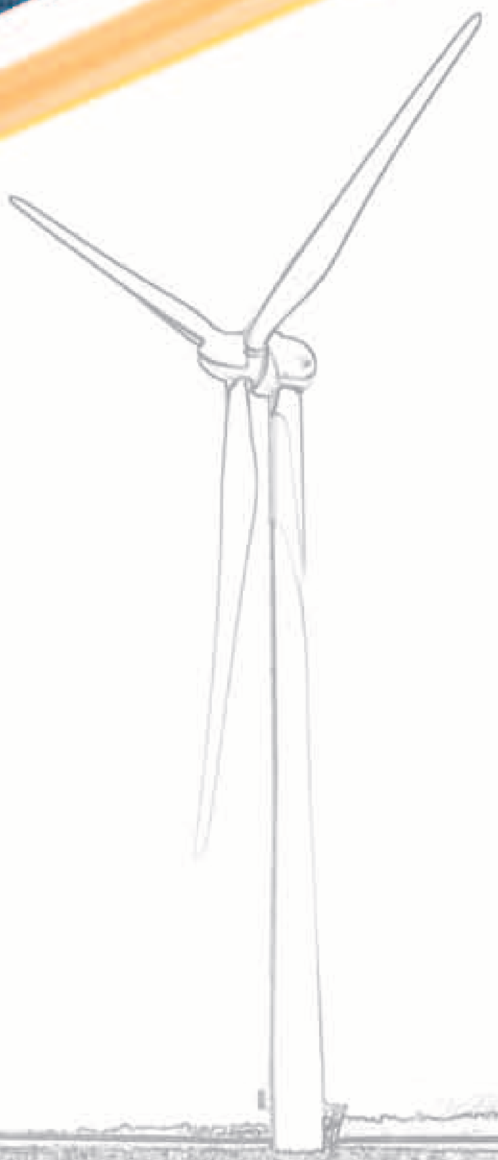
Annual Report 2013

Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

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

Stock Code：00579

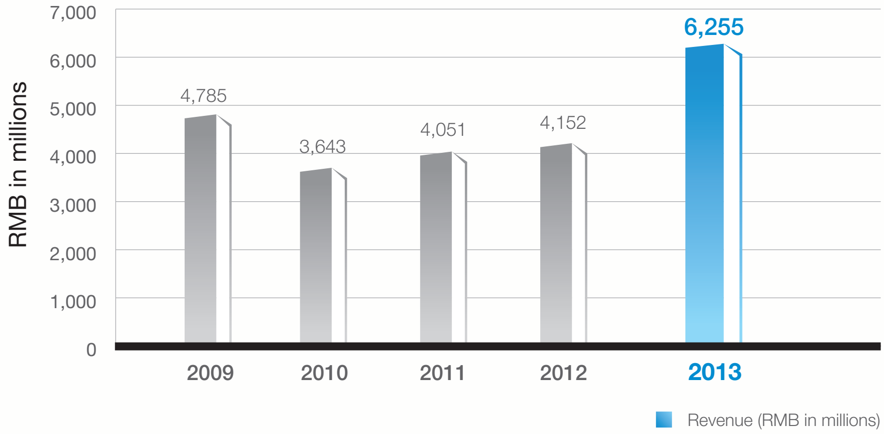


Contents

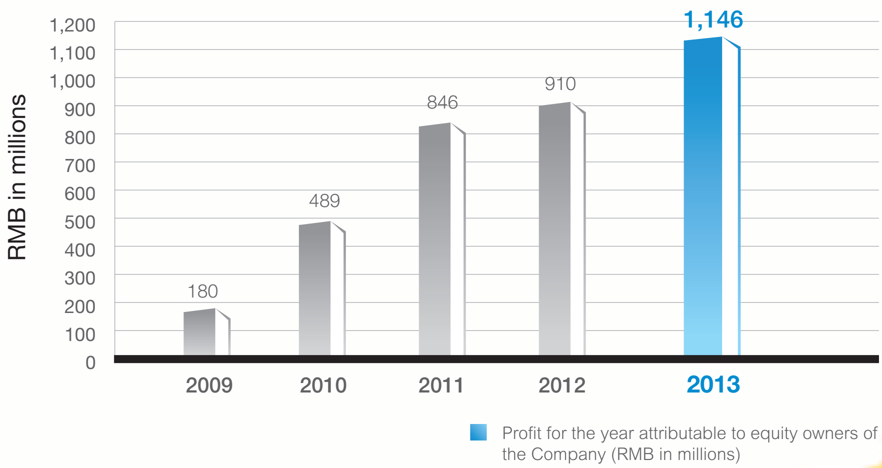
2	Financial Highlights
4	Financial Summary
6	Corporate Profile
8	Chairman's Statement
10	General Manager's Statement
12	Management Discussion and Analysis
27	Human Resources
29	Profiles of Directors, Supervisors and Senior Management
37	Report of the Directors
50	Report of the Board of Supervisors
54	Corporate Governance Report
62	Independent Auditor's Report
64	Consolidated Statement of Profit or Loss and Other Comprehensive Income
65	Consolidated Statement of Financial Position
67	Consolidated Statement of Changes in Equity
69	Consolidated Statement of Cash Flows
71	Notes to the Consolidated Financial Statements
147	Definitions
150	Corporate Information

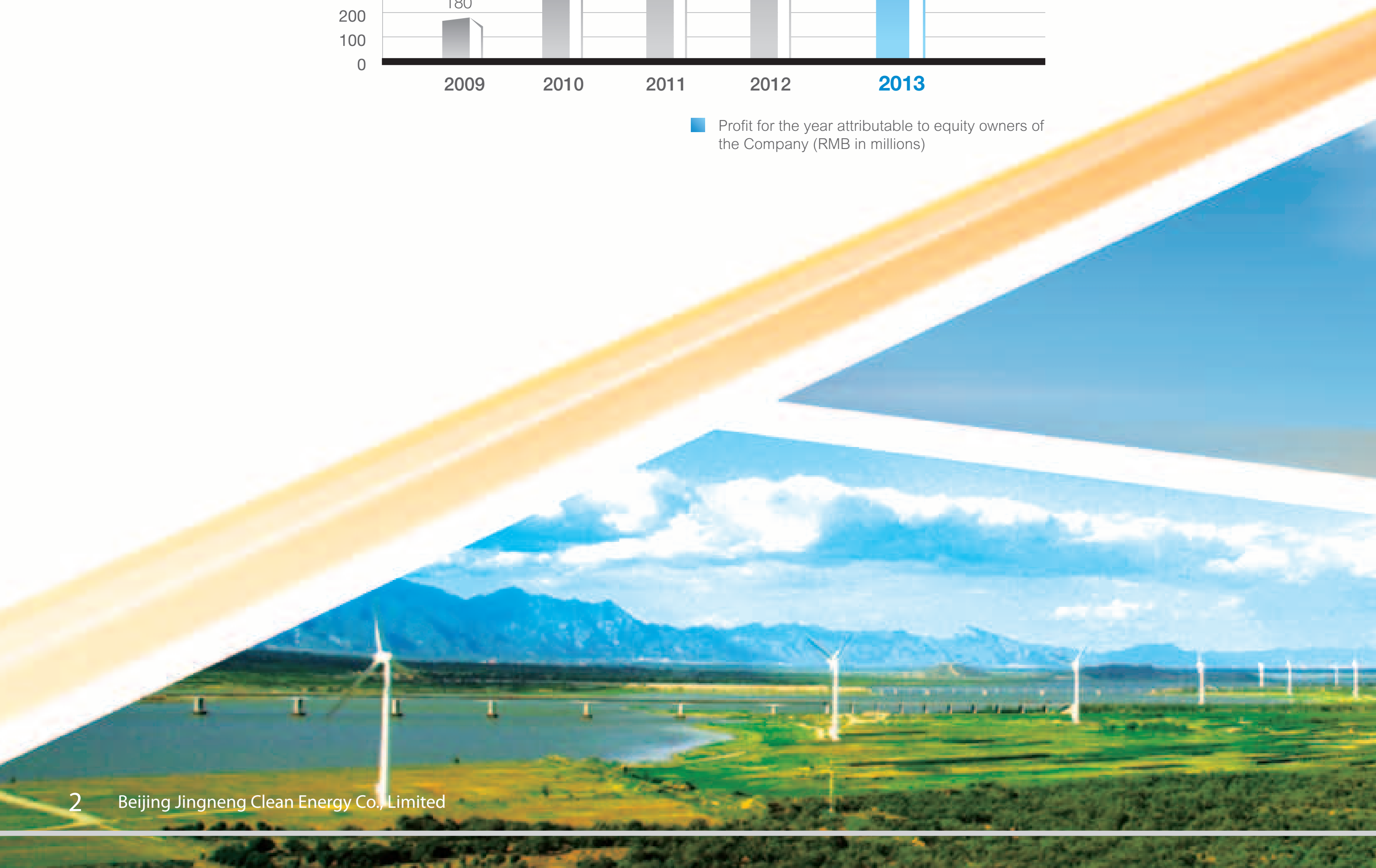
Financial Highlights

REVENUE

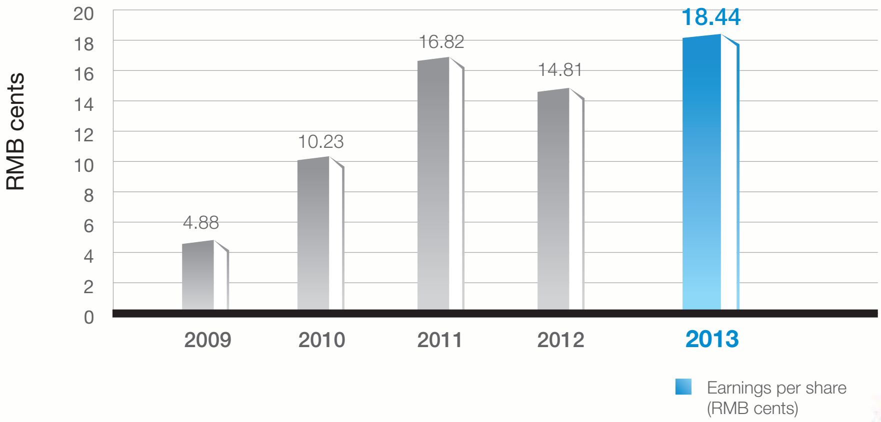


PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY





EARNINGS PER SHARE



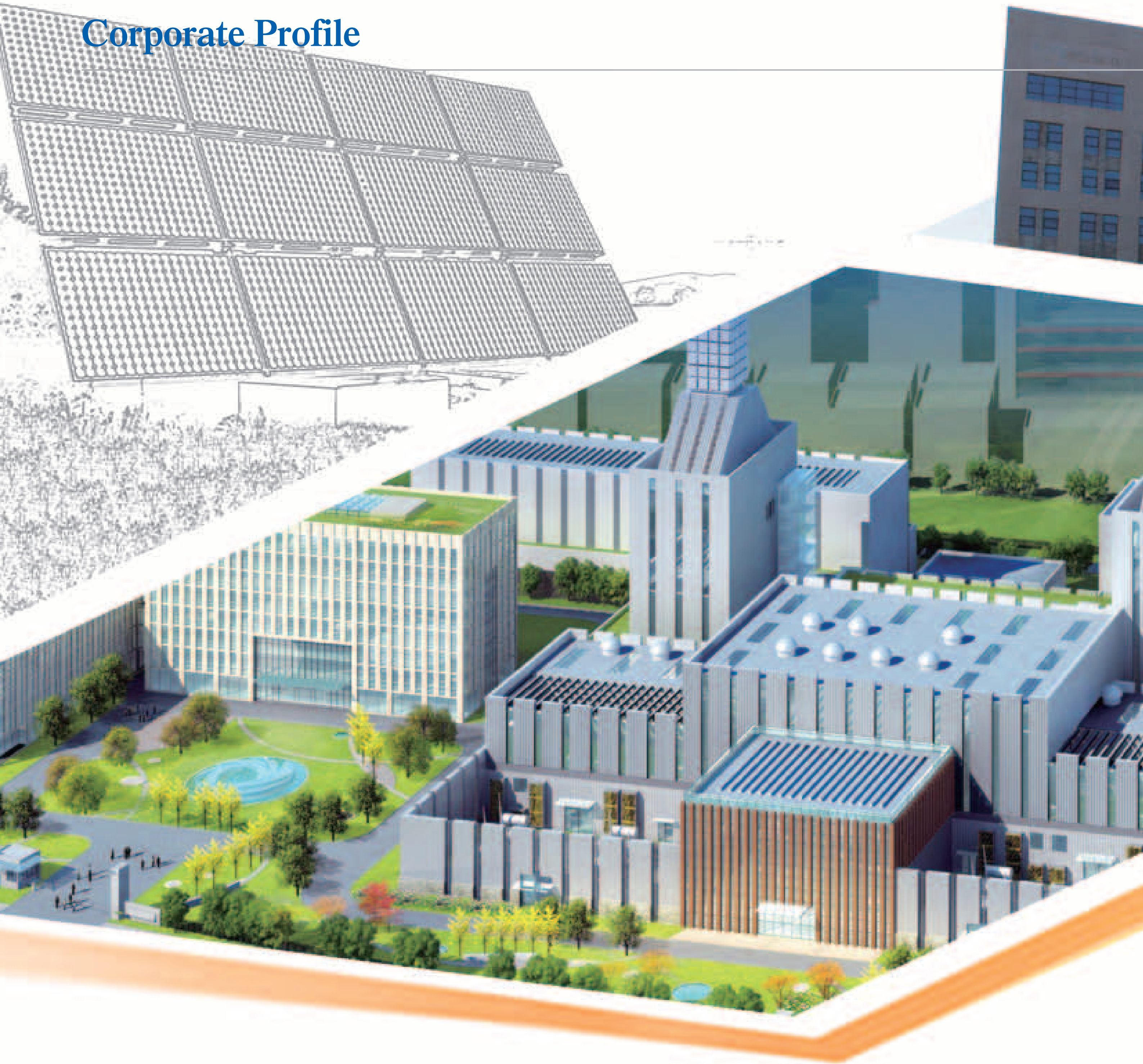
Financial Summary

	Year ended December 31				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000 (restated)	RMB'000	RMB'000
Revenue	**6,254,824**	4,151,630	4,050,738	3,642,818	4,785,453*
Other income	**1,462,121**	733,211	963,121	609,044	580,246
Profit from operations	**2,037,558**	1,548,807	1,562,258	1,009,044	477,300
Profit before taxation	**1,449,835**	1,111,939	1,134,193	577,083	216,737
Income tax expense	**(222,352)**	(123,533)	(196,822)	(56,280)	(17,790)
Profit for the year	**1,227,483**	988,406	937,371	520,803	198,947
Total comprehensive income	**1,227,483**	988,406	937,371	520,803	201,171
Profit for the year attributable to:					
– Equity owners of the Company	**1,145,534**	910,101	845,841	488,919	179,585
– Non-controlling interests	**81,949**	78,305	91,530	31,884	19,362
	1,227,483	988,406	937,371	520,803	198,947
Total comprehensive income for the year attributable to:					
– Equity owners of the Company	**1,145,534**	910,101	845,841	488,919	181,809
– Non-controlling interests	**81,949**	78,305	91,530	31,884	19,362
	1,227,483	988,406	937,371	520,803	201,171
Earnings per share (RMB cents)					
Basic and diluted	**18.44**	14.81	16.82	10.23	4.88

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

	As at December 31				
	2013 RMB'000	2012 RMB'000	2011 RMB'000 (restated)	2010 RMB'000	2009 RMB'000
Total assets	**38,493,152**	31,109,078	28,087,245	20,849,260	19,374,610
Non-current assets	**32,090,764**	26,246,970	23,106,005	18,326,278	17,356,194
Current assets	**6,402,388**	4,862,108	4,981,240	2,522,982	2,018,416
Total liabilities	**27,528,994**	21,786,753	16,638,944	13,775,803	13,809,067
Current liabilities	**10,645,896**	7,604,768	8,205,898	4,843,443	5,297,323
Non-current liabilities	**16,883,098**	14,181,985	8,433,046	8,932,360	8,511,744
Net assets	**10,964,158**	9,322,325	11,448,301	7,073,457	5,565,543
Capital and reserves					
Registered capital/share capital	**6,477,413**	6,149,905	6,032,200	5,000,000	1,006,441
Reserves	**4,199,672**	2,896,880	5,038,286	1,764,180	4,270,111
Equity attributable to equity owners of the Company	**10,677,085**	9,046,785	11,070,486	6,764,180	5,276,552
Non-controlling interests	**287,073**	275,540	377,815	309,277	288,991
Total equity	**10,964,158**	9,322,325	11,448,301	7,073,457	5,565,543

Corporate Profile



Our Company, a subsidiary of BEIH, was listed on the Main Board of the Hong Kong Stock Exchange on December 22, 2011.

Corporate Profile

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.

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". In the meanwhile, we will actively explore 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 2013, the global economy witnessed the coexistence of differentiation and growth while the macro economy in China was experiencing a transition to a new era with further transformation in development model. Despite the moderate slowdown in economic growth, China saw steady growth in efficiency in economic activities and constant improvement in the market system.

With such a healthy and stable momentum of economic growth, the domestic clean energy industry experienced a rapid development with favorable policies being formulated successively. With adhering to operating guidelines of "seeking progress while maintaining stability, refining strategy, optimizing structure, enhancing management and boosting efficiency", the Company has achieved steady growth in each production and operating indicator. As a result, the Company further strengthened its profitability, competitiveness and sustainability, recording unprecedented level of operating results, staying on the course of a fast, coordinated and healthy development

and bringing concrete returns to investors. Profit and total comprehensive income for the year attributable to equity owners of the Company amounted to RMB1,145.53 million, representing an increase of 25.87% as compared to corresponding period last year.

The Company pushed forward project development in a proactive and prudent manner, by sticking to the efficiency-oriented principle, achieving a coordinated and sustainable development in each segment. The Company continuously enhanced the management of production safety in gas-fired and heat energy generation business and firmly promoted the standardized and regulated process of production and construction, resulting in soared production capacity and significant boost in production and operation efficiency. The operation standards of wind farms continued to improve with enhanced capability for emergency management. Meanwhile, the Company further strengthened the management on production technologies, and endeavored to enhance the healthiness and profitability of the remnant assets.

In 2014, the economic and industrial environment faced by the Company will remain complicated. However, the economy adjustment in China is progressing and energy structure is optimizing. Under such favorable environment and with the critical opportunity brought by nationwide air pollution treatment, Jingneng Clean Energy will continue to keep the momentum of steady, healthy and sustainable development, and increasingly consolidate the existing fundamental achievements, so as to accomplish fresh progress and new development during the wave of energy structure optimization and upgrading. Looking ahead into 2014, Jingneng Clean Energy will continue to center on economic efficiency, emphasize the enhancement of the ability on sustainable development, and strive to build itself into a world-class enterprise with core competence, so as to reward all investors with fruitful achievements for their care and supports.

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 19, 2014

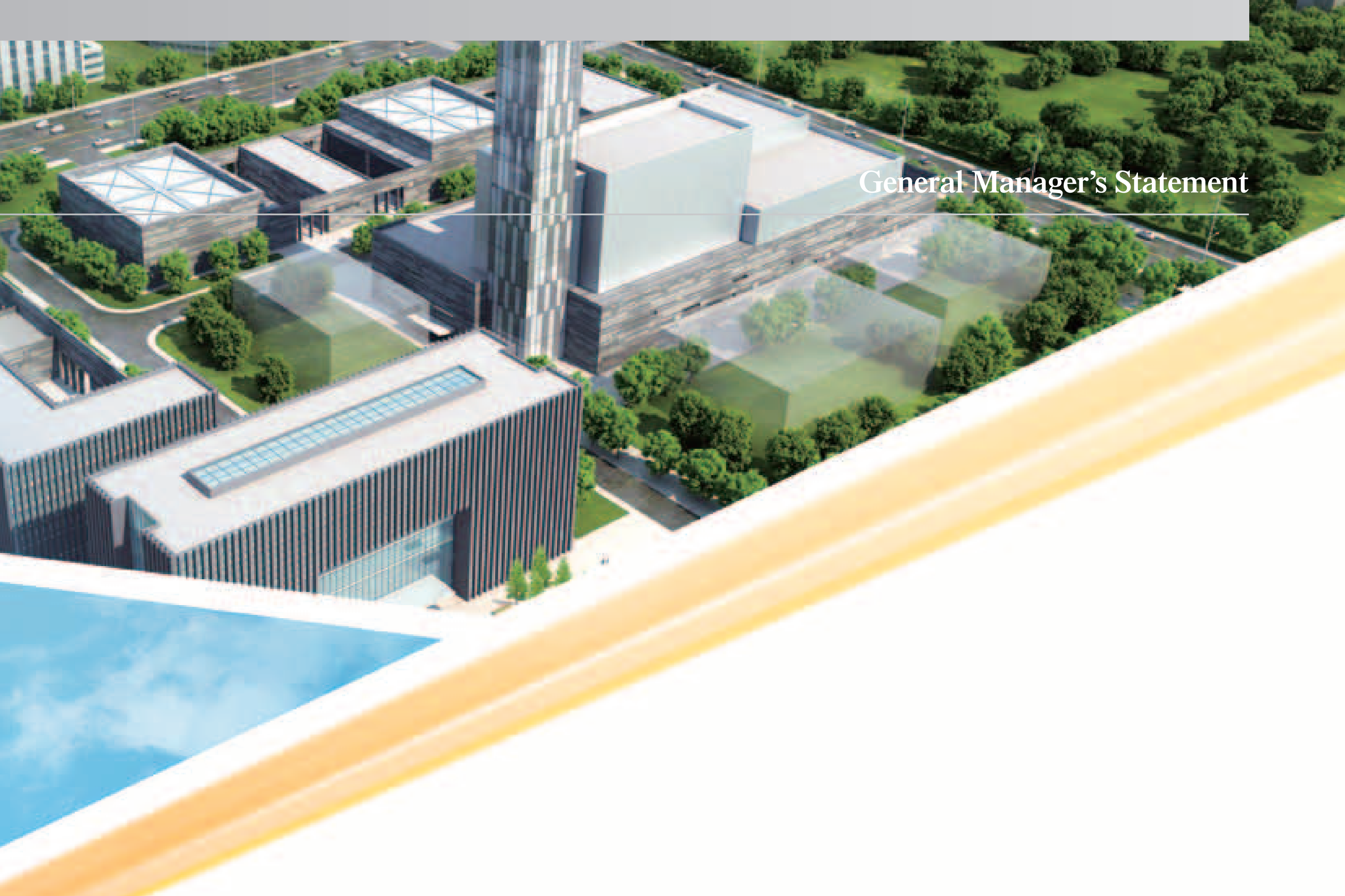
General Manager's Statement

CHEN Ruijun

General Manager

In 2013, the Company pooled the efforts of its subsidiaries and industrious staff to attain successes both in business performance and social responsibility in light of the supports of investors and guidance of the Board. Adhering to the approach of "expanding gas-fired power, strengthening wind power, diversifying hydropower and optimizing photovoltaic power", the Company gave full play to its geographic and industry advantages under the incentive clean energy policies. As a result, the Company posted desirable business performance in various areas.

As at the end of 2013, the Company recorded consolidated total assets of RMB38.493 billion, consolidated revenue of RMB6.255 billion, and net profit attributable to equity owners of the Company of RMB1.145 billion. Our consolidated installed capacity reached 4,146 MW, including gas-fired power installed capacity of 2,028 MW, wind power installed capacity of 1,699 MW, hydropower installed capacity of 369 MW, and photovoltaic power installed capacity of 50 MW.



Upholding the concept of contributing to Beijing and refining its operations, the Company continued to secure its leadership in clean energy sector in Beijing area. The gas-fired power segment achieved a significant growth in revenue based on safe, stable and efficient equipment operations, thanks to rapid progress of projects and strong measures of the power plants to effectively boost production capacity and the refined management level. The projects under construction, including Northwest Thermal Power Center, Northeast Thermal Power Center and the regional energy center at Future High-tech City, have successfully met the current targets. Shangzhuang Gas and other preliminary projects made breakthroughs, providing a strong driver to our future expansion.

Drawing upon its industry advantages, the Company continued to optimize the portfolio of renewable energy business, and achieved remarkable results in wind power and photovoltaic power projects. In 2013, our average utilization hours of wind power generators were 2,174 hours, exceeding the average industry level in China. Meanwhile, approvals were obtained for Beijing Guanting Phase III, Inner Mongolia Huhe Machang, Hunan Ningxiang and other wind power projects totaling more than 400 MW. In 2013, the Company obtained approvals for photovoltaic power projects totaling 240 MW, including a range of high quality projects in more than 10 provinces and regions such as Beijing, Inner Mongolia and Jiangsu. The Company is also proactively identifying and developing small and medium hydropower projects in regions with rich water resources in southwest China. Moreover, waste incineration power generation has been taken as a promising and prioritized direction to further highlight our cross-segment synergy.

In 2014, the starting year for deepening reforms on state-owned enterprises, the Company shall embrace new development opportunities and challenges in a new epoch. With a commitment to maximizing Shareholders' interest and enhancing economic efficiency, the Company will seize every opportunity to optimize its business layout under the Board's decision and deployment, seeking to maintain its leading position and scale new heights in the clean energy industry.

We would like to express our sincere gratitude to our investors for their supports and cares.

Chen Ruijun

General Manager
March 19, 2014

Management Discussion and Analysis

I. INDUSTRY REVIEW

In 2013, the global economy witnessed the coexistence of differentiation and growth while the macro economy in China was experiencing a transition to a new era with further transformation in development model. Despite the moderate slowdown in economic growth, China saw steady growth in efficiency in economic activities and constant improvement in the market system.

With such a healthy and stable momentum of economic growth, China's total social power consumption reached 5.32 trillion KWH, with a year-on-year increase of 7.5%. By the end of 2013, the national installed capacity amounted to 1.247 billion KWH, with a year-on-year increase of 9.3%, leaping to the first place in the world, among which the renewable energy segment recorded a surge in installed capacity. In particular, in 2013, the installed capacity of hydropower was 280 million KWH, with a year-on-year increase of 12.3%; the installed capacity of on-grid wind power was 75.48 million KWH, with a year-on-year increase of 24.5%; the installed capacity of on-grid solar power was 14.79 million KWH, 3.4 times higher than the corresponding period of last year.

During the reporting period, the Group was gravely challenged by the complex operating conditions. However, with our effective implementation of the operating guidelines of "seeking progress while maintaining stability, refining strategy, optimizing structure, enhancing management and boosting efficiency", we have achieved steady growth in each production and operating indicator. As a result, the Group further strengthened its profitability, competitiveness and sustainability, recording unprecedented level of operating results and staying on the course of a fast, coordinated and healthy development.

II. BUSINESS REVIEW

1. Gradually unleashing production capacity and steadily increasing profitability

With the increasingly clearer policies for clean energy industry, the Group pushed forward project development in a proactive and prudent manner, by sticking to the efficiency-oriented principle, achieving a coordinated and sustainable development in each segment. The Group continuously enhanced the management of production safety in gas-fired and heat energy generation business and firmly promoted the standardized and regulated process of production and construction, resulting in soared production capacity and significant boost in production and operation efficiency. The operation standards of wind farms continued to improve with enhanced capability for emergency management. Meanwhile, the Group further strengthened the management on production technologies, and endeavored to enhance the healthiness and profitability of the remnant assets. During the reporting period, the Group's power generation reached 13,740,156 MWH, with a year-on-year increase of 61.50% as compared to 2012; income and profit grew steadily, recording revenue of RMB6,254.8 million, with a year-on-year increase of 50.66% as compared to 2012, and profit of RMB1,145.5 million, with a year-on-year increase of 25.87% as compared to 2012.

As at December 31, 2013, the aggregate consolidated power generation of the Group was classified by types of power generation as follows:

Types of power generation	**The aggregate consolidated power generation for the year ended December 31, 2013 (MWH)**	The aggregate consolidated power generation for the year ended December 31, 2012 (MWH)	The year-on-year growth of the aggregate consolidated power generation for 2013 (%)
Gas-fired and heat energy generation	**8,535,644**	4,549,792	87.6
Wind power generation	**3,587,107**	2,817,488	27.3
Hydropower generation	**1,540,933**	1,126,216	36.8
Photovoltaic power generation	**76,472**	15,359	397.9
Total	**13,740,156**	8,508,855	61.5

2. Continuously consolidating the leading position in Beijing and highlighting the value of operation strategies

In 2013, smog blanketed half of the country starting from North China. To address the issue, the State Council, the Ministry of Environmental Protection and other competent authorities successively issued Action Plan on Prevention and Control of Air Pollution (or the "Ten Measures to Improve Air Quality") and Detailed Rules for the Implementation of the Action Plan on Prevention and Control of Air Pollution of Beijing-Tianjin-Hebei and the Surrounding Areas, in which adopting comprehensive measures to alleviate the air pollution in major regions in North China, such as Beijing-Tianjin-Hebei region, was proposed. The relevant measures include "stepping up the supply of clean energies, such as natural gas", gradually replacing coal-fired boilers by clean energies. In the second half of 2013, Ministry of Finance set up a specific fund of RMB5 billion, all of which will be spent on the air pollution treatment in Beijing-Tianjin-Hebei and the surrounding areas. At the end of 2013, Mr. Xi Jinping, the General Secretary of Central Committee of the Communist Party of China and President of China, visited Jingqiao Power, recognizing the Group's achievements in respect of the utilization of clean energy, energy conservation and emission reduction.

Leveraging on the favorable conditions created by aforementioned policies, the Group endeavored to reinforce and enhance the core value of its corporate development strategy and vigorously made contribution to the economic and social development as well as environment treatment in Beijing, so as to further strengthen the strategic value of its leading position in the capital in terms of clean energy. In 2013, upholding the concept of contributing to Beijing and refining its operations, the Group urged its gas-fired power plants to adopt robust measures to effectively improve the production capacity of equipment and the level of refined management; achieving safe, stable and efficient operation of facilities. In the first quarter, the Southwest Thermal Power Center – Jingqiao Project Phase II came into commercial operation, and fully unleashed its production capacity. During the year, the power generation from the gas-fired and heat energy generation business increased by 87.6% year-on-year, bringing a surge in revenue from the power generation segment. Based on this, the Group strengthened the all-round process management of projects, so as to secure enhancement in the efficiency after subsequent projects commence operation. The target of each phase for the construction of the Northwest Thermal Power Center – Jingxi Project, the Northeast Thermal Power Center – Gaoantun Project and the Demonstration Regional Energy Projects – Future Hightech City was fulfilled, which provided strong guarantee for the timely commencement of operation and future profitability. Meanwhile, in view of the construction plan for natural gas development in Beijing during the Twelfth Five-Year Plan period, the Group, tapping into its own strengths, proactively developed regional energy projects, advanced the preparation for the projects of Capital Airport No 2, Beijing Yizhuang Southern Extension and Changping Technology Business District. Among those projects, Shangzhuang Gas-fired Power Project made great progress and was listed in the government-supported preparation program for key projects of 2013 in Beijing, providing powerful momentum for the Group's long-term development. In respect of wind power generation, as the only wind power operator in Beijing, the Group continued to consolidate its regional strengths and boosted subsequent wind power reserves. In addition to obtaining the approval for Guanting Project Phase III, phase IV to VIII Guanting Project were short listed in the approval plans of the National Energy Commission for the third batch wind power projects under the "Twelfth Five-Year Plan", the aggregate capacity of which totaled 247 MW. In respect of photovoltaic power generation, the "Jingneng Badaling Solar Power Pilot Project", the sole ground solar power project in Beijing, is undergoing full construction with civil and structural engineering basically completed. The project expected to commence operation in 2014.

3. Highly efficient management of safe production and outstanding progress in wind power operation and development

In 2013, China accelerated the transformation in terms of its management role in wind power industry with significantly enhanced access to power grids, reducing the down time of wind turbines. The utilization of wind power reached 2074 hours, with a year-on-year increase of 184 hours.

Under such robust development environment for the wind power industry, the Group seized every chance to carry forward its development strategy of "strengthening wind power", consolidated the production and operating results of the wind power segment, and constantly improved the refined production management and the technical capability of on-site operation and maintenance staff. With solid and meticulous fundamental management and constant innovation and supported by the ease of restrictions on wind power generation and the rising of average wind speed, some of the wind farms under operated by the Group overcame technical difficulties, achieving, for the first time, long-cycle on-grid operation for all power generation units. During the reporting period, the Group's annual utilization of wind power generation averaged 2174 hours, a year-on-year increase of 358 hours, 100 hours higher than the national average. At the same time, the Group proactively responded to the policy adjustment in the wind power industry, revised its operating planning, optimized layout, controlled risks by perfecting strategies and systems, so as to guarantee investment returns. In the regions with high quality wind resources, the Group was granted the approvals for several projects including the projects in the Horse Racing Track of Huhhot and in Ningxiang County, Hunan Province, with an installed capacity of 498,000 KW in total. Moreover, another 200,000 KW in our capacity was short listed in the approval plans of the National Energy Administration for the fourth batch wind power generators under the "Twelfth Five-Year Plan", further expanding the capacity of the Group's wind power reserves.

4. Striving to create high quality projects and forging ahead with the construction of key projects in a solid and effective manner

During the reporting period, aiming at creating first-class projects, the Group continued to perfect the safety system, enhanced the management of project-in-operation, further improved the infrastructure management level, formed a closed loop of control in each link of project construction and ensured the completion of project construction as scheduled with high quality. In 2013, the Group's Wenggenshan Wind Power Project won the "National Quality Project Award".

During the reporting period, the developing progress of the Group's key projects was smooth and effective. The Group further improved construction standards while sticking to project schedules, comprehensively strengthened the management of projects under construction, strived to create high quality projects, and accomplished the phased goals of projects under efficient infrastructure management. The framework of the main plant and the boiler room in the Northeast Thermal Power Center – Gaoantun Project were completed, and power generation units have been fully in place. During the construction, the engineering works of the production area and the front area of the plant were awarded the "Structure Great Wall Cup" in Beijing. To ensure high-quality operation and secure the Quality Power Engineering Award, the Northwest Thermal Power Center – Jingxi Project strengthened management during infrastructure construction and steadily pushed forward the project schedule with key phases completed such as the closing of walls surrounding the main plant, the availability of power generation units and installation of auxiliary equipments. Our Demonstrative Regional Energy Project – Future Hightech City completed the construction of its main plant for gas-fired heat and power cogeneration projects, with the main equipment installed and entered commissioning in phases.

5. Coordinated development of other types of renewable energy and constantly enhanced corporate sustainability

In 2013, the Group continued to follow the operating approach of "expanding gas-fired power projects, strengthening power projects, increasing hydropower projects and optimizing solar power projects", strategically devised its plan and structurally rolled out its blueprint. Apart from the gas-fired power and heat energy generation business and wind power generation business, the Group energetically expanded projects in relation to solar and other renewable energy. As the introduction of the Several Opinions of the State Council on Promoting the Healthy Development of the Photovoltaic Industry (Guo Fa No. 2013 (24)), the PRC government made great efforts in promoting the development of photovoltaic industry with stronger financial support. The Group took advantage of the favorable policy, grasped the best timing to advance production, striving for more profit potential. With our constant efforts, the Group gained the approval for a project of 240,000 KW in 2013, and has actively conducted preparation for the projects in Beijing, Inner Mongolia, Heilongjiang, Liaoning, Xinjiang, Ningxia, Gansu, Shaanxi, Shanxi, Shandong, Jiangsu and Hunan, reserving abundant high quality photovoltaic power generation projects and lifting the preparation works to the new heights. In respect of hydropower, the Group not only guaranteed the operation commencement schedule of the hydropower projects under construction, and also actively identified and developed medium-to-small hydropower projects in the southwest region with abundant water resources. At the same time, the Group put emphasis on waste-to-electricity projects due to the promising prospect. In general, the synergetic advantage of the Group's each segment is increasingly apparent, leading to continuous enhancement in its corporate sustainability.

6. Diversified financing channels and debt financing to comprehensively enhance the financing capabilities

In 2013, the Group scientifically deployed its capital operations, effectively controlled capital costs, expanded a range of financing channels domestically and internationally, and guaranteed the satisfaction of capital needs of the Group's infrastructure projects. The Group also grasped a short-term opportunity of H share placing and realized our first capital refinancing after listing, with additional 327.5 million newly issued shares and raised fund amounted to approximately HK$907 million, which effectively satisfied the capital needs of the Company during the year. During the reporting period, the Group successfully issued the short-term debentures with an aggregate principal amount of RMB1,800 million, which effectively reduced the Company's financing cost. The Group fully played the function of capital management platform, strengthened our centralized capital management, kept optimizing our finance structure and effectively saved our capital cost, facilitating the smooth progress of the Group's key project constructions.

7. Endeavoring to establish a system of intrinsic safety to improve the comprehensive management level on all fronts

The year 2013 marked the Group's "year of management enhancement". The Group formulated a series of implementation proposals and attentively carried out each system and measure. The Group worked in great length to seek approaches to improve power plants and efficiency. The Group also strived to guarantee the safety, stability and efficiency of power generation, established a full range of standards, further consolidated fundamental management, and conducted control over the assets of core projects in all aspects and during the whole process. This enabled the Group to bring production and operation under control in a comprehensive manner by applying innovative information technologies. With an integrated information management platform, the Group standardized the comprehensive management of the Group and realized the function of risk prevention.

III. OPERATION RESULTS AND ANALYSIS

1. Overview

In 2013, the Company's profitability improved gradually. Net profit for the year amounted to RMB1,227.5 million, representing an increase of 24.19% as compared to RMB988.4 million for 2012. Profit and total comprehensive income for the year attributable to equity owners of the Company amounted to RMB1,145.5 million, representing an increase of 25.87% as compared to RMB910.1 million for 2012.

2. Operation income

In 2013, the total revenue amounted to RMB6,254.8 million, representing an increase of 50.66% as compared to RMB4,151.6 million for 2012. In 2013, our adjusted total operating income was RMB7,637.4 million, representing an increase of 65.96% as compared to RMB4,602.0 million for 2012, due to the increase in electricity sales resulting from the increase in operating capacity in each segment in 2013.

Management Discussion and Analysis

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:

	2013 (RMB million)	2012 (RMB million)	Change Percentage %
Gas-fired power and heat energy generation segment:			
Sales of electricity	**3,739.2**	2,147.8	74.09%
Sales of heat energy	**414.2**	387.4	6.90%
Others	**0.1**	3.7	(97.92%)
Total	**4,153.5**	2,538.9	63.59%
Wind power segment:			
Sales of electricity	**1,657.6**	1,318.4	25.73%
Others	**–**	–	–
Total	**1,657.6**	1,318.4	25.73%
Hydropower segment:			
Sales of electricity	**368.1**	283.7	29.74%
Others	**–**	–	–
Total	**368.1**	283.7	29.74%
Others:			
Sales of electricity	**65.7**	–	–
Sales of heat energy	**1.3**	1.3	(0.3%)
Others	**8.6**	9.3	(8.57%)
Total	**75.6**	10.6	610.80%
Total revenue from reportable segments	**6,254.8**	4,151.6	50.66%
Add: government grants and subsidies related to clean energy production	**1,382.6**	450.4	206.98%
Adjusted revenue	**7,637.4**	4,602.0	65.96%

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 63.59% from RMB2,538.9 million for 2012 to RMB4,153.5 million for 2013, as a result of the increase in electricity sales due to the increase in operating capacity in this segment. Revenue from electricity sales increased by 74.09% from RMB2,147.8 million for 2012 to RMB3,739.2 million for 2013, as a result of an increase in sales volume of electricity due to the increase in operating capacity in this segment. Revenue from sales of heat energy increased by 6.90% from RMB387.4 million for 2012 to RMB414.2 million for 2013, as a result of the increased sales volume of heat energy due to the increase in operating capacity in this segment.

Wind Power Segment

The revenue from our wind power segment increased by 25.73% from RMB1,318.4 million for 2012 to RMB1,657.6 million for 2013, as a result of the increase in electricity sales due to the commencement of production of new projects in this segment and less wind grid curtailment.

Hydropower Segment

The revenue from our hydropower segment increased by 29.74% from RMB283.7 million for 2012 to RMB368.1 million for 2013, as a result of an increase in sales volume of electricity due to the increase of installed capacity in this segment.

Others

The revenue from other businesses increased by 610.80% from RMB10.6 million for 2012 to RMB75.6 million for 2013, which was attributable to an increase in sales volume of electricity due to the increase in operating capacity of our photovoltaic power projects.

3. Other income

Other income increased by 99.41% from RMB733.2 million for 2012 to RMB1,462.1 million for 2013, which was attributable to an increase in government grants and subsidies related to clean energy production due to the projects in operation in gas-fired power and heat energy generation segment and the increase in gas prices.

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

	2013 (RMB million)	2012 (RMB million)	Change Percentage %
Government grants and subsidies related to			
– Clean energy production	**1,382.6**	450.4	206.98%
– Construction of assets	**2.6**	2.6	0%
Value-added tax refunds	**36.7**	13.5	170.49%
Incomes from certified emission reduction and voluntary emission reduction	**31.3**	248.5	(87.42%)
Dividend from available -for-sale financial assets, unlisted	**1.4**	2.5	(43.35%)
Others	**7.5**	15.7	(51.90%)
Total of other incomes	**1,462.1**	733.2	99.41%

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. Operation expenses

Operating expenses increased by 70.24% from RMB3,336.0 million for 2012 to RMB5,679.4 million for 2013, which was attributable to an increase in gas consumption due to the increase in gas prices for the gas-fired power and heat energy generation segment as well as the increase in production costs and corresponding expenses following the commencement of production of projects in each segment.

	2013 (RMB million)	2012 (RMB million)	Change Percentage %
Gas consumption	**3,659.6**	1,841.3	98.75%
Depreciation and amortization	**1,102.7**	854.4	29.06%
Personnel cost	**347.4**	249.2	39.45%
Repairs and Maintenance	**249.0**	151.2	64.65%
Other expenses	**427.9**	291.3	46.87%
Other (gains) and losses	**(107.2)**	(51.4)	108.69%
Adjusted operating expenses	**5,679.4**	3,336.0	70.24%

(1) Gas Consumption

Gas consumption increased by 98.75% from RMB1,841.3 million for 2012 to RMB3,659.6 million for 2013, due to the increase in gas prices and an increase in operating capacity in the gas-fired power and heat energy generation segment.

(2) Depreciation and Amortization

Depreciation and amortization increased by 29.06% from RMB854.4 million for 2012 to RMB1,102.7 million for 2013, due to the increase in operating capacity in each segment.

(3) Personnel Cost

Personnel cost increased by 39.45% from RMB249.2 million for 2012 to RMB347.4 million for 2013, as a result of the increased number of employees due to the business development of the Group and additional personnel costs incurred following the commencement of production of new projects.

(4) Repairs and Maintenance

Repairs and maintenance increased by 64.65% from RMB151.2 million for 2012 to RMB249.0 million for 2013, as a result of an increase in repair expenses due to the increase in operating capacity in the gas-fired power and heat energy generation segment.

(5) Other Expenses

Other expenses increased by 46.87% from RMB291.3 million for 2012 to RMB427.9 million for 2013, which was attributable to the commencement of production of new projects.

(6) Other Gains and Losses

Other gains increased by 108.69% from RMB51.4 million for 2012 to RMB107.2 million for 2013, primarily due to the deemed disposal gain resulting from a placement of shares to certain non-controlling shareholders by a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

5. Operating profit

As a result of the above, our operating profit increased by 31.56% from RMB1,548.8 million for 2012 to RMB2,037.6 million for 2013.

6. Adjusted segment operating profit

The total adjusted segment operating profit increased by 54.86% from RMB1,263.5 million for 2012 to RMB1,956.6 million for 2013 due to the increased electricity sales in all segments.

	2013 (RMB million)	2012 (RMB million)	Change Percentage %
Gas-fired power and heat energy generation segment	**914.7**	433.0	111.25%
Wind power segment	**828.8**	677.1	22.40%
Hydropower segment	**149.0**	157.7	(5.53)%
Others	**64.2**	(4.3)	(1,598.90%)
Total adjusted segment operating profit	**1,956.7**	1,263.5	54.86%
Less: Government grants and subsidies related to clean energy production	**(1,382.6)**	(450.4)	206.98%
Add: Other income	**1,462.1**	733.2	99.41%
Add: Unallocated items	**1.4**	2.5	(43.35%)
Operating profit	**2,037.6**	1,548.8	31.56%

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

Gas-fired Power and Heat Energy Generation Segment

The total adjusted segment operating profit of our gas-fired power and heat energy generation segment increased by 111.25% from RMB433.0 million for 2012 to RMB914.7 million for 2013, as a result of the increase in electricity sales due to the newly operated capacity in this segment.

Wind Power Segment

Adjusted segment operating profit of our wind power segment increased by 22.40% from RMB677.1 million for 2012 to RMB828.8 million for 2013, as a result of the increase in electricity sales due to the commencement of production of new projects in this segment and less wind grid curtailment.

Hydropower Segment

Adjusted segment operating profit of our hydropower segment decreased by 5.53% from RMB157.7 million for 2012 to RMB149.0 million for 2013 due to the increase in cost of power generation per unit.

7. Finance costs

Our finance costs increased by 27.79% from RMB708.5 million for 2012 to RMB905.4 million for 2013 due to the increase in interest payments expensed following the commencement of production of new projects.

8. Share of results of associates and jointly ventures

Share of results of associates and joint ventures increased by 18.18% from RMB243.7 million for 2012 to RMB288.0 million for 2013, as a result of the increase in the net profit of Beijing Jingneng International Power Co., Ltd., an associate of the Company, due to the decline of fuel prices.

9. Profit before taxation

As a result of the above, our profit before taxation increased by 30.39% from RMB1,111.9 million for 2012 to RMB1,449.8 million for 2013.

10. Income tax expense

Our income tax expenses increased by 79.99% from RMB123.5 million for 2012 to RMB222.4 million for 2013. Our effective tax rate increased from 11.11% for 2012 to 15.34% for 2013 primarily due to the increase in income tax on our newly operated gas-fired power projects.

11. Profit for the year

As a result of the above, profit for the year increased by 24.19% from RMB988.4 million for 2012 to RMB1,227.5 million for 2013.

12. Profit for the year attributable to Equity holders of the Company

Profit for the year attributable to equity holders of the Company increased by 25.87% from RMB910.1 million for 2012 to RMB1,145.5 million for 2013.

IV. FINANCIAL POSITION

1. Overview

As at December 31, 2013, total assets of the Group increased significantly to RMB38,493.2 million, total liabilities were RMB27,529.0 million and shareholders' equity reached RMB10,964.2 million, among which equity attributable to the parent company amounted to RMB10,677.1 million.

2. Particulars of assets and liabilities

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

	Dec. 31, 2013 (RMB million)	Dec. 31, 2012 (RMB million)	Change Percentage %
Current assets	**6,402.4**	4,862.1	31.68%
Non-current assets	**32,090.8**	26,247.0	22.26%
Total assets	**38,493.2**	31,109.1	23.74%
Current liabilities	**10,645.9**	7,604.8	39.99%
Non-current liabilities	**16,883.1**	14,182.0	19.05%
Total liabilities	**27,529.0**	21,786.8	26.36%
Equity attributable to equity holders of the Company	**10,677.1**	9,046.8	18.02%
Non-controlling interests	**287.1**	275.5	4.19%
Total equity	**10,964.2**	9,322.3	17.61%

Our total assets increased by 23.74% from RMB31,109.1 million as at December 31, 2012 to RMB38,493.2 million as at December 31, 2013 due to increased investment in project construction. The total liabilities increased by 26.36% from RMB21,786.8 million as at December 31, 2012 to RMB27,529.0 million as at December 31, 2013 due to the increase in payables for project construction. Total shareholders' equity increased by 17.61% from RMB9,322.3 million as at December 31, 2012 to RMB10,964.2 million as at December 31, 2013. Equity attributable to equity holders of the Company increased by 18.02% from RMB9,046.8 million as at December 31, 2012 to RMB10,677.1 million as at December 31, 2013, due to the placing of new shares completed in 2013 and the accretion from business results.

3. Liquidity

As at December 31, 2013, our current assets amounted to RMB6,402.4 million, including cash of RMB2,319.5 million, bills and trade receivables of RMB1,858.6 million (mainly comprising receivables from sales of electricity and heat energy), and prepayment and other current assets of RMB2,224.3 million (mainly comprising deductible value-added tax and other trade receivables). Current liabilities amounted to RMB10,645.9 million, including short-term borrowings of RMB3,617.5 million, short-term debentures of RMB1.8 billion and trade and other payables of RMB4,797.6 million (mainly comprising payables for gas, construction and purchase of equipment). Other current liabilities amounted to RMB430.8 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities increased by 54.72% from RMB2,742.7 million as at December 31, 2012 to RMB4,243.5 million as at December 31, 2013 due to the increase in trade and other payables.

Current ratio decreased by 3.80% from 63.94% as at December 31, 2012 to 60.14% as at December 31, 2013, due to an increase current liabilities.

4. Net gearing ratio

Net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, increased by 1.17% from 63.15% as at December 31, 2012 to 64.32% as at December 31, 2013 due to the increase in borrowings.

The Group's long-term and short-term borrowings increased by 21.64% from RMB18,155.6 million as at December 31, 2012 to RMB22,083.8 million as at December 31, 2013, including short-term borrowings of RMB3,617.5 million, long-term borrowings of RMB12,077.8 million, medium-term notes of RMB1.0 billion, corporate bonds of RMB3,588.4 million and short-term debentures of RMB1.8 billion.

Bank balances and cash held by the Group increased by 6.50% from RMB2,178.0 million as at December 31, 2012 to RMB2,319.5 million as at December 31, 2013, due to a partial utilization of the proceeds from the placing of new shares.

5. Financing

On January 23, 2013, the Group successfully issued the first tranche of short-term debentures and raised proceeds of RMB900.0 million at an interest rate of 4.24%. On March 12, 2013, the Group successfully issued the second tranche of short-term debentures and raised proceeds of RMB900.0 million at an interest rate of 4.02%.

On October 23, 2013, the Company successfully completed the placing of 327,508,000 H shares in Hong Kong, at placing price of HK$2.82 each, and raised proceeds of HK$907.0 million.

6. Capital expenditure

In 2013, the Group's capital expenditure amounted to RMB8,240.6 million, including RMB5,674.1 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB1,056.1 million incurred for construction projects in the wind power segment, RMB388.7 million incurred for construction projects in the hydropower segment, and RMB1,121.7 million incurred for other construction projects.

7. Material acquisition and disposal

Pursuant to the Approval on the Proposed Disposal of Equity Interest in Inner Mongolia Jingneng Bayin Wind Power Co., Ltd. by Beijing Jingneng Clean Energy Co., Limited (Jing Guo Zi Chan Quan [2012] No. 273), the Company completed the disposal of 90% equity interest in Inner Mongolia Jingneng Bayin Wind Power Co., Ltd. at a consideration of RMB100.8 million in 2013.

8. Significant investment

According to the development plan of the Group, the Company established Ningxia Jingneng Zhongwei New Energy Co., Ltd. (寧夏京能中衛新能源有限公司) and Beijing Jingneng Future Gas-fired Power Co., Ltd. (北京京能未來燃氣熱電有限公司) in 2013 as two wholly-owned subsidiaries to respectively carry out the construction of photovoltaic power projects and the construction of gas-fired power and heat energy generation projects.

9. Contingent liabilities

As of December 31, 2013, the Group had no external guarantees.

10. Mortgage of assets

As of December 31, 2013, the Group's bank borrowings were secured by trade receivables of RMB95.4 million.

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 impacts in the short run:

1. Interest Rate Risk

Uncertainty of interest rate will pose certain impacts on financing cost of the Group. The Group's good credit standing and sufficient credit facility from banks can ensure our safe, stable and smooth funding chains. Also, for the purpose of minimizing financing costs, the Group has 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 movement tendency of bank interest rate and improve the management of liability structure with timely adjustment, so as to minimize interest rate exposure.

2. 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 are denominated in Hong Kong dollars and CDM income is denominated in foreign currency. Movement 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 rates, so as to respond to changes in the foreign exchange market and improve the management on the exchange rate risk through various measures.

VI. FUTURE OUTLOOK

In 2014, the Group will endeavor to achieve the following targets:

1. Constructing high quality projects and ensuring the quality of growth

The Group will continue to reinforce the existing sound momentum, fully advance the construction progress of key projects, guarantee the timely commencement of operation of the key large-scale projects, such as the Northeast Thermal Power Center, the Northwest Thermal Power Center and the Future Hightech City Project in Changping, reaping profit from quantity and seeking efficiency from scale. These initiatives will ensure the fulfillment of the Multiplied Capacity Plan in the gas-fired and heat energy generation segment, continuously create profit generators and secure the corporate core competitiveness.

2. Optimizing production indicators and striving to increase the efficiency of the idle assets

In 2014, the Group will continue to consolidate its intrinsic safety system, conduct in-depth optimization on the management modes of production safety, enhance refined management, constantly upgrade the comprehensive management level in production and operation, effectively implement each and every management measure, make greater efforts in market expansion, intensify the communication and coordination with government authorities and power grid companies, seek efficiency from management, establish an organic growth mode, and continue to strengthen the capability of creating revenue and boosting efficiency.

3. Ensuring effective development with scientific layout

The Group will proactively respond to the industrial policies in the clean energy industry, follow the development trend of the industry, take the initiative to seize development opportunity, analyze and study the profit generators of each segment, conduct in-depth specialized research, actively optimize and upgrade strategic layout, adjust and innovate operating planning, and secure the leading advantage in energy supply sector in the capital. In addition, the Group will continue to expand its resources, boost project reserves, improve the quality and the depth of the economic assessment on project technologies, and bring the synergy of each segment into constant play.

4. Enhancing technological innovation and pushing forward the systematic construction of technological innovation

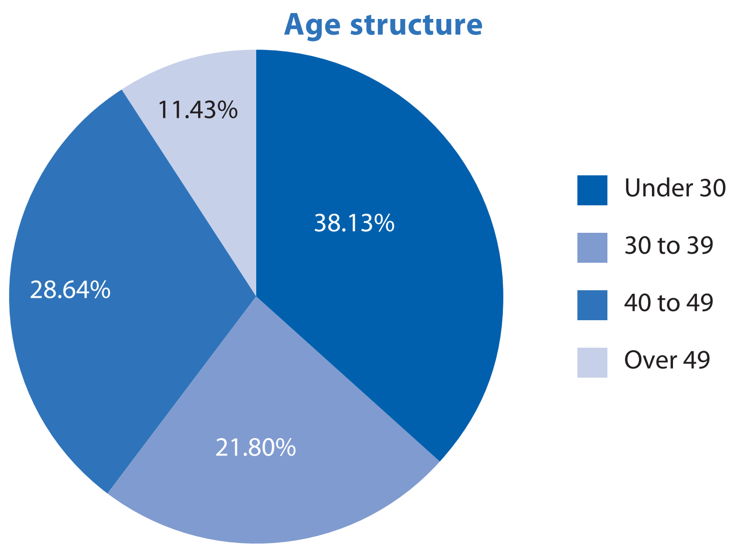
The Group will further advance the construction of innovation-driven enterprise, facilitating the smooth progress with the driving force from technological innovations in key projects. The Group will vigorously build the high-tech demonstrative projects, which will reduce the cost and boost efficiency while bolstering the Group's social influence in respect of high-tech energy conservation.

I. SUMMARY OF HUMAN RESOURCES

The Group had a total of 2161 employees as at December 31, 2013. 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	824	38.13%
30 to 39	471	21.80%
40 to 49	619	28.64%
Over 49	247	11.43%
Total	2161	100.0%



2. Degree structure:

Educational background	Number of employees	Percentage
Doctorate degree	3	0.14%
Master degree	125	5.78%
Undergraduate	953	44.10%
College or below	1080	49.98%
Total	2161	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 2013 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 2013, five training courses that took nearly 40 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 Social Security and Housing Fund, Management Standards for Supplementary Healthcare and Management Standards for Professional Health to secure the benefits for all employees.

NON-EXECUTIVE DIRECTORS

Mr. LU Haijun (陸海軍), aged 57, is the Company's chairman of the Board and has been a non-executive Director of the Company since January 2010. Mr. Lu is responsible for the Company's business strategy and overall development. Mr. Lu has more than 21 years of experience in management, investment management, capital management and human resource management in large power companies. Mr. Lu has been a director of Beijing Jingneng Power Co., LTD. (a company listed on the Shanghai Stock Exchange, stock code: 600578) since August 2013. 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, previously 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 46, is a non-executive Director and is responsible for the Company's business strategy and overall development. Mr. Guo has more than 17 years of experience in production, construction, business management and capital management in the power industry. Mr. Guo has been a director of Beijing Jingneng Power Co., LTD. (a company listed on the Shanghai Stock Exchange, stock code: 600578) since August 2013. 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.

Profiles of Directors, Supervisors and Senior Management

Mr. XU Jingfu (徐京付), aged 58, is a non-executive Director and is responsible for the Company's business strategy and overall development. Mr. Xu has over 12 years of experience in management and investment in the power industry. He has been a deputy general manager in BEIH since November 2004, and has also been the chairman of BEIH-Property Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600791) 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 57, is a non-executive Director and is responsible for the Company's business strategy and overall development. Mr. Liu has more than eight 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 43, is a non-executive Director of the 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., China Securities 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 on-job postgraduate course at Central University of Finance and Economics, major in finance. He obtained a master degree of public administration in July 2011 in Peking University.

Mr. JIN Yudan (金玉丹), aged 57, is a non-executive Director of the 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 51, is an executive Director and general manager of the Company. Mr. Chen joined us in August 2012, and has been the general manager of the Company since September 2012 and the executive Director of the Company since October 2012. 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 from October 2007 to August 2012. 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.

Profiles of Directors, Supervisors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Chaoan (劉朝安), aged 58, is an independent non-executive Director. Mr. Liu is currently an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (the Stock Exchange code: 1798) and was an independent non-executive director of Datang International Power Generation Co., Ltd. (the Stock Exchange 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 63, 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 42, is an independent non-executive Director. She was the chief financial officer, authorized representative and company secretary of Huazhong Holdings Company Limited (the Stock Exchange code: 6830) from June 2012 to December 2012. Ms. Lau served as the chief financial officer of the China Renji Medical Group Ltd. (the Stock Exchange 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 58, is an independent non-executive Director of the 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 60, has served as the chairman of the Board of Supervisors of our Company since January 2010. Mr. Chen has over 8 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 46, has served as a Supervisor of our Company since January 2010. Mr. Liu has over 21 years of experience in construction and accounting in the power industry. Mr. Liu joined BEIH in December 2009 and has been the director of the department of finance and property management. Also, he was the chief accountant of Beijing Jingneng Thermal Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600578) 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.

Profiles of Directors, Supervisors and Senior Management

Ms. HUANG Linwei (黃林偉), aged 46, has served as a Supervisor of our Company since January 2010. Ms. Huang has more than 19 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 51, 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 50, 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 17 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 43, 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. Huang Hui (黃慧), aged 41, served as the secretary to the board of directors of Beijing Jingneng Thermal Power Co., Ltd. from June 2010 to April 2013 and also the chief accountant of Beijing Jingneng Thermal Power Co., Ltd. from March 2010 to June 2013. He worked in Beijing Jingneng International Energy Co. Ltd. from August 2007 to March 2010 and served as its vice manager in charge of daily management at financial department since June 2009. During his tenure with Inner Mongolia Power (Group) Co. Ltd., Mr. Huang served as a division chief at price control division of financial department from January 2007 to July 2007, deputy chief at budget office of financial department from January 2004 to December 2006, a specialist in electricity pricing at management office of financial department from October 2000 to December 2003 and an audit personnel at fund procurement center of financial department from January 1998 to October 2000. He was the financial officer of Inner Mongolia Dianye Art Troupe from August 1995 to January 1998. Mr. Huang received his bachelor degree from finance department of Inner Mongolia College of Finance and Economics (currently known as Inner Mongolia University of Finance and Economics) in July 1995. From September 2004 to June 2007, he studied in business management at North China Electric Power University and was granted master's degree in business administration.

Mr. ZHANG Jurui (張巨瑞), aged 46, has been a chief engineer of our Company since March 2010. Mr. Zhang has over 8 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 40, 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 managing 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.

Profiles of Directors, Supervisors and Senior Management

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 (梁慧嫺), aged 46, 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.

The Board of Directors of the Company now presents the annual report of the year 2013 (the "**Annual Report**") and the audited financial statements of the Group (the "**Financial Statements**") for the year ended December 31, 2013 to Shareholders.

SHARE CAPITAL

As of December 31, 2013, the total share capital of the Company was RMB6,477,413,454, divided into 6,477,413,454 shares of RMB1.00 each. The Company completed the placing of 327,508,000 new H Shares on October 23, 2013 at the price of HK$2.82 per H Share. For additional information of such placement of new H Shares of the Company, please refer to the Company's announcements dated October 16, 2013 and October 23, 2013. Details of movements in the share capital of the Company during the year are set out in note 37 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, 2013.

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 note 20, 21, 48 to the Financial Statements.

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended December 31, 2013 are set out in the Consolidated Statement of Comprehensive Income on page 64. The financial condition of the Company and its subsidiaries for the year ended December 31, 2013 is set out in the Consolidated Statement of Financial Position on pages 65 to 66. The consolidated cash flow of the Company and its subsidiaries for the year ended December 31, 2013 is set out in the Consolidated Statement of Cash Flows on pages 69 to 70.

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 26.

Report of the Directors

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 10, 2014, for the payment of a final dividend of RMB4.34 cents per share (tax inclusive) for the year ended December 31, 2013 payable to the Shareholders of the Company whose names are listed in the register of members of the Company on June 19, 2014, in an aggregate amount of approximately RMB281.1 million (the "**2013 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 2013 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 2013 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 2013 Final Dividend based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2013 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, 2013.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2013 Final Dividend, the H Share register of members of the Company will be closed from May 11, 2014 to June 10, 2014 (both days inclusive) and from June 14, 2014 to June 19, 2014 (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 9, 2014. In order to qualify for receiving the proposed 2013 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 13, 2014.

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, 2013 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, 2013 is illustrated below.

Name	Title in the Company	Date of Appointment/Re-election
LU Haijun	Chairman and non-executive Director	17 December 2013
GUO Mingxing	Non-executive Director	17 December 2013
XU Jingfu	Non-executive Director	17 December 2013
LIU Guochen	Non-executive Director	17 December 2013
YU Zhongfu	Non-executive Director	17 December 2013
JIN Yudan	Non-executive Director	17 December 2013
CHEN Ruijun	Executive Director and general manager	17 December 2013/ 5 September 2012
LIU Chaoan	Independent non-executive Director	17 December 2013
SHI Xiaomin	Independent non-executive Director	17 December 2013
LAU Miu Man	Independent non-executive Director	17 December 2013
WEI Yuan	Independent non-executive Director	17 December 2013
CHEN Yanshan	Chairman of the Board of Supervisors	17 December 2013
LIU Jiakai	Supervisor	17 December 2013
HUANG Linwei	Supervisor	23 October 2013
KANG Jian	Deputy general manager and secretary of the Board	11 March 2010/ 14 December 2009
LI Zhijian	Deputy general manager	11 March 2010
ZHU Baocheng[1]	Chief accountant	11 March 2010
HUANG Hui	Chief accountant	28 June 2013
ZHANG Jurui	Chief engineer	11 March 2010
JIA Geng	Deputy general manager	8 June 2012

Note:

(1) The resignation of Mr. Zhu Baocheng as chief accountant took effect on June 28, 2013

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 29 to page 36 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 current 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 statutory compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

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

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2013 are set out below:

Name	Basis salaries, and allowances RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
KANG Jian	480	37	517
LI Zhijian	480	37	517
ZHU Baocheng[(1)]	79	6	85
Huang Hui	317	22	339
ZHANG Jurui	480	37	517
JIA Geng	480	37	517

Note:

(1) The resignation of Mr. ZHU Baocheng as the Chief accountant took effect on June 28, 2013

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year of 2013 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 2013, 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, 2013, 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, 2013, 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	–	65.11	–
BSAMAC	domestic share	Beneficial interest and interest of a controlled corporation	4,442,302,231	–	98.45	–	68.58	–
SAIF IV GP Capital Ltd.	H share	Interest of a controlled corporation	173,532,000	–	8.83	–	2.68	–
SAIF IV GP LP	H share	Interest of a controlled corporation	173,532,000	–	8.83	–	2.68	–
SAIF Partners IV L.P.	H share	Beneficial interest	173,532,000	–	8.83	–	2.68	–
Yan Andrew Y.	H share	Interest of a controlled corporation	173,532,000	–	8.83	–	2.68	–
Beijing Enterprises Holdings Limited	H share	Interest of a controlled corporation	219,200,000	–	11.15	–	3.38	–

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
Beijing Enterprises Energy Technology Investment Co. Limited	H share	Beneficial interest	219,200,000	–	11.15	–	3.38	–
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited	H share	Interest of a controlled corporation	219,200,000	–	11.15	–	3.38	–
Gold Wind New Energy (HK) Investment Ltd.	H share	Beneficial interest	140,118,000	–	7.13	–	2.16	–
Xinjiang Goldwind Science & Technology Co., Ltd.	H share	Interest of a controlled corporation	140,118,000	–	7.13	–	2.16	–
New Wealth Investment Holdings Limited	H share	Beneficial interest	137,008,928	–	6.97	–	2.12	–
Chen Li	H share	Interest of a controlled corporation	137,008,928	–	6.97	–	2.12	–
Kegwise Capital Management (HK) Limited	H share	Investment manager	138,494,000	–	7.05	–	2.14	–
Norges Bank	H share	Beneficial interest	110,848,000	–	5.64	–	1.71	–
JP Morgan Chase & Co	H share	Beneficial interest and Custodian corporation/ approved lending agent	110,742,000	–	5.64	–	1.71	–
JP Morgan Chase Bank, N.A.	H share	Beneficial interest and Custodian corporation/ approved lending agent	110,742,000	–	5.64	–	1.71	–

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 2013.

CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt connected transaction during the year 2013.

CONTINUING CONNECTED TRANSACTIONS

The Group 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 exempt 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 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 2013	Actual transaction value in 2013
1.	Framework Property Lease Agreement	BEIH	14.00	9.33
2.	Framework Equipment Maintenance Agreement	BEIH	39.00	37.56
3.	Framework Electricity Sale and Purchase Agreement	BEIH	13.00	0
4.	Framework Service Agreement	BEIH	124.79	35.14
	– landscaping services		1.45	1.22
	– property management services		11.10	9.04
	– consultancy and technical support regarding operational safety		40.22	0
	– conference services		3.62	0.33
	– bidding agency services		21.00	0
	– project management services		47.40	24.55
5.	Framework Operating Agreement	BEIH	8.00	0
6.	Framework Equipment Operating and Maintenance Agreement	BEIH	37.00	0
7.	Project Contracting Agreements	BIEE	–	39.41
8.	Framework Heat Sale and Purchase Agreement	BDHG	914.00	347.52
9.	Entrusted Loan Services	BEIH Finance	6.10	6.04
10.	Deposit Services	BEIH Finance	400.00	377
11.	Equipment Purchase Framework Agreement	BEIH	40.00	37.29

Continuing Connected Transactions between the Group and BEIH and its Associates

BEIH, a controlling shareholder of the Company, directly held 64.521% of the total issued share capital of the Company as at December 31, 2013. As such, BEIH and its associates are connected persons of the Company pursuant to the Listing Rules.

BDHG, is a wholly owned subsidiary of BEIH and therefore a connected person of the Company pursuant to the Listing Rules.

The Company and BEIH and 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;

- 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;

Connected Transactions between the Group and BIEE

BIEE is a wholly-owned subsidiary of BEIH. As a result, BIEE is a connected person of the Company pursuant to the Listing Rules.

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

The Project Contracting Agreements were valid from signing dates to the completion and delivery of the projects, fulfillment of warranty obligations and settlement of all outstanding balances. The fees generated from the transaction under the Project Contracting Agreement in 2013 were due to the delay of construction progress that should be finished in 2011 and there was no new agreement or transaction entered into between BIEE and the Company in this regard. All construction projects under the Project Contracting Agreement were completed in 2013 with no additional fees generated thereafter. The aggregate amount of the fees under the Project Contracting Agreement in 2011 and 2013 was RMB530.34 million, less than its annual cap in 2011 which is RMB864 million.

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 shall not be higher than fees to be charged by independent financial institutions which provide similar services.

Other

Save as disclosed above, none of the transactions disclosed as related party transactions in note 43 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 either Rule 14A.31, Rule 14A.33 or Rule 14A.65 of 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 and usual course of business of the Group;

(2) made on normal commercial terms; and

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

Confirmation of the Auditors

The 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 to 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 December 12, 2011 and the announcement with regard to a revision to annual caps of certain continuing connected transactions dated August 23, 2012 or the Company's announcement dated March 28, 2012 (as applicable) 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, 2013, the total volume of purchases from the five largest suppliers of the Company accounted for 59.40% of the total purchase volume of the Company of the year. The purchase from the largest supplier accounted for 33.76% of the total purchase volume of the Company during the year.

For the year ended December 31, 2013, the total sales to the five largest customers of the Company accounted for 97.02% of the total sales of the year. The sales to the largest customers accounted for 67.22% 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 42 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

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 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended December 31, 2013.

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. On October 23, 2013, the Company completed the placing of 327,508,000 new H Shares and raised proceeds (net of issue expenses) of approximately RMB715.4 million. As at December 31, 2013, approximately HKD1,523 million have been used.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2013, 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 Group's 2013 annual results announcement, annual report and the audited financial statements for the year ended December 31, 2013 prepared in accordance with the IFRSs.

AUDITORS

Deloitte Touche Tohmatsu and Ruihua 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, 2013. The Company's financial statements for the year 2013 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu.

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
Lu Haijun
Chairman of the Board of Directors

Beijing, the PRC
March 19, 2014

Report of the Board of Supervisors

In 2013, 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, and for the sake of safeguarding the benefits of the Company and maximizing the interests of all the Shareholders, duly performed their supervisory duties, 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 all the Shareholders and played a due role in the steady course of the Company's development.

I. MEETING OF THE BOARD OF SUPERVISORS

In 2013, the Board of Supervisors of the Company convened a total of three meetings. The convening of the meetings, the execution of the resolutions and the exercise of the supervisory rights were made in compliance with the relevant requirements of the Company Law, Articles of Association and Rules of Procedure for the Board of Supervisors. During the reporting period, the Board of Supervisors passed numerous resolutions, such as the Report of the Board of Supervisors and the Resolution on the Re-election of a New Board of Supervisors, and all members of the Board of Supervisors were successfully re-elected. In addition, members of the Board of Supervisors of the Company were present at the 2012 annual general meeting of the Company, the extraordinary general meeting in 2013, 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, 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 2013

1. The Board of Supervisors conducted effective supervision and inspection on the regulatory compliance of the Company's operations, the Company's finance, the management of production and operations as well as the internal control by attending the discussion meetings of the Board of the Company. The Board of Supervisors reviewed and passed the Work Report of General Manager, the Reports of the Board of Directors, the Audited Financial Report (IAS), the Financial Budget Report of the Company, and also the major policies and decisions formulated by the Board and the Company in terms of operation and management. Meanwhile, the Board of Supervisors gradually improved internal working mechanism, and further strengthened the supervision on the implementation of the Board's decisions. All the above efforts forged a deeper understanding of, steering and more stringent supervision over the lawful operation of the Company as a whole.

2. The members of the Board of Supervisors examined and supervised the financial positions, the financial management and operation results of the Company for 2013 through regular inspections on the financial reports and financial budget of the Company, reviews of accounting vouchers and books of the Company from time to time and reviews of auditor's reports provided by accounting firms, and provided advice in light of actual situations.

3. The Board of Supervisors attended the extraordinary general meeting in 2013, 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. The Board of Supervisors attended two on-site meetings of the Board for 2013 of the first session of the Board and one on-site meeting of the Board for 2013 of the second 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

The year 2013 marked the second complete financial year of the Company after its listing. The Board of Supervisors considered that the Company achieved each and every operational and managerial goal set forth by the Board at the beginning of the year in all respects, which was the result of the correct leadership of the Board and the concerted efforts of all employees throughout the year. During the reporting period, the Company achieved satisfactory results in lawful operation, cost control, project-construction and development, capital operation and internal management. The diligent and responsible management of the Company enhanced the corporate governance by further improving all the internal management rules, strengthening the implementation of and supervision on the internal control systems, 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 effectively 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, that the Company had internal comprehensive control system, standardized financial operation and sound financial position, and that the accounting methods conformed to relevant requirements of the IASs; and the financial reports of the Company followed the principle of consistency and 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 IASs, on the consolidated financial statements for the year 2013 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 related 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 connected transactions were reasonable, open and fair while 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 2014, the Board of Supervisors will fully perform its supervisory duties and strictly 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 with an aim to boost the economic benefits of the Company and faithfully safeguard the interests of the all Shareholders and the Company.

Chairman of the Board of Supervisors
Chen Yanshan
Beijing, the PRC
March 19, 2014

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 as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, throughout the year ended December 31, 2013, the Company has complied with all code provisions as set out in the CG Code.

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.

Specific enquiry has been made of all the Directors and supervisors of the Company. All the Directors and supervisors have confirmed that they have complied with the Model Code throughout the year ended December 31, 2013.

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 inside 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 29 to 36 of the Annual Report for the year ended December 31, 2013.

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 balance of views and judgment. The Chairman provides leadership and is responsible for the effective functioning and leadership 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, 2013, 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/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to 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 2013, there were in-house seminars conducted covering the topics of continuing obligations of listed issuers and its Directors. 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 each Board committee 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 150.

Audit Committee

The Audit Committee comprises 3 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 evaluate 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 two meetings to review interim and annual financial results and reports in respect of the year ended December 31, 2013 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 Director.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprise three 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 reviewing and making recommendations to the Board on 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.

In assessing the Board composition, the Remuneration and Nomination Committee would take into account various aspects set out in the Board Diversity Policy as adopted by the Board on August 27, 2013, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Remuneration and Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Remuneration and Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company. It would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Remuneration and Nomination Committee met once to review, 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 general meetings.

The Remuneration and Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

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, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the 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, 2013 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)*	6/6			1/1	1/1
GUO Mingxing	6/6	1/1		1/1	1/1
XU Jingfu	6/6			1/1	1/1
LIU Guochen	6/6		2/2	1/1	1/1
YU Zhongfu	6/6			1/1	1/1
JIN Yudan	6/6			1/1	1/1
CHEN Ruijun	6/6			1/1	1/1
LIU Chaoan	6/6	1/1	2/2	1/1	1/1
SHI Xiaomin	6/6	1/1		1/1	1/1
LAU Miu Man	6/6		2/2	1/1	1/1
WEI Yuan	6/6			1/1	1/1

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 Director 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, 2013.

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 of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 62 to 63.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services for the year ended December 31, 2013 amounted to RMB4,573,000.

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 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 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, 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 ten 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 Company's Articles of Association.

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 not normally 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 PRC
(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 general meetings to meet Shareholders and answer their enquiries.

During the year under review, the Company has amended its Articles of Association. Details of the amendments are set out in the circular dated 1 November 2013 to the Shareholders. 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 64 to 146, which comprise the consolidated statement of financial position as at December 31, 2013, consolidated statement of profit or loss and other 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, 2013, 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 19, 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	Year ended December 31, 2013 RMB'000	2012 RMB'000
Revenue	6	**6,254,824**	4,151,630
Other income	7	**1,462,121**	733,211
Gas consumption		**(3,659,648)**	(1,841,308)
Depreciation and amortization	11	**(1,102,715)**	(854,438)
Personnel costs	11	**(347,436)**	(249,147)
Repairs and maintenance		**(248,961)**	(151,208)
Other expenses		**(427,864)**	(291,320)
Other gains and losses	8	**107,237**	51,387
Profit from operations		**2,037,558**	1,548,807
Interest income	9	**29,636**	27,890
Finance costs	9	**(905,371)**	(708,468)
Share of results of associates		**287,939**	243,541
Share of results of joint ventures		**73**	169
Profit before taxation		**1,449,835**	1,111,939
Income tax expense	10	**(222,352)**	(123,533)
Profit for the year	11	**1,227,483**	988,406
Profit and total comprehensive income for the year attributable to:			
– Equity owners of the Company		**1,145,534**	910,101
– Non-controlling interests		**81,949**	78,305
		1,227,483	988,406

	Notes	Year ended December 31, 2013 RMB cents	2012 RMB cents
Earnings per share			
Basic and diluted	14	**18.44**	14.81

Consolidated Statement of Financial Position

AT DECEMBER 31, 2013

	Notes	At December 31, 2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	**23,935,069**	17,405,497
Intangible assets	16	**4,494,646**	4,656,091
Goodwill	17	**124,194**	124,194
Prepaid lease payments	19	**131,905**	133,297
Investments in associates	20(a)	**1,650,903**	1,455,219
Loans to associates	20(b)	**149,440**	149,440
Investments in a joint venture	21	**80,463**	80,390
Deferred tax assets	22	**100,140**	108,356
Available-for-sale financial assets	23	**98,528**	98,028
Trade receivable	25	**–**	354,259
Value-added tax recoverable	27	**561,830**	513,977
Deposit paid for acquisition of property, plant and equipment		**763,646**	1,168,222
		32,090,764	26,246,970
Current assets			
Inventories	24	**84,613**	69,858
Trade and bill receivables	25	**1,858,614**	1,475,193
Other receivables, deposits and prepayments	26	**1,040,249**	317,590
Current tax assets		**9,125**	11,473
Amounts due from related parties	43(c)	**117,696**	138,478
Prepaid lease payments	19	**2,269**	2,116
Value-added tax recoverable	27	**548,531**	426,825
Restricted bank deposits	28	**421,787**	207,576
Cash and cash equivalents	29	**2,319,504**	2,178,030
		6,402,388	4,827,139
Assets classified as held for sale	30	**–**	34,969
		6,402,388	4,862,108

Consolidated Statement of Financial Position

AT DECEMBER 31, 2013

	Notes	At December 31, 2013 RMB'000	2012 RMB'000
Current liabilities			
Trade and other payables	31	**4,797,551**	1,915,092
Amounts due to related parties	43(d)	**304,700**	1,339,284
Bank and other borrowings-due within one year	32	**3,617,543**	4,266,759
Short-term debentures	33	**1,800,000**	–
Income tax payable		**126,102**	49,548
Deferred income-current portion	36	**–**	32,916
		10,645,896	7,603,599
Liabilities associated with assets classified as held for sale	30	**–**	1,169
		10,645,896	7,604,768
Net current liabilities		**(4,243,508)**	(2,742,660)
Total assets less current liabilities		**27,847,256**	23,504,310
Non-current liabilities			
Bank and other borrowings-due after one year	32	**12,077,830**	9,305,903
Medium-term notes	34	**1,000,000**	1,000,000
Corporate bonds	35	**3,588,434**	3,582,903
Deferred tax liabilities	22	**26,092**	24,894
Deferred income	36	**190,742**	268,285
		16,883,098	14,181,985
Net assets		**10,964,158**	9,322,325
Capital and reserves			
Share capital	37	**6,477,413**	6,149,905
Reserves		**4,199,672**	2,896,880
Equity attributable to equity owners of the Company		**10,677,085**	9,046,785
Non-controlling interests	39	**287,073**	275,540
Total equity		**10,964,158**	9,322,325

The consolidated financial statements on pages 64 to 146 were approved and authorized for issue by the Board of Directors on March 19, 2014 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, 2013

	Attributable to equity owners of the Company							
	Share capital RMB'000 (Note 37)	Capital reserve RMB'000 (Note 38)	Statutory surplus reserve RMB'000 (Note a)	Other reserves RMB'000 (Note c)	Accumulated profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2013	**6,149,905**	**1,337,052**	**381,504**	**3,914**	**1,174,410**	**9,046,785**	**275,540**	**9,322,325**
Issue of shares (Note 37(b))	**327,508**	**403,164**	**–**	**–**	**–**	**730,672**	**–**	**730,672**
Issuance costs	**–**	**(15,285)**	**–**	**–**	**–**	**(15,285)**	**–**	**(15,285)**
Appropriation to statutory surplus reserve (Note a)	**–**	**–**	**177,557**	**–**	**(177,557)**	**–**	**–**	**–**
Dividend declared (Notes 13(b) and (c))	**–**	**–**	**–**	**–**	**(230,621)**	**(230,621)**	**(70,416)**	**(301,037)**
	6,477,413	**1,724,931**	**559,061**	**3,914**	**766,232**	**9,531,551**	**205,124**	**9,736,675**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,145,534**	**1,145,534**	**81,949**	**1,227,483**
At December 31, 2013	**6,477,413**	**1,724,931**	**559,061**	**3,914**	**1,911,766**	**10,677,085**	**287,073**	**10,964,158**
At January 1, 2012	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 37(a))	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 d)	–	(610,000)	–	–	–	(610,000)	–	(610,000)
Deemed distribution to holding company arising from acquisition of subsidiaries under common control	–	(1,839,929)	–	–	–	(1,839,929)	–	(1,839,929)
Acquisition of additional interest in a subsidiary (Note b)	–	(18,243)	–	–	–	(18,243)	(98,479)	(116,722)
Dividend declared (Notes 13(d), (e) and (f))	–	–	–	–	(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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2013

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 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., English name for identification purpose) ("BDHG"), a related company under common control of 北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd., English name for identification purpose) ("BEIH"), 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.

(c) Other reserves represent the share of other comprehensive income of associates and joint ventures.

(d) During the year ended December 31, 2012 and prior to the acquisition by the Company, 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)("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.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2013

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Operating activities		
Profit before taxation	**1,449,835**	1,111,939
Adjustments for:		
Depreciation and amortization	**1,102,715**	854,438
Impairment losses on doubtful receivables	**683**	172
Dividend from available-for-sale financial assets	**(1,398)**	(2,468)
(Gain) loss on disposal of:		
– Property, plant and equipment	**15,797**	30,551
– A subsidiary	**(45,900)**	(42,815)
– A joint venture	**–**	(32,988)
Gain on capital contribution from the non-controlling interest in an associate	**(87,747)**	–
Share of results of associates	**(287,939)**	(243,541)
Share of results of joint ventures	**(73)**	(169)
Interest income	**(29,636)**	(27,890)
Finance costs	**905,371**	708,468
Prepaid lease payments released to profit or loss	**3,723**	2,297
Deferred income released to profit or loss	**(2,632)**	(2,632)
Operating cash flows before movements in working capital	**3,022,799**	2,355,362
Movements in working capital		
Increase in inventories	**(14,755)**	(11,184)
Increase in trade and bill receivables	**(54,360)**	(424,557)
Decrease (increase) in amounts due from related parties	**19,412**	(99,528)
Increase (decrease) in other receivables, deposits and prepayments	**466,702**	(28,277)
Increase in trade and other payables	**1,355,301**	86,676
Increase (decrease) in amounts due to related parties	**2,540**	(3,839)
Decrease in deferred income	**(32,916)**	(127,178)
Cash generated from operations	**4,764,723**	1,747,475
Income tax paid	**(134,036)**	(180,673)
Net cash generated from operating activities	**4,630,687**	1,566,802
Investing activities		
Interest received	**25,644**	28,607
Dividends received	**184,634**	58,539
Repayment of loans by associates	**–**	138,072
Cash advanced to associates	**–**	(151,072)
Repayment of loans receivable	**75,000**	–
Repayment of loans from related parties	**–**	250,000
Cash advanced to related parties	**(235)**	(2,966)
Acquisition of:		
– Property, plant and equipment	**(6,925,797)**	(4,067,480)
– Intangible assets	**(23,136)**	(42,104)
Addition of prepaid lease payments on land use rights	**(2,484)**	(750)
Proceeds on disposals of		
– Property, plant and equipment	**1,177**	35,594
– A joint venture	**–**	153,196

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Year ended December 31, 2013 RMB'000	2012 RMB'000
Deposit of restricted bank deposits		**(214,211)**	(207,576)
Cash received from government grants		**35,089**	228,812
Return of government grants		**(110,000)**	–
Cash inflow on disposal of one subsidiary	47	**50,313**	131,825
Net cash used in investing activities		**(6,904,006)**	(3,447,303)
Financing activities			
Interest paid		**(821,246)**	(586,337)
Advances from related parties		**–**	65,544
Repayment to related parties		**(65,544)**	–
New bank and other borrowings raised		**10,440,087**	10,578,988
Repayments of bank and other borrowings		**(8,317,376)**	(11,204,003)
Proceeds from issuance of short-term debentures		**1,800,000**	–
Issuance cost for short-term debentures		**(7,200)**	–
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 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
H shares issued for placement		**730,672**	–
Payment to NSSF		**–**	(156,132)
Payment of transaction costs attributable to issue of new shares		**(21,202)**	(34,257)
Payment of transaction costs attributable to exercise of over-allotment		**–**	(6,118)
Payment of transaction costs attributable to placement		**(15,285)**	–
Settlement of consideration payable for acquisition of a subsidiary		**(919,929)**	(920,000)
Dividends paid to:			
– Equity owners of the Company		**(230,621)**	(619,577)
– non-controlling shareholders of subsidiaries		**(100,517)**	(52,000)
Distribution to holding company by acquired subsidiaries before the acquisition		**(30,000)**	(394,350)
Acquisition of non-controlling interest		**–**	(116,722)
Net cash generated from financing activities		**2,441,839**	1,311,307
Net increase (decrease) in cash and cash equivalents		**168,520**	(569,194)
Cash and cash equivalents at the beginning of the year		**2,178,117**	2,747,265
Effect of foreign exchange rate changes		**(27,133)**	46
Cash and cash equivalents at the end of the year		**2,319,504**	2,178,117
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		**2,319,504**	2,178,030

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").

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 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, English name for identification purpose).

The principal activities of the Company and its subsidiaries (collectively referred to as 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, 2013, the Group has net current liabilities of RMB4,243,508,000. Taking into consideration of the unutilized banking and other borrowing facilities available to Group of RMB14,129,630,000 at December 31, 2013, 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) 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.

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

In the current year, the Group has applied the following new and revised IFRSs:

Amendments to IFRSs	Annual improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS10, IFRS 11 and IFRS12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangement
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS1	Presentation of Items of Other Comprehensive Income
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 20, 21, 49 and 50 for details).

Impact of the application of IFRS 13

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements. IFRS 13 requires prospective application. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Impact of the application of Amendments to IAS 1

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to IAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Other than the above mentioned presentation change, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities(1)
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions(2)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures(3)
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities(1)
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting(1)
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle(4)
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle(2)
IFRS 9	Financial Instruments(3)
IFRS 14	Regulatory Deferral Accounts(5)
IFRIC 21	Levies(1)

Notes:

(1) Effective for annual periods beginning on or after January 1, 2014
(2) Effective for annual periods beginning on or after July 1, 2014
(3) Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised
(4) Effective for annual periods beginning on or after July 1, 2014, with limited exceptions
(5) Effective for first annual IFRS financial statements beginning on or after January 1, 2016

Except as described below, the Directors anticipate that the application of the amendments will have no impact on the Group.

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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 is available for application, however the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

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.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. 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.

The principle accounting policies are set out below.

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 when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

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

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.

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 subject only to terms that are usual and customary for sales of such assets (or disposal groups). 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 amortisation and accumulated impairment losses.

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

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.

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 acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures 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, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 or a joint venture. 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 of disposal) 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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 the Group lost significant influence or joint control over the investee.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement of the previously held interest or the retained interest to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

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

Effective interest method

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills, other receivables and deposits, amounts due from related parties, loans to associates, 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).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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, short-term debentures, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

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 of 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.

Allowance on doubtful receivables

The Group estimates the impairment on trade and bill receivables and other 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 and other 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 other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment on trade and bill receivables and other receivable at the end of each reporting period. At December 31, 2013, the carrying amount of trade and bill receivables and other receivables net of allowance on doubtful receivables is RMB1,858,614,000 and RMB986,596,000 (2012: RMB1,829,452,000 and RMB288,192,000).

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.

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

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.

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:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Sales of goods:		
– Electricity	**5,830,731**	3,749,920
– Heat energy	**415,505**	388,766
Service income from:		
– Associate (Note)	**554**	–
– Third parties (Note)	**8,034**	12,944
	6,254,824	4,151,630

Note: The service income for the year ended December 31, 2013 and December 31, 2012 represented repair and maintenance service provided to an associate and third parties.

7. OTHER INCOME

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Government grants and subsidies related to:		
– Clean energy production (Note 36(a))	**1,382,577**	450,386
– Construction of assets (Note 36(b))	**2,632**	2,632
Income from CERs and VERs	**31,258**	248,456
Value-added tax refunds (Note)	**36,705**	13,570
Dividend from available-for-sale financial assets, unlisted	**1,398**	2,468
Others	**7,551**	15,699
	1,462,121	733,211

Note: 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.

8. OTHER GAINS AND LOSSES

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Other gains (losses) comprise:		
Gain on dilution of interest in a subsidiary of an associate (Note (a))	**87,747**	–
Gain on disposal of a subsidiary (Note 47)	**45,900**	42,815
Gain on disposal of a joint venture (Note (b))	**–**	32,988
Impairment loss on doubtful receivables	**(683)**	(172)
Loss on disposal of property, plant and equipment	**(15,797)**	(30,551)
Net exchange (loss) gain	**(11,209)**	6,078
Others	**1,279**	229
	107,237	51,387

Notes:

(a) This item represents the increase in the share of capital reserve of 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") as a result of issuance of shares at the market price by a listed subsidiary of Jingneng International to certain non-controlling shareholders by way of placement.

(b) During the year ended December 31, 2012, the Company entered into sales agreement to dispose of 50% equity interest in a joint venture 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

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Interest income from:		
– Loans to associates	**8,861**	9,224
– A related non-bank financial institution (Note)	**4,690**	1,604
– Bank balances	**16,085**	17,062
Total interest income	**29,636**	27,890
Interest on bank and other borrowings, short-term debentures, medium-term notes, and corporate bonds wholly repayable:		
– Within five years	**955,841**	804,162
– Over five years	**143,115**	176,827
Total interest expense	**1,098,956**	980,989
Less: Amounts capitalized in property, plant and equipment	**(193,585)**	(272,521)
Total finance costs	**905,371**	708,468
Net finance costs	**875,735**	680,578

	Year ended December 31, 2013	2012
Capitalization rate of borrowing costs to expenditure on qualifying assets	**6.08%**	7.00%

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

10. INCOME TAX EXPENSE

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	**212,938**	140,371
Tax refund	**–**	(17,450)
Deferred tax (Note 22):		
Current year	**9,414**	612
Income tax expense	**222,352**	123,533

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2012: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended December 31, 2013.

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. The Group's certain subsidiaries and wind farm projects enjoy this tax concession.

Besides above tax concession, 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. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a two-year tax exemption and a three-year 50% deduction on the PRC enterprise income tax for taxable income commencing from the first year when relevant projects generate revenue. The Group's certain wind farm projects and hydropower projects are entitled to this tax concession.

10. INCOME TAX EXPENSE *(continued)*

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

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Profit before taxation	**1,449,835**	1,111,939
PRC enterprise income tax at 25% (2012: 25%)	**362,459**	277,985
Tax effect on:		
– Expenses not deductible for tax purposes	**5,209**	17,533
– Tax effect of share of result of associates and joint ventures	**(72,003)**	(60,927)
– Tax losses and temporary differences not recognised as deferred tax assets	**30,943**	13,575
– Utilization of tax losses not recognised previously	**–**	(10,997)
– PRC enterprise income tax exemption and concessions	**(104,256)**	(96,186)
– Tax refund	**–**	(17,450)
	222,352	123,533

11. PROFIT FOR THE YEAR

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**4,573**	6,031
Prepaid lease payments released to profit or loss	**3,723**	2,297
Operating lease payments in respect of land and building	**12,108**	11,973
Depreciation and amortization:		
Depreciation of property, plant and equipment (Note 15)	**918,134**	672,592
Amortization of intangible assets (Note 16)	**184,581**	181,846
Total depreciation and amortization	**1,102,715**	854,438
Personnel costs:		
Directors' emoluments (Note 12)	**1,415**	1,206
Other personnel costs	**346,021**	247,941
Total personnel costs	**347,436**	249,147

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 RMB'000 (Note)	Retirement benefit contribution RMB'000	Total RMB'000
Year ended December 31, 2013					
Executive Director:					
Mr. Ruijun Chen	–	578	–	37	615
	–	578	–	37	615
Non-executive Directors:					
Mr. Haijun Lu (Chairman)	–	–	–	–	–
Mr. Mingxing Guo	–	–	–	–	–
Mr. Jingfu Xu	–	–	–	–	–
Mr. Guochen Liu	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
Mr. Yudan Jin	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Chaoan Liu	250	–	–	–	250
Mr. Xiaomin Shi	150	–	–	–	150
Ms. Miu Man Lau	250	–	–	–	250
Mr. Yuan Wei	150	–	–	–	150
	800	–	–	–	800
Supervisors:					
Mr. Yanshan Chen	–	–	–	–	–
Mr. Jiakai Liu	–	–	–	–	–
Ms. Linwei Huang	–	187	176	37	400
	–	187	176	37	400
	800	765	176	74	1,815

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

	Director fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000 (Note)	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	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. Chaoan Liu	225	–	–	–	225
Mr. Xiaomin Shi	150	–	–	–	150
Ms. Miu Man Lau	250	–	–	–	250
Mr. Yuan Wei	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

Mr. Ruijun Chen is the Chief Executive of the Company starting 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 RMB1,415,000 (2012: RMB1,206,000) (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, 2013, the five highest paid individuals do not include any Directors or Supervisors (2012: none). The emoluments of the five highest paid individuals for the year ended December 31, 2013 are as follows:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Salaries and allowances	**1,546**	1,670
Bonus	**1,283**	1,213
Retirement benefit contributions	**274**	229
	3,103	3,112

Each of the five highest paid individuals in the Group for the year ended December 31, 2013 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 RMB4.34 cents per share (tax inclusive) in respect of the year ended December 31, 2013 amounting to RMB281,120,000 has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

(b) On March 27, 2013, 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 was declared by the Directors and subsequently paid in August 2013.

(c) On April 26, 2013, a dividend in the total amount of RMB270,831,000 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 RMB70,416,000 attributable to its non-controlling shareholder.

13. DIVIDENDS *(continued)*

(d) 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.

(e) 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.

(f) On May 8, 2012, a dividend in the total amount of RMB315,774,000 was declared by Taiyanggong Power to its shareholders, including RMB82,101,000 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:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to equity owners of the Company for the purpose of basic and diluted earnings per share	**1,145,534**	910,101

	Year ended December 31,	
	2013	2012
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**6,211,818**	6,144,745

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

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, 2012	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 47)	(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
Additions	7,467	76,700	11,796	8,994	7,346,409	7,451,366
Adjustment (Note b)	27,781	(13,643)	–	(824)	–	13,314
Transfer	1,844,100	1,564,093	–	–	(3,408,193)	–
Capitalization of depreciation for construction in progress (Note c)	–	–	–	–	2,569	2,569
Disposals	(1,085)	(19,184)	(3,228)	(1,552)	–	(25,049)
At December 31, 2013	4,042,855	14,949,486	100,855	49,909	8,171,477	27,314,582
DEPRECIATION AND IMPAIRMENT						
At January 1, 2012	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 47)	(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
Depreciation provided for the year (Note 11)	112,670	788,027	10,960	6,477	–	918,134
Capitalization of depreciation for construction in progress (Note c)	–	714	1,335	520	–	2,569
Eliminated on disposals	(196)	(3,604)	(3,045)	(1,230)	–	(8,075)
At December 31, 2013	377,789	2,924,469	49,792	27,463	–	3,379,513
NET BOOK VALUE						
At December 31, 2013	3,665,066	12,025,017	51,063	22,446	8,171,477	23,935,069
At December 31, 2012	1,899,277	11,202,188	51,745	21,595	4,230,692	17,405,497

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 RMB2,022,000 and RMB9,724,000 for the year ended December 31, 2013 and 2012 respectively 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 RMB745,387,000 (2012: RMB62,122,000) as at December 31, 2013. 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, 2013.

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, 2012	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 47)	–	–	(19)	(19)
At December 31, 2012	4,022,154	1,320,275	47,997	5,390,426
Additions	–	–	23,136	23,136
At December 31, 2013	4,022,154	1,320,275	71,133	5,413,562
AMORTIZATION				
At January 1, 2012	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 47)	–	–	(6)	(6)
At December 31, 2012	703,088	30,601	646	734,335
Provided for the year (Note 11)	155,030	27,229	2,322	184,581
At December 31, 2013	858,118	57,830	2,968	918,916
CARRYING VALUES				
At December 31, 2013	3,164,036	1,262,445	68,165	4,494,646
At December 31, 2012	3,319,066	1,289,674	47,351	4,656,091

Notes:

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

Concession rights	4-5%
Operation rights	2% to 5%
Software	10% 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 were made when the Group finalized the construction costs with sub-contractors.

17. GOODWILL

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Cost and Carrying amount	**124,194**	124,194

Goodwill of the Group arises from the acquisition of Sichuan Dachuan and Sichuan Zhongneng.

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 17 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, 2013 and 2012, 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 10.12% (2012: 9.75%). The CGU's cash flows beyond the five-year period are extrapolated using a 3% 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

	At December 31, 2013 RMB'000	2012 RMB'000
Land in the PRC held under medium-term shown in the consolidated financial statements:		
Non-current	**131,905**	133,297
Current	**2,269**	2,116
	134,174	135,413

20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	At December 31, 2013 RMB'000	2012 RMB'000
Unlisted equity investments, at cost	**947,681**	947,681
Share of post-acquisition profits net of dividend declared	**703,222**	507,538
	1,650,903	1,455,219

The associates of the Company were established and operate in the PRC. The details of associates of the Group as at December 31, 2013 and 2012 are set out below:

Name of associate	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2013	2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
Jingneng International	RMB4,000,000,000	**20%**	20%	**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) ("Quanzhou Liupu")	RMB25,000,000	**40%**	40%	**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.,English name for identification purpose) ("Tian Yin Di Re")	RMB70,000,000	**43%**	43%	**43%**	43%	Geothermal power development and heating

(b) Loans to associates

	At December 31, 2013 RMB'000	2012 RMB'000
Loans to associates	**149,440**	149,440

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, 2013, and accordingly the amounts were classified as non-current.

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

(c) Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs. The associate is accounted for using the equity method in the consolidated financial statement.

	At December 31,	
	2013	2012
Jingneng International	**RMB'000**	RMB'000
Non-current assets	**32,945,832**	31,688,600
Current assets	**5,004,272**	4,480,452
Non-current liabilities	**13,520,274**	15,158,711
Current liabilities	**8,349,020**	9,566,647
Non-controlling interest	**8,272,198**	4,607,044

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Revenue	**12,712,248**	12,463,344
Profit and total comprehensive income for the year	**3,060,651**	1,999,333
Dividends received from the associate during the year	**180,002**	56,072

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013	2012
	RMB'000	RMB'000
Net assets of Jingneng International	**7,808,612**	6,836,650
Proportion of the Group's ownership interest in Jingneng International (2013:20%; 2012:20%)	**1,561,722**	1,367,330
Goodwill	**35,270**	35,270
Carrying amount of the Group's interest in Jingneng International	**1,596,992**	1,402,600

Aggregate information of associates that are not individually material:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income	**1,293**	522
Aggregate carrying amount of the Group's interests in these associates	**53,911**	52,618

21. INVESTMENTS IN A JOINT VENTURE

	At December 31, 2013 RMB'000	2012 RMB'000
Unlisted equity investment, at cost	**80,000**	80,000
Share of post-acquisition profits, net of dividend declared	**463**	390
	80,463	80,390

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at December 31, 2013 and 2012 are set out below:

Name of joint venture	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2013	2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose) ("Huayuan Huizhong")	RMB160,000,000	**50%**	50%	**50%**	50%	Environment protection

In the opinion of the Group's Directors, the joint venture is not individually material to the Group. The summarized financial information in respect of the Group's joint venture attributable to the Group's interest therein which are accounted for using the equity accounting method is set out below:

	Year ended December 31, 2013 RMB'000	2012 RMB'000
The Group's share of profit and total comprehensive income	**73**	169
Aggregate carrying amount of the Group's interests in the joint venture	**80,463**	80,390

22. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended December 31, 2012 and 2013:

	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, 2012	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 47)	–	–	–	(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
(Charge) credit to profit or loss (Note 10)	(2,311)	(6)	1,273	(1,522)	(8,229)	(2,445)	(4,467)	8,293	(9,414)
At December 31, 2013	11,228	2,703	(21,238)	51,522	29,249	2,428	(7,971)	6,127	74,048

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.

22. DEFERRED TAXATION *(continued)*

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:

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Deferred tax assets	**100,140**	108,356
Deferred tax liabilities	**(26,092)**	(24,894)
	74,048	83,462

Details of tax losses not recognised are set out below:

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Tax losses	**153,538**	108,194

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.

The unrecognised tax losses will expire as the following:

	At December 31,	
	2013	2012
	RMB'000	RMB'000
2015	**–**	21,450
2016	**6,849**	32,443
2017	**12,120**	54,301
2018	**134,569**	–
	153,538	108,194

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At December 31, 2013 RMB'000	2012 RMB'000
Unlisted equity investments, at cost	**98,528**	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, 2013 mainly represent consumable spare parts used for maintenance, and the relevant maintenance charges was RMB117,752,000 (2012: RMB60,470,000) during the year ended December 31, 2013.

25. TRADE AND BILL RECEIVABLES

	At December 31, 2013 RMB'000	2012 RMB'000
Trade receivables	**1,815,299**	1,797,045
Bill receivables	**44,895**	33,282
	1,860,194	1,830,327
Less: allowance for doubtful receivables	**1,580**	875
	1,858,614	1,829,452
Trade and bill receivables, classified as:		
– Current	**1,858,614**	1,475,193
– Non-current	**–**	354,259
	1,858,614	1,829,452

25. TRADE AND BILL RECEIVABLES *(continued)*

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 end of reporting period:

	At December 31, 2013 RMB'000	2012 RMB'000
Within 60 days	**1,051,620**	838,116
61 to 365 days	**402,133**	343,622
1 to 2 years	**66,914**	514,228
2 to 3 years	**329,766**	133,486
Over 3 years	**8,181**	–
	1,858,614	1,829,452

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.

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 RMB1.5 cents per kilowatts on the consumption of electricity. 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.

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 the Group's wind farm projects and amended the settlement process procedures. 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, 2013, the Group's total outstanding balance of wind power price premium was RMB891,263,000 (2012: RMB1,026,266,000), comprise RMB501,499,000 incurred in the year ended December 31, 2013, RMB53,453,000 incurred in the year ended December 31, 2012 and RMB329,766,000 incurred in the period between May 2011 and December 2011.

25. TRADE AND BILL RECEIVABLES *(continued)*

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. 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:

	At December 31,	
	2013	2012
	RMB'000	RMB'000
1 to 2 years	**54,914**	514,228
2 to 3 years	**329,766**	133,486

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

At December 31, 2013, trade receivables amounting to RMB95,390,000 (2012: RMB80,312,000) are pledged for bank borrowings set out in Note 32(g).

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

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
At the beginning of the year	**875**	710
Provided during the year	**705**	165
At the end of the year	**1,580**	875

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31, 2013 RMB'000	2012 RMB'000
Other receivables from CDM income	**4,584**	105,965
Consideration from disposal of a subsidiary (Note 47)	**50,400**	154,422
Other receivables from government subsidies (Note)	**899,243**	–
Other receivables and deposits	**89,212**	34,270
Advances to supplier	**53,653**	29,398
	1,097,092	324,055
Less: allowance for doubtful receivables	**56,843**	6,465
	1,040,249	317,590

Note:

This balance represented the unpaid subsidies provided by the municipal government of Beijing to encourage the gas power generation, also see Note 36(a). As of December 31, 2013, certain subsidies were not collected by the Group due to the Beijing government was in the process of fund settlement. In the opinion of the Board of Directors of the Group, the above receivables represented the volume of electricity generated in 2013 and were recognised pursuant to the clean energy subsidy policies promulgated by the municipal government of Beijing.

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

	Year ended December 31, 2013 RMB'000	2012 RMB'000
At the beginning of the year	**6,465**	6,464
Recognized during the year	**50,400**	7
Write off	**(22)**	(6)
At the end of the year	**56,843**	6,465

The Group's other receivables denominated in a currency other the functional currency of the relevant group entity are set out below:

	Year ended December 31, 2013 RMB'000	2012 RMB'000
EUR	**4,584**	105,965

27. VALUE-ADDED TAX RECOVERABLE

	At December 31, 2013 RMB'000	2012 RMB'000
Value-added tax recoverable, classified as:		
– Current	**548,531**	426,825
– Non-current	**561,830**	513,977
	1,110,361	940,802

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

	At December 31, 2013 RMB'000	2012 RMB'000
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as current	**421,787**	207,576

Restricted cash as at December 31, 2013 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.

	At December 31, 2013 RMB'000	2012 RMB'000
Bank deposits denominated in:		
– RMB	**1,384,346**	1,536,111
– HK Dollar ("HK$")	**870,602**	245,060
– Euro Dollar ("EUR")	**13,626**	11
Deposits in a related non-bank financial institution denominated in RMB	**50,769**	396,757
Cash on hand	**161**	91
	2,319,504	2,178,030

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, 2013. Such deposits were short-term and are subject to an insignificant risk of changes in value, accordingly, the balances as at December 31, 2013 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:

	At December 31, 2013	2012
Range of interest rates per annum	**0.005% to 1.35%**	0.1% to 1.35%

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 46). 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:

	December 31, 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)

As of December 31, 2013, the Group had completed the disposal of the above disposal group held for sale, the details on the gain of disposal are set out in Note 47.

31. TRADE AND OTHER PAYABLES

	At December 31,	
	2013 RMB'000	2012 RMB'000
Trade payables	**3,192,253**	1,344,907
Bills payable	**1,201,155**	232,576
Advance received from customers	**17,004**	10,605
Salary and staff welfares	**53,697**	65,118
Non-income tax related tax payables	**72,827**	38,969
Accrued interests payable	**213,029**	143,281
Payable for costs of new share issuance	**–**	21,202
Other payables	**47,586**	58,434
	4,797,551	1,915,092

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, 2013, there was RMB294,738,000 (2012: RMB287,966,000) 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.

31. TRADE AND OTHER PAYABLES *(continued)*

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

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Within 30 days	**1,414,727**	520,318
31 to 365 days	**1,393,880**	519,998
1 to 2 years	**235,503**	84,090
2 to 3 years	**37,070**	48,318
Over 3 years	**111,073**	172,183
	3,192,253	1,344,907

The Group's trade payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At December 31,	
	2013	2012
	RMB'000	RMB'000
EUR	**20,877**	–
US$	**–**	16,028

32. BANK AND OTHER BORROWINGS

	At December 31, 2013 RMB'000	2012 RMB'000
Bank loans	**10,855,373**	10,688,012
Other borrowings from		
– a related non-bank financial institution (Note a)	**1,130,000**	1,054,650
– a joint venture (Note b)	**80,000**	80,000
– a fellow subsidiary (Note c)	**120,000**	50,000
– other non-related entities (Note d)	**3,300,000**	1,700,000
– BEIH (Note e)	**210,000**	–
	15,695,373	13,572,662
Represented by:		
– Unsecured borrowings (Note f)	**15,157,873**	13,069,063
– Secured borrowings (Note g)	**537,500**	503,599
	15,695,373	13,572,662
Bank and other borrowings repayable:		
– Within one year	**3,617,543**	4,266,759
– More than one year but not exceeding two years	**1,572,144**	1,377,403
– More than two years but not exceeding three years	**1,260,443**	2,294,144
– More than three years but not exceeding five years	**4,498,087**	2,231,366
– More than five years	**4,747,156**	3,402,990
	15,695,373	13,572,662
Less: Amount due within one year shown under current liabilities	**3,617,543**	4,266,759
Amount due after one year	**12,077,830**	9,305,903

32. BANK AND OTHER BORROWINGS *(continued)*

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 the prevailing interest rates promulgated by PBOC, with a maximum discount of 10% and variable by reference to the interest rates promulgated by PBOC. The balance amounting to RMB770,000,000 are repayable in 2014, and the remaining RMB360,000,000 are repayable in 2016. The interest expenses attributed to above loans from BEIH Finance were RMB46,090,000 for the year ended December 31, 2013 (2012: RMB64,955,000).

(b) The amount represented the borrowing from Huayuan Huizhong, a joint venture 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 RMB4,315,000 for the year ended December 31, 2013 (2012: RMB4,199,000).

(c) The amount represented the borrowings 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"), and 北京京西發電有限責任公司 (Beijing Jingxi Power Generation Co., Ltd., English name for identification purpose) ("Jingxi Power"), fellow subsidiaries of the Company. As at December 31, 2012, the borrowing from Jingfeng Thermal was unsecured, carried at fixed interest rate at 6.00% and repayable within one year. As at December 31, 2013, the borrowing from Jingxi Power was unsecured, carried interest at rate which is 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. The interest expenses attributed to above loans were RMB3,209,000 for the year ended December 31, 2013(2012: RMB1,604,000).

(d) The amount included two borrowings from 北京市財政局 (Beijing Municipal Bureau of Finance, English name for identification purpose), and certain independent financial institutions which established certain designated funds through private placing with qualified investors. As at December 31, 2013, the two borrowings were:

(i) the loan granted by Beijing Municipal Bureau of Finance for clean development amounting to RMB300,000,000, which was unsecured, carried a fixed interest rate at 5.2275% and repayable in 2016;

(ii) 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 RMB3,000,000,000 which was unsecured, carried at variable interest rate by reference to the interest rate promulgated by the PBOC and repayable in December 2017.

As at December 31, 2012, borrowings other than RMB800,000,000 of (ii) above included two entrusted loans 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) and 交銀國際信託有限公司 (Bank of Communications International Trust Co., Ltd, English name for identification purpose) totally amounting to approximately RMB900,000,000, which were both unsecured, carried at variable interest rate by reference to the interest rate promulgated by the PBOC and fully repaid.

(e) The loan were unsecured, carried at fixed interest rate at 6.10% and repayable in 2017. The interest expenses attributed to the loan were RMB71,000 for the year ended December 31, 2013 (2012: RMB nil).

(f) 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 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 RMB1,988,696,000 as at December 31, 2013 (2012: RMB2,020,140,000) which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized facilities is RMB2,285,696,000 (2012: RMB2,020,140,000).

(g) 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 北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd., English name for identification purpose) ("New Energy") as at December 31, 2013. The relevant account receivable balances were RMB95,390,000 (Note 25) as at December 31, 2013 (2012: RMB80,312,000).

32. BANK AND OTHER BORROWINGS *(continued)*

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

	At December 31, 2013 RMB'000	2012 RMB'000
Variable interest rate	**13,119,373**	11,502,662
Fixed interest rate	**2,576,000**	2,070,000
	15,695,373	13,572,662

	Year ended December 31, 2013	2012
Range of interest rates per annum:		
– Variable-interest borrowings	**5.40% to 7.04%**	5.23% to 7.76%
– Fixed-interest borrowings	**5.04% to 6.56%**	5.04% to 6.56%

33. SHORT-TERM DEBENTURES

On January 24, 2013, the Company issued one-year unsecured short-term debentures of RMB900 million at par value, bearing an interest rate of 4.24%. On March 11, 2013, the Company issued one-year unsecured short-term debentures of RMB900 million at par value, bearing an interest rate of 4.02%. The short-term debentures are repayable on January 24, 2014 and March 11, 2014 respectively, and these coupons 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. 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 in the PRC.

35. CORPORATE BONDS

On July 3, 2012, the Company issued corporate bond with par value of RMB100 each totaling 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:

	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	(79,800)
Carrying amount at December 31, 2012	3,582,903
Effective interest recognized	165,131
Interest payable	(159,600)
Carrying amount at December 31, 2013	3,588,434
Fair values of the corporate bonds at December 31, 2013*	3,485,040

* 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, 2013.

36. 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, 2012	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
Additions	1,349,661	35,089	1,384,750
Released to profit or loss (Note 7)	(1,382,577)	(2,632)	(1,385,209)
Transferred to shareholder's loan (Note (c))	–	(110,000)	(110,000)
At December 31, 2013	–	190,742	190,742

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.

(c) Pursuant to a circular issued by Beijing Municipal Bureau of Finance, government grant related to the construction of a project amounting to RMB110,000,000 should be provided to the Group in the form of an entrusted shareholder's loan. Accordingly, BEIH called in the subsidy and re-provided to the Group through an entrusted loan.

	At December 31,	
	2013 RMB'000	2012 RMB'000
Presented in the consolidated financial statements as:		
Non-current	**190,742**	268,285
Current	**–**	32,916
	190,742	301,201

37. SHARE CAPITAL

	Year ended December 31,			
	Number of shares		Share capital	
	2013	2012	**2013**	2012
	'000	'000	**RMB'000**	RMB'000
At beginning of the year	**6,149,905**	6,032,200	**6,149,905**	6,032,200
Exercise of over-allotment option on January 13, 2012 (Note (a))	**–**	117,705	**–**	117,705
Issuance of shares upon placing on October 23, 2013(Note (b))	**327,508**	–	**327,508**	–
At end of the year	**6,477,413**	6,149,905	**6,477,413**	6,149,905

As at December 31, 2013, the share capital comprised the domestic legal person shares 4,512,359,000 (2012: 4,512,359,000) and H shares 1,965,054,000 (2012: 1,637,546,000).

Notes:

(a) 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.

(b) On October 23, 2013, the Company issued 327,508,000 ordinary shares with a par value of RMB1 each at the placing price of HK$2.82 per share. The new shares ranked pari passu in all aspects of the then existing shares of the Company. The proceeds of the issuances will be used as general working capital to fund the business development of the Group.

38. CAPITAL RESERVE

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Share premium on share issuance	**651,452**	263,573
Effects on acquisition of additional interest in a subsidiary	**(19,043)**	(19,043)
Effects on equity transactions with holding company	**1,092,522**	1,092,522
	1,724,931	1,337,052

39. LEASE ARRANGEMENTS

The Group as a leasee

At December 31, 2013, the Group had commitment for future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	At December 31, 2013 RMB'000	2012 RMB'000
Within one year	**12,579**	3,084
In the second to fifth year inclusive	**9,182**	4,278
Over five years	**27,757**	13,302
	49,518	20,664

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.

40. COMMITMENTS

The Group had the following commitments:

	At December 31, 2013 RMB'000	2012 RMB'000
Acquisition or construction of property, plant and equipment contracted but not provided for:	**3,174,243**	5,087,428

41. 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, 2013 and 2012 are as follows:

	At December 31, 2013 RMB'000	2012 RMB'000
Guarantee given to banks in respect of banking facilities granted to:		
– Huayuan Heating	**Nil**	598,440

During the year ended December 31, 2013, all the guarantee facilities have been cancelled.

42. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2013, total cost of RMB39,563,000 (2012: RMB25,784,000) 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 salary for the years ended December 31, 2013 and 2012.

43. 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
BDHG	Fellow subsidiary
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
Jingfeng Thermal	Fellow subsidiary
Jingxi Power	Fellow subsidiary
京能電力後勤服務有限公司 (Jing Neng Electricity Logistic Services Co., Ltd., English name for identification purpose) ("Jingneng Logistic")	Fellow subsidiary
北京天湖會議中心有限公司 (Beijing Sky-Line Resort Co., Ltd., English name for identification purpose) ("Sky-Line Resort")	Fellow subsidiary
內蒙古岱海旅遊學校 (Daihai LvYou Vocational Education Co., Ltd., English name for identification purpose) ("Daihai LvYou")	Fellow subsidiary
北京源深節能技術有限責任公司	Fellow subsidiary
北京京能源深融資租賃有限公司 (Beijing YuanShen Financial Leasing Co,. Ltd. English name for identification purpose) ("YuanShen Financial Leasing")	Fellow subsidiary
Quanzhou Liupu	Associate
Tian Yin Di Re	Associate
山西京玉發電有限責任公司	Associate
北京華源惠眾環保科技有限公司	Joint venture
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 RMB39,413,000 (2012: RMB nil), which represented the adjustment of construction costs (Note 15(b)) and constituted a part of the transaction pursuant to the project contracting agreements entered with BIEE in 2011.

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

(c) At December 31, 2013, other than loans to associates as set out in Note 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:

	At December 31, 2013 RMB'000	2012 RMB'000
Amounts due from:		
Associates	**4,819**	4,084
Fellow subsidiaries	**112,877**	134,394
	117,696	138,478
Represented by:		
Trade receivables aged within 90 days by invoice date	**112,708**	135,512
Non-trade receivables*	**4,988**	2,966
	117,696	138,478

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

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

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

	At December 31, 2013 RMB'000	2012 RMB'000
Amounts due to:		
BEIH	**200,822**	1,154,504
Fellow subsidiaries	**102,770**	154,678
Associates	**1,108**	–
A non-controlling interest	**–**	30,102
	304,700	1,339,284
Represented by:		
Trade payables aged within one year by invoice date	**99,963**	92,957
Consideration payable for acquisition of Sichuan Dachuan and Sichuan Zhongneng	**–**	919,929
Non-trade payables*	**204,737**	326,398
	304,700	1,339,284

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

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

(e) At December 31, 2013, the Group has the following balances with government/government-related entities other than the balances disclosed above:

	At December 31, 2013 RMB'000	2012 RMB'000
Trade and bill receivables	**1,841,791**	1,731,765
Other receivables	**969,328**	21,234
Bank balances	**2,319,342**	1,153,271
Trade payables	**1,223,748**	934,278
Other payables	**2,631**	14,714
Bank borrowings	**5,100,136**	5,504,345

(f) During the year ended December 31, 2013, other than service income from associate as set out in Note 6. Interest income from loans to associate as set out in Note 9 and 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), Note 32(d) and Note 32(f)(i), respectively the Group entered into the following significant transactions with its related parties:

Continuing transactions:

(i) Management services from related parties

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
Jingxi Power	**1,215**	1,444
BIEE	**24,550**	28,240

(ii) Equipment maintenance services from related parties

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
Jingfeng Thermal	**15,217**	8,792
BIEE	**22,340**	8,945

(iii) Conference service from related parties

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
Sky-Line Resort	**231**	–
DaiHai LvYou	**102**	–
Jingneng Logistic	**–**	1,555

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

(f) During the year ended December 31, 2013, other than service income from associate as set out in Note 6. Interest income from loans to associate as set out in Note 9 and 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), Note 32(d) and Note 32(f)(i), respectively the Group entered into the following significant transactions with its related parties: *(continued)*

Continuing transactions: *(continued)*

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

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
Jingfeng Thermal	**9,167**	9,168
YuanShen Financial Leasing	**160**	–

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

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
BEIH Finance	**6,043**	3,175

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

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
BEIH Finance	**4,830**	3,013

(vii) Property management fee charged by a related party

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
Jingneng Logistic	**9,038**	9,533

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

(f) During the year ended December 31, 2013, other than service income from associate as set out in Note 6. Interest income from loans to associate as set out in Note 9 and 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), Note 32(d) and Note 32(f)(i), respectively the Group entered into the following significant transactions with its related parties: *(continued)*

Continuing transactions: *(continued)*

(viii) Heat energy sold to a related party

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
BDHG	**347,520**	316,778

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

(ix) Equipment purchase framework agreement

Name of related party	Year ended December 31, 2013 RMB'000	2012 RMB'000
BIEE	**37,288**	10,729

(g) During the year ended December 31, 2013, the Group entered into the following significant transactions with government-related entities other than the amounts disclosed above:

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Revenue from sales of electricity (Note 46(d))	**5,747,752**	3,723,844
Revenue from sales of heat energy	**42,738**	52,392
Purchases of gas	**3,659,648**	1,841,308
Interest income on bank balances	**8,642**	8,714
Interest expenses on bank borrowings	**271,963**	230,691

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

(h) Compensation of key management personnel

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Director fee	**800**	650
Basic salaries and allowances	**3,473**	3,797
Bonus	**–**	–
Retirement benefit contribution	**250**	251
	4,523	4,698

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 committed having regard to the performance of individuals and market trends.

(i) Details of the guarantees provided to related parties are set out in Note 41.

(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.

44. 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, short-term debentures, 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.

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31, 2013 RMB'000	2012 RMB'000
Financial assets		
Available-for-sales financial assets	**98,528**	98,028
Loans and receivables (including cash and cash equivalents)	**5,853,637**	4,791,255
Financial liabilities		
Financial liabilities at amortized cost	**27,096,227**	21,361,536

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, short-term debentures, 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, 2013.

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 exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

45. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk management *(continued)*

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, 2013 would decrease (increase) by RMB16,895,000 (2012: RMB12,813,000).

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 trade payables 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.

Currency sensitivity

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

	Liabilities		Assets	
	31/12/2013 RMB'000	31/12/2012 RMB'000	**31/12/2013 RMB'000**	31/12/2012 RMB'000
EUR	**20,877**	–	**18,210**	105,976
US$	**–**	16,028	**–**	–
HK$	**–**	–	**870,602**	245,060

45. FINANCIAL INSTRUMENTS *(continued)*

Foreign currency risk management *(continued)*

Currency sensitivity *(continued)*

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

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Profit (loss) (EUR)	**113**	(4,695)
Profit (US$)	**–**	710
Profit (loss) (HK$)	**(36,693)**	(10,895)

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, and deposit in a non-bank financial institution. As at December 31, 2013, 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.

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.

45. FINANCIAL INSTRUMENTS *(continued)*

Credit risk management *(continued)*

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, 2013, the Group has concentration of credit risk as 39% (2012: 47%) of the total trade receivable is due from the Group's largest customer, and 93% (2012: 95%) 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, 2013, the Group has available unutilized banking and other borrowing facilities of RMB14,129,630,000 (December 31, 2012: RMB21,417,300,000).

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.

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.

45. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk *(continued)*

The amounts included in the following table for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to guarantee. Based on expectations at the end of 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, 2013 and 2012, 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, 2013								
Trade and other payables		4,707,720	–	–	–	–	4,707,720	4,707,720
Bank and other borrowings-variable interest rate	6.06	2,445,021	2,216,428	1,382,535	5,123,300	5,754,028	16,921,312	13,119,373
Bank and other borrowings-fixed interest rate	5.19	2,015,435	–	473,354	220,898	–	2,709,687	2,576,000
Short-term debentures	4.13	1,874,340	–	–	–	–	1,874,340	1,800,000
Medium-term notes	5.97	59,700	1,059,700	–	–	–	1,119,400	1,000,000
Corporate Bonds	4.63	159,600	2,559,600	55,200	1,255,200	–	4,029,600	3,588,434
Amounts due to related parties		304,700	–	–	–	–	304,700	304,700
Financial guarantee contracts		–	–	–	–	–	–	–
		11,566,516	5,835,728	1,911,089	6,599,398	5,754,028	31,666,759	27,096,227
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 contracts		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

45. FINANCIAL INSTRUMENTS *(continued)*

Fair value

Included in available-for-sale financial assets at December 31, 2013 are unlisted equity investments amounting to RMB98,528,000 (2012: 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, short-term debentures, corporate bonds and medium-term notes are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the fair values of corporate bonds disclosed in Note 35, 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.

46. SEGMENT INFORMATION

The Group manages its businesses by divisions, such as performs the monthly revenue analysis by segments which are organized by types of business. 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.

Business activities other than "Wind power", "Gas-fired Power and Heat Energy Generation" and "Hydropower", are grouped and presented as "Others".

46. 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, 2013 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, 2013					
Revenue from external customers					
Sales of electricity	1,657,641	3,739,211	368,131	65,748	5,830,731
Sales of heat energy	–	414,185	–	1,320	415,505
Others	–	77	–	8,511	8,588
Reportable segment revenue/consolidated revenue	1,657,641	4,153,473	368,131	75,579	6,254,824
Reportable segment profit (Note (i))	877,391	937,075	156,143	65,551	2,036,160
Reportable segment assets	13,082,147	14,645,407	4,332,514	10,900,553	42,960,621
Reportable segment liabilities	(9,606,342)	(10,108,552)	(1,695,917)	(12,512,932)	(33,923,743)
Additional segment information:					
Depreciation	444,880	379,110	78,904	15,240	918,134
Amortization	157,450	633	25,624	874	184,581
Finance costs (Note (ii))	626,749	196,385	54,434	27,803	905,371
Other income	70,806	1,382,730	7,187	1,398	1,462,121
Including:					
– Government grant related to clean energy production	22,239	1,360,338	–	–	1,382,577
– Income from CERs and VERs	17,089	14,169	–	–	31,258
– Others	31,478	8,223	7,187	1,398	48,286
Expenditures for reportable segment non-current assets	1,056,131	5,674,070	388,748	1,121,683	8,240,632

46. 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, 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

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.

46. SEGMENT INFORMATION *(continued)*

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

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Results		
Reportable segment profit	**2,036,160**	1,546,339
Unallocated		
Dividend income from available-for sale financial assets	**1,398**	2,468
Profit from operations	**2,037,558**	1,548,807
Interest income	**29,636**	27,890
Finance costs	**(905,371)**	(708,468)
Share of results of associates	**287,939**	243,541
Share of results of joint ventures	**73**	169
Consolidated profit before taxation	**1,449,835**	1,111,939

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Assets		
Reportable segment assets	**42,960,621**	32,508,097
Inter-segment elimination	**(7,657,304)**	(4,231,254)
Unallocated assets:		
– Investments in associates	**1,650,903**	1,455,219
– Loans to associates	**149,440**	149,440
– Investments in a joint venture	**80,463**	80,390
– Deferred tax assets	**100,140**	108,356
– Available-for-sales financial assets	**98,528**	98,028
Different presentation on:		
– Value-added tax recoverable (Note (i))	**1,110,361**	940,802
Consolidated total assets	**38,493,152**	31,109,078

46. SEGMENT INFORMATION *(continued)*

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

	At December 31, 2013 RMB'000	2012 RMB'000
Liabilities		
Reportable segment liabilities	**33,923,743**	25,002,763
Inter-segment elimination	**(7,657,304)**	(4,231,254)
Unallocated liabilities:		
– Income tax payable	**126,102**	49,548
– Deferred tax liabilities	**26,092**	24,894
Different presentation on:		
– Value-added tax recoverable (Note (i))	**1,110,361**	940,802
Consolidated total liabilities	**27,528,994**	21,786,753

Note:

(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 joint venture, 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.

46. SEGMENT INFORMATION *(continued)*

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2013 amounted to RMB5,747,752,000 (Note 43(g)) (2012: RMB3,723,844,000). Sales of electricity to the major customers for the year ended December 31, 2013 by segment were as follows:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Wind Power	**1,657,641**	1,318,383
Gas-fired Power and Heat Energy Generation	**3,739,211**	2,147,802
Hydropower	**350,900**	257,659
Total	**5,747,752**	3,723,844

47. DISPOSAL OF A SUBSIDIARY

During the year ended December 31, 2013, the Group disposed of 90% equity interest in Bayin Power to a third party, which was classified as disposal group held for sale at December 31, 2012.

Analysis of assets and liabilities over which control was lost:

	Date of disposal
	RMB'000
Assets classified as held for sale	34,969
Liabilities associated with assets classified as held for sale	29,969
Net assets disposed of	5,000
Consideration received or receivable in cash, net of allowance (Note)	50,400
Gain on disposal of a subsidiary (Note 8)	45,900

Net cash inflow arising on disposal for the year ended December 31, 2013:

	RMB'000
Consideration received by cash (Note)	50,400
Less: cash and cash equivalents disposed	87
	50,313

47. DISPOSAL OF A SUBSIDIARY *(continued)*

Note:

During the year ended December 31, 2013, the Group entered into a share disposal agreement with a major Chinese state-owned power company (the "Buyer") to dispose 90% equity interest in Bayin Power at cash consideration of RMB100,800,000. In the year ended December 31, 2013, the transfer of control of Bayin Power completed and the Group received RMB50,400,000 in cash upon the transfer of control. However, the Buyer refused to settle the rest RMB50,400,000 due to an unfixed on-grid tariff in Bayin Power which attributed to certain conflicting policies promulgated by different government administrations. After consulting with a professional legal counsel, the opinion of the Board of Directors is the Group is not liable to the unfixed on-grid tariff and the share disposal agreement is effective and legal binding. However, the Board of Directors wish to settle the disputation through arm's length negotiation and estimated the unsettled consideration may probably be impaired. Accordingly, an allowance of consideration amounting RMB50,400,000 was recognized in the year ended December 31, 2013 and the gain on the disposal of Bayin Power was RMB45,900,000.

During the year ended December 31, 2012, the Group disposed of 100% equity interest in Jingneng Changtu New Energy Co., Ltd. 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 bill receivables	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

Net cash inflow arising on disposal:

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

48. 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, 2013 and 2012 are set out as followings:

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2013	Direct 2012	Indirect 2013	Indirect 2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
Taiyanggong Power	RMB700,000,000	**74%**	74%	**–**	–	**74%**	74%	Gas-fired power and heat energy generation
Jingqiao Power	RMB874,280,000	**100%**	100%	**–**	–	**100%**	100%	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%	**–**	–	**100%**	100%	Gas-fired power and heat energy generation
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)	RMB650,000,000	**100%**	100%	**–**	–	**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)	RMB750,000,000	**100%**	100%	**–**	–	**100%**	100%	Gas-fired power and heat energy generation
北京上莊燃气熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose)	RMB260,000,000	**100%**	100%	**–**	–	**100%**	100%	Gas-fired power and heat energy generation
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)	RMB231,770,000	**100%**	100%	**–**	–	**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%	**–**	–	**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%	**–**	–	**100%**	100%	Water power generation
Sichuan Dachuan	RMB130,000,000	**100%**	100%	**–**	–	**100%**	100%	Water power generation
Sichuan Zhongneng	RMB90,000,000	**100%**	100%	**–**	–	**100%**	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%**	100%	**100%**	100%	Repair and maintenance

48. SUBSIDIARIES *(continued)*

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, 2013 and 2012 are set out as followings: *(continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2013	Direct 2012	Indirect 2013	Indirect 2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
New Energy	RMB2,579,400,000	**100%**	100%	**–**	–	**100%**	100%	Investment management, wind power generation
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)	RMB207,520,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB313,641,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB324,468,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB727,520,000	**100%**	100%	**–**	–	**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")	RMB3,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB85,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB129,220,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
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)	RMB79,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
內蒙古京能科右中風力發電有限責任公司 (Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd., English name for identification purpose)	RMB78,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation

48. SUBSIDIARIES *(continued)*

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, 2013 and 2012 are set out as followings: *(continued)*

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2013	Direct 2012	Indirect 2013	Indirect 2012	Proportion of voting rights held by the Group 2013	2012	Principal activities
內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd. English name for identification Purpose)	RMB73,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd., English name for identification purpose)	RMB5,000,000	**100%**	100%	**–**	–	**100%**	100%	Wind power generation
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Limited, English name for identification purpose)	RMB189,278,000	**100%**	100%	**–**	–	**100%**	100%	Wind power and solar power gengeration
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd., English name for identification purpose)	RMB233,000,000	**100%**	100%	**–**	–	**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)	RMB99,014,000	**100%**	100%	**–**	–	**100%**	100%	Solar power generation
Bayin Power	RMB5,000,000	**–**	100%	**–**	–	**100%**	100%	Wind power generation
寧夏京能中衛有限公司 (Note) (Ningxia Jingneng Zhongwei Co., Ltd., English name for identification purpose)	RMB38,000,000	**100%**	–	**–**	–	**100%**	100%	Solar power generation
北京京能未來燃氣熱電有限公司 (Note) (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose)	RMB221,199,000	**100%**	–	**–**	–	**100%**	100%	Gas-fired power and heat energy generation

Note: The subsidiaries were newly established during the year ended December 31, 2013.

49. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	At December 31,	
	2013	2012
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	**1,622,412**	1,379,712
Intangible assets	**4,639**	3,162
Investments in subsidiaries	**10,166,058**	8,938,358
Prepaid lease payments	**1,348**	1,378
Investments in associates	**947,681**	947,681
Loans to associates	**149,440**	149,440
Loans to subsidiaries	**4,470,000**	2,350,000
Investments in joint venture	**80,000**	80,000
Deferred tax assets	**49,448**	49,795
Available-for-sale financial assets	**30,000**	30,000
Deposit paid for acquisition of property, plant and equipment	**139,984**	144,738
	17,661,010	14,074,264
Current assets		
Inventories	**–**	811
Trade and bill receivables	**125,765**	109,496
Other receivables, deposits and prepayments	**13,740**	15,817
Amounts due from related parties	**5,119**	1,134
Amounts due from subsidiaries	**1,350,097**	230,277
Loans to subsidiaries-current portion	**880,000**	465,000
Prepaid lease payments	**29**	29
Value-added tax recoverable	**30,804**	8,373
Cash and cash equivalents	**1,175,442**	1,056,079
	3,580,996	1,887,016
Current liabilities		
Trade and other payables	**271,955**	144,920
Amounts due to related parties	**4,409**	922,012
Amounts due to a subsidiary	**750**	750
Bank and other borrowings-due within one year	**1,173,400**	1,580,000
Short-term debenture	**1,800,000**	–
Income tax payable	**20,035**	20,035
	3,270,549	2,667,717
Net current assets(liabilities)	**310,447**	(780,701)
Total assets less current liabilities	**17,971,457**	13,293,563

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

	At December 31, 2013 RMB'000	2012 RMB'000
Non-current liabilities		
Bank and other borrowings-due after one year	**3,846,600**	1,250,000
Medium-term notes	**1,000,000**	–
Corporate bonds	**3,588,434**	3,582,903
Deferred income	**159,138**	266,474
	8,594,172	5,099,377
Net assets	**9,377,285**	8,194,186
Capital and reserves		
Share capital	**6,477,413**	6,149,905
Reserves	**2,899,872**	2,044,281
Total equity	**9,377,285**	8,194,186

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated (loss)/profits RMB'000	Total RMB'000
At January 1, 2012	1,637,975	58,879	237,013	1,933,867
Issue of shares (Note 37(a))	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	223,709	2,044,281
Issue of shares (Note 37(b))	403,164	–	–	403,164
Issuance costs	(15,285)	–	–	(15,285)
Appropriation to statutory surplus reserve	–	82,518	(82,518)	–
Dividend declared	–	–	(230,621)	(230,621)
	2,062,096	228,873	(89,430)	2,201,539
Profit and total comprehensive income for the year	–	–	698,333	698,333
At December 31, 2013	2,062,096	228,873	608,903	2,899,872

Definitions

"Articles of Association"	Articles of association of the Company
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd)
"BEIH"	北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd)
"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", "us" or "jingneng Clean Energy"	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
"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

Definitions

"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"	April 16, 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
"Stock Exchange" or "Hong Kong 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Registered Office	Room 118, No. 1 Ziguang East Road, 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 54, Hopewell Centre, 183 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 Avenue Street, Fengtai District, Beijing, the PRC
	Industrial and Commercial Bank of China Limited (Taoranting Branch) No. 55, Taoranting Road, Xicheng District, Beijing, the PRC
International Auditors	Deloitte Touche Tohmatsu Certified Public Accountants 35/F, One Pacific Place, 88 Queensway, Hong Kong

Corporate Information

Domestic Auditors	Ruihua Certified Public Accountants 10F, West Tower, China Overseas Property Plaza Yard No. 8, Xidianhe Road, Yongdingmen 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	579
Company's Website	www.jncec.com
Listing Place	The Stock Exchange of Hong Kong Limited