 to January 2005, and was responsible for personnel management from May 2000 to June 2003. Before that, Mr. Jia joined Shijingshan General Power Plant, and was a technological transformation engineer of the production technical department from January 1999 to May 2000, a general secretary of the office of CPC committee from March 1997 to January 1999, and a repairman and technician of the ash removal and program control team from July 1995 to March 1997. Mr. Jia obtained a master's degree in project management from North China Electric Power University in June 2008. Mr. Jia is a senior engineer.

JOINT COMPANY SECRETARIES

Mr. KANG Jian, serves as secretary to the Board and one of the joint company secretaries. Please refer to his biography under the paragraph headed "Senior Management."

Ms. LEUNG, Wai Han Corinna (梁慧嫻), aged 45, serves as the joint company secretary of our Company. She is a director of Tricor Services Limited, a company secretarial services provider and has over 20 years of experience in corporate secretarial work. Ms. Leung is a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. As of the Latest Practicable Date, 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.

Report of the Board of Directors

The Board of Directors of the Company now presents the annual report of the year 2012 (the "**Annual Report**") and the audited financial statements of the Group (the "**Financial Statements**") for the year ended December 31, 2012 to Shareholders.

SHARE CAPITAL

As of December 31, 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 36 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended December 31, 2012.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association 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.

PRINCIPLE 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 and associates of the Company are set out in notes 47, 48 and 49 to the Financial Statements.

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended December 31, 2012 are set out in the Consolidated Statement of Comprehensive Income on page 67. The financial condition of the Company and its subsidiaries for the year ended December 31, 2012 is set out in the Consolidated Statement of Financial Position on pages 68 to 69. The consolidated cash flow of the Company and its subsidiaries for the year ended December 31, 2012 is set out in the Consolidated Statement of Cash Flows on pages 72 to 73.

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 the Annual Report on page 12 to page 27.

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 19, 2013, for the payment of a final dividend of RMB3.75 cent per share (tax inclusive) for the year ended December 31, 2012 payable to the shareholders of the Company whose names are listed in the register of members of the Company on June 30, 2013, in an aggregate amount of approximately RMB231 million (the "**2012 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 2012 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 PRC and its implementation rules, which came into force since January 1, 2008 and other relevant rules, where the Company distributes the proposed 2012 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 2012 Final Dividend based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2012 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, 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.

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended December 31, 2012.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the AGM and to the proposed 2012 Final Dividend, the H share register of members of the Company will be closed from May 19, 2013 to June 19, 2013 (both days inclusive) and from June 25, 2013 to June 30, 2013 (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 May 16, 2013. In order to qualify for receiving the proposed 2012 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 June 24, 2013.

PROPERTY, PLANT AND EQUIPMENT

Details of movements 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 did not make any external donations (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, 2012 are set out in note 32 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, 2012 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(1)	Executive Director and general manger	November 16, 2010/ June 9, 2010
YU Zhongfu	Non-executive Director	December 22, 2011
JIN Yudan	Non-executive director	October 30, 2012
CHEN Ruijun	Executive Director and general manager	October 30, 2012/ September 5, 2012
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
WEI Yuan	Independent non-executive Director	October 30, 2012
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(2)	Deputy general manager	June 9, 2010
LI Haibin(3)	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(4)	Deputy general manager	August 19, 2010
ZHU Baocheng	Chief accountant	March 11, 2010
ZHANG Jurui	Chief engineer	March 11, 2010
JIA Geng	Deputy general manager	June 8, 2012

Note:

(1) The resignation of Mr. Meng Wentao as the general manager and an executive director of the Company took effect on September 5, 2012 and October 30, 2012, respectively.

(2) The resignation of Mr. Ren Qigui as the deputy general manager took effect on November 12, 2012.

(3) The resignation of Mr. Li Haibin as the deputy general manager took effect on June 8, 2012.

(4) The resignation of Mr. Li Yuehua as the deputy general manager took effect on November 12, 2012.

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.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on page 30 to page 37 of the 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, SUPERVISORS AND SENIOR MANAGEMENT

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

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2012 are set out below:

Name	Basis salaries, and allowances (RMB'000)	Retirement benefit contribution RMB'000	Total RMB'000
REN Qigui(1)	573.0	32.8	605.8
LI Haibin(2)	118.3	7.6	125.9
KANG Jian	475.8	32.8	508.6
LI Zhijian	475.8	32.8	508.6
LI Yuehua(3)	320.1	24.4	344.5
ZHU Baocheng	475.8	32.8	508.6
ZHANG Jurui	475.8	32.8	508.6
JIA Geng	357.5	25.2	382.7

Note:

(1) The resignation of Mr. Ren Qigui as the deputy general manager took effect on November 12, 2012.
(2) The resignation of Mr. Li Haibin as the deputy general manager took effect on June 8, 2012.
(3) The resignation of Mr. Li Yuehua as the deputy general manager took effect on November 12, 2012.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year of 2012 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 2012, 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, 2012, 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 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, 2012, 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 Sections 2 and 3 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	–	93.46	–	68.58	–
BSAMAC	domestic share	Beneficial interest and interest of a controlled corporation	4,442,302,231	–	98.45	–	72.23	–
Barclays Bank PLC	H share	Beneficial interest	153,450,000	137,008,928	9.37	8.37	2.50	2.23

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
Barclays PLC	H share	Interest of a controlled corporation	153,450,000	137,008,928	9.37	8.37	2.50	2.23
SAIF IV GP Capital Ltd.	H share	Beneficial interest	233,532,000	–	14.26	–	3.80	–
SAIF IV GP LP	H share	Interest of a controlled corporation	233,532,000	–	14.26	–	3.80	–
SAIF Partners IV L.P.	H share	Interest of a controlled corporation	233,532,000	–	14.26	–	3.80	–
Yan Andrew Y.	H share	Interest of a controlled corporation	233,532,000	–	14.26	–	3.80	–
Shanghai Electric Group Company Limited	H share	Beneficiary of a trust	232,000,000	–	14.17	–	3.77	–
Shanghai International Trust Co. Ltd	H share	Trustee	232,000,000	–	14.17	–	3.77	–
Beijing Enterprises Holdings Limited	H share	Interest of a controlled corporation	219,200,000	–	13.39	–	3.56	–
Beijing Enterprises Energy Technology Investment Co. Limited	H share	Beneficial interest	219,200,000	–	13.39	–	3.56	–
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited	H share	Interest of a controlled corporation	219,200,000	–	13.39	–	3.56	–
JetCote Investments Limited	H share	Beneficial interest	140,118,000	–	8.56	–	2.28	–
China Aerospace Science & Technology Corporation	H share	Interest of a controlled corporation	140,118,000	–	8.56	–	2.28	–
Xinjiang Goldwind Science & Technology Co., Ltd.	H share	Interest of a controlled corporation	140,118,000	–	8.56	–	2.28	–
New Wealth Investment Holdings Limited	H share	Beneficial interest	137,008,928	–	8.37	–	2.23	–
Chen Li	H share	Interest of a controlled corporation	137,008,928	–	8.37	–	2.23	–

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
China Longyuan Power Group Corporation Limited	H share	Interest of a controlled corporation	98,000,000	–	5.98	–	1.59	–
CSOF Inno Investments Limited	H share	Beneficial interest	94,414,000	–	5.77	–	1.54	–
China Special Opportunities Fund III, L.P.	H share	Interest of a controlled corporation	94,414,000	–	5.77	–	1.54	–

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 2012.

CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt connected transactions during the year. BEIH is the controlling shareholder of the Company, directly and indirectly holding approximately a 67.958% interest in the total issued share capital of the Company and is a connected person of the Company. BDHG, as a wholly owned subsidiary of BEIH, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction between the Company and BEIH and/or BDHG constitutes connected transaction of the Company under Chapter 14A of the Listing Rules:

(i) Huayuan Equity Transfer Agreement (1)

On June 29, 2012, an equity transfer agreement was entered into between the Company and BEIH in respect of the disposal of 35% of the equity interests in Huayuan Heating by the Company (the "**Huayuan Equity Transfer Agreement (1)**"), pursuant to which the Company agreed to sell, and BEIH agreed to acquire, a 35% equity interests in Huayuan Heating at a total consideration of RMB107,237,300. Upon completion of the disposal, BDHG, BEIH and the Company will hold 50%, 35% and 15% of Huayuan Heating's equity interests, respectively. Huayuan Heating is primarily engaged in construction of pipelines, heat energy generation plants and exchange plants in Beijing and Hebei Province and is not engaged in power generation businesses. The Board believes that the disposal of certain equity interest in Huayuan Heating from the Group is in line with the Company's strategy to focus on the development of its clean energy power generation businesses and is beneficial to optimize the allocation of the resources of the Company. The Company has complied with the relevant Listing Rules requirements in respect of such connected transaction and made corresponding announcement on June 29, 2012.

(ii) Huayuan Equity Transfer Agreement (2)

On September 28, 2012, an equity transfer agreement was entered into between the Company and BEIH in respect of the disposal of 15% of the equity interests in Huayuan Heating by the Company (the "**Huayuan Equity Transfer Agreement (2)**"), pursuant to which, the Company agreed to sell and BEIH agreed to acquire a 15% equity interest in Huayuan Heating at a total consideration of RMB45,958,800. Huayuan Heating is primarily engaged in construction of pipelines, heat energy generation plants and exchange plants in Beijing and Hebei Province and is not engaged in power generation businesses. The Board believes that the disposal of its equity interests in Huayuan Heating is in line with the Company's strategy to focus on the development of its clean energy power generation businesses and is beneficial to the optimization of the allocation of the resources of the Company.

Considering both the disposal under the Huayuan Equity Transfer Agreement (1) and the Huayuan Equity Transfer Agreement (2) were disposals of certain equity interests in the same entity by the Company, and the Huayuan Equity Transfer Agreements were entered into by the Company with the same party within a period of 12 months, such transactions were aggregated pursuant to the Listing Rules. After aggregation, the disposal under the Huayuan Equity Transfer Agreement (2) constituted (i) connected transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a discloseable transaction subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Accordingly, an extraordinary general meeting of the Company was held on October 30, 2012 to consider and approval the proposed disposal under the Huayuan Equity Transfer Agreement (2). The resolution in relation to such disposal was duly passed as an ordinary resolution.

(iii) Jingqiao Equity Transfer Agreement

On July 24, 2012, an equity transfer agreement was entered into between the Company and BDHG in respect of the acquisition of a 19.97% equity interest in Jingqiao Power by the Company (the "**Jingqiao Equity Transfer Agreement**"), pursuant to which, BDHG agreed to sell and the Company agreed to acquire a 19.97% equity interest in Jingqiao Power at a total consideration of RMB116,721,800. After the completion of the acquisition, Jingqiao Power became a wholly-owned subsidiary of the Company. By acquiring the remaining 19.97% equity interests in Jingqiao Power from BDHG, the Company could be in a better position to consolidate its businesses, to achieve full control over the management and operation of Jingqiao Power, and to benefit from the profits of Jingqiao Power. The Company has complied with the relevant Listing Rules requirements in respect of such connected transaction and made corresponding announcement on July 24, 2012.

(iv) Sichuan Dachuan Equity Transfer Agreement and Sichuan Zhongneng Equity Transfer Agreement

On November 13, 2012, an equity transfer agreement was entered into between the Company and BEIH in respect of the acquisition of a 100% equity interest in Sichuan Dachuan by the Company (the "**Sichuan Dachuan Equity Transfer Agreement**"), pursuant to which, the Company agreed to acquire and BEIH agreed to sell, a 100% equity interest in Sichuan Dachuan at a total consideration of RMB1,281,032,600.

On November 13, 2012, an equity transfer agreement was entered into between the Company and BEIH in respect of the acquisition of a 100% equity interest in Sichuan Zhongneng by the Company (the "**Sichuan Zhongneng Equity Transfer Agreement**"), pursuant to which, the Company agreed to acquire and BEIH agreed to sell, a 100% equity interest in Sichuan Zhongneng at a total consideration of RMB558,870,900.

The Company currently operates a diversified clean energy portfolio including small to medium hydropower operation. Sichuan Dachuan and Sichuan Zhongneng operate hydropower plants in Sichuan Province and the acquisitions of Sichuan Dachuan and Sichuan Zhongneng would help the Group strengthen its hydropower business. In addition, as Sichuan Dachuan and Sichuan Zhongneng operate the hydropower business retained by BEIH, by acquiring the 100% equity interests in Sichuan Dachuan and Sichuan Zhongneng, the Company could reduce the intensity of competition with BEIH when operating hydropower business. The Board believes that the acquisition of Sichuan Dachuan and Sichuan Zhongneng is in line with the Company's strategy to focus on the development of its clean energy power generation businesses and is beneficial to optimize the allocation of resources of the Company.

Considering the transactions under the Jingqiao Equity Transfer Agreement, Sichuan Dachuan Equity Transfer Agreement and the Sichuan Zhongneng Equity Transfer Agreement were entered into by the Company with parties connected with each other within a period of 12 months, such transactions were aggregated pursuant to the Listing Rules. After aggregation, the acquisitions under Sichuan Dachuan Equity Transfer Agreement and Sichuan Zhongneng Equity Transfer Agreement constituted (i) connected transactions subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) discloseable transactions subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Accordingly, an extraordinary general meeting of the Company was held on December 31, 2012 to consider and approve the proposed acquisitions under the Sichuan Dachuan Equity Transfer Agreement and Sichuan Zhongneng Equity Transfer Agreement. The resolutions in relation to such acquisitions were duly passed as ordinary resolutions.

CONTINUING CONNECTED TRANSACTIONS

The Croup has conducted certain non-exempt continuing connected transactions during the year.

For the transactions set out in the table below from item one to item nine, the Company has obtained approval from the Hong Kong Stock Exchange in respect of the annual caps of such continuing connected transactions upon the listing of its H Shares and was exempted from the announcement and independent shareholders' approval requirements.

On March 28, 2012, the Company obtained approval from the Board on the annual caps of the transaction under item ten and item eleven.

On August 23, 2012, the Company obtained approval from the Board on amendment to the annual caps of the transactions under item two, item four and item nine for the year 2012 and 2013.

(RMB million)

Connected transactions under		Connected persons	Annual caps for 2012	Actual transaction amounts in 2012
1.	Framework Property Lease Agreement	BEIH	12.00	9.17
2.	Framework Equipment Maintenance Agreement	BEIH	39.00	17.74
3.	Framework Electricity Sale and Purchase Agreement	BEIH	15.00	–
4.	Framework Service Agreement	BEIH	126.62	40.62
	– landscaping services		1.38	1.29
	– property management services		10.00	9.53
	– consultancy and technical support regarding operational safety		31.89	–
	– conference services		3.35	1.56
	– bidding agency services		24.00	–
	– project management services		56.00	28.24
5.	Framework Operating Agreement	BEIH	4.00	0.15
6.	Framework Equipment Operating and Maintenance Agreement	BEIH	37.00	–
7.	Framework Heat Sale and Purchase Agreement	BDHG	627.00	316.78
8.	Guarantee Agreement	Huayuan Heating	623.00	598.44
9	Entrusted Loan Services	BEIH Finance	5.80	3.18
10	Deposit Services	BEIH Finance	400.00	397.04
11.	Equipment Purchase Framework Agreement	BEIH	26.00	10.73

Continuing Connected Transactions between the Group and BEIH and its Associates

BEIH is the controlling shareholder of the Company and therefore, is a connected person of the Company under the Hong Kong Listing Rules. As BDHG, BIEE, Huayuan Heating and BEIH Finance are subsidiaries of BEIH, each of them therefore is connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions between the Company and BEIH and/or its associates constituted connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Company and BEIH and/or its associates entered into several framework agreements in respect of the continuing 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. The term of such agreement is twenty years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company;
- 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. The term of such agreement is three years commencing on the listing date of the Company; and

- BEIH and/or its associates purchasing equipment for the Group, in respect of which BEIH and the Company entered into the Equipment Purchase Framework Agreement on March 28, 2012. The term of such agreement is three years commencing on the date of execution of the agreement.

Financial Assistance Provided by the Company to the Connected Persons

The Company agreed to provide guarantee for the loan obligations of Huayuan Heating in an aggregate principal amount of RMB589.44 million pursuant to the four guarantee agreements (the "**Guarantee Agreements**").

All loans were provided by certain 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.

As the Company has ceased to hold any equity interest in Huayuan Heating, in March 2013, the guarantee obligation of the Company under the Guarantee Agreements has been discharged.

Financial Services Provided by BEIH Finance to the Group

The Group and BEIH Finance entered into the framework financial service agreement on July 6, 2010 as amended on December 29, 2010 and May 23, 2011 and financial services framework agreement on March 28, 2012 (the "**Financial Service Agreements**"), pursuant to which, BEIH Finance agree to provide, among others, deposit services and entrusted loan service to the Group. The term of the Financial Service Agreements is three years.

In respect of the deposit services under the Financial Service Agreements, the interest rate to be paid by BEIH Finance for the Group's deposits with BEIH Finance shall not be lower than the same level deposit interest rate as published by the PBOC for the same periods.

In respect of the entrusted loan services under the Financial Service Agreements, the service fees for the entrusted loan service under the shall not be higher than fees to be charged by independent financial institutions which provide similar services.

Other

Save as aforesaid, none of the transactions disclosed as related party transactions in note 42 to the Financial Statement 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 (save for the financial assistance provided by the Company under the guarantee agreements);

(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 Auditor

The auditor of the Company has conducted an engagement with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and has provided a letter to the Board of Directors of the Company confirming that based on the procedures carried out on the continuing connected transactions by the auditor of the Company:

(1) 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;

(2) for transactions involving the provision of good or services by the Group, nothing has come to their attention that causes them believe that the transactions were not, in all material respects, in accordance with the pricing polices of the Company;

(3) 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; and

(4) 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 12 December 2012 or the Company's announcement dated March 28, 2012 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 abovementioned connected transactions.

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

The Company and BEIH entered in to a Non-Competition Agreement and a Supplemental Non-Competition Agreement 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 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 Non-executive Directors have reviewed the implementation of the Non-Competition Agreement and confirmed that BEIH has fully observed the Agreement without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2012, the total volume of purchases from the five largest suppliers of the Company accounted for 89.07% of the total purchase volume of the year. The purchase from the largest supplier accounted for 81.68% of the total volume of fuel purchased during the year.

For the year ended December 31, 2012, the total sales to the five largest customers of the Company accounted for 91.23% of the total sales of the year. The sales to the largest customers accounted for 60.98% of the total 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 41 to the Financial Statements for detailed information on the retirement and employee benefits scheme of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules) for the three months ended March 31, 2012 and all code provisions of the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices which is applicable after April 1, 2012) as set out in Appendix 14 to the Listing Rules for the nine months ended December 31, 2012.

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 approved by the Shareholders at the extraordinary general meeting of the Company on October 30, 2012, the Company has made adjustment to the intended use of proceeds received from the Global Offering. As at December 31, 2012, approximately HKD1,523 million have been used in accordance with the proposed applications.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2012, 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 2012 and the financial statements prepared in accordance with the IFRS for the year ended December 31, 2012.

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, 2012. The Company's financial statements for the year 2012 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu.

A resolution on re-appointing Deloitte Touche Tohmatsu and Crowe Horwath China Certified Public Accountants as the international and domestic auditors of the Company respectively in the year of 2013 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 five financial years is set out on pages 4 to 5 in the Annual Report.

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

Beijing, the PRC
March 27, 2013

Report of the Board of Supervisors

In 2012, 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 Hong Kong Stock Exchange, duly performed their functions of supervision and inspection, exercising timely and effective oversight over the development strategy adjustment of the Company, capital operations, production and operation, market development, financial management and cost control, decisions on significant matters, and compliance with laws and regulations by the Company's senior management, which brought the supervisory functions of the Board of Supervisors into full play. It was the Board of Supervisors that guaranteed the implementation of each resolution passed at the general meetings and legitimate operation of every event, safeguarded the legitimate rights of the Shareholders and played a due role in the steady course of the Company's development.

I. MEETING OF THE BOARD OF SUPERVISORS

In 2012, the Company convened a total of two separate meetings of the Board of Supervisors in March and August, respectively. In addition, members of the Board of Supervisors of the Company were present at the 2011 annual general meeting of the Company, each and every extraordinary general meeting in 2012, and attended each and every physical meeting of the Board of Directors held by the Company. At each of these meetings, members of the Board of Supervisors expressed their comments and advice in accordance with the subject of the meeting and their supervisory responsibilities, conducted lawful supervision over the procedures and the content of the meeting, and organized and participated in the monitoring of the poll voting at the general meetings, ensuring the exercise of the Shareholders' legitimate rights and the lawful and orderly conducting of each meeting.

II. MAJOR WORK OF INSPECTION AND SUPERVISION BY THE BOARD OF SUPERVISORS IN 2012

1. The Board of Supervisors provided advice on the Company's finance, operations management and internal control by attending the discussion meetings of the Board and meetings of the operational team of the Company. Meanwhile, the Board of Supervisors gradually improved the internal work mechanism. By assessing the implementation of the Board's decisions and the Company's risks in finance and operations and by conducting in-depth researches thereon, the Board of Supervisors filed relevant reports and offered advice on significant events and risks assessment. All the above efforts forged a deeper understanding of and more stringent supervision over the lawful operation of the Company as a whole.

2. The members of the Board of Supervisors supervised and inspected the financial positions and the financial management systems of the Company, including regular inspections on the financial reports and financial budget of the Company and conducted irregular reviews of accounting vouchers and books of the Company, and provided advice in light of actual situations.

3. The Board of Supervisors attended each and every extraordinary general meeting, and had no dissenting opinion on any of the reports and resolutions proposed for consideration at the general meetings, and was of the opinion that the Board duly implemented each of the resolutions passed at the general meetings. Members of the Board of Supervisors attended all eight physical meetings of the Board for 2012 of the first session of the Board, and conducted supervision over the legitimacy and compliance of the procedures for considering proposals at the meetings of the Board.

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 and market exploration, and realized the annual targets for production and operation. The management of the Company enhanced the corporate governance by further strengthening the implementation of the internal systems and continuing to optimize each management system, which greatly motivated the employees. The management of the Company firmly adhered to the professional ethics, faithfully fulfilled their duties prescribed in the Articles of Association, and duly implemented each of the resolutions passed by the Board, thus accomplishing satisfactorily the targets set forth at the beginning of the year.

2. Financial Positions of the Company

Members of the Board of Supervisors supervised and inspected the financial management systems and the financial positions of the Company, and reviewed the relevant financial information of the Company. After review and inspection, the Board of Supervisors considered that the Company was in strict compliance with the laws and regulations on finance and accounting and in line with financial policies, that the financial management systems of the Company were sound and effective, and that the accounting methods conformed to relevant requirements of the IFRSs; and the financial reports 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 issued by Deloitte Touche Tohmatsu , in accordance with IFRSs, on the consolidated financial statements for the year 2012 prepared by the Company and gave no dissenting opinion thereon.

3. The Company's Substantial Acquisitions and Disposals of Assets and the Connected Transactions

The Board of Supervisors reviewed information in relation to the acquisitions and disposals of equity and the connected transactions conducted from time to time between the Company and its connected persons during the year, and was of the opinion that such acquisitions and disposals of equity and the connected transactions complied with the relevant requirements of the Hong Kong Stock Exchange, and the prices for the transactions were reasonable, open and fair. There was no event that was detrimental to the interests of the Shareholders and the Company. The Directors, general manager and other senior management of the Company strictly followed the principle of integrity, duly exercised each right authorized by the Shareholders and fulfilled each obligation. No behavior has been found to infringe the interests of the Shareholders and the legitimate rights of employees so far.

4. Information Disclosure

The Board of Supervisors reviewed relevant documents disclosed in the Company's announcements, and was of the opinion that the Company had fully disclosed relevant information in a lawful and timely manner as required by the Hong Kong Stock Exchange and there was no false information.

5. 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, and was of the opinion that the Board of Directors duly implemented each of the resolutions passed at the general meetings.

In 2013, the Board of Supervisors will continue to comply with the Company Law of the PRC, Articles of Association, Rules of Procedure for the Board of Supervisors and the relevant requirements under the Listing Rules of the Hong Kong Stock Exchange, uphold the principle of integrity and effectively supervise the Company, the Directors and the 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 conduct ongoing supervision over the review and approval procedures of significant investment projects of the Company, with an aim to boost the economic benefits of the Company and faithfully safeguard the interests of the all Shareholders and the Company.

Chen Yanshan
Chairman of the Board of Supervisors

Beijing, the PRC
March 27, 2013

CORPORATE GOVERNANCE PRACTICES

The Board of the Company has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

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

In the opinion of the directors, throughout the year ended December 31, 2012, the Company has complied with all code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules) for the three months ended March 31, 2012 and all code provisions of the CG Code (the new edition of the Code on Corporate Governance Practices which is applicable after April 1, 2012) as set out in Appendix 14 to the Listing Rules for the nine months ended December 31, 2012.

An explanation of how the principles of the CG Code were put into practice during the year under review is set out below.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Upon making specific enquiry to all the directors and supervisors of the Company, all directors and supervisors of the Company confirmed that each of them had complied with the Model Code throughout the year ended December 31, 2012.

The Company has also established written guidelines no less exacting 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.

BOARD OF DIRECTORS

The Board currently comprises 11 members, consisting of 1 executive Director, 6 non-executive Directors and 4 independent non-executive Directors.

The Board of the Company comprises the following directors:

Non-executive Directors:

LU Haijun *(Chairman)*

GUO Mingxing

XU Jingfu

LIU Guochen

YU Zhongfu

JIN Yudan

Executive Director:

CHEN Ruijun *(General Manager)*

Independent non-executive Directors:

LIU Chaoan

SHI Xiaomin

LAU Miu Man

WEI Yuan

The biographical information of the Directors are set out in the section headed "Profiles of Directors Supervisors and Senior Management" on pages 30 to 37 of the Annual Report.

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

Chairman and General Manager

The Chairman of the Board is Mr LU Haijun, and the General Manager is Mr CHEN Ruijun. The positions of Chairman and General Manager are held by separate persons in order to preserve independence and a balanced 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.

Independent non-executive Directors

During the year ended December 31, 2012, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the directors of the Company is appointed for a specific term of three years and the term is renewable upon re-election by Shareholders.

Responsibilities, Accountabilities and Contributions of the Board and Management

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 is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretaries and senior management. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to 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 of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will 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 should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year 2012, there were two in-house seminars conducted covering the topics of director's duties under Appendix 10 and Appendix 14 of the Listing Rules, the amendments to the Listing Rules relating to the CG Code and new inside information disclosure requirements under the Listing Rules and the SFO. All Directors attended the seminars.

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 the Stock Exchange's website and are available to Shareholders upon request.

Members of the Board committees comprise independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 166.

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 auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held a meeting to review interim and annual financial results and reports in respect of the year ended December 31, 2012 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprise 3 members, namely Mr LIU Chaoan (Chairman), Mr GUO Mingxing and Mr SHI Xiaomin, the majority of which are independent non-executive Directors.

The primary functions of the Remuneration and Nomination Committee include determining the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all directors and senior management; and 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.

The Remuneration and Nomination Committee is also responsible for reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive Directors.

The Remuneration and Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. External recruitment professionals might be engaged to carry out selection process when necessary.

The Remuneration and Nomination Committee met once to review and determine and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters; it also reviews the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting.

Strategy Committee

The current members of the Strategy Committee are Mr LU Haijun (Chairman), Mr GUO Mingxing, Mr XU Jingfu, Mr LIU Guochen and Mr CHEN Ruijun.

The primary function of the Strategy Committee is to make recommendations to the Board on the long-term development strategies of the Company.

There were no Strategy Committee meetings held during the year.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended December 31, 2012 is set out in the table below:

	Attendance/Number of Meetings during the term of office				
Name of Director	Board	Remuneration and Nomination Committee	Audit Committee	Annual General Meeting	Other General Meetings
LU Haijun *(Chairman)*	9/9			1/1	3/3
GUO Mingxing	9/9	1/1		1/1	3/3
XU Jingfu	9/9			1/1	3/3
LIU Guochen	9/9		1/1	1/1	3/3
YU Zhongfu	9/9			1/1	3/3
MENG Wentao (Note 1)	7/8			1/1	2/2
JIN Yudan (Note 2)	1/1				1/2
CHEN Ruijun (Note 2)	1/1				1/2
LIU Chaoan	9/9	1/1	1/1	1/1	3/3
SHI Xiaomin	9/9	1/1		1/1	3/3
LAU Miu Man	9/9		1/1	1/1	3/3
WEI Yuan (Note 2)	1/1				1/2

Note 1: The Director resigned on October 30, 2012.
Note 2: The Directors were only appointed on October 30, 2012.

Apart from regular Board meetings, the Chairman also held meetings with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year.

DIRECTORS' RESPONSIBILITY 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, 2012.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditors about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 65 to 66.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors in respect of audit services for the year ended December 31, 2012 amounted to RMB6,031,000.

INTERNAL CONTROLS

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

COMPANY SECRETARY

Ms LEUNG Wai Han, Corinna of Tricor Services Limited, external service provider, has been engaged by the Company as its joint company secretary. Its primary contact person at the Company is Mr KANG Jian of the Company.

SHAREHOLDERS' 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.

Convening an Extraordinary General Meeting by Shareholders

Shareholders holding more than 10% of shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting.

Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board of Directors to convene an extraordinary general meeting or class meeting. Shares held by the above Shareholders shall be calculated as at the date of submitting the written request.

Putting Forward Proposals at General Meetings

When a general meeting is held by the Company, the Board of Directors, Board of Supervisors or Shareholders who individually or together holding more than 3% of the Shares of the Company may propose resolutions to the Company. Shareholders who individually or together holding more than 3% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Articles of Association of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will normally not deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 7/8 floor, No. 6 Xibahe Road
Chaoyang District, Beijing, the People's Republic of China
(For the attention of the Joint Company Secretary)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

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 endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all non-executive Directors, independent non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Deloitte.
德勤

TO THE SHAREHOLDERS 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 (collectively referred to as the "Group") set out on pages 67 to 163, which comprise the consolidated statement of financial position as at December 31, 2012, 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 of the Company 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 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 of the Company, 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, 2012, 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 27, 2013

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	2012 RMB'000	2011 RMB'000 (Restated)
Revenue	6	**4,151,630**	4,050,738
Other income	7	**733,211**	963,121
Gas consumption		**(1,841,308)**	(2,110,052)
Depreciation and amortization	11	**(854,438)**	(801,529)
Personnel costs	11	**(249,147)**	(211,745)
Repairs and maintenance		**(151,208)**	(105,612)
Other expenses		**(291,320)**	(213,502)
Other gains and losses	8	**51,387**	(9,161)
Profit from operations		**1,548,807**	1,562,258
Interest income	9	**27,890**	16,348
Finance costs	9	**(708,468)**	(591,495)
Share of results of associates		**243,541**	147,398
Share of results of jointly controlled entities		**169**	(316)
Profit before taxation		**1,111,939**	1,134,193
Income tax expense	10	**(123,533)**	(196,822)
Profit for the year	11	**988,406**	937,371
Profit and total comprehensive income for the year attributable to:			
– Equity owners of the Company		**910,101**	845,841
– Non-controlling interests		**78,305**	91,530
		988,406	937,371

	Notes	2012 RMB cents	2011 RMB cents (Restated)
Earnings per share			
Basic and diluted	14	**14.81**	16.82

Consolidated Statement of Financial Position

AT DECEMBER 31, 2012

	Notes	2012 RMB'000	2011 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	15	**17,405,497**	14,866,395
Intangible assets	16	**4,656,091**	4,795,846
Goodwill	17	**124,194**	124,194
Prepaid lease payments	19	**133,297**	134,511
Investments in associates	20(a)	**1,455,219**	1,267,749
Loans to associates	20(b)	**149,440**	136,440
Investments in jointly controlled entities	21	**80,390**	200,429
Deferred tax assets	22	**108,356**	112,695
Available-for-sale financial assets	23	**98,028**	98,028
Trade receivable	25	**354,259**	–
Value-added tax recoverable	27	**513,977**	516,526
Deposit paid for acquisition of property, plant and equipment		**1,168,222**	853,192
		26,246,970	23,106,005
Current assets			
Inventories	24	**69,858**	59,780
Trade and bill receivables	25	**1,475,193**	1,439,950
Other receivables, deposits and prepayments	26	**317,590**	153,097
Current tax assets		**11,473**	1,048
Amounts due from related parties	42(c)	**138,478**	285,845
Prepaid lease payments	19	**2,116**	2,912
Value-added tax recoverable	27	**426,825**	291,343
Restricted bank deposits	28	**207,576**	–
Cash and cash equivalents	29	**2,178,030**	2,747,265
		4,827,139	4,981,240
Assets classified as held for sale	30	**34,969**	–
		4,862,108	4,981,240

AT DECEMBER 31, 2012

	Notes	2012 RMB'000	2011 RMB'000 (Restated)
Current liabilities			
Trade and other payables	31	**1,915,092**	1,578,842
Amounts due to related parties	42(d)	**1,339,284**	242,595
Bank and other borrowings-due within one year	32	**4,266,759**	6,127,492
Income tax payable		**49,548**	96,875
Deferred income-current portion	35	**32,916**	160,094
		7,603,599	8,205,898
Liabilities associated with assets classified as held for sale	30	**1,169**	–
		7,604,768	8,205,898
Net current liabilities		**(2,742,660)**	(3,224,658)
Total assets less current liabilities		**23,504,310**	19,881,347
Non-current liabilities			
Bank and other borrowings-due after one year	32	**9,305,903**	8,364,585
Medium-term notes	33	**1,000,000**	–
Corporate bonds	34	**3,582,903**	–
Deferred tax liabilities	22	**24,894**	26,356
Deferred income	35	**268,285**	42,105
		14,181,985	8,433,046
Net assets		**9,322,325**	11,448,301
Capital and reserves			
Share capital	36	**6,149,905**	6,032,200
Reserves		**2,896,880**	5,038,286
Equity attributable to equity owners of the Company		**9,046,785**	11,070,486
Non-controlling interests		**275,540**	377,815
Total equity		**9,322,325**	11,448,301

The consolidated financial statements on pages 67 to 163 were approved and authorized for issue by the Board of Directors on March 27, 2013 and are signed on its behalf by:

Liu Guochen
Director

Chen Ruijun
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2012

	Attributable to equity owners of the Company							
	Share capital RMB'000 (Note 36)	Capital reserve RMB'000 (Note 37)	Statutory surplus reserve RMB'000 (Note a)	Other reserves RMB'000 (Note e)	Accumulated profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2012								
As originally stated	**6,032,200**	**1,522,467**	**206,935**	**3,914**	**1,016,069**	**8,781,585**	**377,815**	**9,159,400**
Adjustments on acquisition of common controlled subsidiaries (Note 2(b))	**–**	**2,246,515**	**7,938**	**–**	**34,448**	**2,288,901**	**–**	**2,288,901**
At January 1, 2012, as restated	**6,032,200**	**3,768,982**	**214,873**	**3,914**	**1,050,517**	**11,070,486**	**377,815**	**11,448,301**
Issue of shares (Note 36(b))	**117,705**	**42,360**	**–**	**–**	**–**	**160,065**	**–**	**160,065**
Issuance costs	**–**	**(6,118)**	**–**	**–**	**–**	**(6,118)**	**–**	**(6,118)**
Appropriation to statutory surplus reserve (Note a)	**–**	**–**	**166,631**	**–**	**(166,631)**	**–**	**–**	**–**
Distribution to holding company by acquired subsidiaries before the acquisition (Note 2(b))	**–**	**(610,000)**	**–**	**–**	**–**	**(610,000)**	**–**	**(610,000)**
Deemed distribution to holding company arising from acquisition of subsidiaries under common control (Note 2(b))	**–**	**(1,839,929)**	**–**	**–**	**–**	**(1,839,929)**	**–**	**(1,839,929)**
Acquisition of additional interest in a subsidiary (Note (d))	**–**	**(18,243)**	**–**	**–**	**–**	**(18,243)**	**(98,479)**	**(116,722)**
Dividend declared (Notes 13(b), (c) and (d))	**–**	**–**	**–**	**–**	**(619,577)**	**(619,577)**	**(82,101)**	**(701,678)**
	6,149,905	**1,337,052**	**381,504**	**3,914**	**264,309**	**8,136,684**	**197,235**	**8,333,919**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**910,101**	**910,101**	**78,305**	**988,406**
At December 31, 2012	**6,149,905**	**1,337,052**	**381,504**	**3,914**	**1,174,410**	**9,046,785**	**275,540**	**9,322,325**
At January 1, 2011	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 36(a))	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 b)	–	35,739	–	–	–	35,739	1,166	36,905
Appropriation to statutory surplus reserve, as restated (Note a)	–	–	146,492	–	(146,492)	–	–	–
Acquisition of a subsidiary from holding company (Note c)	–	(81,320)	–	–	–	(81,320)	–	(81,320)
Dividend declared (Note 13(e))	–	–	–	–	–	–	(43,638)	(43,638)
Deemed contribution from holding company for acquisition of subsidiaries (Note 2(b))	–	2,246,515	–	–	–	2,246,515	–	2,246,515
	6,032,200	3,768,982	214,873	3,914	204,676	10,224,645	286,285	10,510,930
Profit and total comprehensive income for the year, as restated (Note 2(b))	–	–	–	–	845,841	845,841	91,530	937,371
At December 31,2011, as restated (Note 2(b))	6,032,200	3,768,982	214,873	3,914	1,050,517	11,070,486	377,815	11,448,301

Notes:

(a) 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, or increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.

(b) On January 18, 2011, the Group 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), to the Company's ultimate holding company, 北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd., English name for identification purpose) ("BEIH"), with the approval from the State-owned Assets Supervision and Administration Commission ("SASAC") of the People's Government of Beijing Municipality of the PRC ("Beijing Government"). The Group fully received the consideration of RMB19,264,000 and RMB15,782,000 respectively. The disposal gain amounting to RMB35,739,000 was accounted for as a contribution from BEIH.

(c) 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.

(d) On July 24, 2012, the Group entered into a share transfer agreement with 北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd.) ("BDGH"), a related company under common control of BEIH, to acquire additional 19.97% equity interests in 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") at a cash consideration of approximately RMB116,722,000. The acquisition was completed on August 14, 2012 and then Jingqiao Power became a wholly-owned subsidiary of the Group.

(e) Other reserves represent the share of other comprehensive income of associates and jointly controlled entities.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	2012 RMB'000	2011 RMB'000 (Restated)
Operating activities			
Profit before taxation		**1,111,939**	1,134,193
Adjustments for:			
Depreciation and amortization		**854,438**	801,529
Impairment losses on doubtful receivables		**172**	780
Dividend from available-for-sale financial assets		**(2,468)**	(2,096)
(Gain) loss on disposal of:			
– Property, plant and equipment		**30,551**	273
– A subsidiary		**(42,815)**	–
– A jointly controlled entity		**(32,988)**	–
Share of results of associates		**(243,541)**	(147,398)
Share of results of jointly controlled entities		**(169)**	316
Interest income		**(27,890)**	(16,348)
Finance costs		**708,468**	591,495
Prepaid lease payments released to profit or loss		**2,297**	1,319
Deferred income released to profit or loss		**(2,632)**	(2,632)
Operating cash flows before movements in working capital		**2,355,362**	2,361,431
Movements in working capital			
Increase in inventories		**(11,184)**	(19,318)
Increase in trade and bill receivables		**(424,557)**	(252,777)
Increase in amounts due from related parties		**(99,528)**	(32,593)
(Increase) decrease in other receivables, deposits and prepayments		**(28,277)**	89,013
Increase in trade and other payables		**86,676**	180,466
Decrease in amounts due to related parties		**(3,839)**	(30,457)
(Decrease) increase in deferred income		**(127,178)**	69,518
Cash generated from operations		**1,747,475**	2,365,283
Income tax paid		**(180,673)**	(183,247)
Net cash generated from operating activities		**1,566,802**	2,182,036
Investing activities			
Interest received		**28,607**	13,095
Dividends received		**58,539**	2,096
Repayment of loans by associates		**138,072**	4,521
Cash advanced to associates		**(151,072)**	(31,000)
Repayment of loans from jointly controlled entities		**–**	240,604
Cash advanced to jointly controlled entities		**–**	(200,000)
Repayment of loans from related parties		**250,000**	110,684
Cash advanced to related parties		**(2,966)**	–
Acquisition of:			
– Property, plant and equipment		**(4,067,480)**	(3,633,714)
– Intangible assets		**(42,104)**	(4,738)
Addition of prepaid lease payments on land use rights		**(750)**	(35,533)
Proceeds on disposals of			
– Property, plant and equipment		**35,594**	2,657
– Available-for-sales financial assets		**–**	20
– A jointly controlled entity		**153,196**	–

FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	**2012** **RMB'000**	2011 RMB'000 (Restated)
Deposit of restricted bank deposits		**(207,576)**	–
Cash received from government grants		**228,812**	–
Cash inflow on disposal of subsidiaries		**131,825**	17,499
Cash inflow on disposal of an investment in an associate		**–**	15,782
Net cash used in investing activities		**(3,447,303)**	(3,498,027)
Financing activities			
Interest paid		**(586,337)**	(584,326)
Cash received from capital contribution		**–**	19,480
Advances from related parties		**65,544**	–
Repayment to related parties		**–**	(1,238,437)
New bank and other borrowings raised		**10,578,988**	9,728,368
Repayments of bank and other borrowings		**(11,204,003)**	(7,101,028)
Proceeds from issuance of medium-term notes		**1,000,000**	–
Proceeds from issue of corporate bond		**3,600,000**	–
Issuance cost for corporate bond		**(19,800)**	–
H shares issued under the initial public offering		**–**	1,401,256
H shares issued for exercise of over-allotment		**160,065**	–
H shares sold on behalf of National Council for Social Security Fund of the PRC ("NSSF")		**16,006**	140,126
Payment to NSSF		**(156,132)**	–
Payment of transaction costs attributable to issue of new shares		**(34,257)**	(74,243)
Payment of transaction costs attributable to exercise of over-allotment		**(6,118)**	–
Settlement of consideration payable for acquisition of a subsidiary		**(920,000)**	(84,320)
Cash received from acquisition of subsidiaries (Note 2(b))		**–**	1,324,848
Dividends paid to:			
– Equity owners of the Company		**(619,577)**	(61,401)
– non-controlling shareholders of subsidiaries		**(52,000)**	(43,638)
Distribution to holding company by acquired subsidiaries before the acquisition		**(394,350)**	–
Acquisition of non-controlling interest		**(116,722)**	–
Net cash generated from financing activities		**1,311,307**	3,426,685
Net (decrease) increase in cash and cash equivalents		**(569,194)**	2,110,694
Cash and cash equivalents at the beginning of the year		**2,747,265**	640,590
Effect of foreign exchange rate changes		**46**	(4,019)
Cash and cash equivalents at the end of the year		**2,178,117**	2,747,265
Represented by:			
– Cash and cash equivalents included in a disposal group classified as held for sale		**87**	–
– Cash and cash equivalents at the end of the year		**2,178,030**	2,747,265

1. GENERAL INFORMATION

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 SASAC of the Beijing Government.

The principal activities of the Company and its subsidiaries (collectively referred to as the the "Group") are wind power generation, gas-fired power and heat energy generation, hydropower generation and other business.

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

2. BASIS OF PREPARATION

(a) In preparing the consolidated financial statements, the Directors have given careful consideration that at December 31, 2012, the Group has net current liabilities of RMB2,742,660,000. Taking into consideration of the unutilized banking and other borrowing facilities available to Group of RMB21,417,300,000 at December 31, 2012, 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.

(b) In accordance with the equity transfer agreements entered into between the Company and BEIH on November 13, 2012, the Company acquired 100% equity interest of 四川大川電力有限公司 (Sichuan Dachuan Power Co., Ltd., English name for identification purpose) ("Sichuan Dachuan") and 四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification purpose only) ("Sichuan Zhongneng") from BEIH for a cash consideration of RMB1,839,929,000. BEIH acquired the 100% equity interests of Sichuan Dachuan and Sichuan Zhongneng for cash considerations of approximately RMB2,246,515,000 from a group of third party owners on July 7, 2011 ("the First Acquisition"). Sichuan Dachuan and Sichuan Zhongneng operated the hydropower business in Sichuan, the PRC. Sichuan Dachuan and Sichuan Zhongneng were acquired so as to the expansion of the Group's hydropower operations.

2. BASIS OF PREPARATION *(continued)*

The First Acquisition has been accounted for using the acquisition method by BEIH. The amount of goodwill arising as a result of the acquisition was RMB124,194,000. The financial impact as if the First Acquisition were done by the Group is as follows:

Consideration transferred by BEIH

	Sichuan Dachuan and Sichuan Zhongneng RMB'000
Cash	2,246,515

Assets acquired and liabilities recognised at the date of the First Acquisition are as follows:

	RMB'000
Property, plant and equipment (Note 15)	837,607
Intangible assets (Note 16)	1,180,141
Prepaid lease payments	43,646
Deposit paid for acquisition of property, plant and equipment	4,059
Inventories	5,359
Trade and bill receivables	30,596
Other receivables, deposits and prepayments	20,487
Amounts due from related parties	100,752
Cash and cash equivalents	1,324,848
Trade and other payables	(46,633)
Amounts due to related parties	(1,090,145)
Bank and other borrowings-due within one year	(80,000)
Income tax payable	(18,304)
Bank and other borrowings-due after one year	(170,000)
Deferred tax liabilities (Note 22)	(20,092)
Net asset acquired	2,122,321

2. BASIS OF PREPARATION *(continued)*

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	2,246,515
Less: net asset acquired	2,122,321
Goodwill arising on acquisition	124,194

Goodwill arose in the acquisition of Sichuan Dachuan and Sichuan Zhongneng because the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of Sichuan Dachuan and Sichuan Zhongneng. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the above acquisition is expected to be deductible for tax purpose.

Net cash inflow arising on acquisition:

	2011 RMB'000
Cash and cash equivalents acquired	1,324,848

Impact of acquisition on the results of the Group

	2011 RMB'000
Revenue	145,708
Profit for the year	42,386

2. BASIS OF PREPARATION *(continued)*

Impact of acquisition on the results of the Group *(continued)*

The Group's acquisition of Sichuan Dachuan and Sichuan Zhongneng was completed by the end of December 2012 and has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests since the Directors consider that the Group, Sichuan Dachuan and Sichuan Zhongneng are under the common control of BEIH since July 7, 2011. As a result, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2011 have been restated to include the operating results and cash flows of Sichuan Dachuan and Sichuan Zhongneng since July 7, 2011. The consolidated statements of financial position as at December 31, 2011 have been restated to include the assets and liabilities of Sichuan Dachuan and Sichuan Zhongneng. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated.

During the year ended December 31, 2012 and prior to the acquisition by the Company, Sichuan Dachuan and Sichuan Zhongneng reduced their registered and paid-in capital and refund cash to BEIH as well as distributing the accumulated profits to BEIH. The aggregated amount of the distribution was RMB610,000,000.

2. BASIS OF PREPARATION *(continued)*

Impact of acquisition on the results of the Group *(continued)*

The effect of restatements arising from acquisition of Sichuan Dachuan and Sichuan Zhongneng accounted for as a combination of businesses under common control ("Adjustment") on the results for the year ended December 31, 2011 by line items is set out below:

	2011		
	Originally stated RMB'000	Adjustment RMB'000	Restated RMB'000
Revenue	3,905,030	145,708	4,050,738
Other income	962,124	997	963,121
Gas consumption	(2,110,052)	–	(2,110,052)
Depreciation and amortization	(767,754)	(33,775)	(801,529)
Personnel costs	(194,778)	(16,967)	(211,745)
Repairs and maintenance	(102,738)	(2,874)	(105,612)
Other expenses	(195,106)	(18,396)	(213,502)
Other gains and losses	(6,019)	(3,142)	(9,161)
Profit from operations	1,490,707	71,551	1,562,258
Interest income	15,343	1,005	16,348
Finance costs	(582,588)	(8,907)	(591,495)
Share of results of associates	147,398	–	147,398
Share of results of jointly controlled entities	(316)	–	(316)
Profit before taxation	1,070,544	63,649	1,134,193
Income tax expense	(175,559)	(21,263)	(196,822)
Profit and total comprehensive income for the year	894,985	42,386	937,371

2. BASIS OF PREPARATION *(continued)*

Impact of acquisition on the results of the Group *(continued)*

The effect of Adjustment on the financial position of the Group as at December 31, 2011 by line items is set out below:

	2011 Originally stated RMB'000	 Adjustment RMB'000	 Restated RMB'000
Non-current assets			
Property, plant and equipment	14,044,371	822,024	14,866,395
Intangible assets	3,627,509	1,168,337	4,795,846
Goodwill	–	124,194	124,194
Prepaid lease payments	91,499	43,012	134,511
Investments in associates	1,267,749	–	1,267,749
Loans to associates	136,440	–	136,440
Investments in jointly controlled entities	200,429	–	200,429
Deferred tax assets	107,220	5,475	112,695
Available-for-sale financial assets	98,028	–	98,028
Value-added tax recoverable	516,526	–	516,526
Deposit paid for acquisition of property, plant and equipment	852,682	510	853,192
	20,942,453	2,163,552	23,106,005
Current assets			
Inventories	51,445	8,335	59,780
Trade and bill receivables	1,401,721	38,229	1,439,950
Other receivables, deposits and prepayments	131,768	21,329	153,097
Current tax assets	1,048	–	1,048
Amounts due from related parties	35,845	250,000	285,845
Prepaid lease payments	2,009	903	2,912
Value-added tax recoverable	291,343	–	291,343
Cash and cash equivalents	2,443,421	303,844	2,747,265
	4,358,600	622,640	4,981,240
Current liabilities			
Trade and other payables	1,367,020	211,822	1,578,842
Amounts due to related parties	260,743	(18,148)	242,595
Bank and other borrowings – due within one year	6,087,492	40,000	6,127,492
Income tax payable	65,769	31,106	96,875
Deferred income-current portion	160,094	–	160,094
	7,941,118	264,780	8,205,898
Net current liabilities	(3,582,518)	357,860	(3,224,658)
Total assets less current liabilities	17,359,935	2,521,412	19,881,347

2. BASIS OF PREPARATION *(continued)*

Impact of acquisition on the results of the Group *(continued)*

	2011		
	Originally stated RMB'000	Adjustment RMB'000	Restated RMB'000
Non-current liabilities			
Bank and other borrowings			
– due after one year	8,154,585	210,000	8,364,585
Deferred tax liabilities	3,845	22,511	26,356
Deferred income	42,105	–	42,105
	8,200,535	232,511	8,433,046
Net assets	9,159,400	2,288,901	11,448,301
Capital and reserves			
Share capital	6,032,200	–	6,032,200
Reserves	2,749,385	2,288,901	5,038,286
Equity attributable to equity holders of the Company	8,781,585	2,288,901	11,070,486
Non-controlling interests	377,815	–	377,815
Total equity	9,159,400	2,288,901	11,448,301

As Sichuan Dachuan and Sichuan Zhongneng were acquired from third party by BEIH during the year ended December 31, 2011, the consolidated statement of financial position at December 31, 2010 need not been restated.

The effect of Adjustment on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted earnings per share:

	2012 **RMB cents**	2011 RMB cents
Basic and diluted earnings per share before adjustment	**12.30**	15.98
Adjustments arising from acquisition of Sichuan Dachuan and Sichuan Zhongneng	**2.51**	0.84
Basic and diluted earnings per share	**14.81**	16.82

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

In the current year, the Group has applied the following amendments to IFRSs:

Amendments to IAS 12	Deferred tax: Recovery of Underlying Assets; and
Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of the above amendments to IFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS9, and IFRS7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS10, IFRS 11 and IFRS12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS10, IFRS 12 and IAS27	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

Notes:

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

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

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

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

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

Annual Improvements to IFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to IFRSs 2009 – 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRSs include the amendments to IAS 16 Property, Plant and Equipment and the amendments to IAS 32 Financial Instruments: Presentation.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. '

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

The Directors do not anticipate that the application of the amendments will have a material impact on the Group's consolidated financial statements.'

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

The directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets, particularly the available-for-sale equity investments currently measured at cost less impairment. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that impact until a detailed review has been completed.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors do not anticipate that the application of these five standards will have a material impact the Group's consolidated financial statements other than the application of IFRS 12 may result in more disclosures being made with regard to subsidiaries, joint arrangements and associates.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after January 1, 2014, with early application permitted.

The Directors anticipate that the application of the amendments will have no impact on the Group as the Company is not an investing entity.

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.

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

IFRS 13 Fair Value Measurement *(continued)*

IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The Directors anticipate that the application of the other new and revised IFRSs will have no material impact on the Group.

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 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 income and expenses 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.

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 subsidiaries are presented separately from the Group's equity therein.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

(i) Business combination under common control

For 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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.

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 before taxation 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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

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 with finite useful lives 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. 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 (or a cash-generating unit) 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates *(continued)*

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.

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 financial statements of jointly controlled entities used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in jointly controlled entities *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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, restricted bank deposits, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issuance costs.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties, bank and other borrowings, medium-term notes and corporate bonds) 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.

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 is recognized in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in a.

(vii) A person identified in note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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, 2012, the carrying amount of trade and bill receivables net of allowance on doubtful receivables is RMB1,475,193,000 (2011: RMB1,439,950,000).

Useful lives of property, plant and equipment

The Group's management determines the useful lives and related depreciation expenses for its property, plant and equipment, after taking into account of the estimated residual value. This estimate is based on historical experience on the projected wear and tear incurred during power generation. It could change significantly as a result of technical innovations. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Useful lives of concession rights and operation rights

The Group's management determines the useful lives and related amortization expenses for its wind farm concession rights and wind or hydro power operation rights. This estimate is based on corresponding legal or contractual arrangements, projected profitability, and current legal and economic environment. It might be significantly affected by factors include but not limit to the changes in the legal and regulatory framework, economic environment, or the technical innovation, etc. The amortization expense for future periods is adjusted if there are significant changes from previous estimates.

Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise.

6. REVENUE

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

	2012 **RMB'000**	2011 RMB'000 (Restated)
Sales of goods:		
– Electricity	**3,749,920**	3,608,438
– Heat energy	**388,766**	351,378
Service income from:		
– Fellow subsidiaries (Note (a))	**–**	44,913
– Associate (Note 42(f)(viii))	**–**	13,000
– Third parties (Note (b))	**12,944**	33,009
	4,151,630	4,050,738

Notes:

(a) The service income for the year ended December 31, 2011 mainly represented the technology services provided and the service fee earned for the power generation capacity transfer arrangement.

(b) The service income for the year ended December 31, 2012 represented repair and maintenance service provided to third parties. The service income for the year ended December 31, 2011 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

	2012 RMB'000	2011 RMB'000 (Restated)
Government grants and subsidies related to:		
– Clean energy production (Note 35)	**450,386**	629,788
– Construction of assets (Note 35)	**2,632**	2,632
Income from CERs and VERs	**248,456**	280,286
Value-added tax refunds (Note (a))	**13,570**	4,777
Dividend from available-for-sale financial assets, unlisted	**2,468**	2,096
Waiver for the retention money from certain suppliers (Note (b))	**–**	38,847
Others	**15,699**	4,695
	733,211	963,121

Notes:

(a) 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 recognised when relevant value-added tax refund application is approved by the relevant PRC tax authorities.

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

8. OTHER GAINS AND LOSSES

	2012 RMB'000	2011 RMB'000 (Restated)
Other gains (losses) comprise:		
Gain on disposal of a subsidiary (Note 46)	**42,815**	–
Gain on disposal of a jointly controlled entity (Note)	**32,988**	–
Impairment loss on doubtful receivables	**(172)**	(780)
Loss on disposal of property, plant and equipment	**(30,551)**	(273)
Net exchange gain (loss)	**6,078**	(5,348)
Others	**229**	(2,760)
	51,387	(9,161)

Note: During the year, the Company entered into sales agreement to dispose of 50% equity interest in a jointly controlled entity 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") to BEIH, the consideration received was RMB153,196,000. The consideration over the carrying amount of the investment in Huayuan Heating was charged to other gains and losses.

9. INTEREST INCOME/FINANCE COSTS

	2012 RMB'000	2011 RMB'000 (Restated)
Interest income from:		
– Loans to associates	**9,224**	7,748
– Loans to jointly controlled entities	**–**	1,889
– Loans to a fellow subsidiary	**–**	1,533
– A related non-bank financial institution (Note)	**1,604**	817
– Bank balances	**17,062**	4,361
Total interest income	**27,890**	16,348
Interest on bank and other borrowings, medium-term notes, and corporate bonds wholly repayable:		
– Within five years	**804,162**	595,479
– Over five years	**176,827**	184,849
Total interest expense	**980,989**	780,328
Less: Amounts capitalized in property, plant and equipment	**(272,521)**	(188,833)
Total finance costs	**708,468**	591,495
Net finance costs	**680,578**	575,147

	2012	2011
Capitalization rate of borrowing costs to expenditure on qualifying assets	**7.00%**	6.21%

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

	2012 **RMB'000**	2011 RMB'000 (Restated)
Current tax:		
PRC enterprise income tax ("EIT")	**140,371**	224,720
Tax refund	**(17,450)**	–
Deferred tax (Note 22):		
Current year	**612**	(27,898)
Income tax expense	**123,533**	196,822

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2011: 25%) on the estimated assessable profits of the companies in the Group during the year ended December 31, 2012.

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
	Yanqing Wind Farm	2010 to 2012	2013 to 2015
	Lumingshan Guanting Wind Farm Phase II (Density increased)	2011 to 2013	2014 to 2016
北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd., English name for identification purpose) ("New Energy")	Huitengxile Wind Farm Phase I	2008 to 2009	2010 to 2012
New Energy	Saihan Wind Farm Phase I	2009 to 2011	2012 to 2014
New Energy	Zheligentu 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 II	2010 to 2012	2013 to 2015
New Energy	Huitengxile Wind Farm Phase II	2011 to 2013	2014 to2016
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

10. INCOME TAX EXPENSE *(continued)*

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
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 I	2009 to 2011	2012 to 2014
Huolinguole Power	Huolinguole Wind Farm Phase II	2011 to 2013	2014 to 2016
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")	Balinyou Wind Farm Phase I	2011 to 2013	2014 to 2016
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Limited, English name for identification purpose) ("Ningxia New Energy")	Ningxia Taiyangshan Wind Farm Phase I	2011 to 2013	2014 to 2016
Ningxia New Energy	Ningxia Taiyangshan Wind Farm Phase II	2012 to 2014	2015 to2017
Ningxia New Energy	Ningxia Photovoltaic Power	2012 to 2014	2015 to 2017
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd., English name for identification purpose) ("Ningxia Lingwu")	Ningxia Lingwu Wind Farm Phase I	2012 to 2014	2015 to 2017
Ningxia Lingwu	Ningxia Lingwu Wind Farm Phase II	2012 to 2014	2015 to 2017

10. INCOME TAX EXPENSE *(continued)*

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
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) ("Keyouzhong Wind Farm")	Keyouzhong Wind Farm	2012 to 2014	2015 to 2017
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) ("Qigan Wind Farm")	Qigan Wind Farm	2012 to 2014	2015 to 2017
內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd., English name for identification purpose) ("Wengongwula Wind Farm")	Wengongwula Wind Farm	2012 to 2014	2015 to 2017

Besides above projects, the Group's wind farm project of Huitengxile wind farm Phase I and Huolinguole Power phase I, was entitled to a tax refund pursuant to a joint circular (2012) No.10 of the Ministry of Finance and the State Administration of Taxation of the PRC, which retrospectively applied the above beneficial tax policy on the qualified public infrastructure projects which were approved before January 1, 2008. Accordingly, the Group was entitled to tax refund amounting to RMB17,450,000 for the year ended December 31, 2012.

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, 2020 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 and 2012. The Company's another two subsidiaries, Sichuan Dachuan and Sichuan Zhongneng enjoy this preferential PRC enterprise income tax rate of 15%. Two wind power projects wholly-owned by the Company, Chayouzhong Wind Farm Phase I, Jixianghuaya 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 and 50% deduction on enterprise income tax for the three years ending December 31, 2011, 2012 and 2013.

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:

	2012 RMB'000	2011 RMB'000 (Restated)
Profit before taxation	**1,111,939**	1,134,193
PRC enterprise income tax at 25%	**277,985**	283,548
Tax effect on:		
– Expenses not deductible for tax purposes	**17,533**	6,288
– Tax effect of share of result of associate and jointly controlled entities	**(60,927)**	(36,771)
– Tax losses and temporary differences not recognised as deferred tax assets	**13,575**	8,117
– Utilization of tax losses not recognised previously	**(10,997)**	(1,945)
– PRC enterprise income tax exemption and concessions	**(96,186)**	(62,415)
– Tax refund	**(17,450)**	–
	123,533	196,822

11. PROFIT FOR THE YEAR

	2012 RMB'000	2011 RMB'000 (Restated)
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**6,031**	3,288
Prepaid lease payments released to profit or loss	**2,297**	1,319
Operating lease payments in respect of land and building	**11,973**	10,789
Depreciation and amortization:		
Depreciation of property, plant and equipment (Note 15)	**672,592**	588,202
Amortization of intangible assets (Note 16)	**181,846**	213,327
Total depreciation and amortization	**854,438**	801,529
Personnel costs:		
Directors' emoluments (Note 12)	**1,206**	712
Other personnel costs	**247,941**	211,033
Total personnel costs	**249,147**	211,745

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

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

	Director fees RMB'000	Basic salaries and allowances RMB'000	Bonus (Note) RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
Year ended December 31, 2012					
Executive Director:					
Mr. Wentao Meng					
(Retired at October 30, 2012)	–	334	–	19	353
Mr. Ruijun Chen					
(Elected at October 30, 2012)	–	192	–	11	203
	–	526	–	30	556
Non-executive Directors:					
Mr. Haijun Lu (Chairman)	–	–	–	–	–
Mr. Mingxing Guo	–	–	–	–	–
Mr. Jingfu Xu	–	–	–	–	–
Mr. Guochen Liu	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
Mr. Yudan Jin					
(Elected at October 30, 2012)	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Chaoan Liu	225	–	–	–	225
Mr. Xiaomin Shi	150	–	–	–	150
Ms. Miu Man Lau	250	–	–	–	250
Mr. Yuan Wei					
(Elected at October 30, 2012)	25	–	–	–	25
	650	–	–	–	650
Supervisors:					
Mr. Yanshan Chen	–	–	–	–	–
Mr. Jiakai Liu	–	–	–	–	–
Ms. Linwei Huang	–	161	115	33	309
	–	161	115	33	309
	650	687	115	63	1,515

12. DIRECTORS, CHIEF EXECUTIVE, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

	Director fees RMB'000	Basic salaries and allowances RMB'000	Bonus (Note) 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

Mr. Ruijun Chen is the Chief Executive of the Company staring from October 30, 2012 while Mr. Wentao Meng is the Chief Executive of the Company before October 30, 2012. Their emoluments disclosed above include those for services rendered by them as the Chief Executive.

During the year, Directors' emoluments were RMB1,206,000 (2011: RMB712,000) (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. 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, CHIEF EXECUTIVE, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

Five highest paid individuals

For the year ended December 31, 2012, the five highest paid individuals do not include any Directors or Supervisors (2011: one). The emoluments of the five (2011: remaining four) highest paid individuals for the year ended December 31, 2012 are as follows:

	2012 RMB'000	2011 RMB'000 (Restated)
Salaries and allowances	**1,670**	1,073
Bonus	**1,213**	1,319
Retirement benefit contributions	**229**	135
	3,112	2,527

Each of the five (2011: four) highest paid individuals in the Group for the year ended December 31, 2012 was below HK$1,000,000.

During the year, no emoluments were paid by the Group to the Directors, Chief Executive 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.

Note: The bonus is determined by the remuneration committee in accordance with the relevant human resources policies.

13. DIVIDENDS

(a) Subsequent to the end of the reporting period, a final dividend of RMB3.75 cents per share (tax inclusive) in respect of the year ended December 31, 2012 amounting to RMB230,621,000 has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

(b) 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 made an announcement on the outcome of the special audit and the amount of Special Distribution on March 28, 2012, and the Special Distribution was paid in December 2012.

13. DIVIDENDS *(continued)*

(c) Besides of the Special Distribution, on March 28, 2011, a final dividend of RMB0.874 cents per share (tax inclusive) in respect of the year ended December 31, 2011 amounting to RMB53,720,000 was declared by the Directors and subsequently paid in July and August 2012.

(d) On May 8, 2012, a dividend in the total amount of RMB315,774,000 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 shareholders, including RMB82,101,000 attributable to its non-controlling shareholder.

(e) On May 6, 2011, a dividend in the total amount of RMB167,840,000 was declared by Taiyanggong Power to its then shareholders, including RMB43,638,000 attributable to its non-controlling shareholder.

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:

	2012 **RMB'000**	2011 RMB'000 (Restated)
Earnings Profit for the year attributable to equity owners of the Company	**910,101**	845,841

	2012 **'000**	2011 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,144,745**	5,028,279
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	**6,144,745**	5,028,319

The potential ordinary shares were over-allotment options relating to the listing of the Company's share in 2011. The over-allotment options were exercised during the year ended December 31, 2012 (Note 36(b)).

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At January 1, 2011	1,525,353	8,798,452	67,089	34,328	2,703,134	13,128,356
Effect of acquisition of Sichuan Dachuan and Sichuan Zhongneng (Note 2(b))	594,390	233,446	4,963	1,002	3,806	837,607
Additions	11,230	4,626	16,692	5,522	2,820,001	2,858,071
Adjustment (Note (b))	(27,283)	(24,670)	–	–	–	(51,953)
Transfer	34,707	1,528,334	175	1,871	(1,565,087)	–
Reclassification (Note (c))	–	(204,474)	–	–	204,474	–
Net-off of accumulated depreciation (Note (c))	–	(36,141)	–	–	–	(36,141)
Capitalization of depreciation for construction in progress (Note (c))	–	–	–	–	9,052	9,052
Disposals	–	(846)	(3,025)	(324)	–	(4,195)
At December 31, 2011 as restated	2,138,397	10,298,727	85,894	42,399	4,175,380	16,740,797
Additions	4,071	11,147	10,702	5,340	3,750,382	3,781,642
Adjustment (Note (b))	34,473	(56,271)	294	1,084	–	(20,420)
Transfer	32,216	3,533,054	–	536	(3,565,806)	–
Capitalization of depreciation for construction in progress (Note (c))	–	–	–	–	9,724	9,724
Reclassified as held for sale (Note 30)	–	–	(715)	(52)	(28,925)	(29,692)
Decrease on disposal of a subsidiary (Note 46)	(26,586)	(396,642)	(1,484)	(4,730)	(95,877)	(525,319)
Disposals	(17,979)	(48,495)	(2,404)	(1,286)	(14,186)	(84,350)
At December 31, 2012	2,164,592	13,341,520	92,287	43,291	4,230,692	19,872,382
DEPRECIATION AND IMPAIRMENT						
At January 1, 2011	132,058	1,149,679	22,376	11,552	–	1,315,665
Depreciation provided for the year (Note 11)	61,878	511,572	9,216	5,536	–	588,202
Capitalization of depreciation for construction in progress (Note (c))	5,987	78	2,168	819	–	9,052
Net-off of accumulated depreciation (Note (c))	–	(36,141)	–	–	–	(36,141)
Eliminated on disposals	–	(44)	(2,239)	(93)	–	(2,376)
At December 31, 2011 as restated	199,923	1,625,144	31,521	17,814	–	1,874,402
Depreciation provided for the year (Note 11)	63,599	592,785	10,551	5,657	–	672,592
Capitalization of depreciation for construction in progress (Note (c))	7,319	8	1,605	792	–	9,724
Reclassified as held for sale (Note 30)	–	–	(210)	(11)	–	(221)
Eliminated on disposal of a subsidiary (Note 46)	(3,582)	(65,447)	(788)	(1,590)	–	(71,407)
Eliminated on disposals	(1,944)	(13,158)	(2,137)	(966)	–	(18,205)
At December 31, 2012	265,315	2,139,332	40,542	21,696	–	2,466,885
NET BOOK VALUE						
At December 31, 2012	1,899,277	11,202,188	51,745	21,595	4,230,692	17,405,497
At December 31, 2011 as restated	1,938,474	8,673,583	54,373	24,585	4,175,380	14,866,395

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) 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 RMB9,724,000 for the year ended December 31, 2012 (2011: RMB9,052,000) was capitalized as part of the construction in progress.

(d) The Group was in the process of applying for the title certificates of certain buildings with the aggregate net book value of approximately RMB62,122,000 (2011: RMB18,835,000) as at December 31, 2012. 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, 2012.

16. INTANGIBLE ASSETS

	Concession rights RMB'000 (Note (b))	Operation rights RMB'000' (Note (c))	Software RMB'000	Total RMB'000
COST				
At January 1, 2011	4,004,801	140,134	561	4,145,496
Effect of acquisition of Sichuan Dachuan and Sichuan Zhongneng (Note 2(b))	–	1,180,141	–	1,180,141
Additions	–	–	4,738	4,738
Adjustments (Note d)	17,966	–	–	17,966
At December 31, 2011 as restated	4,022,767	1,320,275	5,299	5,348,341
Additions	–	–	42,637	42,637
Adjustments (Note d)	(613)	–	80	(533)
Disposal of a subsidiary (Note 46)	–	–	(19)	(19)
At December 31, 2012	4,022,154	1,320,275	47,997	5,390,426
AMORTIZATION				
At January 1, 2011	336,119	2,975	74	339,168
Provided for the year (Note 11)	199,659	13,500	168	213,327
December 31, 2011 as restated	535,778	16,475	242	552,495
Provided for the year (Note 11)	167,310	14,126	410	181,846
Disposal of a subsidiary (Note 46)	–	–	(6)	(6)
At December 31, 2012	703,088	30,601	646	734,335
CARRYING VALUES				
At December 31, 2012	3,319,066	1,289,674	47,351	4,656,091
At December 31, 2011	3,486,989	1,303,800	5,057	4,795,846

Notes:

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

Concession rights	5%
Operation rights	2% to 5%
Software	20% to 50%

(b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognises 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 with finite useful lives 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 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, 2012, changes of estimation of RMB613,000 (2011: RMB17,966,000) were made when the Group finalized the construction costs with sub-contractors.

17. GOODWILL

	RMB'000
COST	
At January 1, 2011	–
Effect of acquisition of Sichuan Dachuan and Sichuan Zhongneng (Note 2(b))	124,194
At December 31, 2011 and 2012	124,194
CARRYING VALUES	
At December 31, 2012	124,194
At December 31, 2011	124,194

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 16 has been allocated to one cash generating unit (the "CGU"), comprising two subsidiaries in the hydro-power segment (Sichuan Dachuan and Sichuan Zhongneng).

During the year ended December 31, 2012 and 2011, management of the Group determines that there are no impairments of any of its CGU containing goodwill.

The basis of the recoverable amounts of the above CGU and their major underlying assumptions are summarised below:

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 9.75% (2011: 9.75%). The CGU's cash flows beyond the five-year period are extrapolated using a steady 2% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this unit to exceed the aggregate recoverable amount of this unit.

19. PREPAID LEASE PAYMENTS

	2012 RMB'000	2011 RMB'000 (Restated)
Land in the PRC held under medium-term shown in the consolidated financial statements:		
Non-current	**133,297**	134,511
Current	**2,116**	2,912
	135,413	137,423

20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	2012 RMB'000	2011 RMB'000
Unlisted equity investments, at cost	**947,681**	947,681
Share of post-acquisition profits net of dividend declared	**507,538**	320,068
	1,455,219	1,267,749

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

	2012 RMB'000	2011 RMB'000
Non-current assets	**32,079,187**	30,949,471
Current assets	**4,538,028**	5,085,402
Non-current liabilities	**15,230,187**	15,813,615
Current liabilities	**9,767,446**	9,859,024
Non-controlling interest	**4,607,044**	4,283,128
Group's share of net assets of associates	**1,429,959**	1,242,489

20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(continued)*

(a) Investments in associates *(continued)*

	2012 **RMB'000**	2011 RMB'000
Revenue	**12,509,549**	10,075,103
Profit and total comprehensive income for the year	**1,213,782**	737,504
Group's share of profit and other comprehensive income for the year	**243,541**	147,398

(b) Loans to associates

	2012 **RMB'000**	2011 RMB'000
Loans to associates	**149,440**	136,440

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, 2012, and accordingly the amounts were classified as non-current.

21. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	2012 **RMB'000**	2011 RMB'000
Unlisted equity investments, at cost	**80,000**	192,000
Share of post-acquisition profits, net of dividend declared	**390**	8,429
	80,390	200,429

21. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

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:

	2012 RMB'000	2011 RMB'000
Non-current assets	**25,100**	1,630,084
Current assets	**70,765**	200,350
Non-current liabilities	**–**	1,329,314
Current liabilities	**15,475**	291,763
Non-controlling interests	**–**	8,928

	2012 RMB'000	2011 RMB'000
Revenue	**1,712**	35,482
Expenses	**3,216**	44,179
Total comprehensive income (expense) for the year	**169**	(316)

22. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended December 31, 2011 and 2012:

	Tax loss RMB'000	Impairment on doubtful receivables RMB'000	Temporary differences on fair value adjustments in acquisition of subsidiaries RMB'000 (Note d)	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)	Others RMB'000	Total RMB'000
At January 1, 2011	6,238	1,575	–	49,426	22,644	2,836	(4,186)	–	78,533
(Charge) credit to profit or loss (Note 10)	(46)	158	–	7,049	17,379	119	341	2,898	27,898
Effect of acquisition of Sichuan Dachuan and Sichuan Zhongneng (Note 2(b))	–	967	(22,511)	–	–	–	–	1,452	(20,092)
At December 31, 2011, as restated	6,192	2,700	(22,511)	56,475	40,023	2,955	(3,845)	4,350	86,339
(Charge) credit to profit or loss (Note 10)	7,347	9	–	(1,166)	(2,545)	1,918	341	(6,516)	(612)
Disposal of a subsidiary (Note 46)	–	–	–	(2,265)	–	–	–	–	(2,265)
At December 31, 2012	13,539	2,709	(22,511)	53,044	37,478	4,873	(3,504)	(2,166)	83,462

22. 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 recognised 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 recognised.

(c) 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.

(d) The carrying amount of some properties, plant and equipment was different from their tax basis as result of the fair value exceeding the book value in connection with the business acquisition of Sichuan Dachuan and Sichuan Zhongneng.

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

	2012 **RMB'000**	2011 RMB'000 (Restated)
Deferred tax assets	**108,356**	112,695
Deferred tax liabilities	**(24,894)**	(26,356)
	83,462	86,339

Details of tax losses not recognised are set out below:

	2012 **RMB'000**	2011 RMB'000 (Restated)
Tax losses	**108,194**	97,879

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

22. DEFERRED TAXATION *(continued)*

The unrecognised tax losses will expire as the following:

	2012 RMB'000	2011 RMB'000 (Restated)
2013	–	7,227
2014	–	18,733
2015	**21,450**	27,115
2016	**32,443**	44,804
2017	**54,301**	–
	108,194	97,879

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 RMB'000	2011 RMB'000
Unlisted equity investments, at cost	**98,028**	98,028

The above unlisted equity investments represent investments in unlisted equity securities issued by state-owned 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.

24. INVENTORIES

Inventories as at December 31, 2012 mainly represent consumable spare parts used for maintenance, and the relevant maintenance charges was RMB60,470,000 (2011: RMB42,855,000) during the year ended December 31, 2012.

25. TRADE AND BILL RECEIVABLES

	2012 RMB'000	2011 RMB'000 (Restated)
Trade receivables	**1,797,045**	1,397,633
Bill receivables	**33,282**	43,027
	1,830,327	1,440,660
Less: allowance for doubtful receivables	**875**	710
	1,829,452	1,439,950
Trade and bill receivables, classified as:		
– Current	**1,475,193**	1,439,950
– Non-current	**354,259**	–
	1,829,452	1,439,950

The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables based on the date of delivering of goods or rending of services which approximated the respective dates on which revenue was recognized as at the reporting date:

	2012 RMB'000	2011 RMB'000 (Restated)
Within 60 days	**838,116**	784,244
61 to 365 days	**343,622**	482,705
1 to 2 years	**514,228**	172,902
2 to 3 years	**133,486**	99
	1,829,452	1,439,950

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 which will depend on the relevant PRC government bureaus' policies on the subsidies of renewable energies.

25. TRADE AND BILL RECEIVABLES *(continued)*

The wind power price premium is included as a component of the government-approved on-grid tariff of wind power. The financial resource for the wind power price premium is the national renewable energy fund that accumulated through a special levy at RMB0.8 cents per kilowatts on the consumption of electricity. The special levy was increased to above level from RMB0.4 cents per kilowatts since December 1, 2011. The government in the PRC is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the wind farm project companies according to certain government's pronouncements, which replaced the stated-owned grid companies' responsibility to directly collect and allocate the fund.

During the year ended December 31, 2012, the government in the PRC issued a number of pronouncements that confirmed the entitlement of wind power price premium for certain wind farm projects and amended the settlement process procedures. Pursuant to such pronouncements, the Group's in-production wind farm projects are all entitled to receive the wind power price premium since its production. By December 31, 2012, those pronouncements also clarified the allocation and settlement process for the wind power price premium attributed to the period between October 2010 and April 2011 and the period after January 1, 2012, those pronouncements also required the settlement to be made. The wind power price premium attributed to the period between May 2011 and December 2011 is subject to further action of the government for the settlement, however the entitlement of such premium will not be reduced.

As of December 31, 2012, the Group's total outstanding balance of wind power price premium was RMB1,026,266,000 (2011: RMB692,252,000), the Directors expected that RMB672,007,000 will be received within 12 months and RMB354,259,000 will be received between 12-18 months based on a project-by-project analysis in line with the above government's pronouncements.

Sale of other goods not having a specific credit terms will normally be recovered within one year.

The trade receivables past due but not impaired mainly represented the wind power price premium attributed to the period between October 2010 and December 2011. The Directors consider that there is no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

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

	2012 **RMB'000**	2011 RMB'000 (Restated)
1 to 2 years	**514,228**	6,039
2 to 3 years	**133,486**	99

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

25. TRADE AND BILL RECEIVABLES *(continued)*

At December 31, 2012, trade receivables amounting to RMB80,312,000 (2011: RMB51,897,000) are pledged for bank borrowings set out in Note 32(f).

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

	2012 RMB'000	2011 RMB'000 (Restated)
At the beginning of the year	**710**	134
Provided during the year	**165**	576
At the end of the year	**875**	710

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 RMB'000	2011 RMB'000 (Restated)
Other receivables from CDM income	**105,965**	103,185
Consideration from disposal of a subsidiary (Note 46)	**154,422**	–
Other receivables and deposits, net of allowance for doubtful debts	**27,805**	17,144
Advances to suppliers	**29,398**	32,768
	317,590	153,097

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

	2012 RMB'000	2011 RMB'000 (Restated)
At the beginning of the year	**6,464**	6,260
Recognized during the year	**7**	204
Write off	**(6)**	–
At the end of the year	**6,465**	6,464

27. VALUE-ADDED TAX RECOVERABLE

	2012 **RMB'000**	2011 RMB'000
Value-added tax recoverable, classified as:		
– Current	**426,825**	291,343
– Non-current	**513,977**	516,526
	940,802	807,869

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 recognised as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arisen 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.

28. RESTRICTED BANK DEPOSITS

	2012 **RMB'000**	2011 RMB'000 (Restated)
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as current	**207,576**	–

Restricted cash as at December 31, 2012 represented collaterals for bills payable used for equipment purchase. It carried variable interest rate promulgated by PBOC.

29. 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.

	2012 RMB'000	2011 RMB'000 (Restated)
Bank deposits denominated in:		
– RMB	**1,536,111**	1,265,775
– HK Dollar ("HK$")	**245,060**	1,481,329
– Euro Dollar ("EUR")	**11**	10
Deposits in a related non-bank financial institution denominated in RMB	**396,757**	–
Cash on hand	**91**	151
	2,178,030	2,747,265

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, 2012. Such deposits were short-term and are subject to an insignificant risk of changes in value, accordingly, the balances as at December 31, 2012 have been regarded as cash and cash equivalent.

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:

	2012	2011
Range of interest rates per annum	**0.1% to 1.35%**	0.3% to 1.0%

30. DISPOSAL GROUP HELD FOR SALE

On December 13, 2012, the Directors resolved to dispose of 90% equity interest held in a start-up stage subsidiary, 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) ("Bayin Power"). The Company has taken place to negotiate with a potential buyer. The assets and liabilities attributed to Bayin Power, 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). Bayin Power is included in wind power for segment reporting purpose (see Note 45). 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 recognised during the year ended December 31, 2012.

30. DISPOSAL GROUP HELD FOR SALE *(continued)*

The major classes of assets and liabilities of the disposal group classified as held for sale as at December 31, 2012 are as follows:

	2012 RMB'000
Property, plant and equipment (Note 15)	29,471
Value-added tax recoverable-non-current portion	14
Deposit paid for acquisition of property, plant and equipment	5,297
Other receivables, deposits and prepayments	100
Cash and cash equivalents	87
Total assets of a subsidiary classified as held for sale	34,969
Trade and other payables	(1,169)
Total liabilities classified as held for sale	(1,169)

31. TRADE AND OTHER PAYABLES

	2012 RMB'000	2011 RMB'000 (Restated)
Trade payables	**1,344,907**	980,673
Bills payable	**232,576**	31,594
Advance received from customers	**10,605**	19,864
Salary and staff welfares	**65,118**	44,985
Non-income tax related tax payables	**38,969**	228,483
Accrued interests payable	**143,281**	26,193
Payable to NSSF for new share issuance (Note)	**–**	140,126
Payable for costs of new share issuance	**21,202**	63,729
Other payables	**58,434**	43,195
	1,915,092	1,578,842

31. TRADE AND OTHER PAYABLES *(continued)*

Note:

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 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, 2012, there was RMB287,966,000 (2011: RMB195,448,000) retention payables to be settled after one year at 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:

	2012 **RMB'000**	2011 RMB'000 (Restated)
Within 30 days	**520,318**	396,151
31 to 365 days	**519,998**	292,620
1 to 2 years	**84,090**	64,498
2 to 3 years	**48,318**	192,225
Over 3 years	**172,183**	35,179
	1,344,907	980,673

32. BANK AND OTHER BORROWINGS

	2012 RMB'000	2011 RMB'000 (Restated)
Bank loans	**10,688,012**	14,492,077
Other borrowings from		
– a related non-bank financial institution (Note (a))	**1,054,650**	–
– a joint controlled entity (Note (b))	**80,000**	–
– a fellow subsidiary (Note (c))	**50,000**	–
– other non-related entities (Note (d))	**1,700,000**	–
	13,572,662	14,492,077
Represented by:		
– Unsecured borrowings (Note (e))	**13,069,063**	13,929,077
– Secured borrowings (Note (f))	**503,599**	563,000
	13,572,662	14,492,077
Bank and other borrowings repayable:		
– Within one year	**4,266,759**	6,127,492
– More than one year but not exceeding two years	**1,377,403**	2,147,262
– More than two years but not exceeding three years	**2,294,144**	750,693
– More than three years but not exceeding five years	**2,231,366**	1,532,047
– More than five years	**3,402,990**	3,934,583
	13,572,662	14,492,077
Less: Amount due within one year shown under current liabilities	**4,266,759**	6,127,492
Amount due after one year	**9,305,903**	8,364,585

Notes:

(a) Other borrowings from a related non-bank financial institution represented loans from BEIH Finance. The loans were unsecured, carried interest at rates which are higher than 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. The balance amounting to RMB311,791,000 are repayable in 2013, RMB360,359,000 will be repayable in 2014 and the remaining RMB382,500,000 are repayable in 2015. The interest expenses attributed to above loans from BEIH Finance were RMB64,955,000 for the year ended December 31, 2012 (2011: RMB28,393,000).

(b) The amount represented the borrowing from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) ("Huayuan Huizhong"), a joint controlled entity of the Company. It was unsecured, carried at variable interest rate by reference to the interest rate promulgated by the PBOC with six months maturity. The interest expenses attributed to above loans from Huayuan Huizhong were RMB4,199,000 for the year ended December 31, 2012 (2011: Nil).

(c) The amount represented the borrowing from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"), a fellow subsidiary of the Company. It was unsecured, carried at fixed interest rate at 6.31% and repayable within one year. The interest expenses attributed to above loans from Jingfeng Thermal were RMB1,604,000 for the year ended December 31, 2012(2011: Nil).

32. BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(d) The amount included three borrowings from independent financial institutions, which established certain designated funds through private placing with qualified investors. The purposes of such funds were providing entrusted loans to the Company and providing interest income to relevant fund investors. The three borrowings were:

(i) the entrusted loan from 中國對外貿易經濟信託有限公司 (China Foreign Economy and Trade Trust Co., Ltd, English name for identification purpose) amounting to RMB540 million which was unsecured, carried interest at rate of 5.7% per annum and repayable in June 2013; (ii) the entrusted loan from 交銀國際信託有限公司 (Bank of Communications International Trust Co., Ltd, English name for identification purpose) amounting to RMB360 million which was unsecured, carried interest at rate of 5.7% per annum and repayable in December 2013; and (iii) the entrusted loan from 中國人壽資產管理有限公司 (China Life Insurance Asset Management Company Limited, English name for identification purpose) amounting to RMB800 million which was unsecured, carried at variable interest rate by reference to the interest rate promulgated by the PBOC and repayable in December 2017.

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

(i) the borrowings with the balances amounting to RMB32,500,000 as at December 31, 2012(2011: RMB65,000,000) 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 RMB2,020,140,000 as at December 31, 2012 (2011: RMB2,362,000,000) which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized facilities is RMB2,020,140,000 (2011: RMB2,923,000,000).

(f) The Group's secured borrowings were pledged by a right to receive the wind power electricity sale consideration in two subsidiaries of the Company, and guaranteed by New Energy as at December 31, 2012. The relevant account receivable balances were RMB80,312,000 (Note 25) as at December 31, 2012(2011: RMB51,897,000).

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

	2012 **RMB'000**	2011 RMB'000 (Restated)
Variable interest rate	**11,502,662**	14,322,077
Fixed interest rate	**2,070,000**	170,000
	13,572,662	14,492,077

	2012	2011
Range of interest rates per annum:		
– Variable-interest borrowings	**5.23% to 7.76%**	4.78% to 7.76%
– Fixed-interest borrowings	**5.04% to 6.56%**	4.78% to 5.81%

33. MEDIUM-TERM NOTES

On April 20, 2012, New Energy issued a three-year unsecured medium-term notes amounting to RMB1,000,000,000 at par with a coupon rate of 5.86% per annum. The medium-term notes are repayable on April 24, 2015, these notes are traded on the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) in the PRC.

34. CORPORATE BONDS

On July 3, 2012, the Company issued corporate bond with par value of RMB100 each totalling RMB3,600 million. The corporate bonds separated into two types of products amounting to RMB2,400 million and RMB1,200 million, namely 3-Year and 5-Year product, which are repayable on July 2015 and 2017, respectively and their applicable interest rate are 4.35% and 4.60% per annum, respectively. Total proceeds received net of issuance costs, amounted to RMB3,580,200,000. BEIH provided irrecoverable guarantee with joint liability to the bonds. These bonds have been traded on Shanghai Stock Exchange since July 20, 2012.

The corporate bonds recognised in the consolidated statement of financial position are calculated as follows:

	2012 RMB'000
Nominal value	3,600,000
Issuance cost	(19,800)
Fair value at date of issuance	3,580,200
Effective interest recognized	82,503
Interest payable, included in accrued interest payable (Note 31)	(79,800)
Carrying amount at December 31, 2012	3,582,903
Fair values of the corporate bonds *	3,588,240

* The fair values of the corporate bonds are determined directly by references to the price quotations published by the Shanghai Stock Exchange on December 31, 2012.

35. 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, 2011	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**
Additions	**323,208**	**228,812**	**552,020**
Released to profit or loss (Note 7)	**(450,386)**	**(2,632)**	**(453,018)**
At December 31, 2012	**32,916**	**268,285**	**301,201**

35. DEFERRED INCOME *(continued)*

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 recognise 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.

	2012 **RMB'000**	2011 RMB'000
Presented in the consolidated financial statements as:		
Non-current	**268,285**	42,105
Current	**32,916**	160,094
	301,201	202,199

36. SHARE CAPITAL

	Number of shares		**Share capital**	
	2012 **'000**	2011 '000	**2012** **RMB'000**	2011 RMB'000
At beginning of the year	**6,032,200**	5,000,000	**6,032,200**	5,000,000
Issue of shares upon listing of the Company's shares on the Stock Exchange on December 22, 2012	**–**	1,032,200	**–**	1,032,200
Exercise of over-allotment option on January 13, 2012	**117,705**	–	**117,705**	–
At end of the year	**6,149,905**	6,032,200	**6,149,905**	6,032,200

As at December 31, 2012, the share capital comprised the domestic legal person shares 4,512,359,000 (2011: 4,524,130,000) and H shares 1,637,546,000 (2011: 1,508,070,000).

36. SHARE CAPITAL *(continued)*

Notes:

(a) 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.

(b) On January 13, 2012, the Company issued an additional 117,705,454 ordinary shares of RMB1 each at the price of HK$1.67 per share by way of exercise of the over-allotment option.

37. CAPITAL RESERVE

	2012 RMB'000	2011 RMB'000
Share premium on share issuance	**263,573**	227,331
Effects on acquisition of additional interest in a subsidiary	**(19,043)**	(800)
Effects on equity transactions with holding company	**1,092,522**	3,542,451
	1,337,052	3,768,982

38. LEASE ARRANGEMENTS

The Group as a leasee

At December 31, 2012, the Group had commitment for future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	2012 RMB'000	2011 RMB'000
Within one year	**3,084**	3,174
In the second to fifth year inclusive	**4,278**	4,240
Over five years	**13,302**	14,381
	20,664	21,795

Operating lease payments represent rentals payable by the Group for land. Leases are negotiated for the term and rentals are fixed at the date of signing of lease.

39. COMMITMENTS

The Group had the following commitments:

	2012 RMB'000	2011 RMB'000
Acquisition or construction of property, plant and equipment contracted but not provided for:	**5,087,428**	3,678,469

40. CONTINGENT LIABILITIES

The Group provided guarantees in respect of bank facilities granted to Huayuan Heating. 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, 2012 and 2011 are as follows:

	2012 RMB'000	2011 RMB'000
Guarantee given to banks in respect of banking facilities granted to:		
– Huayuan Heating	**598,440**	629,440

At December 31, 2012 and 2011, all guarantee facilities were utilized.

41. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2012, total cost of RMB25,784,000 (2011: RMB24,110,000) 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, 2012 and 2011.

42. 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
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
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
深圳鈺湖電力有限公司 (Shenzhen Yuhu Power Co., Ltd., English name for identification purpose) (" Shenzhen Yuhu")	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 Beijing Purpose) ("Daihai")	Associate, an indirect subsidiary of Jingneng International
北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co, Ltd.) ("BDHG")	Fellow subsidiary
國電電力發展股份有限公司 (Guodian Power Development Co., Ltd., English name for identification purpose) ("Guodian Power")	Non-controlling interest of Taiyanggong Power

(b) During this year, the total amount of equipment and services provided by BIEE to the Group were RMBnil (2011: RMB490,931,000).

At December 31, 2012, RMBnil (2011: RMB31,307,000) was paid to BIEE and recognised as "deposit for acquisition of property, plant and equipment" on the consolidated statement of financial position.

42. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(c) At December 31, 2012, other than loans to associates as set out in Notes 20, the deposit in a related non-bank financial institution as set out in Note 29, the Group has amounts receivable from the following related parties and the details are set out below:

	2012 **RMB'000**	2011 RMB'000 (Restated)
Amounts due from:		
BEIH	**–**	250,000
Associates	**4,084**	3,252
Fellow subsidiaries	**134,394**	32,593
	138,478	285,845
Represented by:		
Trade receivables aged within 90 days by invoice date	**135,512**	35,845
Non-trade receivables*	**2,966**	250,000
	138,478	285,845

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

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

42. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Except for the balances in borrowings from a related non-bank financial institution, a joint controlled entity as set out in Note 32, the Group has amounts payable to the following related parties and the details are set out below:

	2012 RMB'000	2011 RMB'000 (Restated)
Amounts due to:		
BEIH	**1,154,504**	15,392
Fellow subsidiaries	**154,678**	227,203
A non-controlling interest	**30,102**	–
	1,339,284	242,595
Represented by:		
Trade payables aged within one year by invoice date	**92,957**	227,203
Consideration payable for acquisition of Sichuan Dachuan and Sichuan Zhongneng	**919,929**	–
Non-trade payables*	**326,398**	15,392
	1,339,284	242,595

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

(e) At December 31, 2012, the Group has the following balances with government/government-related entities other than the balances disclosed above:

	2012 RMB'000	2011 RMB'000
Trade and bill receivables	**1,731,765**	1,353,573
Other receivables	**21,234**	100,487
Bank balances	**1,153,271**	538,320
Trade payables	**934,278**	563,867
Other payables	**14,714**	300
Bank borrowings	**5,504,345**	4,456,319

42. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(f) During the year ended December 31, 2012, 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 32(a), Note 32(b), Note 32(c) and note 32(e)(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	2012 RMB'000	2011 RMB'000
Jing Xi	**1,444**	2,114
BIEE	**28,240**	13,100

(ii) Equipment maintenance services from related parties

Name of related party	2012 RMB'000	2011 RMB'000
Jingfeng Thermal	**8,792**	7,496
BIEE	**8,945**	8,545

(iii) Conference service from a related party

Name of related party	2012 RMB'000	2011 RMB'000
Jingneng Logistic	**1,555**	1,447

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

Name of related party	2012 RMB'000	2011 RMB'000
Jingfeng Thermal	**9,168**	8,065
BEIH	**–**	25

42. 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	2012 RMB'000	2011 RMB'000
BEIH Finance	**3,175**	2,193

(vi) Interest income from a related non-bank financial institution

Name of related party	2012 RMB'000	2011 RMB'000
BEIH Finance	**3,013**	1,017

(vii) Electricity sold to a related party

Name of related party	2012 RMB'000	2011 RMB'000
Jingfeng Thermal	–	10,187

(viii) Property management fee charged by a related party

Name of related party	2012 RMB'000	2011 RMB'000
Jingneng Logistic	**9,533**	2,042

(ix) Equipment maintenance service to related parties

Name of related party	2012 RMB'000	2011 RMB'000
Daihai (Note 6 (b))	–	13,000

(x) Operating and management service to a related party

Name of related party	2012 RMB'000	2011 RMB'000
Jingfeng Thermal (Note 6 (a))	–	1,200

42. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(f) *(continued)*

(xi) Heat energy sold to a related party

Name of related party	2012 RMB'000	2011 RMB'000
BDHG	**316,778**	284,210

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

(xii) Equipment purchase framework agreement

Name of related party	2012 RMB'000	2011 RMB'000
BIEE	**10,729**	–

(xiii) Purchase from related parties

Name of related party	2012 RMB'000	2011 RMB'000
BIEE	**–**	490,931

(xiv) Service income from related parties (Note 6 (a))

Name of related party	2012 RMB'000	2011 RMB'000
Commission income:		
Jingfeng Thermal	**–**	26,414
Technology service:		
Shenzhen Yuhu	**–**	16,920
Maintenance service:		
BIEE	**–**	379
	–	43,713*

* Together with operating and management service income RMB1,200,000 in Note 42(f)(ix), total service income recognised was RMB44,913,000 (Note 6 (a)) during the year ended December 31, 2011.

42. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(f) *(continued)*

(xv) Heat energy sold to a related party

Name of related party	2012 RMB'000	2011 RMB'000
Jingfeng Thermal	–	746

(g) During the year ended December 31, 2012, the Group entered into the following significant transactions with government-related entities other than the amounts disclosed above:

	2012 RMB'000	2011 RMB'000
Revenue from sales of electricity (Note 45(d))	3,723,844	3,592,323
Revenue from sales of heat energy	52,392	51,372
Purchases of gas	1,841,308	2,110,052
Interest income on bank balances	8,714	2,664
Interest expenses on bank borrowings	230,691	221,812

(h) Compensation of key management personnel

	2012 RMB'000	2011 RMB'000
Director fee	650	–
Basic salaries and allowances	3,797	3,702
Bonus	–	152
Retirement benefit contribution	251	240
	4,698	4,094

Key management represents the Directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the Remuneration and Nomination committee having regard to the performance of individuals and market trends.

(i) Details of the guarantees provided to related parties are set out in Note 40.

(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.

43. 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 Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings, medium-term notes, corporate bonds, amounts due to related parties, net of cash and cash equivalents, restricted bank deposits and equity attributable to owners of the Company, comprising issued share capital, reserves and retain earnings.

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.

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2012 **RMB'000**	2011 RMB'000
Financial assets		
Available-for-sales financial assets	**98,028**	98,028
Loans and receivables (including cash and cash equivalents)	**4,791,255**	4,729,829
Financial liabilities		
Financial liabilities at amortized cost	**21,361,536**	16,065,167

The Group's major financial instruments include trade and bill receivable, other receivables, available-for-sale financial assets, loans to associates, cash and cash equivalents, restricted bank deposits, trade and other payables, amounts due from/to related parties, bank and other borrowings, medium-term notes, and corporate bonds. Details of these financial instruments are disclosed 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, 2012.

44. 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, cash and cash equivalent, restricted bank deposits 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, medium-term notes, and corporate bonds.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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 when reporting interest rate risk internally to key management personnel and 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, 2012 would decrease (increase) by RMB12,813,000 (2011: RMB16,747,000).

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 (Note 26), bank balances and cash (Note 29) and other payables (Note 31) 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.

44. FINANCIAL INSTRUMENTS *(continued)*

Foreign currency risk management *(continued)*

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR, US dollar ("US$") and HK$, because the CDM receivables in other receivables and bank balances caused by CDM transactions were mainly denominated in EUR, the bank balances raised in new share listing was denominated in HK$, and payable for costs of new share issuance was denominated in US$. 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	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
EUR	**–**	–	**105,976**	103,195
US$	**16,028**	–	**–**	–
HK$	**–**	140,126	**245,060**	1,481,329

The following table details the Group's sensitivity to a 5% strengthening of RMB against EUR, US$ and HK$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate of RMB against EUR, US$ and HK$. For a 5% weakening of RMB against EUR, US$ and HK$, there would be an equal and opposite impact on the profit for the year:

	2012	2011
	RMB'000	RMB'000
Profit (EUR)	**(4,695)**	(4,260)
Profit (US$)	**710**	–
Profit (HK$)	**(10,895)**	(55,371)

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 associates, amounts due from related parties, bank balances and cash, restricted bank deposits, deposit in a non-bank financial institution and financial guarantee contracts. As at December 31, 2012, 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 recognised financial assets as stated in the consolidated statement of financial position and the financial guarantee provided by the Group respectively.

44. FINANCIAL INSTRUMENTS *(continued)*

Credit risk management *(continued)*

In order to minimize the credit risk, the management of the Group is responsible for determination of credit limit, credit approvals and other 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 the 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 companies, believes there is no significant credit risk. As at December 31, 2012, the Group has concentration of credit risk as 47% (2011: 48%) of the total trade receivable is due from the Group's largest customer, and 95% (2011: 94%) 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 associate only. The associates are engaged in managing and operating of hydropower 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.

The credit risk in relation to the Group's restricted bank deposits is not significant as the corresponding banks are reputable bank institutions.

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 management

In the management of the liquidity risk, the Group monitors and maintains 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. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at December 31, 2012, the Group has available unutilized banking and other borrowing facilities of RMB21,417,300,000 (December 31, 2011: RMB12,745,321,000).

The following table details the Group's 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.

44. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

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 the 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, 2012 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, 2012								
Trade and other payables	–	1,866,687	–	–	–	–	1,866,687	1,866,687
Bank and other borrowings-variable interest rate	6.52	2,871,107	1,935,925	2,733,679	2,817,116	4,174,961	14,532,788	11,502,662
Bank and other borrowings-fixed interest rate	5.26	2,178,780	–	–	–	–	2,178,780	2,070,000
Medium-term notes	5.97	59,700	59,700	1,059,700	–	–	1,179,100	1,000,000
Corporate Bonds	4.63	159,600	159,600	2,559,600	1,310,400	–	4,189,200	3,582,903
Amounts due to related parties	–	1,339,284	–	–	–	–	1,339,284	1,339,284
Financial guarantee (Note)	–	101,400	142,400	47,400	94,800	212,440	598,440	–
		8,576,558	2,297,625	6,400,379	4,222,316	4,387,401	25,884,279	21,361,536
At December 31, 2011								
Trade and other payables	–	1,330,495	–	–	–	–	1,330,495	1,330,495
Bank and other borrowings-variable interest rate	6.05	6,643,324	2,588,082	1,103,907	2,058,177	4,821,720	17,215,210	14,322,077
Bank and other borrowings-fixed interest rate	5.30	179,008	–	–	–	–	179,008	170,000
Amounts due to related parties	–	260,743	–	–	–	–	260,743	242,595
Financial guarantee contracts (Note)	–	21,000	79,700	142,400	94,800	291,540	629,440	–
		8,434,570	2,667,782	1,246,307	2,152,977	5,113,260	19,614,896	16,065,167

44. FINANCIAL INSTRUMENTS *(continued)*

Fair value

Included in available-for-sale financial assets at December 31, 2012 are unlisted equity investments amounting to RMB98,028,000 (2011: RMB98,028,000) which are stated at cost less impairment. As the ranges of reasonable fair value estimates are significant, the Directors are of the opinion that their fair values cannot be measured reliably.

The fair value of financial assets and financial liabilities except for available-for-sale financial assets, corporate bonds and medium-term notes 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.

45. SEGMENT INFORMATION

After the reorganization in 2011, 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. 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. 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".

45. 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, 2012 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, 2012					
Revenue from external customers					
Sales of electricity	1,318,383	2,147,802	283,735	–	3,749,920
Sales of heat energy	–	387,442	–	1,324	388,766
Others	–	3,635	–	9,309	12,944
Reportable segment revenue/ consolidated revenue	1,318,383	2,538,879	283,735	10,633	4,151,630
Reportable segment profit (Note (i))	714,415	644,001	181,221	6,702	1,546,339
Reportable segment assets	14,182,212	8,631,265	4,135,527	5,559,093	32,508,097
Reportable segment liabilities	10,404,658	5,321,497	1,596,018	7,680,590	25,002,763
Additional segment information:					
Depreciation	369,186	261,873	38,982	2,551	672,592
Amortization	167,656	62	12,410	1,718	181,846
Finance costs (Note (ii))	524,341	116,167	17,639	50,321	708,468
Other income	59,523	639,156	23,550	10,982	733,211
Including:					
– Government grant related to clean energy production	22,239	428,147	–	–	450,386
– Income from CERs and VERs	24,833	203,035	20,588	–	248,456
– Others	12,451	7,974	2,962	10,982	34,369
Expenditures for reportable segment non-current assets	1,620,835	2,491,687	596,236	284,493	4,993,251

45. 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, 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 (Restated)					
Revenue from external customers					
Sales of electricity	1,145,703	2,308,854	153,881	–	3,608,438
Sales of heat energy	–	349,900	–	1,478	351,378
Others	30,970	40,993	–	18,959	90,922
Reportable segment revenue/ consolidated revenue	1,176,673	2,699,747	153,881	20,437	4,050,738
Reportable segment profit (loss) (Note (i))	672,712	838,337	76,760	(27,647)	1,560,162
Reportable segment assets	13,370,819	6,053,201	4,167,074	4,369,847	27,960,941
Reportable segment liabilities	10,235,974	3,877,732	1,440,047	2,650,997	18,204,750
Additional segment information:					
Depreciation	291,931	270,085	23,498	2,688	588,202
Amortization	201,451	53	11,805	18	213,327
Finance costs (Note (ii))	385,495	144,038	8,907	53,055	591,495
Other income	110,677	849,347	566	2,531	963,121
Including:					
– Government grant related to clean energy production	22,501	607,287	–	–	629,788
– Income from CERs and VERs	82,003	198,283	–	–	280,286
– Service income	–	38,847	–	–	38,847
– Others	6,173	4,930	566	2,531	14,200
Expenditures for reportable segment non-current assets	2,160,624	1,040,422	512,560	37,928	3,751,534

Notes:

(i) The segment profit is arrived at after the deduction of gas consumption, depreciation and amortization, personnel costs, repair and maintenance, other expenses from revenue, and other gains and losses and other income (excluding 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. It represents amounts regularly provided to the CODM but not included in the measure of segment profit or loss. However, the relevant borrowings have been allocated into the segment liabilities.

45. SEGMENT INFORMATION *(continued)*

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

	2012 RMB'000	2011 RMB'000 (Restated)
Results		
Reportable segment profit	**1,546,339**	1,560,162
Unallocated		
Dividend income from available-for sale financial assets	**2,468**	2,096
Profit from operations	**1,548,807**	1,562,258
Interest income	**27,890**	16,348
Finance costs	**(708,468)**	(591,495)
Share of results of associates	**243,541**	147,398
Share of results of jointly controlled entities	**169**	(316)
Consolidated profit before taxation	**1,111,939**	1,134,193

	2012 RMB'000	2011 RMB'000 (Restated)
Assets		
Reportable segment assets	**32,508,097**	27,960,941
Inter-segment elimination	**(4,231,254)**	(2,496,906)
Unallocated assets:		
– Investments in associates	**1,455,219**	1,267,749
– Loans to associates*	**149,440**	136,440
– Investments jointly controlled entities	**80,390**	200,429
– Deferred tax assets	**108,356**	112,695
– Available-for-sales financial assets	**98,028**	98,028
Different presentation on:		
– Value-added tax recoverable (Note (i))	**940,802**	807,869
Consolidated total assets	**31,109,078**	28,087,245

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

45. SEGMENT INFORMATION *(continued)*

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

	2012 RMB'000	2011 RMB'000 (Restated)
Liabilities		
Reportable segment liabilities	**25,002,763**	18,204,750
Inter-segment elimination	**(4,231,254)**	(2,496,906)
Unallocated liabilities:		
– Income tax payable	**49,548**	96,875
– Deferred tax liabilities	**24,894**	26,356
Different presentation on:		
– Value-added tax recoverable (Note (i))	**940,802**	807,869
Consolidated total liabilities	**21,786,753**	16,638,944

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.

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 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 and financial 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.

45. SEGMENT INFORMATION *(continued)*

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2012 amounted to RMB3,723,844,000 (Note 42(g)) (2011: RMB3,592,323,000). Sales of electricity to the major customers for the year ended December 31, 2012 by segment were as follows:

	2012 **RMB'000**	2011 RMB'000
Wind Power	**1,318,383**	1,145,703
Gas-fired Power and Heat Energy Generation	**2,147,802**	2,308,854
Hydropower	**257,659**	137,766
Total	**3,723,844**	3,592,323

46. DISPOSAL OF A SUBSIDIARY

During the year ended December 31, 2012, the Group disposed of 100% equity interest in Changtu to a third party. The purpose of the disposal is to improve the project portfolio of wind power business.

Analysis of assets and liabilities over which control was lost:

	Date of disposal RMB'000
Property, plant and equipment (Note 15)	453,912
Intangible assets (Note 16)	13
Prepaid lease prepayments – non-current portion	463
Deferred tax assets (Note 22)	2,265
Value-added tax recoverable – non-current portion	32,457
Deposit paid for acquisition of property, plant and equipment	50,217
Inventories	1,106
Trade and bills receivable	34,890
Other receivables, deposits and prepayments	343
Cash and cash equivalents	817
Trade and other payables	(37,834)
Bank and other borrowings-due within one year	(110,600)
Bank and other borrowings-due after one year	(183,800)
Net assets disposed of	244,249
Gain on disposal of a subsidiary (Note 8)	42,815
Consideration received in cash	132,642
Consideration receivable	154,422
	287,064

46. DISPOSAL OF A SUBSIDIARY *(continued)*

Net cash inflow arising on disposal:

	RMB'000
Consideration received by cash	132,642
Less: cash and cash equivalents disposed	817
	131,825

During the year ended December 31, 2011, the Group disposed of 60% equity interest in 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") to BEIH which was classified as disposal group held for sale at December 31, 2010.

Analysis of assets and liabilities over which control was lost:

	Date of disposal RMB'000
Assets classified as held for sale	279,120
Liabilities classified as held for sale	(283,147)
Net assets (liabilities) disposed of	(4,027)
Non-controlling interests	(1,166)
Consideration received in cash	19,264
Gain on disposal of a subsidiary	22,125

Net cash inflow arising on disposal for the year ended December 31, 2011:

	RMB'000
Consideration received by cash	19,264
Less: cash and cash equivalents disposed	1,765
	17,499

47. 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, 2012 and 2011 are set out as followings:

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2012	Direct 2011	Indirect 2012	Indirect 2011	Principal activities
Taiyanggong Power	RMB700,000,000	**74%**	74%	**–**	–	Gas-fired power and heat energy generation
Jingqiao Power (Note (a))	RMB874,280,000	**100%**	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%**	100%	**–**	–	Gas-fired power and heat energy generation
Gaoantun Power	RMB500,000,000	**100%**	100%	**–**	–	Gas-fired power and heat energy generation
北京京西燃氣熱電有限公司 (Beijing Jingxi Gas-fired Power Co., Ltd., English name for identification purpose) (Note (d))	RMB320,000,000	**100%**	–	**–**	–	Gas-fired power and heat energy generation
北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose) (Note (d))	RMB120,000,000	**100%**	–	**–**	–	Gas-fired power and heat energy generation
Sanlian Power	RMB205,060,000	**100%**	100%	**–**	–	Water power generation
盈江華富水電開發有限公司 (Yingjiang Hua Fu HydroPower Development Co., Ltd., English name for identification purpose)	RMB413,600,000	**100%**	–	**–**	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)	RMB74,876,000	**100%**	100%	**–**	–	Water power generation

47. SUBSIDIARIES *(continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2012	Direct 2011	Indirect 2012	Indirect 2011	Principal activities
Sichuan Dachuan	RMB130,000,000	**100%**	–	**–**	–	Water power generation
Sichuan Zhongneng	RMB90,000,000	**100%**	–	**–**	–	Water power generation
成都金華能電力實業有限責任公司 (Chengdu Jinhuaneng Power Co., Ltd., English name for identification purpose)	RMB20,000,000	**–**	–	**100%**	–	Repair and maintenance
New Energy	RMB2,579,400,000	**100%**	100%	**–**	–	Investment management, wind power generation
Shangdu Power (Note (b))	RMB207,520,000	**100%**	–	**–**	100%	Wind power generation
Chayouzhong Wind Power (Note (b))	RMB313,641,000	**100%**	–	**–**	100%	Wind power generation
Jixianghuaya Wind Power (Note (b))	RMB324,468,000	**100%**	–	**–**	100%	Wind power generation
Wulanyiligeng Power (Note (b))	RMB655,520,000	**100%**	–	**–**	100%	Wind power generation
Bayin Power (Note (c))	RMB5,000,000	**–**	–	**100%**	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") (Note (b))	RMB3,000,000	**100%**	–	**–**	100%	Wind power generation
Wengongwula Wind Farm (Note (b))	RMB85,000,000	**100%**	–	**–**	100%	Wind power generation
Huolinguole Power (Note (b))	RMB129,220,000	**100%**	–	**–**	100%	Wind power generation
Balinyou Wind Power	RMB79,000,000	**100%**	–	**–**	100%	Wind power generation
Keyouzhong Wind Farm (Note (b))	RMB78,000,000	**100%**	–	**–**	100%	Wind power generation
Qigan Wind Farm (Note (b))	RMB73,000,000	**100%**	–	**–**	100%	Wind power generation

47. SUBSIDIARIES *(continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2012	Direct 2011	Indirect 2012	Indirect 2011	Principal activities
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) (Note (b))	RMB5,000,000	**100%**	–	**–**	100%	Wind power generation
Ningxia New Energy (Note (b))	RMB151,700,000	**100%**	–	**–**	100%	Wind power and solar power gengeration
Ningxia Lingwu Wind Farm (Note (b))	RMB215,000,000	**100%**	–	**–**	100%	Wind power generation
五家渠京能新能源有限責任公司 (Wujiaqu Jingneng New Energy Co., Ltd., English Name for identification purpose) (Note (b) and (Note (d)))	RMB5,000,000	**100%**	–	**–**	–	Solar power generation

None of the subsidiaries had issued any debt securities at the end of the year except for New Energy which has issued RMB1,000 million of medium-term notes (Note 33), in which the Group has no interest.

Notes:

(a) During the year ended December 31, 2012, the Group acquired the additional equity interest held by the non-controlling shareholder and Jingqiao Power became a wholly owned subsidiary of the Group.

(b) During the year ended December 31,2012, the Group completed a reorganization which transferred the entire equity interests in certain subsidiaries held by New Energy (a wholly-owned subsidiary of the Company) to the Company, and then such subsidiaries became the directly owned subsidiaries of the Company.

(c) The subsidiary was classified as disposal group held for sale as at December 31, 2012.

(d) The subsidiaries were newly established during the year ended December 31, 2012.

48. ASSOCIATES

The associates of the Company were established and operate in the PRC. The particulars of associates of the Company as at December 31, 2012 and 2011 are set out as followings:

Name of associate	Issued and fully paid up registered capital	Equity interest attributable to the Group 2012	2011	Principal activities
北京京能國際能源股份有限公司 (Beijing Jingneng International Power Co., Ltd., English name for identification purpose) ("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

49. 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, 2012 and 2011 are set out as followings:

Name of jointly controlled entity	Issued and fully paid up registered capital	Equity interest attributable to the Group 2012	2011	Principal activities
Huayuan Huizhong	RMB160,000,000	**50%**	50%	Environment protection
Huayuan Heating (Note)	RMB224,000,000	–	50%	Heating service, contraction

Note: The Company disposed its interest in Huayuan Heating during the year ended December 31, 2012.

50. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	2012 RMB'000	2011 RMB'000
Non-current assets		
Property, plant and equipment	**1,379,712**	1,294,887
Intangible assets	**3,162**	–
Investments in subsidiaries	**8,938,358**	4,881,072
Prepaid lease payments	**1,378**	1,407
Investments in associates	**947,681**	947,681
Loans to associates	**149,440**	136,440
Loans to subsidiaries	**2,350,000**	1,268,000
Investments in jointly controlled entities	**80,000**	192,000
Deferred tax assets	**49,795**	23,196
Available-for-sale financial assets	**30,000**	30,000
Value-added tax recoverable	**–**	1,539
Deposit paid for acquisition of property, plant and equipment	**144,738**	10,503
	14,074,264	8,786,725
Current assets		
Inventories	**811**	418
Trade and bill receivables	**109,496**	26,923
Other receivables, deposits and prepayments	**15,817**	19,524
Amounts due from related parties	**1,134**	20,173
Amounts due from subsidiaries	**230,277**	113,559
Loans to subsidiaries-current portion	**465,000**	–
Prepaid lease payments	**29**	29
Value-added tax recoverable	**8,373**	28,096
Cash and cash equivalents	**1,056,079**	1,678,657
	1,887,016	1,887,379
Current liabilities		
Trade and other payables	**144,920**	241,315
Amounts due to related parties	**922,012**	667
Amounts due to a subsidiary	**750**	750
Bank and other borrowings-due within one year	**1,580,000**	1,733,000
Income tax payable	**20,035**	–
	2,667,717	1,975,732
Net current liabilities	**(780,701)**	(88,353)
Total assets less current liabilities	**13,293,563**	8,698,372
Non-current liabilities		
Bank and other borrowings-due after one year	**1,250,000**	690,200
Corporate bonds	**3,582,903**	–
Deferred income	**266,474**	42,105
	5,099,377	732,305
Net assets	**8,194,186**	7,966,067
Capital and reserves		
Share capital	**6,149,905**	6,032,200
Reserves	**2,044,281**	1,933,867
Total equity	**8,194,186**	7,966,067

50. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY *(continued)*

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated (loss)/profits RMB'000	Total RMB'000
At January 1, 2011	1,411,964	8,331	(70,826)	1,349,469
Issue of shares (Note 36(a))	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	(1,320)	–	–	(1,320)
	1,637,975	58,879	(121,374)	1,575,480
Profit and total comprehensive income for the year	–	–	358,387	358,387
At December 31, 2011	1,637,975	58,879	237,013	1,933,867
Issue of shares (Note 36(b))	42,360	–	–	42,360
Issuance costs	(6,118)	–	–	(6,118)
Appropriation to statutory surplus reserve	–	87,476	(87,476)	–
Dividend declared	–	–	(619,577)	(619,577)
	1,674,217	146,355	(470,040)	1,350,532
Profit and total comprehensive income for the year	–	–	693,749	693,749
At December 31, 2012	1,674,217	146,355	233,709	2,044,281

51. EVENTS AFTER THE REPORTING PERIOD

On January 23, 2013, the Company has completed the issuance of the first tranche of short-term debentures through the National Association of Financial Market Institutional Investors. The total issuing amount is RMB900 million, with par value per unit of RMB100, interest rate of 4.24% and a maturity period of 365 days.

On March 12, 2013, the Company has completed the issuance of the second tranche of short-term debentures. The total issuing amount is RMB900 million, with par value per unit of RMB100, interest rate of 4.02% and a maturity period of 365 days.

"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)
"BEIH Finance"	京能集團財務有限公司 (BEIH Finance 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
"Huayuan Heating"	北京華源熱力管網有限公司 (Beijing Huayuan Heating Pipeline Co., Ltd.)
"HK GAAP"	Hong Kong Financial Reporting Standards and other generally accepted accounting principles in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$" or "Hong Kong dollars" or "HK dollars" or "HKD"	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
"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)
"Jingqiao Power"	北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.)
"Latest Practicable Date"	19 April, 2013, being the latest practicable date for the inclusion of certain information in this annual report prior to its publication
"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
"Sichuan Dachuan"	四川大川電力有限公司 (Sichuan Dachuan Power Co., Ltd.)
"Sichuan Zhongneng"	四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd.)
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company

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 Mr. JIN Yudan
Executive Director	Mr. CHEN Ruijun
Independent Non-executive Directors	Mr. LIU Chaoan Mr. SHI Xiaomin Ms. LAU Miu Man Mr. WEI Yuan
Strategy Committee	Mr. LU Haijun *(Chairman)* Mr. GUO Mingxing Mr. XU Jingfu Mr. LIU Guochen Mr. CHEN Ruijun
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 Secretaries	Mr. KANG Jian Ms. LEUNG Wai Han Corinna (FCS, FCIS)
Authorized Representatives	Mr. LIU Guochen No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, the PRC Ms. LEUNG Wai Han Corinna (FCS, FCIS) 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, the PRC
Principal Place of Business in the PRC	7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
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

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