



# ANNUAL REPORT 2014



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

(A joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code : 00579





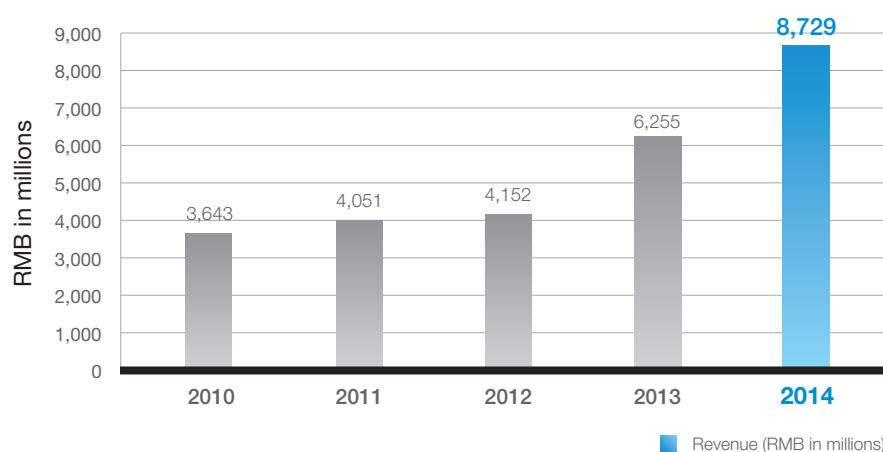
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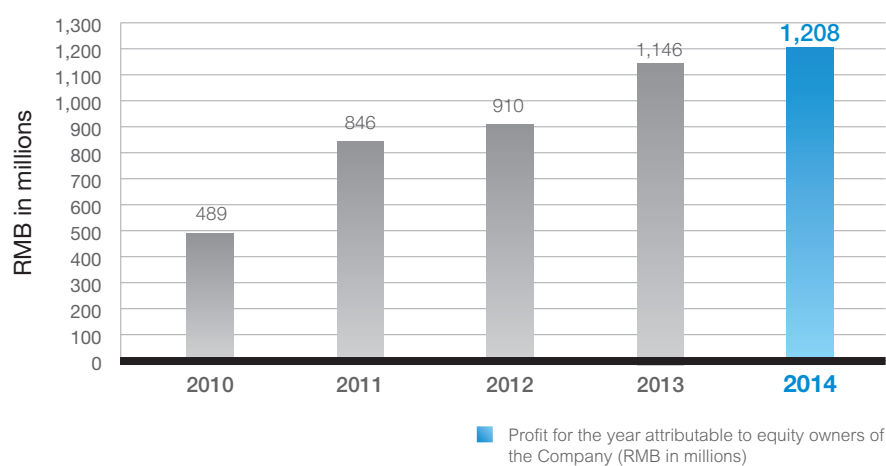


# Financial Highlights

## REVENUE

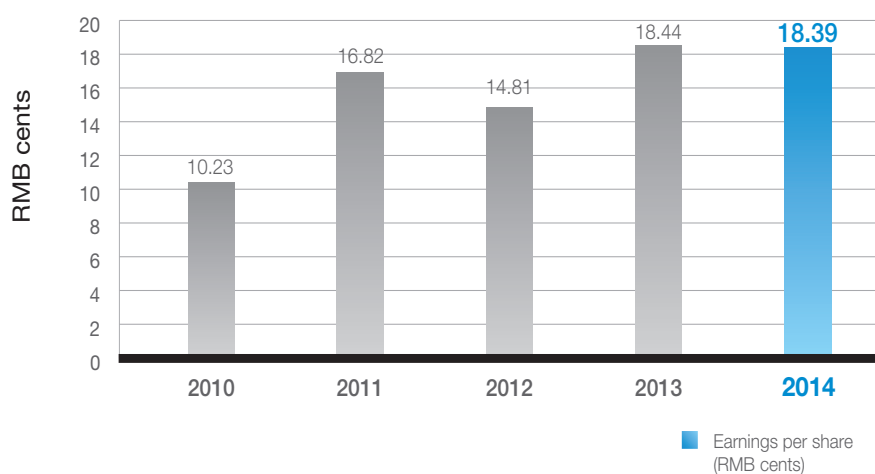


## PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY





## EARNINGS PER SHARE



# Financial Summary

## Year ended December 31

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000 (restated)	2010 RMB'000
Revenue	<b>8,728,687</b>	6,254,824	4,151,630	4,050,738	3,642,818
Other income	<b>1,425,623</b>	1,462,121	733,211	963,121	609,044
Profit from operations	<b>2,330,090</b>	2,037,558	1,548,807	1,562,258	1,009,044
Profit before taxation	<b>1,571,614</b>	1,449,835	1,111,939	1,134,193	577,083
Income tax expense	<b>(284,321)</b>	(222,352)	(123,533)	(196,822)	(56,280)
Profit for the year	<b>1,287,293</b>	1,227,483	988,406	937,371	520,803
Total comprehensive income	<b>1,186,701</b>	1,227,483	988,406	937,371	520,803
Profit for the year attributable to:					
– Equity owners of the Company	<b>1,208,330</b>	1,145,534	910,101	845,841	488,919
– Non-controlling interests	<b>78,963</b>	81,949	78,305	91,530	31,884
	<b>1,287,293</b>	1,227,483	988,406	937,371	520,803
Total comprehensive income for the year attributable to:					
– Equity owners of the Company	<b>1,132,147</b>	1,145,534	910,101	845,841	488,919
– Non-controlling interests	<b>54,554</b>	81,949	78,305	91,530	31,884
	<b>1,186,701</b>	1,227,483	988,406	937,371	520,803
Earnings per share (RMB cents)					
Basic and diluted	<b>18.39</b>	18.44	14.81	16.82	10.23

## Financial Summary

### As at December 31

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000 (restated)	2010 RMB'000
Total assets	<b>48,082,479</b>	38,493,152	31,109,078	28,087,245	20,849,260
Non-current assets	<b>37,640,795</b>	32,090,764	26,246,970	23,106,005	18,326,278
Current assets	<b>10,441,684</b>	6,402,388	4,862,108	4,981,240	2,522,982
Total liabilities	<b>35,140,709</b>	27,528,994	21,786,753	16,638,944	13,775,803
Current liabilities	<b>16,487,571</b>	10,645,896	7,604,768	8,205,898	4,843,443
Non-current liabilities	<b>18,653,138</b>	16,883,098	14,181,985	8,433,046	8,932,360
Net assets	<b>12,941,770</b>	10,964,158	9,322,325	11,448,301	7,073,457
Capital and reserves					
Registered capital/share capital	<b>6,870,423</b>	6,477,413	6,149,905	6,032,200	5,000,000
Reserves	<b>5,629,414</b>	4,199,672	2,896,880	5,038,286	1,764,180
Equity attributable to equity owners of the Company	<b>12,499,837</b>	10,677,085	9,046,785	11,070,486	6,764,180
Non-controlling interests	<b>441,933</b>	287,073	275,540	377,815	309,277
Total equity	<b>12,941,770</b>	10,964,158	9,322,325	11,448,301	7,073,457

## Corporate Profile



Founded in August 2010, Beijing Jingneng Clean Energy Co., Limited (the “Company”) is a subsidiary of BEH. The Company was listed on the Main Board of Hong Kong Stock Exchange on 22 December 2011. Its business covers a number of provinces and autonomous regions, such as Beijing, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Sichuan Province, and involves gas-fired power and heat energy generation, wind power, small to medium hydropower, photovoltaic power and other clean energy generation businesses, which helps claim the Company the title of the largest gas-fired power supplier in Beijing and the leading wind power operator in China.





As at 31 December 2014, total consolidated installed capacity of the Company reached 6,934 megawatt. Currently, the Company operates six gas-fired cogeneration plants with 4,436 megawatt of consolidated installed capacity being put into operation. The consolidated wind power installed capacity being put into operation reached 1,815 megawatt with major distribution in regions in China where wind resources are abundant and New South Wales of Australia. Lumingshan Guanting Wind Farm, which served the Beijing Olympic Games, is the only wind power project located in Beijing. In addition, the Company also operates small to medium hydropower, photovoltaic power and other clean energy generation businesses. As at 31 December 2014, the consolidated installed capacity of small to medium hydropower reached 413 megawatt, with major distribution in Southwest China where water resources are abundant. The installed capacity of photovoltaic power reached 270 megawatt, with major distribution in Inner Mongolia, Ningxia and other regions where there is ample sunlight.

Standing firmly to the development strategy of “expanding gas-fired power, strengthening wind power, increasing hydropower and optimising photovoltaic power” and upholding the philosophy of “focusing on Beijing market, constructing refined project, being down-to-earth, and growing stronger”, the Company focuses on economic benefits and continuously enhances its production safety management and lean management, and thus improves the capability of power generation. With strict risk control, scientific planning, optimised composition, steady promotion of project development, the Company is set to witness improvement in the capability of sustainable development.

## General Manager's Statement



In 2014, the steady development of society-wide power consumption demand resulting from the slow recovery of world economy and the stabilized growth of domestic macroeconomy, coupled with national incentive policies on the development of clean and renewable energy as well as the alleviation of wind grid curtailment, created a supportive policy environment for the steady operations of the Company. In light of the support of investors and guidance of the Board, the Company pooled the efforts of its management and subsidiaries to attain successes both in business performance and social responsibility, gave full play to its geographic and industry advantages under the incentive clean energy policies to expand its assets, and thus achieved constant enhancement of profitability.

As at the end of 2014, the Company recorded consolidated total assets of RMB47.984 billion, full year consolidated revenue of RMB9.008 billion, and annual profit of RMB1.533 billion. The consolidated installed capacity reached 6,934 MW, including gas-fired power installed capacity of 4,436 MW, wind power installed capacity of 1,815 MW, hydropower installed capacity of 413 MW, and photovoltaic power installed capacity of 270 MW.

To secure its leadership in clean energy sector in Beijing area, the Company strengthened its infrastructure management, put into operation the four thermal power centers and the Future Gas-fired Power, and obtained approval for its Shangzhuang gas-fired power project. To seek development opportunities in the overseas clean energy market, the Company completed the acquisition of Australian GR wind power project, marking its first breakthrough into the overseas market. Along with the increasing scale of wind power and the rapidly growing capacity of photovoltaic power generation, the Company improved its refined management to maintain production safety.



**CHEN Ruijun**  
General Manager

Focusing upon the high quality projects, the Company enhanced its capability of sustainable development and continued to optimize the portfolio of renewable energy business, achieving remarkable results in wind power and photovoltaic power projects. In 2014, the Company obtained approvals for its Zhongning and Liangcheng wind power projects totaling 150 MW as well as for its photovoltaic power projects totaling 180 MW. The Company maintained a reserve of high quality wind power and photovoltaic projects in more than 10 provinces and regions such as Beijing, Inner Mongolia, Jiangsu and Ningxia, while seeking to expand its reserve of high quality projects by paying close attention to the opportunities brought by certain ultra-high voltage transmission channels so as to move ahead of competitors. Prioritizing the segment of waste incineration power generation, the Company kept searching for relevant projects in the developed regions. The expansion of each business segment provided momentum for sustainable and steady development of the Company.

Moving into a new stage of development in 2015 which is a key year for deepening reforms on state-owned enterprises, the Company will embrace new development opportunities while addressing new challenges. To step up structural adjustment and optimization of business portfolio, the Company will look for gas-fired power projects in developed regions, select and develop projects in the regions of curtailed wind power by taking into consideration the construction progress of ultra-high voltage transmission channels and conducting comprehensive analysis, and accelerate the development of photovoltaic projects in the developed regions of Eastern China. Adhering to safety and stability, the Company will expedite the development of high quality projects to enhance the overall profitability and the capability of sustainable development. With a commitment to maximizing shareholders' interest, the Company aims to create breakthrough business results by seizing every opportunity and making steady progress.

On behalf of the management, I hereby express my sincere gratitude to all shareholders and investors for their constant supports and cares for the Company.



# Management Discussion and Analysis

## I. INDUSTRY REVIEW

In 2014, the world economy remained in the stage of profound post-crisis adjustment, China witnessed an overall stable economy and made steady progress in restructuring amid the complicated and changing international environment.

In 2014, China saw a slower growth in power consumption. Society-wide power consumption reached 5,520.0 billion KWH, an increase of 3.8% year-on-year, which was 3.8% lower than last year in terms of increase percentage. Power generation for the year reached 5,550.0 billion KWH, an increase of 3.6% year-on-year which was 4.1% lower than last year in terms of increase percentage, among which hydropower, thermal power, nuclear power, grid-connected wind power and grid-connected solar power recorded year-on-year growths of 19.7%, -0.7%, 13.2%, 12.2% and 171%, respectively. As at the end of 2014, the installed electricity generation capacity across the country was 1,360.0 million KW, an increase of 8.7% year-on-year, among which, hydropower accounted for 22.2%, thermal power accounted for 67.4%, installed capacity of nuclear power was 19.88 million KW, installed capacity of grid-connected wind power was 95.81 million KW, and installed capacity of grid-connected solar power was 26.52 million KW. In 2014, new power generating capacity reached 103.50 million KW, among which, hydropower accounted for 21.85 million KW, thermal power accounted for 47.29 million KW, nuclear power accounted for 5.47 million KW, grid-connected wind power accounted for 20.72 million KW, and grid-connected solar power accounted for 8.17 million KW. Power generated by renewable resources saw an accelerated growth and energy mix witnessed further optimization.

Benefited from support for the clean energy industry by the country in the course of economic transition, the Group adhered to the proposition of “Year of advancing reforms” during the reporting period, highlighting the awareness of transformation and strengthening internal management. Under the investment and operation principle of “seeking progress while maintaining stability, deepening reforms, optimizing structure, enhancing management and innovating on growth model” and the philosophy of “focusing on Beijing market, constructing refined project, being down-to-earth, and growing stronger”, the Group stuck to the optimization of development strategies, put emphasis on economic benefits, and advanced the development of all business segments, making remarkable achievements in respect with operational management and achieving better capacity and outcomes. The sound development across business segments led to steadily improving competitiveness, profitability and sustainability of the Group with a healthy uptrend.



## II. BUSINESS REVIEW OVER 2014

### 1. Significantly Increasing Installed Capacity and Continuously Achieving Growth in both Business Scale and Economic Benefits

Positive progresses were made across the Group's business segments. The Group took an active participation into the clean air campaign initiated by Beijing and the four thermal power centers, among which, the Group has participated in construction of certain power plants, had their construction work finished and started to be put in use. The Group captured the opportunities brought by governmental policies and significantly improved the installed capacity of photovoltaic segment. In 2014, the Group arranged its production plan on a reasonable level and made use of its production capacity efficiently. Facing the circumstance that wind speeds in various areas across China stood below the required levels, the Group accelerated the construction of gas-fired infrastructure, optimized the mix between wind power and photovoltaic power, capitalized on the characteristics of different seasons in a year to generate synergy from various segments and achieved substantial improvement in power generation. The total power generation of all business segments for the year reached 16.351 billion KWH, representing an increase of 19% over last year. Both income and profit grew steadily, recording revenue of RMB8,727.0 million, with a year-on-year increase of 39.55%, and profit for the year attributable to equity holders of RMB1,208.3 million for 2014, with a year-on-year increase of 5.48% as compared with that of 2013.

As at 31 December 2014, the consolidated installed capacity of the Group, classified by types of power generation, was as follows:

Types of power generation	Consolidated installed capacity as at 31 December 2014 (MWH)		Percentage
Gas-fired power and heat energy generation	4,436	63.97%	
Wind power generation	1,815	26.18%	
Hydropower generation	413	5.96%	
Photovoltaic power generation	270	3.89%	
Total	6,934	100.00%	

# Management Discussion and Analysis

For the year ended 31 December 2014, the aggregate consolidated power generation of the Group, classified by types of power generation, was as follows:

Types of power generation	Aggregate consolidated power generation for the year ended 31 December 2014 (MWH)	Aggregate consolidated power generation for the year ended 31 December 2013 (MWH)	Aggregate consolidated power generation increase year-on-year in 2014 (%)
Gas-fired power and heat energy generation	<b>10,895,277</b>	8,535,644	27.64
Wind power generation	<b>3,448,426</b>	3,587,107	(3.87)
Hydropower generation	<b>1,555,983</b>	1,540,933	0.98
Photovoltaic power generation	<b>451,243</b>	76,472	490.08
Total	<b>16,350,929</b>	13,740,156	19.00

## 2. Taking A Leading Position in Capturing Opportunities and Advancing Project Construction in Compliance with High Standards

Positioning itself as “center for politics, culture, international trade, and technology innovation”, Beijing, the capital of the Country, continued to intensify its efforts in ecological and environmental protection and combating pollution. The Regulations on Prevention and Control of Air Pollution in Beijing, coming into effect in 2014, demonstrated the municipal government’s determination in combating environment pollution and promoting clean energy industry, and also set the tone for future development. As an energy supplier in Beijing, the Group took a leading position in capturing opportunities and remained on the top in Beijing market.

In terms of gas-fired power, Northeast Thermal Power Center and Northwest Thermal Power Centre commenced operation, marking the commencement of operation of all four thermal power centres, among which, the Group has participated in construction of certain power plants. Among them, Southwest Thermal Power Centre was laurelled the Gold Medal of National Premium Project Award in 2014, which is the blue ribbon for recognizing the quality of project construction nationwide. Future Hightech City, the Regional Energy Project having been put into operation as expected, is the only regional energy project operated in Beijing and also a demonstration project at national level. Shangzhuang Thermal Project, a regional energy project, obtained approvals for groundbreaking in 2014. The construction reported steady progress, aiming to build a premium project.

In terms of wind power, the Group's traditional geographical advantages extend positive influence and preliminary work in Ningxia and Inner Mongolia brew remarkable outcomes. A capacity of 150 MW for the whole year of 2014 was approved and a designed capacity of about 450 MW was granted approval, which maintained a positive momentum for the development of projects in Ningxia and Inner Mongolia regions. Outside the regions where the Group had traditional advantages, as it was granted approvals for new markets in Jiangsu, Shanxi and Shaanxi, the Group built new pillars for its sustainable development by optimizing structure, keeping abreast with national policies, making breakthrough in the work models of preliminary work. In the meantime, the Group took the initiative to seek development in overseas markets and carried out research on the feasibility of acquiring overseas energy projects. The Group completed the acquisition of Australian Gullen Range wind power project in 2014 and the achieved combined on-grid generation at the year end, signaling the first success in accordance with the "go global" strategy.

In terms of hydropower, with the lean management applied to every stage of the project construction, well-planned adjustment in construction process and equipment resources allocation, the Group managed to put hydropower projects in Sichuan and Yunnan into operation after it went through setbacks and difficulties.

In terms of photovoltaic power, riding on the policy support from central and local government, the policies related to photovoltaic power tariffs and various preferential policies, the Group continuously enhanced the development and construction, explored new development models and sought cooperation in agricultural, livestock and fishery industries in addition to ground solar power. In 2014, the Group completed the construction and filing of photovoltaic projects of 250 MW, laying a sound foundation for subsequent photovoltaic project development.

### **3. Diversifying Financing Channels and Effectively Controlling Capital Cost**

In 2014, in face with changes in monetary markets domestic and abroad, the Group, by leveraging on its edges in communication and coordination as well as diversification of financing channels, seized market opportunities and tapped on various financing resources to seek equity and debt financing sources. The Group successfully issued 393,010,000 new H shares and raised net proceeds of HK\$1,247.0 million. To reduce finance cost, the Group actively employed short-term debentures and other onshore and offshore debt instruments, issuing RMB1,800.0 million of short-term debentures and RMB1,000.0 million of bonds in two respective tranches, of which the interest rates stood at low levels in the prevailing market. The measures above ensured that there would be sufficient funds for business expansion, and the swap of financing instruments and structure optimisation brought down the financing cost and further enhanced the core competitiveness of capital management.

# Management Discussion and Analysis

## 4. Intensifying Efforts in Energy Conservation and Emission Reduction and Technology Innovation and Making Endeavors to Promote Technology Upgrading

In 2014, the Group intensified its efforts in technology innovation and made endeavors to realise cost reduction, efficiency improvement, and energy conservation and emission reduction. In-depth utilization of waste gas heat, circulating water system, and other optimized designs for improving the cascading utilization of energy were applied to all gas-fired power and heat energy generation projects, so as to further improve the energy conversion efficiency and realise energy conservation and emission reduction. The research titled “Development and Pilot of Key Technology in Respect with Treating Circulating Cooling Water of Power Plant (電廠循環冷卻排污水深度處理關鍵技術開發和示範)” was initiated by Northwest Thermal Power Centre, and its feasibility was evaluated by the panel of experts from Beijing Municipal Science & Technology Commission. Funds have been embarked on the research, and the research established a benchmark for similar power plants in Beijing and across the whole Country. Building itself as a digitalized power plant, Northeast Thermal Power Centre took the lead in applying 3D modelling in the infrastructure construction, which significantly reduced the reworking and signaling a breakthrough in the lean construction and lean purchase of power plant. The construction project of Beijing municipal power plant (北京市電廠) was the first of its kind honored “Environment-friendly Construction Site of Beijing (北京市綠色安全樣板工地)”. In the meantime, as the first power plant in the Country that have comprehensively applied field bus technology, Northeast Thermal Power Centre incorporated the cutting-edge field bus technology and “start/stop” technology into the combined cycle generating unit. The adoption of “start/stop” technology enabled the power plant to run automatically and ensured the safety and reliability.

## 5. Striving for a Safety Mechanism and All-round Improvement in Comprehensive Management

In 2014, having taken a diversity of measures to ensure production safety, improved rules and regulations on production safety, operational instructions, and standard work order, the Group achieved safely operation and accident free in all power plants throughout the whole year. The Group kept consolidating its foundation for production safety by intensifying efforts in production management, implementing in-depth benchmarking management and conducting all-round assessment on benchmarking construction. With reference to the characteristics of each business segment, the Group made full use of various resources to achieve complementary synergy. Measures, including resource-efficient maintenance, equipment recycling, and equipment upgrade, helped cut down materials costs and maintenance fees, improve the performance of generating unit and the utilization factor. The Group executed every rule and regulation conscientiously for the purpose of cultivating more potentials and improving economic benefits. Through an integrated information management platform, the Group realized all-round and thorough control over the processes from procurement bidding and tendering to production and personnel, standardised the management and further strengthened its risk control capability.



### III. OPERATING RESULTS AND ANALYSIS

#### 1. Overview

In 2014, the Company's profitability witnessed a gradual improvement. Net profit for the whole year amounted to RMB1,287.3 million, representing an increase of 4.87% as compared to RMB1,227.5 million for 2013. Net profit attributable to the equity owners of the Company amounted to RMB1,208.3 million, representing an increase of 5.48% as compared to RMB1,145.5 million for 2013.

#### 2. Operating Income

Total revenue increased 39.55% from RMB6,254.8 million in 2013 to RMB8,728.7 million in 2014. Adjusted total operating income increased 31.55% from RMB7,637.4 million in 2013 to RMB10,047.3 million in 2014, due to the increase in sales volume of electricity resulting from the inauguration of installed capacity in gas-fired power and heat energy generation segment and photovoltaic segment in 2014.

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

	2014 (RMB million)	2013 (RMB million)	Change percentage
<b>Gas-fired power and heat energy generation segment:</b>			
Sales of electricity	<b>5,787.9</b>	3,739.2	54.79%
Sales of heat energy	<b>610.7</b>	414.2	47.44%
Others	<b>0.1</b>	0.1	–
Total	<b>6,398.7</b>	4,153.5	54.06%
<b>Wind power segment:</b>			
Sales of electricity	<b>1,567.4</b>	1,657.6	(5.44%)
Others	–	–	–
Total	<b>1,567.4</b>	1,657.6	(5.44%)
<b>Photovoltaic segment:</b>			
Sales of electricity	<b>390.5</b>	65.7	493.92%
Others	–	–	–
Total	<b>390.5</b>	65.7	493.92%
<b>Hydropower segment:</b>			
Sales of electricity	<b>370.5</b>	368.1	0.64%
Others	–	–	–
Total	<b>370.5</b>	368.1	0.64%

# Management Discussion and Analysis

	2014 (RMB million)	2013 (RMB million)	Change percentage
<b>Others:</b>			
Sales of heat energy	–	1.3	(100.00%)
Other revenue	1.5	8.5	(82.35%)
Total	1.5	9.8	(84.47%)
<b>Total revenue from reportable segments</b>	<b>8,728.7</b>	6,254.8	39.55%
Add: government grants and subsidies related to clean energy production	1,318.6	1,382.6	(4.63%)
<b>Adjusted revenue</b>	<b>10,047.3</b>	7,637.4	31.55%

## (1) Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 54.06% from RMB4,153.5 million in 2013 to RMB6,398.7 million in 2014, due to the increase in sales volume of electricity resulting from the inauguration of installed capacity in this segment. Revenue from sales of electricity increased by 54.79% from RMB3,739.2 million in 2013 to RMB5,787.9 million in 2014, due to the hike of on-grid tariff in January 2014 and the increase in sales volume of electricity resulting from the inauguration of installed capacity. Revenue from sales of heat energy increased by 47.44% from RMB414.2 million in 2013 to RMB610.7 million in 2014, due to the hike of heat tariffs and the increase in sales volume of heat energy resulting from the inauguration of installed capacity.

## (2) Wind Power Segment

The revenue from wind power segment decreased by 5.44% from RMB1,657.6 million in 2013 to RMB1,567.4 million in 2014, which was attributable to a decrease in sales volume of electricity as a result of the lower average wind speed.

## (3) Photovoltaic Power Segment

Revenue from photovoltaic power segment increased by 493.92% from RMB65.7 million in 2013 to RMB390.5 million in 2014, due to the increase in sales volume of electricity resulting from the inauguration of installed capacity.

## (4) Hydropower Segment

The revenue from our hydropower segment increased by 0.64% from RMB368.1 million in 2013 to RMB370.5 million in 2014, due to the increase in sales volume of electricity resulting from the inauguration of installed capacity.

### (5) Others

Other revenue decreased by 84.47% from RMB9.8 million in 2013 to RMB1.5 million in 2014, due to the decrease in revenue from providing external maintenance service.

### 3. Other Income

Other income decreased by 2.50% from RMB1,462.1 million in 2013 to RMB1,425.6 million in 2014, which was attributable to decrease in government grants and subsidies related to clean energy production dragged by the hike of on-grid tariff for gas in January 2014 and the decline of income from CERs and VERs.

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

	2014 (RMB million)	2013 (RMB million)	Change percentage
Government grants and subsidies related to			
Clean energy production	<b>1,318.6</b>	1,382.6	(4.63%)
Construction of assets	<b>6.4</b>	2.6	142.86%
Value-added tax refunds	<b>42.4</b>	36.7	15.53%
Incomes from certified emission reduction and voluntary emission reduction	<b>0.6</b>	31.3	(98.08%)
Dividend from available -for-sale financial assets	<b>2.3</b>	1.4	64.29%
Income from grid compensation	<b>41.4</b>	-	
Others	<b>13.9</b>	7.5	85.33%
<b>Total of other incomes</b>	<b>1,425.6</b>	1,462.1	(2.50%)

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 37.77% from RMB5,679.4 million for 2013 to RMB7,824.2 million for 2014, which was attributable to an increase in gas cost 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.

# Management Discussion and Analysis

The following table presents the detailed information of operating expenses during the periods indicated:

	2014 (RMB million)	2013 (RMB million)	Change percentage
Gas consumption	5,401.5	3,659.6	47.59%
Depreciation and amortization	1,304.1	1,102.7	18.26%
Personnel cost	417.4	347.4	20.14%
Repairs and Maintenance	308.8	249.0	24.04%
Other expenses	488.8	427.9	14.24%
Other (gains) and losses	(96.3)	(107.2)	(10.17%)
<b>Adjusted operating expenses</b>	<b>7,824.3</b>	<b>5,679.4</b>	<b>37.77%</b>

## (1) Gas Consumption

Gas consumption increased by 47.59% from RMB3,659.6 million for 2013 to RMB5,401.5 million for 2014, which was attributable to an increase in gas cost due to the increase in gas prices for the gas-fired power and heat energy generation segment as well as an increase in gas consumption due to an increase in the inauguration of installed capacity.

## (2) Depreciation and Amortization

Depreciation and amortization increased by 18.26% from RMB1,102.7 million for 2013 to RMB1,304.1 million for 2014, due to the increase in the inauguration of installed capacity in each segment.

## (3) Personnel Cost

Personnel cost increased by 20.14% from RMB347.4 million for 2013 to RMB417.4 million for 2014, as a result of the increased number of employees due to the business development of the Group and additional personnel costs expensed following the commencement of production of new projects.

## (4) Repairs and Maintenance

Repairs and maintenance increased by 24.04% from RMB249.0 million for 2013 to RMB308.8 million for 2014, as a result of an increase in repair expenses due to the increase in installed capacity in the gas-fired power and heat energy generation segment.

## (5) Other Expenses

Other expenses increased by 14.24% from RMB427.9 million in 2013 to RMB488.8 million in 2014, due to the increase in preparation expenses upon the operation of gas-fired power and heat energy generation segment and the increase in other expenses incurred by the projects that had been put into operation.



### (6) Other Gains and Losses

Other gains decreased by 10.17% from RMB107.2 million in 2013 to RMB96.3 million in 2014. Gains in 2013 mainly resulted from the increase of capital reserve due to non-public offering of shares to certain non-controlling shareholders by a subsidiary of an associate, Beijing Jingneng International Power Co., Ltd.. Gains in 2014 mainly resulted from subsequent receipt of payments from the equity transfer in Inner Mongolia Jingneng Bayin Wind Power Co., Ltd., write back of provision on transfer payment receivable previously made and incomes from the changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

## 5. Operating Profit

As a result of the above, our operating profit increased by 14.36% from RMB2,037.6 million for 2013 to RMB2,330.1 million for 2014.

## 6. Adjusted Segment Operating Profit

The total adjusted segment operating profit increased by 13.50% from RMB1,956.6 million for 2013 to RMB2,220.8 million for 2014, as a result of an increase in electricity sales due to the increase in the inauguration of installed capacity in the gas-fired power and heat energy generation segment as well as the photovoltaic segment.

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

	2014 (RMB million)	2013 (RMB million)	Change percentage
Gas-fired power and heat energy generation segment	<b>1,108.8</b>	914.7	21.22%
Wind power segment	<b>815.3</b>	828.8	(1.63%)
Photovoltaic segment	<b>163.7</b>	40.3	306.42%
Hydropower segment	<b>158.0</b>	149.0	6.09%
Others	<b>(25.0)</b>	23.9	(204.73%)
<b>Total adjusted segment operating profit</b>	<b>2,220.8</b>	1,956.6	13.50%
Less: Government grants and subsidies related to clean energy production	<b>(1,318.6)</b>	(1,382.6)	(4.63%)
Add: Other income	<b>1,425.6</b>	1,462.1	(2.50%)
Add: Unallocated items	<b>2.3</b>	1.5	53.33%
<b>Operating profit</b>	<b>2,330.1</b>	2,037.6	14.36%

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

# Management Discussion and Analysis

## **(1) Gas-fired Power and Heat Energy Generation Segment**

The adjusted segment operating profit of our gas-fired power and heat energy generation segment increased by 21.22% from RMB914.7 million for 2013 to RMB1,108.8 million for 2014, as a result of the increase in electricity sales due to the newly installed capacity in this segment.

## **(2) Wind Power Segment**

Adjusted segment operating profit of our wind power segment decreased by 1.63% from RMB828.8 million for 2013 to RMB815.3 million for 2014 due to a decrease in sales of electricity as a result of the lower average wind speed in this segment.

## **(3) Photovoltaic Power Segment**

The adjusted segment operating profit of our photovoltaic power segment increased by 306.42% from RMB40.3 million for 2013 to RMB163.7 million for 2014, as a result of the increase in electricity sales due to the installed capacity in this segment.

## **(4) Hydropower Segment**

The adjusted segment operating profit of our hydropower segment increased by 6.09% from RMB149.0 million for 2013 to RMB158.0 million for 2014, as a result of the increase in electricity sales due to the newly installed capacity and the decrease in cost of power generation per unit in this segment.

## **(5) Others**

Other adjusted operating profit decreased from RMB23.9 million for 2013 to loss of RMB25.0 million for 2014, as a result of the capital reserve caused by the decrease of non-public offer shares by an subsidiary of Jingneng International to certain non-controlling shareholders.

## **7. Finance Costs**

Our finance costs increased by 21.45% from RMB905.4 million for 2013 to RMB1,099.6 million for 2014 due to the interest payments expensed following the commencement of production of new projects.

## **8. Share of Results of Associates and a Joint Venture**

Share of results of associates and a joint venture increased by 10.99% from RMB288.0 million in 2013 to RMB319.7 million in 2014 due to an increase in net profit driven by the equity earnings from holding interests in a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

## **9. Profit before Taxation**

As a result of the foregoing, profit before taxation increased by 8.40% from RMB1,449.8 million in 2013 to RMB1,571.6 million in 2014.

### 10. Income Tax Expense

Income tax expense increased by 27.87% from RMB222.4 million in 2013 to RMB284.3 million in 2014. Effective tax rate increased from 15.34% in 2013 to 18.09% in 2014 primarily due to an increase in income tax expense on the newly operated gas-fired power projects.

### 11. Profit for the Year

As a result of the foregoing, profit for the year increased by 4.87% from RMB1,227.5 million in 2013 to RMB1,287.3 million in 2014.

### 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 5.48% from RMB1,145.5 million in 2013 to RMB1,208.3 million in 2014.

## IV. FINANCIAL POSITION

### 1. Overview

As at 31 December 2014, total assets of the Group increased significantly to RMB48,082.5 million, total liabilities were RMB35,140.7 million and shareholders' equity reached RMB12,941.8 million, among which equity attributable to the parent company amounted to RMB12,499.8 million.

### 2. Particulars of Assets and Liabilities

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

	<b>31 December 2014 (RMB million)</b>	31 December 2013 (RMB million)	Change percentage
Current assets	<b>10,441.7</b>	6,402.4	63.09%
Non-current assets	<b>37,640.8</b>	32,090.8	17.29%
Total assets	<b>48,082.5</b>	38,493.2	24.91%
Current liabilities	<b>16,487.6</b>	10,645.9	54.87%
Non-current liabilities	<b>18,653.1</b>	16,883.1	10.48%
Total liabilities	<b>35,140.7</b>	27,529.0	27.65%
Equity attributable to equity holders of the Company	<b>12,499.9</b>	10,677.1	17.07%
Non-controlling interests	<b>441.9</b>	287.1	53.94%
Total equity	<b>12,941.8</b>	10,964.2	18.04%

# Management Discussion and Analysis

Our total assets increased by 24.91% from RMB38,493.2 million as at 31 December 2013 to RMB48,082.5 million as at 31 December 2014 due to increased investments in newly-built project. The total liabilities increased by 27.65% from RMB27,529.0 million as at 31 December 2013 to RMB35,140.7 million as at 31 December 2014 due to the increase in construction loans incurred by newly-built projects. Total shareholders' equity increased by 18.04% from RMB10,964.2 million as at 31 December 2013 to RMB12,941.8 million as at 31 December 2014. Equity attributable to equity holders of the Company increased by 17.07% from RMB10,677.1 million as at 31 December 2013 to RMB12,499.8 million as at 31 December 2014, due to the placing of new H shares in 2014 and the accretion from business results.

## 3. Liquidity

As at 31 December 2014, current assets amounted to RMB10,441.7 million, including cash of RMB4,206.8 million, bills and trade receivables of RMB4,020.7 million (mainly comprising receivables from sales of electricity and heat energy), and prepayment and other current assets of RMB2,214.2 million (mainly comprising deductible value-added tax and other trade receivables). Current liabilities amounted to RMB16,487.6 million, including short-term borrowings of RMB5,286.8 million, short-term debentures of RMB1,800.0 million, medium-term notes due within a year of RMB1,000.0 million, corporate bonds due within a year of RMB2,397.7 million, bills and account payables of RMB5,188.6 million (mainly comprising payables for gas, construction and purchase of equipment). Other current liabilities amounted to RMB814.5 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities increased by 42.47% from RMB4,243.5 million as at 31 December 2013 to RMB6,045.9 million as at 31 December 2014 due to the reclassification of corporate bonds of RMB2,400.0 million and medium-term notes of RMB1,000.0 million into current liabilities.

Current ratio increased by 3.19% from 60.14% as at 31 December 2013 to 63.33% as at 31 December 2014, due to the increase in gas and heat tariffs receivable at the end of the period driven by the expansion of installed capacity.

## 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 1.08% from 64.32% as at 31 December 2013 to 65.40% as at 31 December 2014 due to the increase in construction loans incurred by the newly-built projects.

The Group's long-term and short-term borrowings increased by 29.80% from RMB22,083.8 million as at 31 December 2013 to RMB28,665.7 million as at 31 December 2014, including short-term borrowings of RMB5,286.8 million, long-term borrowings of RMB15,996.5 million, medium-term notes of RMB1,000.0 million, corporate bonds of RMB4,582.4 million and short-term debentures of RMB1,800.0 million.

Bank deposits and cash held by the Group increased by 81.37% from RMB2,319.5 million as at 31 December 2013 to RMB4,206.8 million as at 31 December 2014, due to a partial utilization of the proceeds from the placing of new shares and the receipt of government grants and subsidies related to clean energy production for 2014 at the end of the period.

### 5. Financing

On 20 March 2014, the Group successfully issued the first tranche short-term debentures of RMB900.0 million, bearing an interest rate of 5.70%. On 16 May 2014, the Group successfully issued the second tranche short-term debentures of RMB900.0 million, bearing an interest rate of 5.20%.

On 7 October 2014, the Group successfully placed a total of 393,010,000 new H Shares in Hong Kong, at the placing price of HK\$3.23, raising HK\$1,247.0 million.

The Group successfully issued the Senior Guaranteed Bonds of RMB1,000.0 million with interest rate of 4.30% and maturity of three years on 23 December 2014.

### 6. Capital Expenditure

In 2014, the Group's capital expenditure amounted to RMB5,169.5 million, including RMB2,122.9 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB1,384.3 million incurred for construction projects in the wind power segment, RMB1,275.0 million incurred for construction projects in the photovoltaic segment, RMB305.7 million incurred for construction projects in the hydropower segment, and RMB81.6 million incurred for construction projects in other segments.

### 7. Material Acquisition and Disposal

On 9 July 2014, New Gullen Range Wind Farm Pty Ltd. ("New GRWF"), a wholly-owned subsidiary of New GRWF Holdco, entered into the Nomination and Asset Sale Agreement with GRWF, pursuant to which, New GRWF agreed to purchase the Target Asset from GRWF at a consideration of approximately AUD319.5 million. Beijing Jingneng Clean Energy (Hong Kong) Co., Limited held 75% of equity interest in New GRWF Holdco and Goldwind Capital (Australia) Pty Ltd. held 25% of equity interest in New GRWF Holdco.

The Company completed the acquisition of 100% equity interest of Golmud Jingneng New Energy Co., Ltd. in December 2014, at a consideration of RMB138.8 million.



# Management Discussion and Analysis

## 8. Significant Investment

According to the development plan of the Group, the Group established “Jianhu Jingneng New Energy Co., Ltd. (建湖京能新能源有限公司)”, “Ningxia Helan Jingneng New Energy Co., Ltd. (寧夏賀蘭京能新能源有限公司)”, “Ningxia Zhongning County Jingneng New Energy Co., Ltd. (寧夏中寧縣京能新能源有限公司)” and Jingneng (Qianxi) Power Generation Co., Ltd. “(京能(遷西)發電有限公司)” in 2014, foraying into the construction of photovoltaic power projects.

## 9. Contingent Liabilities

As of 31 December 2014, the Group had no external guarantees.

## 10. Mortgage of Assets

As of 31 December 2014, the Group’s certain bank borrowings were secured by trade receivables of RMB119.0 million, property, plant and equipment of RMB978.4 million and 100% equity interest of New GRWF.

## V. RISK FACTORS AND RISK MANAGEMENT

Currently, the operation and development of the Group are not exposed to any material risk factors, but they will be impacted to a certain extent by several factors in the short run:

### 1. Interest Rate Risk

The uncertainty of interest rate will create an impact on the financing costs of the Group to a certain extent. The Group’s good credit standing and sufficient credit facility from banks can ensure our capital is safe, stable and smooth. Also, for the purpose of minimizing financing costs, the Group has secured a large sum of stable, low-cost funding through a variety of financing means, such as the issue of additional H shares and bonds as well as the use of medium-term notes and short-term debentures and other low-cost funding, to ensure the funding of projects.

The Group will closely monitor changes in the economic environment, determine the direction of movement in bank interest rate and improve the management of debt structure with timely adjustment, so as to minimize interest rate risk exposure.

### 2. Exchange Rate Risk

The businesses of the Group are mainly located in mainland China, from which most of the income and expenses are denominated in Renminbi. The Group has a small portion of overseas investments and loans in foreign currencies (including deposits denominated in AUD and HK dollars, as well as loans in US dollars). The proceeds raised from follow-on offering of H shares are denominated in Hong Kong dollars. Movement in the Renminbi exchange rate may cause exchange loss or gain to the Group’s foreign currency-denominated business.

The Group is closely monitoring and studying changes in exchange rates, so as to cope with changes in the foreign exchange market and improve the management of exchange rate risk through various management measures.

### VI. BUSINESS OUTLOOK FOR 2015

Year 2015 will be a crucial year for the Group to optimize its layout, tap into markets outside Beijing while still focusing on Beijing market, and realise healthy development. In a bid to make itself capable of adapting to the new normal of economic growth and ready for capturing the opportunities arising from the adjustment of energy mix, the Group will expand its installed capacity of clean energy, keep abreast with industry trends and policy changes, and further optimize investment portfolio. It will also make rational plans for carrying out project construction, keep intensifying efforts in safety management, take an aggressive measure in terms of power generation, and keep improving and enhancing its standardised management, aiming to lay a solid foundation for future development during “Thirteenth-Five Plan” period.

The Group will endeavor to accomplish the following tasks for the purpose of achieving the business targets:

#### 1. Enhancing Management of Remnant Assets to Improve Profitability

The Group will make the utmost efforts to better professionalize and refine its management while focusing on cost reduction and efficiency improvement, and improve operational efficiency with various measures. On one hand, the Group will keep optimizing production management model, strengthening the implementation and execution of the management system, improving the comprehensive management of equipment and corporate operation, stepping up cost control and improving performance of the equipment. On the other hand, the Group will step up communication and coordination with the relevant government departments, accomplish tasks stably and take an aggressive measure in terms of power generation, sparing no efforts to pursue more benefits.

# Management Discussion and Analysis

## **2. Enhancing Innovation Concept to Improve Capabilities for Sustainable Development**

On the context of economic restructuring in PRC and developing trend of energy industry, the Group will make plans for resource allocation in advance, thus ensuring there will be sufficient reserves for subsequent projects. In carrying out new projects, the Group should focus on key areas and key industries, make more use of market forces, fully respect the objective laws and implement quality projects specifically. The Group will ride on the opportunities arising from policies rolled out by the Country to develop photovoltaic power and its own advantages to further optimize its plans for photovoltaic projects in preliminary stage and deploy more efforts to the development of photovoltaic projects. The Group will continue to focus on nationwide quality wind power projects and strengthen the exploration of regional energy system research, maintain its leading position in terms of gas-fired regional energy projects and strive to achieve a breakthrough in waste-to-electricity projects. The Group will proactively expand overseas projects to consolidate its advantage of scale under the condition that its revenue can be maintained.

## **3. Optimising Funds Allocation to Increase Efficiency in the Use of Funds**

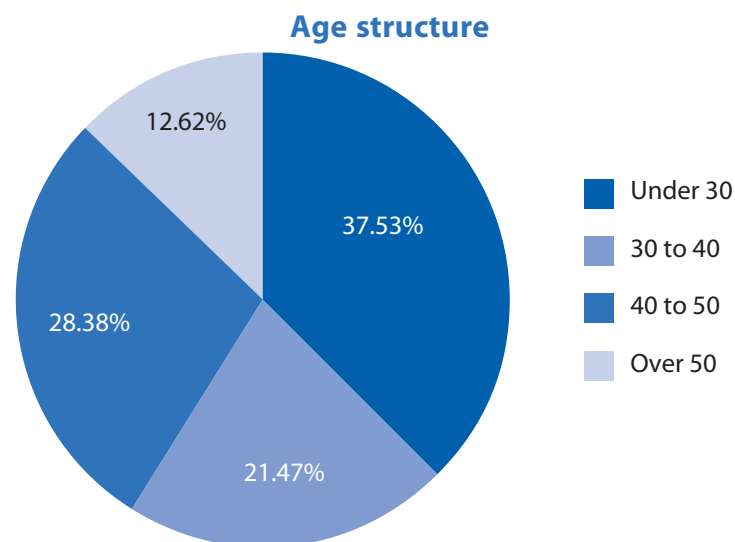
As the Chinese economy takes a new, normal face, the Group needs to make full use of a variety of financing methods to meet substantial capital requirements. In order to minimize financial risk and optimize capital structure, the Group will leverage the gradually relaxing policy environment, explore and utilize more financing methods as well as expand more effective investments, and capitalize on the crucial role of investment and financing to further reduce financing cost and improve the efficiency of capital utilization.

## I. SUMMARY OF HUMAN RESOURCES

The Group had a total of 2,273 employees as at 31 December 2014. Please refer to the following tables for details of the age structure and degree structure of employees:

### 1. Age Structure:

Age distribution	Number of employees	Percentage
Under 30	853	37.53%
30 to 40	488	21.47%
40 to 50	645	28.38%
Over 50	287	12.62%
Total	2,273	100.00%



### 2. Degree Structure:

Educational background	Number of employees	Percentage
Doctorate degree	3	0.13%
Master degree	153	6.73%
Undergraduate	1,033	45.45%
College or below	1,084	47.69%
Total	2,273	100.00%

# Human Resources

## 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 management on 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 2014 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 2014, approximately five training courses that took approximately 51 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 Fund and Housing Fund, Management Standards for Supplementary Healthcare and Management Standards for Occupational Health to secure the benefits for all employees.



# Profiles of Directors, Supervisors and Senior Management

## NON-EXECUTIVE DIRECTORS

**Mr. LU Haijun (陸海軍)**, aged 58, is our chairman of the Board and has been a non-executive Director of our company since January 2010. Mr. Lu is responsible for our business strategy and overall development. Mr. Lu has more than 21 years of experience in management, investment management, capital management and human resource management in large power companies. He joined BEH as the chairman in December 2008. From June 1998 to December 2008, Mr. Lu held various governmental roles while working for Beijing Municipal Government. Between February 2003 and December 2008, he was deputy director then director of Beijing Municipal Administration Commission. He served as the deputy director of Chongwen District of Beijing from October 1998 to February 2003, and he was the assistant director of Beijing Municipal Public Utility Bureau from June 1998 to October 1998. Between January 1988 and June 1998, he worked as a deputy manager then manager of Beijing Liquefied Petroleum & Gas Company. From July 1982 to January 1988, he worked for Beijing Gas Company and held various positions including deputy manager and the deputy manager of the Bottling Plant in Northern Suburb of the company. He studied enterprise management at the Department of Industrial Economics at Capital University of Economics and Business (Capital University of Economics and Business, formerly known as Beijing School of Economics) from September 1978 to July 1982 obtaining a bachelor's degree, and studied enterprise management in the same university from September 1994 to July 1997 respectively, and now holds a master's degree.

**Mr. GUO Mingxing (郭明星)**, aged 47, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Guo has more than 23 years of experience in production, construction, business management and capital management in the power industry. In January 2005, Mr. Guo joined BEH 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 doctoral 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 59, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Xu has over 13 years of experience in management and investment in the power industry. He has been a deputy general manager in BEH since November 2004, and has also been the chairman of BEH-Property Co., Ltd. (BEH-Property Co., Ltd, a company listed on the Shanghai Stock Exchange) since November 2005. From February 2000 to November 2004, Mr. Xu was the deputy general manager of Beijing Comprehensive Investment Company, the predecessor of BEH. 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 58, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Liu has more than 10 years of experience in the management of finance, property and accounting of large power companies. Mr. Liu joined BEH 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 44, is a non-executive Director of our Company. Mr. Yu has been the deputy general manager of Beijing State-owned Assets Operation and Management Center since May 2009, and the director of Beijing Rural Commercial Bank Co., Ltd., Beijing Automobile Co., Ltd., and Beijing BOE Display Technology Co., Ltd. since December 2009. From November 2003 to May 2009, he worked with Beijing State-owned Assets Supervision and Administration Commission, as deputy director of Department of Reform and Development, deputy director then director of Department of Enterprise Reform, in that respective order. From September 1996 to November 2003, he worked with Beijing Economic and Trade Commission, where he was a senior staff, principal staff, then deputy director of Department of Small and Medium Enterprises, then deputy director of the Department of Enterprise Reform, in that respective order. From January 1996 to September 1996, Mr. Yu worked with Shijingshan District Economic Planning Commission in Beijing as a staff then deputy section chief of Industry Section. Mr. Yu started his career as a staff at Shijingshan District Committee of the Chinese People's Political Consultative Conference in Beijing, where he worked from July 1992 to January 1996. Mr. Yu studied at North China University of Technology from September 1988 to July 1992, where he obtained a bachelor's degree of engineering. From September 2000 to July 2002, he studied in a post-graduate course at Central University of Finance and Economics, major in finance. He obtained a master degree of public administration in July 2011 in Peking University.

## Profiles of Directors, Supervisors and Senior Management

**Mr. JIN Yudan (金玉丹)**, aged 58, is a non-executive Director of our Company. Mr. Jin now serves as a member of the board of trustees of Dulwich College Beijing, a British international school, and has been a partner of SAIF Partners RMB Fund since January 2010. From August 2008 to December 2009, he was an investment partner of SAIF Partners. From September 2005 to August 2008, he worked as the chief executive officer of Beijing Topsec Network Security Technology Co., Ltd. From July 2003 to September 2005, he worked as the president of Luminous Networks, Inc., a start-up company in Silicon Valley, USA. He studied in the Advanced Management Program of Kellogg School of Management, Northwestern University from April 2002 to June 2002. From May 1997 to December 2001, he was the president of Asia Pacific region for Marconi Plc, a British telecommunications company. He was the chief representative in China of the 3Com, a company in Silicon Valley, USA, from April 1994 to April 1997, and previously worked as a software R&D engineer from April 1988 to March 1994 for the company. From 1985 to 1987, he studied in the Postgraduate School of the Computer Science Department, Rochester Institute of Technology. He was an engineer in China HP from 1982 to 1985. He studied in the Department of Computer Engineering and Science, Tsinghua University from 1978 to 1981.

### EXECUTIVE DIRECTOR

**Mr. CHEN Ruijun (陳瑞軍)**, aged 52, is an executive Director and general manager of our Company. Mr. Chen is a senior engineer and served as the general secretary of Inner Mongolia Jingtai Power Limited ("Jingtai Power")'s committee of Communist Party of China ("CPC") and Jingtai Power's general manager from October 2007 to August 2012. In 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 59, is an independent non-executive Director. Mr. Liu is currently an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (stock code: 1798) and was an independent non-executive director of Datang International Power Generation Co., Ltd. (stock code: 991) from 2007 to 2010. Mr. Liu has 30 years of experience in the field of electric power design, and has been the chairman of the board of China Power Engineering Consulting Group Corporation North China Electric Power Design Institute Engineering Co., Ltd. since 2010. Between 2005 and 2010, he was the chairman of the board of Beijing Guodian North China Electric Engineering Co., Ltd. From 1999 to 2005, he worked as a deputy general manager at Guodian North China Electric Engineering Co., Ltd. Between 1984 and 1999, he worked at North China Electric Power Design Institute as section chief, deputy department chief and then assistant president. He worked as a technician and an assistant engineer at Beijing Electric Power Design Institute between 1980 to 1984. Mr. Liu obtained a bachelor's degree in engineering from Changchun College of Geology (which has merged into Jilin University) in 1980 and a double-bachelor's degree in management engineering from North China Electric Power University in 2001. Mr. Liu is a professor-grade senior engineer.

**Mr. LI Fuqiang (李富强)**, aged 58, is an independent non-executive Director. Mr. Li was a lecturer of Department of Science and Technology of National Defense University of PLA China from October 1980 to September 1987. From October 1987 to September 2002, he was successively a deputy director and a director of the editorial department and a dean assistant of the Institute of Quantitative & Technical Economics of the Chinese Academy of Social Sciences. From October 2002 to June 2007, he was the chief of the Publishing House of Local Records of the Chinese Academy of Social Sciences. Since July 2007, Mr. Li has successively served as the deputy secretary-general and vice office manager and later as the secretary-general and office manager in the office of steering group of the Chinese Local Records. Mr. Li graduated from Business School of Jilin University with a doctorate degree in quantitative economics.

**Ms. LAU Miu Man (樓妙敏)**, aged 43, is an independent non-executive Director. Ms. Lau now serves as the Chief Financial Officer of Sunnywafer Holdings Limited. Before then, Ms. Lau served as the Chief Financial Officer of the China Renji Medical Group Ltd. (stock code: 648) from December 2007 to March 2011. She was a Practising Director of Shinewing (HK) CPA Limited from September 2005 to December 2007. Between January 1994 and August 2005, she worked with Ho and Ho & Company, Certified Public Accountants, holding positions including Audit Manager and Partner, in that respective order. Ms. Lau has more than 13 years of professional experience in finance, accounting and auditing, and she provided auditing, business advisory, due diligence review, mergers and acquisition transactions and internal controls review for listed companies, state-owned enterprises and foreign investment enterprises. Ms. Lau graduated from Monash University in Australia in 1994 and obtained a bachelor's degree of economics, major in accounting. She has been a senior fellow member of Hong Kong Institute of Certified Public Accountants and Certified Practising Accountants Australia since 1997.

## Profiles of Directors, Supervisors and Senior Management

**Mr. HAN Xiaoping (韓曉平)**, aged 58, is an independent non-executive Director of our Company. Mr. Han worked as an editor and reporter at CAAC Journal and CAAC Inflight Magazine for the General Administration of Civil Aviation of China (CAAC) from 1986 to 1988. He has been a committee member of the new technology committee under the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering since 1988. He established China Energy Net in 2000 and served as its managing director and chief information officer since then. Mr. Han currently serves as the chief writer of Energy Review, chief researcher of China Energy Net Research Center, senior expert of China City Gas Association Distributed Energy Professional Committee, Sinopec social supervisor, expert at the Policies & Regulations Department of National Energy Administration, deputy director of China Energy Research Society Distributed Energy Professional Committee, executive committee member of the Chinese Enterprises Investment Association and deputy director of Financial Enterprises Investment Committee, and deputy governor of China's Natural Gas Industry Association.

### SUPERVISORS

**Mr. LI Xun (李迅)**, aged 55, has served as the chairman of the Board of Supervisors of our Company since October 2014. Mr. Li had served as secretary of the Communist Youth League of Beijing Chemical Experimental Plant and Beijing Chemical Industry Group Co., Ltd. from January 1988 to June 1991 and from June 1991 to November 1993, respectively. He joined Beijing No. 2 Rubber Factory in November 1993 where he was secretary of the Communist Party Committee and Director until February 2001. He then served as secretary of the Communist Party Committee of Beijing Jingneng Thermal Power Co., Ltd. from February 2001 to April 2004, and chief officer of the Community Union Working Department of Beijing International Power Development and Investment Company from April to December 2004. From December 2004 to May 2014, Mr. Li served consecutively as chief officer of the Community Union Working Department, director, chairman of the labour union, and employee representative director and the head of the Community Union Working Department of BEH. He is currently a deputy secretary of the Communist Party Committee, employee representative director, chairman of the labour union and the head of the Community Union Working Department of Beijing Energy Investment Holding Co., Ltd.

**Mr. LIU Jiakai (劉嘉凱)**, aged 47, has served as a Supervisor of our Company since January 2010. Mr. Liu has over 23 years of experience in construction and accounting in the power industry. Mr. Liu joined BEH in December 2009 and has been the director of the department of finance and property management. Also, he was the chief accountant of Beijing Jingneng Thermal Power Co., Ltd. (a company listed on the Shanghai Stock Exchange) between April 2006 and April 2007 and has been a supervisor of the same company since June 2007. From July 2006 to December 2009, he held the position of the chief financial officer at Beijing Jingneng International. Between July 2003 and April 2006, he was the chief accountant at Inner Mongolia Daihai Electric Power Generation Co., Ltd. Mr. Liu worked as the director of the finance department and the vice director of the audit department of Inner Mongolia Power Control Bureau for eleven years from March 1992 to July 2003. Mr. Liu obtained a bachelor's degree in economics from Central University of Finance and Economics of China in June 1989.



# Profiles of Directors, Supervisors and Senior Management

**Ms. HUANG Linwei (黄林伟)**, aged 47, 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 (陈瑞军)**, aged 52, 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 51, 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 18 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 BEH 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 (李志坚)**, aged 44, 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.

## Profiles of Directors, Supervisors and Senior Management

**Mr. HUANG Hui (黃慧)**, aged 42, 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 centre 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 47, has been a chief engineer of our Company since March 2010. Mr. Zhang has over 9 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 GD 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 41, 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.

### COMPANY SECRETARY

**Mr. KANG Jian (康健)**, serves as secretary to the Board and company secretary. Please refer to his biography under the paragraph headed "—Senior Management."

# Report of the Directors

The Board of Directors of the Company now presents the annual report of the year 2014 (the “**Annual Report**”) and the audited financial statements of the Group (the “**Financial Statements**”) for the year ended 31 December 2014 to Shareholders.

## SHARE CAPITAL

As of 31 December 2014, the total share capital of the Company was RMB6,870,423,454, divided into 6,870,423,454 shares of RMB1.00 each. The Company completed the placing of 393,010,000 new H Shares on 7 October 2014 at the price of HK\$3.23 per H Share. For additional information of such placement of new H Shares of the Company, please refer to the Company’s announcements dated 26 September 2014 and 7 October 2014. Details of movements in the share capital of the Company during the year are set out in note 38 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 31 December 2014.

## 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, photovoltaic power 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, 50 to the Financial Statements.

## RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended 31 December 2014 are set out in the Consolidated Statement of Comprehensive Income on pages 65 to 66. The financial condition of the Company and its subsidiaries for the year ended 31 December 2014 is set out in the Consolidated Statement of Financial Position on pages 67 to 68. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2014 is set out in the Consolidated Statement of Cash Flows on pages 71 to 72.

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 10 to page 26.

## 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 25 June 2015, for the payment of a final dividend of RMB4.21 cents per share (tax inclusive) for the year ended 31 December 2014 payable to the Shareholders of the Company whose names are listed in the register of members of the Company on 9 July 2015, in an aggregate amount of approximately RMB289.2 million (the “**2014 Final Dividends**”). 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 2014 Final Dividends 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 1 January 2008 and other relevant rules, where the Company distributes the proposed 2014 Final Dividends 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 13 May 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 2014 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2014 Final Dividends 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.

# Report of the Directors

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended 31 December 2014.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain shareholders' entitlement to attend and vote at the AGM and to the proposed 2014 Final Dividends, the H Share register of members of the Company will be closed from 26 May 2015 to 25 June 2015 (both days inclusive) and from 6 July 2015 to 9 July 2015 (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 22 May 2015. In order to qualify for receiving the proposed 2014 Final Dividends (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 3 July 2015.

## **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 made external donations of approximately RMB0.8 million (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 31 December 2014 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 31 December 2014 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 <sup>(1)</sup>	Independent non-executive Director	17 December 2013
LI Fuqiang	Independent non-executive Director	10 June 2014
LAU Miu Man	Independent non-executive Director	17 December 2013
WEI Yuan <sup>(2)</sup>	Independent non-executive Director	17 December 2013
HAN Xiaoping	Independent non-executive Director	28 October 2014
CHEN Yanshan <sup>(3)</sup>	Chairman of the Board of Supervisors	17 December 2013
LI Xun	Chairman of the Board of Supervisors	28 October 2014
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
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. Shi Xiaomin as independent non-executive Director took effect on 10 June 2014.
- (2) The resignation of Mr. Wei Yuan as independent non-executive Director took effect on 28 October 2014.
- (3) The resignation of Mr. Chen Yanshan as Supervisor Chairman of the Board of Supervisors took effect on 28 October 2014.

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.

## Report of the Directors

Reference is made to the announcements of the Company dated 2 February 2015. As disclosed in the announcements, on 30 January 2015, the Company received a notice from its controlling shareholder, BEH, that Mr. Lu Haijun, the former Chairman of BEH and the Chairman of the Company, is being investigated by the competent authorities for suspected severe violation of relevant discipline. Given that Mr. Lu Haijun is unable to perform his duties as the Chairman of the Company and in order to ensure the Company's normal operation, Mr. Guo Mingxing, a director of the Company, has been elected by a majority of directors to assume the duties of Chairman of the Company temporarily in accordance with the Company Law of the PRC and the Articles of Association of the Company until the date of new Chairman being elected by the board of directors. The board of directors confirms that the aforesaid incident related to Mr. Lu Haijun will have no material adverse impact on the Company's normal business operations. The Company would like to further confirm that the incident is not related to the Company's business. The business and operations of the Company remain normal.

### **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 35 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 2014 are set out below:

Name	Basic salaries, and allowances RMB'000	Retirement benefit contribution RMB'000	Total RMB'000
KANG Jian	520	40	560
LI Zhijian	520	40	560
HUANG Hui	520	40	560
ZHANG Jurui	520	40	560
JIA Geng	520	40	560

### DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year of 2014 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 2014, 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 BEH
GUO Mingxing	Non-executive Director	Director and general manager of BEH
XU Jingfu	Non-executive Director	Deputy general manager of BEH
LIU Guochen	Non-executive Director	Deputy general manager of BEH

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

As at 31 December 2014, 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.

# Report of the Directors

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2014, 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:

Notes: (L) – Long position, (s) – Short position, (p) – Lending pool

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(%)
BEH	domestic share	Beneficial interest and interest of a controlled corporation	4,217,360,071 (L)	93.46	61.38
BSAMAC	domestic share	Beneficial interest and interest of a controlled corporation	4,442,302,231 (L)	98.45	64.66
SAIF IV GP Capital Ltd.	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
SAIF IV GP LP	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
SAIF Partners IV L.P.	H share	Beneficial interest	173,532,000 (L)	7.36	2.53
Yan Andrew Y.	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
Beijing Enterprises Holdings Limited	H share	Interest of a controlled corporation	196,964,000 (L)	8.35	2.87
Beijing Enterprises Energy Technology Investment Co. Limited	H share	Beneficial interest	196,964,000 (L)	8.35	2.87
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited	H share	Interest of a controlled corporation	196,964,000 (L)	8.35	2.87
Keywise Capital Management (HK) Limited	H share	Investment manager	215,282,000 (L)	9.13	3.13
Gold Wind New Energy (HK) Investment Ltd	H share	Beneficial interest	140,118,000 (L)	5.94	2.04
Xinjiang Goldwind Science & Technology Co., Ltd.	H share	Interest of a controlled corporation	140,118,000 (L)	5.94	2.04
New Wealth Investment Holdings Limited	H share	Beneficial interest	137,008,928 (L)	5.81	1.99
Chen Li	H share	Interest of a controlled corporation	137,008,928 (L)	5.81	1.99
Citigroup Inc.	H share	Interest of a controlled corporation, Custodian corporation/approved lending agent and person having a security interest in shares	212,742,360 (L) 846,000 (S) 176,814,363 (P)	9.02 0.03 7.50	3.10 0.01 2.57
Norges Banks	H share	Beneficial interest	165,722,000 (L)	7.03	2.41

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(%)
CSOF III GP Limited	H share	Interest of a controlled corporation, Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	140,040,000 (L)	5.94	2.04
China Special Opportunities Fund III, L.P.	H share	Interest of a controlled corporation, Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	140,040,000 (L)	5.94	2.04
Forebright Partners Limited	H share	Interest of a controlled corporation, Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	140,040,000 (L)	5.94	2.04
China Everbright Holdings Company Limited	H share	Interest of a controlled corporation, Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	140,040,000 (L)	5.94	2.04
China Everbright Limited	H share	Interest of a controlled corporation, Interests of any parties to an agreement to acquire interests in a particular listed corporation required to be disclosed under s.317(1)(a) and s.318 of the SFO	140,040,000 (L)	5.94	2.04
Central Huijin Investment Ltd.	H share	Interest of a controlled corporation	140,040,000 (L)	5.94	2.04
China Everbright Group Ltd.	H share	Interest of a controlled corporation	140,040,000 (L)	5.94	2.04

## 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 2014.

# Report of the Directors

## CONNECTED TRANSACTIONS

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

### Financial Lease Agreement between Wulanyiligeng Power and Jingneng Leasing

On 25 July 2014, Wulanyiligeng Power, a wholly owned subsidiary of the Company, entered into the finance lease agreement with Jingneng Leasing, pursuant to which, Wulanyiligeng Power has agreed to lease from Jingneng Leasing the lease assets, which shall be transferred from Wulanyiligeng Power to Jingneng Leasing at the Transfer Consideration of RMB300.0 million (equivalent to approximately HK\$379.7 million). The transaction in respect of the transfer of the lease assets from Wulanyiligeng Power to Jingneng Leasing contemplated under the finance lease agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has resolved and approved the finance lease agreement and the transaction contemplated thereunder. Please refer to the announcement of the Company dated 25 July 2014 for detail information of the transaction.

### Acquisition of 100% Equity Interest in Golmud New Energy

On 29 December 2014, the Company entered into the equity transfer agreement with QHJN, pursuant to which, QHJN has agreed to sell and the Company has agreed to acquire QHJN's 100% equity interest in Golmud New Energy at a total consideration of RMB138,763,200.

The Board has resolved and approved the equity transfer agreement and the transaction contemplated thereunder. Please refer to the announcement of the Company dated 29 December 2014 for detail information of the transaction.

## CONTINUING CONNECTED TRANSACTIONS

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

Pursuant to the announcement of the Company dated 19 March 2014, the Company obtained approval from the Board on the annual caps of the transactions under item 1 to item 4.

Pursuant to the announcement of the Company dated 19 March 2014, the Company obtained approval from the Board on the annual caps of the transaction under item 8 for the year 2014, 2015 and 2016.

Pursuant to the announcement of the Company dated 19 March 2014, the Company obtained approval from the Board on amendment to the continuing connected transactions under item 6 and item 7 for the year 2014, 2015 and 2016.



Pursuant to the announcement of the Company dated 10 June 2014, the Company obtained approval from the annual general meeting of the Company dated 10 June 2014 on the transaction and annual caps under item 5.

Connected transactions under		Connected persons	Annual caps for 2014	(RMB million) Actual transaction value in 2014
1.	Framework Equipment Maintenance Agreement	BEH	120.00	47.23
2.	Framework Service Agreement	BEH	103.55	37.27
	– landscaping services		7.00	1.68
	– property management services		19.96	18.73
	– consultancy and technical support regarding operational safety		16.59	–
	– conference services		2.00	1.15
	– project management services		58.00	15.71
3.	Framework Operating Agreement	BEH	41.39	–
4.	EPC Framework Agreement	BEH	5.20	–
5.	Framework Heat Sale and Purchase Agreement	BDHG	1,016.13	522.04
6.	Equipment Purchase Framework Agreement	BEH	190.00	93.92
7.	Financial Services Framework Agreement	BEH		
	– deposit services		1,000.00	640.00
	– loan services (Note)		–	–
	– other financial services		30.00	5.15
8.	Property Lease Framework Agreement	BEH	19.80	9.35

Note: In view of the fact that the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. As such, no cap has been set for such services.

### Continuing Connected Transactions between the Group and BEH and its Associates

Pursuant to the Listing Rules, BEH is the Company's substantial shareholder, while BEH and its subsidiaries are connected persons of the Company.

BEH, a controlling shareholder of the Company, directly held 60.83% of the total issued share capital of the Company as at 31 December 2014. As such, BEH and its associates are connected persons of the Company pursuant to the Listing Rules.

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

The Company and BEH 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 BEH and its associates are as follows:

- The Group leasing properties from BEH and/or its associates, in respect of which BEH and the Company entered into the Framework Property Lease Agreement on 19 March 2014. The term of such agreement is twenty years commencing on the listing date of the Company;

## Report of the Directors

- BEH and/or its associates providing equipment maintenance services to the Group, in respect of which BEH and the Company entered into the Framework Equipment Maintenance Agreement on 19 March 2014. The term of such agreement is three years expiring on 18 March 2017;
- BEH 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) project management services, in respect of which BEH and the Company entered into the Framework Service Agreement on 19 March 2014. The term of such agreement is three years expiring on 18 March 2017;
- BEH and/or its associates operating the power and/or heating equipment for the Group, in respect of which BEH and the Company entered into the Framework Operating Agreement on 19 March 2014. The term of such agreement is three years expiring on 18 March 2017;
- BEH and/or its associates provide energy performance contracting services to the Company, in respect of which BEH and the Company entered into the EPC Framework Agreement on 19 March 2014. The term of such agreement is three years expiring on 18 March 2017;
- BDHG and/or its associates purchasing heat generated by the Group from time to time, in respect of which BEH and the Company entered into the Framework Heat Sale and Purchase Agreement on 19 March 2014. The term of such agreement is three years expiring on 18 March 2017;

### **Equipment Purchase Framework Agreement between BEH and the Group**

The Group and BEH entered into the Original Equipment Purchase Framework Agreement on 28 March 2012. Due to the Company's increasing demand for purchasing more equipments, the Company entered into the Equipment Purchase Framework Agreement with BEH on 19 March 2014 to supersede the Original Equipment Purchase Framework Agreement. Such Equipment Purchase Framework Agreement is of a term of three years expiring on 18 March 2017.

Fees payable to BEH for the equipment purchase include equipment fees and service charges, the fees shall be agreed following arm's length negotiation between the parties with reference to prevailing market prices and rates.

### **Financial Services Provided by BEH Finance to the Group**

The Group and BEH Finance entered into the Original Financial Service Agreements on 23 May 2011 and 28 March 2012 and as amended thereafter. Due to the Company's increasing demand for financial services, the Company entered into the Financial Services Framework Agreement with BEH Finance on 19 March 2014 to supersede the Original Financial Services Agreements. Such Financial Services Framework Agreement is of a term of three years expiring on 18 March 2017.

In respect of the deposit services under the Financial Service Framework Agreements, the interest rate to be paid by BEH Finance for the Group's deposits with BEH 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 loan services under the Financial Service Framework Agreements, the interest rate for loans granted to the Group by BEH Finance shall not be higher than the benchmark interest rates as published by the PBOC from time to time or should not be higher than the interest rates granted by independent commercial banks which provide similar service on the same conditions.

In respect of the other financial services under the Financial Service Framework Agreements, the other financial services to be provided by BEH Finance to the Group shall be made on normal commercial terms and on terms similar to or more favourable than those offered by independent third parties for comparable services in the PRC.

### **Financial Lease Agreement between Wulanyiligeng Power and Jingneng Leasing**

On 25 July 2014, Wulanyiligeng Power, a wholly owned subsidiary of the Company, entered into the finance lease agreement with Jingneng Leasing, pursuant to which, Wulanyiligeng Power has agreed to lease from Jingneng Leasing the lease assets, which shall be transferred from Wulanyiligeng Power to Jingneng Leasing at the Transfer Consideration of RMB300.0 million (equivalent to approximately HK\$379.7 million). The transaction in respect of the lease of the lease assets from Jingneng Leasing to Wulanyiligeng Power contemplated under the finance lease agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has resolved and approved the finance lease agreement and the transaction contemplated thereunder. Please refer to the announcement of the Company dated 25 July 2014 for detail information of the transaction.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 44 to the Financial Statement is a connected transaction or a continuing connected transaction for the Company as defined under the Listing Rules or connected transactions or continuing connected transactions for the Company exempt from the reporting requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

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

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

- (1) carried out in the ordinary course of business of the Group;
- (2) made on normal commercial terms; and
- (3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of our Company's shareholders as a whole.

# Report of the Directors

## Confirmation of the Auditors

The auditors of the Company have performed the relevant agreed-upon procedures regarding the above continuing connected transactions, and confirmed by way of a letter to the Board of Directors that for the year ended 31 December 2014 these transactions:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
- (2) for transactions involving the provision of good or services by the Group, nothing has come to their attention that causes them believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions set out in the above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the prospectus dated 12 December 2012 and the Company's announcement dated 19 March 2014 (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 BEH entered in to a Non-Competition Agreement and a Supplemental Non-Competition Agreement on 13 June 2011 and 2 December 2011 respectively, under which, BEH 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 BEH 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 BEH has fully observed the Agreement without any case of violation.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the total volume of purchases from the five largest suppliers of the Company accounted for 62.75% of the total purchase volume of the year. The purchase from the largest supplier accounted for 52.32% of the total volume of fuel purchased during the year.

For the year ended 31 December 2014, the total sales to the five largest customers of the Company accounted for 91.65% of the total sales of the year. The sales to the largest customers accounted for 68.77% 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 note 43 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 of the Listing Rules for the year ended 31 December 2014.

### 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 30 October 2012, the Company has made adjustment to the intended use of proceeds received from the Global Offering. Reference is made to the announcements of the Company dated 26 September 2014 and 7 October 2014. In order to raise capital and broaden shareholder base, on 7 October 2014, the Company completed the placing of 393,010,000 new H Shares at the price of HK\$3.23 per H Share, representing a discount of approximately 5.6% to the closing price of HK\$3.42 per H Share as quoted on the Stock Exchange on 25 September

## Report of the Directors

2014, being the date on which the terms of the placing were fixed. The aggregated nominal value of the placing shares under the placing was RMB393,010,000. The net price (after deducting all applicable costs and expenses, including commission and legal fees) raised per H Share upon completion of the placing was approximately HK\$3.16. The placing shares were placed to professional, institutional or other investor, whose ultimate beneficiary owner is independent and not a connected person of the Company. As of 31 December 2014, such proceeds have not been used.

### SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2014, 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 2014 annual results announcement, Annual Report and the audited financial statements for the year ended 31 December 2014 prepared in accordance with the IFRS.

### 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 31 December 2014. The Company's financial statements for the year 2014 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**

**GUO Mingxing**

*Director*

Beijing, the PRC

25 March 2015



# Report of the Board of Supervisors

In 2014, all members of the Board of Supervisors of the Company had, in accordance with the Company Law of the PRC and other laws, regulations, rules and regulatory documents, Articles of Association, Rules of Procedure for the Board of Supervisors, and the relevant requirements under the Listing Rules, and for the sake of safeguarding the long-term benefits of the Company and maximizing the interest of all the Shareholders, duly performed their responsibilities of monitoring the conducts of Directors and senior management of the Company in the course of fulfilling their duties. Report on the principal work performed during the reporting period is presented as follows:

## I. MEETINGS OF THE BOARD OF SUPERVISORS

In 2014, the Board of Supervisors of the Company convened a total of two meetings. The convening of the meetings, the execution of the resolutions and the exercise of the supervisory rights were 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 a number of resolutions, including the Report of the Board of Supervisors and the Resolution on the Election of Chairman of the Board of Supervisors. In addition, the members of the Board of Supervisors presented at the 2013 annual general meeting of the Company, the first extraordinary general meeting of 2014 of the Company and every physical meeting of the Board. At each of these meetings, members of the Board of Supervisors expressed their views and suggestions in accordance with the subjects of the meetings and their supervisory responsibilities, conducted supervision over the procedures and the contents of the meeting in accordance with laws, and ensured the Shareholders to exercise their legitimate rights and the orderly and lawfully process of each meeting.

## II. WORKS PERFORMED BY THE BOARD OF SUPERVISORS

The Board of Supervisors mainly performed the following works:

### 1. Review on the Lawful Operation of the Company

The members of the Board of Supervisors presented at the general meetings and Board meetings of the Company, and reviewed resolutions proposed to the Board for consideration and approval, including the Work Report of General Manager, the Reports of the Board, the Audited Financial Report (IFRSs), the Financial Budget Report of the Company and resolutions regarding major policies and decisions of the Company during its operational and management. Through the relevant meetings above, the Board of Supervisors monitored the major decision making process and the conducts of the members of the Board and senior management. The Board of Supervisors held the opinion that the major decisions are made in complied with laws and regulations and all operation objectives set by the Board at the beginning of the year were achieved in an all-round manner with the leadership of the Board and the dedication of all staff. During the reporting period, the Company has made remarkable achievements in terms of compliance with laws, cost control, project construction and development, capital operation and internal management. The management of the Company further improved the internal management policies and enhanced the implementation and monitoring

# Report of the Board of Supervisors

of internal control, thus further improved the corporate governance. The management worked with diligent and the working positivity of the staff was further improved. All Directors and senior management worked with diligent and dedicated to fulfill their duties, scrupulously implemented the resolutions passed at the general meetings, adhered to lawful operation and made decisions in a prudent manner. No violations of laws, regulations or Articles of Association, and no detriment of the interest of Shareholders were found during the Board of Supervisors performing its duties.

## **2. Review on Financial Position of the Company**

The members of the Board of Supervisors effectively supervised and inspected the financial management systems and the financial position of the Company, and reviewed the relevant financial information of the Company and its subsidiaries, as well as the audit report of the Company and its subsidiaries issued by the auditor. After review and inspection, the Board of Supervisors held that the financial account and the accounting process complied with the Accounting Law of the PRC, the accounting system promulgated by the Ministry of Finance of the PRC and the requirements of Hong Kong Financial Reporting Standards and that the Company had a sound financial management system with effective execution, a comprehensive internal control system, standardised financial operation and sound financial position. The Board of Supervisors carefully reviewed the consolidated financial statements for the year 2014 audited by Deloitte Touche Tohmatsu with unqualified opinion and to be presented by the Board to the general meeting, and was in the opinion that the financial statements complied with the consistency principle and the financial statements truly, correctly and fairly reflects the financial position and operational results of the Company.

## **3. Review on Major Acquisitions, Disposals of Assets and Connected Transactions of the Company**

The Board of Supervisors had reviewed relevant information on acquisitions, disposals of equity interests conducted by the Company and connected transactions entered into with the controlling shareholder of the Company from time to time during the year. The Board of Supervisors was of the opinion that these acquisitions, disposals of equity interests and connected transactions all complied with the relevant requirements of the Hong Kong Stock Exchange, and the pricing policies for the connected transactions were reasonable, public and fair and there was no event 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 infringement on the interests of the Shareholders and the legitimate rights of employees was found so far.

#### 4. Review on Information Disclosure of the Company

The Board of Supervisors reviewed relevant disclosed documents made by the Company, and held the view that the Company had fully disclosed relevant information in a lawful, timely and comprehensive manner as required by the Stock Exchange of Hong Kong Limited and there was no false information was identified.

#### 5. Review on the Implementation of Resolutions Passed at the General Meetings

The Board of Supervisors gave no dissenting opinion on any of the reports and resolutions proposed to be considered and approved at the general meetings during the reporting period, and was of the opinion that the Board duly implemented each of the resolutions passed at the general meetings.

In 2015, 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, uphold the principle of integrity and effectively supervise the Company and its Directors and senior management. It will closely monitor the production, operation and management of the Company, keep an eye on major initiatives of the Company with an aim to boost the economic benefits of the Company and faithfully safeguard the interests of all the Shareholders and the Company.

*Chairman of the Board of Supervisors*

**Li Xun**

Beijing, the PRC

25 March 2015

# Corporate Governance Report

## 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 31 December 2014, the Company has complied with all the 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 31 December 2014.

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

LI Fuqiang

LAU Miu Man

HAN Xiaoping

The biographical information of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on pages 29 to 35 of this Annual Report.

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

### Chairman and General Manager

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

# Corporate Governance Report

## Independent Non-executive Directors

During the year ended 31 December 2014, the Board at all times complied with 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 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 make 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 and could require the Company Secretaries and senior management to provide services and advice. 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 of 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 2014, 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, 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 168.

### 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.

# Corporate Governance Report

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 evaluating 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 31 December 2014 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 3 members, namely Mr. LIU Chaoan (Chairman), Mr. GUO Mingxing and Mr. LI Fuqiang, 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 27 August 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 reviewed and determined and made 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 reviewed 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.

There were no Remuneration and Nomination Committee meetings held during the year.

### 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.

# 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 31 December 2014 is set out in the table below:

Name of Director	Attendance/Number of Meetings during the term of office			
	Board	Audit Committee	Annual General Meeting	Other General Meetings
LU Haijun ( <i>Chairman</i> )	6/6		1/1	1/1
GUO Mingxing	6/6		0/1	0/1
XU Jingfu	6/6		1/1	1/1
LIU Guocheng	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	2/2	1/1	1/1
SHI Xiaomin (Note 1)	2/2		1/1	
LI Fuqiang (Note 2)	3/4			1/1
LAU Miu Man	6/6	2/2	1/1	1/1
WEI Yuan (Note 3)	3/5		1/1	1/1
HAN Xiaoping (Note 4)	1/1			

Note 1: The Director resigned on 10 June 2014.

Note 2: The Director was only appointed on 10 June 2014.

Note 3: The Director resigned on 28 October 2014

Note 4: The Director was only appointed on 28 October 2014

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

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014.

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 63 to 64.

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 31 December 2014 amounted to RMB5,606,000.

### 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

The Stock Exchange has confirmed Mr. Kang Jian, one of the joint company secretaries of the Company, to act as the sole company secretary of the Company under Rule 3.28 of the Listing Rules. In this connection, Ms. Leung Wai Han, Corinna, the other joint company secretary of the Company, has resigned from her position as a joint company secretary of the Company with effect from 13 April 2015. Details of the resignation of joint company secretary are set out in the announcement of the Company dated 13 April 2015.

### 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 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.

# Corporate Governance Report

## **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 10 days before the holding of the general meeting.

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

## **PUTTING FORWARD ENQUIRIES TO THE BOARD**

For putting forward any enquiries to the Board, 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 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/INVESTOR RELATIONS**

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, non-executive Directors, independent non-executive Directors, and the chairman 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 supplemental circular dated 13 October 2014 to the Shareholders. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.





## 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 65 to 164, which comprise the consolidated statement of financial position as at December 31, 2014, 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.



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# Independent Auditor's Report

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, 2014, 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 25, 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	Year ended December 31,	
		2014	2013
		RMB'000	RMB'000
Revenue	6	<b>8,728,687</b>	6,254,824
Other income	7	<b>1,425,623</b>	1,462,121
Gas consumption		<b>(5,401,450)</b>	(3,659,648)
Depreciation and amortization	11	<b>(1,304,095)</b>	(1,102,715)
Personnel costs	11	<b>(417,394)</b>	(347,436)
Repairs and maintenance		<b>(308,804)</b>	(248,961)
Other expenses		<b>(488,804)</b>	(427,864)
Other gains and losses	8	<b>96,327</b>	107,237
Profit from operations		<b>2,330,090</b>	2,037,558
Interest income	9	<b>21,421</b>	29,636
Finance costs	9	<b>(1,099,556)</b>	(905,371)
Share of results of associates		<b>319,656</b>	287,939
Share of results of a joint venture		<b>3</b>	73
Profit before taxation		<b>1,571,614</b>	1,449,835
Income tax expense	10	<b>(284,321)</b>	(222,352)
Profit for the year	11	<b>1,287,293</b>	1,227,483
Profit for the year attributable to:			
– Equity owners of the Company		<b>1,208,330</b>	1,145,534
– Non-controlling interests		<b>78,963</b>	81,949
		<b>1,287,293</b>	1,227,483

	Notes	Year ended December 31,	
		2014	2013
		RMB cents	RMB cents
Earnings per share			
Basic and diluted	14	<b>18.39</b>	18.44

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	Year ended December 31,	
		2014 RMB'000	2013 RMB'000
Profit for the year	11	<b>1,287,293</b>	1,227,483
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations:			
Exchange differences arising during the year		<b>(92,734)</b>	–
Cash flow hedges			
Loss during the year		<b>(11,226)</b>	–
Income tax relating to items that may be reclassified subsequently to profit or loss		<b>3,368</b>	–
Other comprehensive expense for the year (net of income tax)		<b>(100,592)</b>	–
Total comprehensive income for the year		<b>1,186,701</b>	1,227,483
Total comprehensive income for the year attributable to:			
– Equity owners of the Company		<b>1,132,147</b>	1,145,534
– Non-controlling interests		<b>54,554</b>	81,949
		<b>1,186,701</b>	1,227,483

# Consolidated Statement of Financial Position

AT DECEMBER 31, 2014

		At December 31,	
	Notes	2014	2013
		RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	29,448,034	23,935,069
Intangible assets	16	4,353,754	4,494,646
Goodwill	17	190,049	124,194
Prepaid lease payments	19	136,334	131,905
Investments in associates	20(a)	1,853,829	1,650,903
Loans to associates	20(b)	150,000	149,440
Investments in a joint venture	21	80,466	80,463
Deferred tax assets	22	222,183	100,140
Available-for-sale financial assets	23	128,528	98,528
Value-added tax recoverable	27	414,170	561,830
Deposit paid for acquisition of property, plant and equipment		663,448	763,646
		<b>37,640,795</b>	32,090,764
<b>Current assets</b>			
Inventories	24	116,687	84,613
Trade and bill receivables	25	4,020,647	1,858,614
Other receivables, deposits and prepayments	26	395,355	1,040,249
Derivative financial assets	36	18,163	–
Current tax assets		10,472	9,125
Amounts due from related parties	44(c)	266,347	117,696
Prepaid lease payments	19	3,983	2,269
Value-added tax recoverable	27	875,052	548,531
Held for trading financial asset	28	370,803	–
Restricted bank deposits	29	157,348	421,787
Cash and cash equivalents	30	4,206,827	2,319,504
		<b>10,441,684</b>	6,402,388

# Consolidated Statement of Financial Position

AT DECEMBER 31, 2014

		At December 31,	
	Notes	2014	2013
		RMB'000	RMB'000
<b>Current liabilities</b>			
Trade and other payables	31	5,188,552	4,797,551
Amounts due to related parties	44(d)	290,356	304,700
Bank and other borrowings-due within one year	32	5,286,789	3,617,543
Short-term debentures	33	1,800,000	1,800,000
Medium-term notes – due within one year	34	1,000,000	–
Corporate bonds – due within one year	35	2,397,701	–
Income tax payable		192,570	126,102
Deferred income-current portion	37	331,603	–
		<b>16,487,571</b>	10,645,896
<b>Net current liabilities</b>		<b>(6,045,887)</b>	(4,243,508)
<b>Total assets less current liabilities</b>		<b>31,594,908</b>	27,847,256
<b>Non-current liabilities</b>			
Derivative financial liabilities	36	30,998	–
Bank and other borrowings – due after one year	32	15,996,513	12,077,830
Medium-term notes – due after one year	34	–	1,000,000
Corporate bonds – due after one year	35	2,184,649	3,588,434
Deferred tax liabilities	22	106,236	26,092
Deferred income	37	334,742	190,742
		<b>18,653,138</b>	16,883,098
<b>Net assets</b>		<b>12,941,770</b>	10,964,158
<b>Capital and reserves</b>			
Share capital	38	6,870,423	6,477,413
Reserves		5,629,414	4,199,672
Equity attributable to equity owners of the Company		<b>12,499,837</b>	10,677,085
Non-controlling interests		<b>441,933</b>	287,073
<b>Total equity</b>		<b>12,941,770</b>	10,964,158

The consolidated financial statements on pages 65 to 164 were approved and authorized for issue by the Board of Directors on March 25, 2015 and are signed on its behalf by:

**Guo Mingxing**

Director

**Chen Ruijun**

Director

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2014

	Attributable to equity owners of the Company							Total	Attributable to non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Other reserves	Cash flow hedging reserve	Currency translation differences	Accumulated profits			
	RMB'000 (Note 38)	RMB'000 (Note 39)	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000			
As at January 1, 2014	6,477,413	1,724,931	559,061	3,914	-	-	1,911,766	10,677,085	287,073	10,964,158
Issue of shares (Note 38(a))	393,010	613,007	-	-	-	-	-	1,006,017	-	1,006,017
Issuance costs	-	(18,529)	-	-	-	-	-	(18,529)	-	(18,529)
Appropriation to surplus reserve	-	-	255,101	-	-	-	(255,101)	-	-	-
Capital contribution in a subsidiary from holding company (Note 2(b))	-	123,000	-	-	-	-	-	123,000	-	123,000
Acquisition of a subsidiary from holding company (Note (c))	-	(138,763)	-	-	-	-	-	(138,763)	-	(138,763)
Capital contribution in a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	174,753	174,753
Dividend declared (Note 13 (a) and (b))	-	-	-	-	-	-	(281,120)	(281,120)	(74,447)	(355,567)
	<b>6,870,423</b>	<b>2,303,646</b>	<b>814,162</b>	<b>3,914</b>	<b>-</b>	<b>-</b>	<b>1,375,545</b>	<b>11,367,690</b>	<b>387,379</b>	<b>11,755,069</b>
Profit for the year	-	-	-	-	-	-	1,208,330	1,208,330	78,963	1,287,293
Other comprehensive expense for the year	-	-	-	-	(5,893)	(70,290)	-	(76,183)	(24,409)	(100,592)
Profit/Total comprehensive (expense) income for the year	-	-	-	-	(5,893)	(70,290)	1,208,330	1,132,147	54,554	1,186,701
At December 31, 2014	<b>6,870,423</b>	<b>2,303,646</b>	<b>814,162</b>	<b>3,914</b>	<b>(5,893)</b>	<b>(70,290)</b>	<b>2,583,875</b>	<b>12,499,837</b>	<b>441,933</b>	<b>12,941,770</b>
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 38(b))	327,508	403,164	-	-	-	-	-	730,672	-	730,672
Issuance costs	-	(15,285)	-	-	-	-	-	(15,285)	-	(15,285)
Appropriation to statutory surplus reserve	-	-	177,557	-	-	-	(177,557)	-	-	-
Dividend declared (Notes 13(c) and (d))	-	-	-	-	-	-	(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



# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2014

## Notes

- (a) According to the relevant requirement in the memorandum of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (collectively referred to as "the Group"), 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) Other reserves represent the share of other comprehensive income of associates and joint ventures.
- (c) On December 29, 2014, the Group entered into a share transfer agreement with 青海京能建設投資有限公司 (Qinghai Jingneng Construction and Investment Co., Ltd., English name for identification purpose) ("Qinghai Jingneng"), a wholly owned subsidiary of 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) ("BEH"), formerly known as 北京能源(投資)集團有限公司 (Beijing Energy Holding (Investment) Co., Ltd., English name for identification purpose), to acquire 100% equity interests in 格爾木京能新能源有限公司 (Golmud Jingneng New Energy Co., Ltd., English name for identification purpose) ("Golmud New Energy") at a cash consideration of RMB138,763,000. The acquisition was completed on December 31, 2014 and then Golmud New Energy became a wholly-owned subsidiary of the Group.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2014

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before taxation	1,571,614	1,449,835
Adjustments for:		
Depreciation and amortization	1,304,095	1,102,715
Gain arising on change in fair value of held for trading financial asset	(64,751)	–
(Reversal of) impairment losses on doubtful receivables	(47,587)	683
Dividend from available-for-sale financial asset	(2,290)	(1,398)
Loss (gain) on disposal of:		
– Property, plant and equipment	1,481	15,797
– A subsidiary	–	(45,900)
Gain on capital contribution from the non-controlling interest in an associate	–	(87,747)
Share of results of associates	(319,656)	(287,939)
Share of results of a joint venture	(3)	(73)
Interest income	(21,421)	(29,636)
Finance costs	1,099,556	905,371
Prepaid lease payments released to profit or loss	3,410	3,723
Deferred income released to profit or loss	(6,407)	(2,632)
Operating cash flows before movements in working capital	3,518,041	3,022,799
Movements in working capital		
Increase in inventories	(32,074)	(14,755)
Increase in trade and bill receivables	(2,164,997)	(54,360)
(Increase) decrease in amounts due from related parties	(149,158)	19,412
Decrease in other receivables, deposits and prepayments	1,146,658	466,702
Increase in trade and other payables	103,372	1,355,301
Increase in amounts due to related parties	79,511	2,540
Increase (decrease) in deferred income	324,470	(32,916)
Cash generated from operations	2,825,823	4,764,723
Income tax paid	(257,731)	(134,036)
<b>Net cash generated from operating activities</b>	<b>2,568,092</b>	<b>4,630,687</b>
<b>Investing activities</b>		
Interest received	23,469	25,644
Dividends received	119,020	184,634
Cash advanced to associates	(560)	–
Repayment of loans receivable	–	75,000
Cash received to related parties	245	–
Cash advanced to related parties	–	(235)
Acquisition of:		
– Property, plant and equipment	(5,697,681)	(6,925,797)
– Intangible assets	(11,938)	(23,136)
– Available-for-sale financial asset	(30,000)	–
– Held for trading financial asset	(306,052)	–
Addition of prepaid lease payments on land use rights	(9,553)	(2,484)
Proceeds on disposals of		
– Property, plant and equipment	23,648	1,177

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	Year ended December 31,	
		2014 RMB'000	2013 RMB'000
Withdrawal (deposit) of restricted bank deposits		264,439	(214,211)
Cash received from government grants		157,540	35,089
Return of government grants		–	(110,000)
Net cash outflow on acquisition of subsidiary	48	(568,524)	–
Cash inflow on disposal of a subsidiary	49	20,160	50,313
<b>Net cash used in investing activities</b>		<b>(6,015,787)</b>	<b>(6,904,006)</b>
<b>Financing activities</b>			
Interest paid		(1,066,816)	(821,246)
Cash received from capital contribution of non-controlling interest		118,490	–
Deemed capital contribution in a subsidiary acquired from holding company	2(b)	123,000	–
Advances from related parties		–	–
Repayment to related parties		–	(65,544)
New bank and other borrowings raised		11,563,434	10,440,087
Repayments of bank and other borrowings		(6,874,693)	(8,317,376)
Proceeds from issuance of short-term debentures		1,800,000	1,800,000
Issuance cost for short-term debentures		(7,200)	(7,200)
Repayment of short-term debentures		(1,800,000)	–
Proceeds from issue of corporate bond		1,000,000	–
Issuance cost for corporate bond		(11,868)	–
H shares issued for placement		1,006,017	730,672
Payment of transaction costs attributable to placement		(18,529)	(15,285)
Settlement of transaction costs attributable to issue of new shares		–	(21,202)
Settlement of consideration payable for acquisition of a subsidiary		–	(919,929)
Cash paid for acquisition of a subsidiary under common control	2(b)	(138,763)	–
Dividends paid to:			
– Equity owners of the Company		(281,120)	(230,621)
– non-controlling shareholders of subsidiaries		(35,135)	(100,517)
Distribution to holding company of payable for past business combination		(20,000)	(30,000)
<b>Net cash generated from financing activities</b>		<b>5,356,817</b>	<b>2,441,839</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,909,122</b>	<b>168,520</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,319,504</b>	<b>2,178,117</b>
<b>Effect of foreign exchange rate changes</b>		<b>(21,799)</b>	<b>(27,133)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>4,206,827</b>	<b>2,319,504</b>
<b>Represented by:</b>			
– Cash and cash equivalents at the end of the year		4,206,827	2,319,504

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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"), BEH is the Company's ultimate holding company (also the immediate parent company). BEH 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, photovoltaic power 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, 2014, the Group has net current liabilities of RMB6,045,887,000. Taking into consideration of the unutilized banking and other borrowing facilities available to Group of approximately RMB16,239,000,000 at December 31, 2014, and the Group's cash inflows generated from operating activities, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly the consolidated financial statements have been prepared on a going concern basis.
- (b) In accordance with the equity transfer agreements entered into between the Company and Qinghai Jingneng, a wholly owned subsidiary of BEH, on December 29, 2014, the Company acquired 100% equity interest of Golmud New Energy from Qinghai Jingneng for a cash consideration of RMB138,763,000. The Group's acquisition of Golmud New Energy was completed by December 29, 2014 and has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests since January 9, 2014, the date of incorporation of Golmud New Energy. Qinghai Jingneng contributed RMB123,000,000 as capital for the incorporation of Golmud New Energy. Golmud New Energy is mainly engaged in the development and operation of photovoltaic power projects in Qinghai, the PRC. Golmud New Energy was acquired so as to the expansion of the Group's photovoltaic power operations.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 2. BASIS OF PREPARATION (continued)

### Consideration transferred by the Group

	<b>Golmud New Energy</b>
	RMB'000
Cash	138,763

Acquisition-related costs amounting to RMB141,000 have been excluded from the consideration transferred and have been recognized as an expense in the period, within the other expenses line item in the statement of profit or loss and other comprehensive income.

### Assets acquired and liabilities recognized at the date of the acquisition:

	RMB'000
<b>Non-current assets</b>	
Property, plant and equipment	687,907
Value-added tax recoverable-non-current portion	32,045
Deposit paid for acquisition of property, plant and equipment	102
<b>Current assets</b>	
Inventories	2,800
Trade and bill receivables	57,883
Other receivables, deposits and prepayments	20,302
Current tax assets	1,919
Value-added tax recoverable – current portion	31,287
Cash and cash equivalents	80,529
<b>Current liabilities</b>	
Trade and other payables	(72,598)
Amounts due to related parties	(636)
Bank and other borrowings – due within one year	(200,000)
<b>Non-current liabilities</b>	
Bank and other borrowings – due after one year	(490,000)
Net asset acquired	151,540

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 2. BASIS OF PREPARATION (continued)

#### Net cash outflow arising on acquisition:

	For the year ended December 31, 2014 RMB'000
Deemed capital contribution in a subsidiary acquired from holding company	123,000
Cash and cash equivalents paid	138,763

#### Impact of acquisition on the results of the Group

	For the year ended December 31, 2014 RMB'000
Revenue	79,014
Profit for the year	28,540

- (c) The consolidated financial statements have been prepared on the historical cost basis, except that certain properties, plant and equipment and financial instruments that are recorded as deemed cost or fair values at the end of each reporting period, as explained in the accounting policies below.

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

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

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39 IFRIC 21	Novation of Derivatives and Continuation of Hedge Accounting Levies

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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to IAS 1	Disclosure Initiative <sup>5</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle <sup>6</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle <sup>5</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>

Notes:

- <sup>(1)</sup> Effective for annual periods beginning on or after January 1, 2018
- <sup>(2)</sup> Effective for first annual IFRS financial statements beginning on or after January 1, 2016
- <sup>(3)</sup> Effective for annual periods beginning on or after January 1, 2017
- <sup>(4)</sup> Effective for annual periods beginning on or after July 1, 2014
- <sup>(5)</sup> Effective for annual periods beginning on or after January 1, 2016
- <sup>(6)</sup> Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

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

### IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.



### 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

#### IFRS 9 Financial Instruments (continued)

Key requirements of IFRS 9 are described as follows:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized 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 amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized 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.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

### IFRS 9 Financial Instruments (continued)

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 and financial liabilities. 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.

### IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company are in the process of assessing the impact of IFRS 15 in the future on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements 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 and 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.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprises being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital reserve. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

#### (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 the 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.

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 recognized immediately in profit or loss as a bargain purchase gain.

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized 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.

#### 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Investments in associates and joint ventures *(continued)*

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize 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 a 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 recognising its share of further losses. Additional losses are recognized 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 recognized 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 recognized 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 recognize 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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Investments in associates and joint ventures *(continued)*

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 is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture 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 recognized 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 recognized 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 equity method is discontinued.

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 recognized 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.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition 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.

### 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 recognized when services are provided.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leasing

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

#### The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency exchange risks (see the accounting policies below); and

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Foreign currencies *(continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Australia dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to noncontrolling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

### 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.

### 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)

#### 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.

#### 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 recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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 recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising with 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate and tax laws that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in the comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Property, plant and equipment

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

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

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

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Intangible assets

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

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognized 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.

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized 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 amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

#### Impairment of tangible and intangible assets other than goodwill

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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Impairment of tangible and intangible assets other than goodwill *(continued)***

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 immediately in profit or loss.

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 immediately in profit or loss.

### **Inventories**

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

### **Financial instruments**

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Financial instruments (*continued*)

##### **Financial assets**

The Group's financial assets are classified into at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale ("AFS") financial assets.

##### **Effective interest method**

The effective interest method is a method of calculating the amortized 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.

##### **Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 46.

##### **AFS financial assets**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity investments are recognized in profit or loss when the Group's right to receive the dividends is established.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Financial instruments *(continued)*

#### Financial assets *(continued)*

##### ***AFS financial assets (continued)***

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

##### ***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 and bill receivables, 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).

##### ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

For an AFS 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.

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### **Impairment of financial assets (continued)**

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

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

For AFS 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 recognized at the proceeds received, net of direct issuance costs.

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Financial instruments *(continued)*

#### Financial liabilities and equity instruments *(continued)*

##### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 36.

##### **Other 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.

###### **Derivative financial instruments**

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

###### **Hedge accounting**

The Group designates certain derivatives as hedging instruments for fair value hedges, cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

###### **Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Hedge accounting *(continued)*

#### Fair value hedges *(continued)*

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in the cash flow hedging reserve are transferred from the cash flow hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately 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.

### 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Related parties *(continued)*

- (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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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, 2014, the carrying amount of trade and other receivables net of allowance on doubtful receivables is RMB4,020,647,000 and RMB347,225,000 (2013: RMB1,858,614,000 and RMB986,596,000).

### **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,	
	2014	2013
	RMB'000	RMB'000
Sales of goods:		
– Electricity	<b>8,116,274</b>	5,830,731
– Heat energy	<b>610,689</b>	415,505
Service income from:		
– Associate (Note)	–	554
– Third parties (Note)	<b>1,724</b>	8,034
	<b>8,728,687</b>	6,254,824

Note: The service income for the year ended December 31, 2014 and December 31, 2013 represented repair and maintenance service provided.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 7. OTHER INCOME

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Government grants and subsidies related to:		
– Clean energy production (Note 37(a))	<b>1,318,594</b>	1,382,577
– Construction of assets (Note 37(b))	<b>6,407</b>	2,632
Income from CERs and VERs	<b>574</b>	31,258
Value-added tax refunds (Note (a))	<b>42,377</b>	36,705
Dividend from available-for-sale financial asset unlisted	<b>2,290</b>	1,398
Income from grid compensation (Note (b))	<b>41,422</b>	–
Others	<b>13,959</b>	7,551
	<b>1,425,623</b>	1,462,121

Notes:

- (a) The Group entitles to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and a full refund of value-added tax for its revenue from the sale of heat energy generated to residential customers. A receivable and the corresponding income of the value-added tax refund are recognized when relevant value-added tax refund application is registered with the relevant PRC tax authorities.
- (b) During the year ended December 31, 2014, the State Grid provided corresponding compensation for unaccomplished planned on-grid hours due to a temporary adjustment on electricity dispatching.

## 8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2014	2013
	RMB'000	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 49)	–	45,900
Impairment loss on doubtful receivables	<b>(2,964)</b>	(705)
Reversal of impairment loss on doubtful receivables (Note (b))	<b>50,551</b>	22
Loss on disposal of property, plant and equipment	<b>(1,481)</b>	(15,797)
Net exchange loss	<b>(16,231)</b>	(11,209)
Gain arising on change in fair value of financial asset classified as held for trading (Note 28)	<b>64,751</b>	–
Others	<b>1,701</b>	1,279
	<b>96,327</b>	107,237

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 8. OTHER GAINS AND LOSSES (continued)

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) This item includes RMB50,400,000 to reverse the provision on doubtful receivable as of December 31, 2013 on the outstanding consideration in disposal of a subsidiary (Note 49). During the year ended December 31, 2014, the Group settled the disputation with the Buyer and ensured the recoverability of the balance is reliable. The Group had collected RMB20,160,000, in the year ended December 31, 2014 and the rest was mutually agreed to be settled within one year after December 31, 2014.

### 9. INTEREST INCOME/FINANCE COSTS

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Interest income from:		
– Loans to associates	9,243	8,861
– Deposits with a related non-bank financial institution (Note)	3,001	4,690
– Bank balances	9,177	16,085
<b>Total interest income</b>	<b>21,421</b>	29,636
Interest on bank and other borrowings, short-term debentures, medium-term notes, and corporate bonds wholly repayable:		
– Within five years	1,265,681	955,841
– Over five years	242,723	143,115
<b>Total interest expense</b>	<b>1,508,404</b>	1,098,956
Less: Amounts capitalized in property, plant and equipment	(408,848)	(193,585)
<b>Total finance costs</b>	<b>1,099,556</b>	905,371
<b>Net finance costs</b>	<b>1,078,135</b>	875,735

	Year ended December 31,	
	2014	2013
Capitalization rate of borrowing costs to expenditure on qualifying assets	5.92%	6.08%

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 10. INCOME TAX EXPENSE

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	<b>322,408</b>	212,938
Other jurisdictions	<b>444</b>	–
	<b>322,852</b>	212,938
Deferred tax (Note 22):		
Current year	<b>(38,531)</b>	9,414
Income tax expense	<b>284,321</b>	222,352

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2013: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended December 31, 2014.

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, hydropower projects and photovoltaic power projects were entitled to this tax concession.

Hong Kong Profit Tax and Australia Profit Tax are calculated at 16.5% and 30%, respectively, of the estimated assessable profit. During the year ended December 31, 2014 taxation arising in other jurisdictions is calculated at the rate prevailing in Australia. No provision for Hong Kong profit tax has been made as the Group has no assessable profit.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 10. INCOME TAX EXPENSE (continued)

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Profit before taxation	1,571,614	1,449,835
PRC enterprise income tax at 25% (2013: 25%)	392,904	362,459
Tax effect on:		
– Expenses not deductible for tax purposes	5,537	5,209
– Tax effect of share of result of associates and a joint venture	(79,915)	(72,003)
– Tax losses not recognised as deferred tax assets	72,864	30,943
– Utilization of tax losses not recognised previously	(4,803)	–
– PRC enterprise income tax exemption and concessions	(97,743)	(104,256)
– Effect of different tax rates of group entities operating in jurisdictions other than PRC	(4,523)	–
	284,321	222,352

### 11. PROFIT FOR THE YEAR

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
– Auditors' remuneration	5,606	4,573
– Prepaid lease payments released to profit or loss	3,410	3,723
– Operating lease payments in respect of land and building	14,342	12,108
Depreciation and amortization:		
– Depreciation of property, plant and equipment (Note 15)	1,115,042	918,134
– Amortization of intangible assets (Note 16)	189,513	184,581
– Less: Amount capitalized to construction in progress	460	–
Total depreciation and amortization	1,304,095	1,102,715
Personnel costs:		
– Directors' emoluments (Note 12)	1,466	1,415
– Other personnel costs	415,928	346,021
Total personnel costs	417,394	347,436

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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
<b>Year ended December 31, 2014</b>					
Executive Director:					
Mr. Ruijun Chen	-	626	-	40	666
	-	626	-	40	666
Non-executive Directors:					
Mr. Haijun Lu (ceased as chairman at February 2, 2015)	-	-	-	-	-
Mr. Mingxing Guo (elected as chairman at February 2, 2015)	-	-	-	-	-
Mr. Jingfu Xu	-	-	-	-	-
Mr. Guochen Liu	-	-	-	-	-
Mr. Zhongfu Yu	-	-	-	-	-
Mr. Yudan Jin	-	-	-	-	-
	-	-	-	-	-
Independent Non-executive Directors:					
Mr. Chaoan Liu	250	-	-	-	250
Mr. Xiaomin Shi (retired at June 10, 2014)	75	-	-	-	75
Mr. Fuqiang Li (elected at June 10, 2014)	75	-	-	-	75
Ms. Miu Man Lau	250	-	-	-	250
Mr. Yuan Wei (retired at October 28, 2014)	125	-	-	-	125
Mr. Xiaoping Han (elected at October 28, 2014)	25	-	-	-	25
	800	-	-	-	800
Supervisors:					
Mr. Yanshan Chen (retired at October 28, 2014)	-	-	-	-	-
Mr. Xun Li (elected at October 28, 2014)	-	-	-	-	-
Mr. Jiakai Liu	-	-	-	-	-
Ms. Linwei Huang	-	191	186	40	417
	-	191	186	40	417
	800	817	186	80	1,883

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 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
<b>Year ended December 31, 2013</b>					
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

Mr. Ruijun Chen is the Chief Executive of the Company starting from October 30, 2012 till now. His emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year, Directors' emoluments were RMB1,466,000 (2013: RMB1,415,000) (Note 11). Also, Mr. Haijun Lu, Mr. Mingxing Guo, Mr. Jingfu Xu, Mr. Guochen Liu, Mr. Zhongfu Yu and Mr. Yudan Jin did not receive any remuneration from the Group for their services provided to the Group. They were also management of BEH and their remunerations were paid by BEH over the respective years. Given the amounts of emoluments paid by BEH to them are considered to be not material compared with the revenue and profits of the Group, BEH did not allocate any of their remuneration to the Group.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

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

### Five highest paid individuals

For the year ended December 31, 2014, the five highest paid individuals do not include any Directors or Supervisors (2013: none). The emoluments of the five highest paid individuals for the year ended December 31, 2014 are as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Salaries and allowances	2,113	1,546
Bonus (Note)	963	1,283
Retirement benefit contributions	198	274
	<b>3,274</b>	3,103

Each of the five highest paid individuals in the Group for the year ended December 31, 2014 was below Hong Kong Dollar ("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) On June 9, 2014, a final dividend of RMB4.34 cents per share on shares (tax inclusive) in respect of the year ended December 31, 2013 amounting to RMB281,120,000 was declared by the Directors and subsequently paid by September 30, 2014.
- (b) On May 26, 2014, a dividend in the total amount of RMB286,335,000 in respect of the year ended December 31, 2013 was declared by 北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Co., Ltd., English name for identification purpose) ("Taiyanggong Power") to its shareholders, including RMB74,447,000 attributable to its non-controlling shareholder.
- (c) 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.
- (d) On April 26, 2013, a dividend in the total amount of RMB270,831,000 in respect of the year ended December 31, 2012 was declared by Taiyanggong Power to its shareholders, including RMB70,416,000 attributable to its non-controlling shareholder.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 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,	
	2014	2013
	RMB'000	RMB'000
<b>Earnings</b>		
Profit for the year attributable to equity owners of the Company for the purpose of basic and diluted earnings per share	<b>1,208,330</b>	1,145,534

	Year ended December 31,	
	2014	2013
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>6,570,013</b>	6,211,818

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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
<b>COST</b>						
At January 1, 2013	2,164,592	13,341,520	92,287	43,291	4,230,692	19,872,382
Additions	25,986	58,181	11,791	8,999	7,346,409	7,451,366
Adjustment (Note (b))	28,137	(14,034)	–	(789)	–	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	4,061,730	14,930,576	100,850	49,949	8,171,477	27,314,582
Additions	87,201	552,284	11,416	7,078	4,427,449	5,085,428
Effect of acquisition of New Gullen Range Wind Farm Pty Ltd. ("New GRWF")(Note 48)	–	–	–	–	1,803,191	1,803,191
Adjustment (Note (b))	–	(173)	–	–	–	(173)
Transfer	2,219,677	8,311,913	374	10,843	(10,542,807)	–
Capitalization of depreciation for construction in progress (Note (c))	–	–	–	–	2,467	2,467
Disposals	(22,209)	(5,751)	(542)	(904)	–	(29,406)
Effect of foreign currency exchange differences	–	11,598	2	–	(246,910)	(235,310)
At December 31, 2014	6,346,399	23,800,447	112,100	66,966	3,614,867	33,940,779
<b>DEPRECIATION AND IMPAIRMENT</b>						
At January 1, 2013	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	–	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
Depreciation provided for the year (Note 11)	137,375	958,890	12,104	6,673	–	1,115,042
Capitalization of depreciation for construction in progress	48	1,164	919	336	–	2,467
Eliminated on disposals	(1,520)	(1,593)	(369)	(795)	–	(4,277)
At December 31, 2014	513,692	3,882,930	62,446	33,677	–	4,492,745
<b>NET BOOK VALUE</b>						
At December 31, 2014	5,832,707	19,917,517	49,654	33,289	3,614,867	29,448,034
At December 31, 2013	3,683,941	12,006,107	51,058	22,486	8,171,477	23,935,069

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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 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 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") were also used in the construction of Jingqiao Project Phase II, the depreciation of such assets amounting to RMB2,467,000 and RMB2,569,000 for the year ended December 31, 2014 and 2013 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 RMB1,099,578,000(2013: RMB745,387,000) as at December 31, 2014. 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, 2014.

- (e) Certain property, plant and equipment with an aggregate carrying amount of approximately RMB978,429,000 as at December 31, 2014 (2013: RMB nil) are pledged to secure bank borrowings of the Group.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 16. INTANGIBLE ASSETS

	Concession rights RMB'000 (Note (b))	Operation rights RMB'000 (Note (c))	Software RMB'000	Total RMB'000
<b>COST</b>				
At January 1, 2013	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
Additions	–	–	11,938	11,938
Effect of acquisition of New GRWF (Note 48)	–	42,234	–	42,234
Effect of foreign currency exchange differences	–	(5,551)	–	(5,551)
At December 31, 2014	4,022,154	1,356,958	83,071	5,462,183
<b>AMORTIZATION</b>				
At January 1, 2013	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
Provided for the year (Note 11)	155,030	27,079	7,404	189,513
At December 31, 2014	1,013,148	84,909	10,372	1,108,429
<b>CARRYING VALUES</b>				
At December 31, 2014	3,009,006	1,272,049	72,699	4,353,754
At December 31, 2013	3,164,036	1,262,445	68,165	4,494,646

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% to 5%
Operation rights	2% to 10%
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 recognizes the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights amortized according to the respective beneficial periods.

(c) Operation rights 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.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 17. GOODWILL

	At December 31, 2014	2013
	RMB'000	RMB'000
Cost and carrying amount		
Hydropower operation in Sichuan province of the PRC	<b>124,194</b>	124,194
Wind power operation in Australia (Note 48)	<b>65,855</b>	–
	<b>190,049</b>	124,194

Goodwill of the Group arises from the acquisition of 四川大川電力有限公司 (Sichuan Dachuan Power Co., Ltd., English name for identification purpose)(“Sichuan Dachuan”), 四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification purpose)(“Sichuan Zhongneng”) and New GRWF.

### 18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 17 has been allocated to two cash-generating units (“CGUs”), one comprising two subsidiaries in the hydropower segment Sichuan Dachuan and Sichuan Zhongneng and the other one including one subsidiary in wind segment (New GRWF).

During the year ended December 31, 2014 and 2013, management of the Group determines that there are no impairments of any of its CGUs containing goodwill.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarized below:

The recoverable amount of these units has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 9.78% for hydropower CGU and 9.1% for wind power CGU (2013: 10.12% for hydropower segment). The CGUs’ cash flows beyond the five-year period are extrapolated using a 3% growth rate for hydropower CGU and a 2.5% growth rate for wind power CGU. These growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rates for the relevant industries. 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 units’ 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 these units to exceed the aggregate recoverable amount of these units.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 19. PREPAID LEASE PAYMENTS

	At December 31, 2014	2013
	RMB'000	RMB'000
Land in the PRC held under medium-term shown in the consolidated financial statements:		
Non-current	136,334	131,905
Current	3,983	2,269
	<b>140,317</b>	134,174

## 20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

### (a) Investments in associates

	At December 31, 2014	2013
	RMB'000	RMB'000
Unlisted equity investments, at cost	947,681	947,681
Share of post-acquisition profits net of dividend declared	906,148	703,222
	<b>1,853,829</b>	1,650,903

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

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

#### (a) Investments in associates (continued)

The associates of the Company were established and operate in the PRC. The details of associates of the Group as at December 31, 2014 and 2013 are set out below:

Name of associate	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31,		Proportion of voting rights held by the Group		Principal activities
		2014	2013	2014	2013	
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公司 (Beijing Tian Yin Di Re Development Co., Ltd., English name for identification purpose) ("Tian Yin Di Re")	RMB60,000,000	50%	43%	50%	43%	Geothermal power development and heating

#### (b) Loans to associates

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Loans to associates	150,000	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, 2014, and accordingly the amounts were classified as non-current.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

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

### (c) Summarized financial information of a material associate

Summarized financial information in respect of the Group's material associate is set out below. The summarized 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.

Jingneng International	At December 31,	
	2014	2013
	RMB'000	RMB'000
Non-current assets	33,520,161	32,945,832
Current assets	6,013,708	5,004,272
Non-current liabilities	13,687,786	13,520,274
Current liabilities	8,003,570	8,349,020
Non-controlling interest	9,024,442	8,272,198

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Revenue	12,963,858	12,712,248
Profit and total comprehensive income for the year	3,195,298	3,060,651
Dividends received from the associate during the year	115,379	180,002

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2014	2013
	RMB'000	RMB'000
Net assets of Jingneng International	8,818,071	7,808,612
Proportion of the Group's ownership interest in Jingneng International (2014: 20%; 2013: 20%)	1,763,614	1,561,722
Goodwill	35,270	35,270
Carrying amount of the Group's interest in Jingneng International	1,798,884	1,596,992

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

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

#### (c) Summarized financial information of a material associate (continued)

Aggregate information of associates that are not individually material:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income	2,385	1,293
Aggregate carrying amount of the Group's interests in these associates	54,945	53,911

### 21. INVESTMENTS IN A JOINT VENTURE

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Unlisted equity investment, at cost	80,000	80,000
Share of post-acquisition profits	466	463
	80,466	80,463

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at December 31, 2014 and 2013 are set out below:

Name of joint venture	Issued and fully paid up registered capital	Equity interest attributable to the Group		Proportion of voting rights held by the Group		Principal activities
		At December 31, 2014	2013	2014	2013	
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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 22. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2013 and 2014:

	Tax loss	Impairment on doubtful receivables	Temporary differences on fair value adjustments in acquisition of subsidiaries	Trial run profit	Deferred income related to clean energy production	Unpaid employee payroll	Trial run loss	Held for trading financial asset	Derivative financial liabilities	Others	Total
	RMB'000	RMB'000	RMB'000 (Note (d))	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000 (Note (a))	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	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
Credit (charge) to profit or loss (Note 10)	36,713	153	1,792	(6,909)	84,868	3,842	(63,859)	(10,684)	-	(7,385)	38,531
(Charge) credit other comprehensive income	-	-	-	-	-	-	-	-	3,368	-	3,368
At December 31, 2014	47,941	2,856	(19,446)	44,613	114,117	6,270	(71,830)	(10,684)	3,368	(1,258)	115,947

Notes:

- The revenue and cost generated from trial run of property, plant and equipment were credited and debited respectively in the property, plant and equipment but the profit margin is subject to PRC enterprise income tax and results in a temporary difference. The trial run profit/(loss) resulted in the tax bases of the related property, plant and equipment to be higher/(lower) than their carrying value on the consolidated statement of financial position in accounting, which the entity can receive more/(less) deductible depreciation charging to the tax profit to save/(increase) the future income tax expense during the useful life of the related property, plant and equipment. Accordingly the deferred tax assets/(liabilities) are recognized from the trial run profit/(loss).
- The subsidies from the government will be taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognized.
- 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.
- The carrying amount of some properties, plant and equipment and intangible assets was different from their tax basis as result of the fair value exceeding the book value in connection with the business acquisitions.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 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, 2014 RMB'000	2013 RMB'000
Deferred tax assets	222,183	100,140
Deferred tax liabilities	(106,236)	(26,092)
	<b>115,947</b>	74,048

Details of tax losses not recognized are set out below:

	At December 31, 2014 RMB'000	2013 RMB'000
Tax losses	425,783	153,538

The Group has not recognized 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 unrecognized tax losses will expire as the following:

	At December 31, 2014 RMB'000	2013 RMB'000
2016	5,255	6,849
2017	8,431	12,120
2018	120,640	134,569
2019	291,457	-
	<b>425,783</b>	153,538

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At December 31, 2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost (Note)	128,528	98,528
	128,528	98,528

Note:

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, 2014 mainly represent consumable spare parts used for maintenance, and the relevant maintenance charges was RMB133,589,000 (2013: RMB117,752,000) during the year ended December 31, 2014.

## 25. TRADE AND BILL RECEIVABLES

	At December 31, 2014 RMB'000	2013 RMB'000
Trade receivables	3,969,927	1,815,299
Bill receivables	52,343	44,895
	4,022,270	1,860,194
Less: allowance for doubtful receivables	1,623	1,580
	4,020,647	1,858,614

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 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 rendering of services which approximated the respective dates on which revenue was recognized as at the end of reporting period:

	At December 31, 2014	2013
	RMB'000	RMB'000
Within 60 days	2,934,813	1,051,620
61 to 365 days	552,741	402,133
1 to 2 years	155,960	66,914
2 to 3 years	40,258	329,766
Over 3 years	336,875	8,181
	<b>4,020,647</b>	<b>1,858,614</b>

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 kilowatt 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.

As of December 31, 2014, the Group's total outstanding balance of wind power price premium was RMB1,215,603,000 (2013: RMB891,263,000), comprise RMB692,318,000 incurred in the year ended December 31, 2014, RMB146,716,000 incurred in the year ended December 31, 2013, RMB40,258,000 incurred in the year ended December 31, 2012, RMB329,766,000 incurred in the year ended December 31, 2011 and RMB6,545,000 incurred in the year ended December 31, 2010.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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,	
	2014	2013
	RMB'000	RMB'000
1 to 2 years	146,924	54,914
2 to 3 years	40,258	329,766
Over 3 years	336,311	6,545

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

At December 31, 2014, trade receivables amounting to RMB119,009,000 (2013: RMB95,390,000) 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,	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	1,580	875
Provided during the year	194	705
Reversed during the year	(151)	–
At the end of the year	1,623	1,580

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Other receivables from CDM income	4,584	4,584
Consideration from disposal of a subsidiary (Note 49)	30,240	50,400
Other receivables from government subsidies (Note)	138,595	899,243
Other receivables and deposits	183,019	89,212
Advances to supplier	48,130	53,653
	<b>404,568</b>	1,097,092
Less: allowance for doubtful receivables	9,213	56,843
	<b>395,355</b>	1,040,249

Note:

This balance represented the unpaid subsidies provided by the municipal government of Beijing to encourage the gas power generation Note 37(a).

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	56,843	6,465
Provided during the year	2,770	50,400
Reversed during the year	(50,400)	(22)
At the end of the year	<b>9,213</b>	56,843

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Euro Dollar ("EUR")	1,949	4,584

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 27. VALUE-ADDED TAX RECOVERABLE

	At December 31, 2014 RMB'000	2013 RMB'000
Value-added tax recoverable, classified as:		
– Current	<b>875,052</b>	548,531
– Non-current	<b>414,170</b>	561,830
	<b>1,289,222</b>	1,110,361

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax promulgated on November 10, 2008, starting from January 1, 2009, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of the property, plant and equipment and service concession assets are recognized as value-added tax recoverable and will be set off against the Group's value-added tax payable to be 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. HELD FOR TRADING FINANCIAL ASSET

	At December 31, 2014 RMB'000	2013 RMB'000
Listed equity investment		
– Listed in Hong Kong (Note)	<b>370,803</b>	–
	<b>370,803</b>	–

Note:

The Group holds 0.32% (2013: nil) of the ordinary share capital of CGN Power Co., Ltd, a company listed on the Stock Exchange and involved in the nuclear power generation.

The fair value of listed equity investment are based on the quoted price.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 29. RESTRICTED BANK DEPOSITS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as current	<b>157,348</b>	421,787

Restricted cash as at December 31, 2014 represented collaterals for bills payable used for equipment purchase, fixed deposit over 3 months and restricted money for summarizing pending matters in the New GRWF. Restricted money above carried variable interest rate promulgated by PBOC as of same term deposits in bank, fixed rate of 3.06% and variable interest promulgated by National Australia Bank ("NAB") as of other general saving account respectively.

### 30. 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,	
	2014	2013
	RMB'000	RMB'000
Bank deposits denominated in:		
– RMB	<b>2,931,216</b>	1,384,346
– HK\$	<b>689,932</b>	870,602
– EUR	<b>9</b>	13,626
– Australia Dollar ("AU\$")	<b>153,569</b>	–
– United States dollars ("US\$")	<b>45,903</b>	–
Deposits in a related non-bank financial institution denominated in RMB	<b>386,082</b>	50,769
Cash on hand	<b>116</b>	161
	<b>4,206,827</b>	2,319,504



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 30. CASH AND CASH EQUIVALENTS (continued)

The Group had certain amount of deposit placed with BEH Finance, a non-bank financial institution approved by China Banking Regulatory Commission as at December 31, 2014. Such deposits were short-term and are subject to an insignificant risk of changes in value, accordingly, the balances as at December 31, 2014 have been regarded as cash and cash equivalents.

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, 2014	2013
Range of interest rates per annum	<b>0.005% to 1.55%</b>	0.005% to 1.35%

## 31. TRADE AND OTHER PAYABLES

	At December 31, 2014	2013
	RMB'000	RMB'000
Trade payables	<b>4,154,237</b>	3,192,253
Bills payable	<b>438,438</b>	1,201,155
Advance received from customers	<b>34,139</b>	17,004
Salary and staff welfares	<b>58,644</b>	53,697
Non-income tax payables	<b>50,703</b>	72,827
Accrued interests payable	<b>228,600</b>	213,029
Dividend payables to a non-controlling equity owner of subsidiary	<b>39,312</b>	–
Promissory notes payable (Note 48)	<b>95,913</b>	–
Other payables	<b>88,566</b>	47,586
	<b>5,188,552</b>	4,797,551

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, 2014, there was RMB287,638,000 (2013: RMB294,738,000) 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.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 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, 2014 RMB'000	2013 RMB'000
Within 30 days	833,209	1,414,727
31 to 365 days	2,576,215	1,393,880
1 to 2 years	562,831	235,503
2 to 3 years	112,706	37,070
Over 3 years	69,276	111,073
	<b>4,154,237</b>	3,192,253

The Group's trade, accrued interests and promissory notes payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At December 31, 2014 RMB'000	2013 RMB'000
EUR	22,247	20,877

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 32. BANK AND OTHER BORROWINGS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Bank loans	<b>14,249,802</b>	10,855,373
Other borrowings from		
– related non-bank financial institutions (Note (a))	<b>2,246,500</b>	1,130,000
– a joint venture (Note (b))	–	80,000
– fellow subsidiaries (Note (c))	<b>150,000</b>	120,000
– other non-related entities (Note (d))	<b>4,165,000</b>	3,300,000
– BEH (Note (e))	<b>472,000</b>	210,000
	<b>21,283,302</b>	15,695,373
Represented by:		
– Unsecured borrowings (Note (f))	<b>19,003,921</b>	15,157,873
– Secured borrowings (Note (g))	<b>2,279,381</b>	537,500
	<b>21,283,302</b>	15,695,373
Bank and other borrowings repayable:		
– Within one year	<b>5,286,789</b>	3,617,543
– More than one year but not exceeding two years	<b>2,216,844</b>	1,572,144
– More than two years but not exceeding three years	<b>6,472,963</b>	1,260,443
– More than three years but not exceeding five years	<b>1,768,089</b>	4,498,087
– More than five years	<b>5,538,617</b>	4,747,156
	<b>21,283,302</b>	15,695,373
Less: Amount due within one year shown under current liabilities	<b>5,286,789</b>	3,617,543
Amount due after one year	<b>15,996,513</b>	12,077,830

Notes:

(a) Other borrowings from related non-bank financial institutions represented loans from BEH Finance and 深圳京能融資租賃有限公司 (Shenzhen Jingneng Finance Lease Limited, English name for identification purpose)("Jingneng Lease"), a subsidiary of BEH.

(i) The loans from BEH Finance 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 RMB1,335,000,000 are repayable in 2015, and the remaining RMB612,000,000 are repayable in 2019. The interest expenses attributed to above loans from BEH Finance were RMB130,398,000 for the year ended December 31, 2014 (2013: RMB46,090,000).

(ii) The loan from Jingneng Lease, amounting to RMB299,500,000 were secured, carried fixed annual interest rates at 5.84% per annum, and will be fully repaid in 2017.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 32. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(b) The amount represented the borrowing from Huayuan Huizhong, a joint venture of the Company. It was fully repaid during the year ended December 31, 2014. The interest expenses attributed to above loans from Huayuan Huizhong were RMB980,000 for the year ended December 31, 2014 (2013: RMB4,315,000).

(c) At December 31, 2014, the amount represented the borrowings from 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"), a subsidiary of BEH. The amount was unsecured and repayable in 2015, 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.

At December 31, 2014, 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"), a subsidiary of BEH. The amount from Jingfeng Thermal on June 9, 2014 and December 5, 2014 were unsecured and repayable in 2015, carried fixed interest rate at 6.00% and 5.04% per annum.

At December 31, 2013, the amount represented the borrowings from Jingfeng Thermal was fully repaid in 2014.

The interest expenses attributed to above loans were RMB6,996,000 for the year ended December 31, 2014 (2013: RMB3,209,000).

(d) The amount included borrowings from 北京市財政局 (Beijing Municipal Bureau of Finance, English name for identification purpose), and certain independent financial institutions. As at December 31, 2014, the borrowings were:

(i) the loans granted by Beijing Municipal Bureau of Finance for clean development amounting to RMB665,000,000 (2013: RMB300,000,000), which was unsecured, carried a fixed interest rate at 5.2275% per annum and repayable in 2017;

(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 (2013: 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;

(iii) the secured loan granted by 光大金融租賃股份有限公司 (Ever Bright Financial Leasing Co., Ltd., English name for identification purpose) amounting to RMB500,000,000 (2013: RMB nil), which was unsecured, guaranteed by the Company, carried at variable interest rate with a discount of 20% and variable by reference to the interest rates promulgated by PBOC and repayable in 2017.

(e) The loan were unsecured, carried at fixed interest rate at 6.10% per annum and repayable in 2018. The interest expenses attributed to the loan were RMB3,401,000 for the year ended December 31, 2014 (2013: RMB71,000).

(f) The borrowings with the balances amounting to RMB3,763,880,000 as at December 31, 2014 (2013: RMB1,988,696,000) which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized facilities is RMB4,910,567,000 (2013: RMB2,285,696,000).

(g) Except for certain property, plant and equipment pledged to secure bank borrowings as set out in Note 15, The Group's secured borrowing also include borrowings with right to receive electricity sale consideration and secured borrowing in Australia.

(i) 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"), one subsidiary of the Company and the Company as at December 31, 2014. The relevant account receivable balances were RMB119,009,000 (Note 25) as at December 31, 2014 (2013: RMB95,390,000).

(ii) The New GRWF's syndicated loan, amounting to AU\$181,300,000 (equivalent to approximately RMB1,047,316,000) is secured by the beneficial interest of the properties and pledged by the shares of New GRWF. The syndicated loan carried a floating interest rate at Bank Bill Bid Rate prevailing in Australia plus 2.7% to 2.8% and repayable between 2015 and 2020. The Group enters into interest rate swaps to exchange variable rate interest for fixed variable rate interest in order to hedge against the cash flow interest rate risk (Note 36).

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 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,	
	2014	2013
	RMB'000	RMB'000
Variable interest rate	18,121,802	13,119,373
Fixed interest rate	3,161,500	2,576,000
	<b>21,283,302</b>	15,695,373

	Year ended December 31,	
	2014	2013
Range of interest rates per annum:		
– Variable-interest borrowings	2.53% to 6.88%	5.40% to 7.04%
– Fixed-interest borrowings	5.04% to 6.60%	5.04% to 6.56%

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

	At December 31,	
	2014	2013
	RMB'000	RMB'000
US\$	611,623	–

## 33. SHORT-TERM DEBENTURES

On March 20, 2014, the Company issued one-year unsecured short-term debentures of RMB900,000,000 at par value, bearing an interest rate of 5.70%. On May 16, 2014, the Company issued one-year unsecured short-term debentures of RMB900,000,000 at par value, bearing an interest rate of 5.20%. The short-term debentures are settled on March 20, 2015 and repayable on May 16, 2015 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.

On January 24, 2013, the Company issued one-year unsecured short-term debentures of RMB900,000,000 at par value, bearing an interest rate of 4.24%. On March 11, 2013, the Company issued one-year unsecured short-term debentures of RMB900,000,000 at par value, bearing an interest rate of 4.02%. The short-term debentures have been settled on January 24, 2014 and March 11, 2014 respectively, and these coupons are traded on the National Association of Financial Market Institutional Investors 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 value 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 December 23, 2014, Jingneng Clean Energy Investment Holdings (“JCEIH”) (“The Issuer”), a subsidiary of the Group, issued senior guaranteed bonds with total value of RMB1,000,000,000, which are repayable on December 23, 2017. The applicable interest rate are 4.30% per annum. Total proceeds received net of issuance costs, amounted to RMB988,132,000. Jingneng Clean Energy (Hong Kong) Limited (“Jingneng HK”) (“The Guarantor”), a subsidiary of the Group, provided irrecoverable guarantee with joint liability to the bonds. The Issuer, the Guarantor and BEH, the parent company of the issuer entered into agreement and BEH will assist the Issuer and the Guarantor in meeting their respective obligations under the senior guaranteed bonds. These bonds have been traded on The Stock Exchange since December 23, 2014.

On July 3, 2012, the Company issued corporate bond with par value of RMB100 each totalling RMB3,600,000,000. The corporate bonds separated into two types of products amounting to RMB2,400,000,000 and RMB1,200,000,000, 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. BEH provided irrecoverable guarantee with joint liability to the bonds. These bonds have been traded on Shanghai Stock Exchange since July 20, 2012.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 35. CORPORATE BONDS (continued)

The corporate bonds were recognized in the consolidated statement of financial position as below:

	3-Year Corporate Bond issued in 2012 RMB'000	5-Year Corporate Bond issued in 2012 RMB'000	3-Year Senior Guaranteed Bonds issued in 2014 RMB'000	Total RMB'000
Nominal value	2,400,000	1,200,000	1,000,000	4,600,000
Issuance cost	(13,200)	(6,600)	(11,868)	(31,668)
Fair value at date of issuance	2,386,800	1,193,400	988,132	4,568,332
Effective interest recognized	163,004	84,630	–	247,634
Interest payable	(156,600)	(82,800)	–	(239,400)
Carrying amount at December 31, 2013	2,393,204	1,195,230	–	3,588,434
Effective interest recognized	108,897	56,487	–	165,384
Interest payable	(104,400)	(55,200)	–	(159,600)
Carrying amount at December 31, 2014	2,397,701	1,196,517	988,132	4,582,350
Corporate bonds repayable				
– within one year	2,397,701	–	–	2,397,701
– more than one year	–	1,196,517	988,132	2,184,649
Fair values of the corporate bonds*	2,398,800	1,183,320	997,500	4,579,620

\* The fair values of the corporate bonds are determined directly by references to the price quotations published by the relevant stock exchanges on December 31, 2014.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 36. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	RMB'000	RMB\$'000	RMB'000	RMB'000
<b>Other financial assets</b>				
Derivatives under hedge accounting				
Fair value hedges – Foreign currency forward contracts	18,163	-	-	-
	18,163	-	-	-
<b>Other financial liabilities</b>				
Derivatives under hedge accounting				
Cash flow hedges – Interest rate swaps	-	-	(30,998)	-
	-	-	(30,998)	-
	18,163	-	(30,998)	-

Cash flow hedges:

At the end of reporting period, the Group had the following interest rate swaps contracts designated as highly effective hedging instruments in order to managing the Group's interest rate risk exposure in relation to the New GRWF's syndicated loan (Note 32 (g) (ii)).

The term of the interest rate swaps contracts have been negotiated to match the terms of the respective designated hedged items.

Major terms of these contracts are as follows:

2014		
Notional amount	Maturity	Swaps
AU\$181,300,000 (equivalent to approximately RMB1,047,316,000)	June 7, 2018	Bank Bill Bid Rate prevailing in Australia+2.7% or 2.8% for 3.562%

Fair value hedges:

The Group uses foreign exchange forwards contracts to minimize its exposure to fair value changes of foreign exchange in relation to foreign currency of certain construction payables.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 36. OTHER FINANCIAL ASSETS/LIABILITIES (continued)

Major terms of the foreign exchange contracts are set out below:

2014 Notional amount	Maturity	Exchange rates
Buy US\$1,500,000	January 21, 2015	AU\$1: RMB5.8338
Sell RMB135,034,000	January 21, 2015	AU\$1: US\$0.9249

## 37. DEFERRED INCOME

	Government grants and subsidies for		Total RMB'000
	Clean energy production RMB'000 (Note (a))	Construction of assets RMB'000 (Note (b))	
At January 1, 2013	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
Additions	1,643,064	157,540	1,800,604
Released to profit or loss (Note 7)	(1,318,594)	(6,407)	(1,325,001)
At December 31, 2014	324,470	341,875	666,345

Notes:

- (a) The Group's gas and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognize receivable and deferred income when the Group obtains the relevant government approvals to allocate the subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidized rate. The amounts released to profit or loss are set out in Note 7.
- (b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets. The amounts released to profit or loss are set out in Note 7.
- (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, BEH called in the subsidy and re-provided to the Group through an entrusted loan.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 37. DEFERRED INCOME (continued)

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Presented in the consolidated financial statements as:		
Current	331,603	–
Non-current	334,742	190,742
	<b>666,345</b>	190,742

### 38. SHARE CAPITAL

	Year ended December 31,			
	Number of shares		Share capital	
	2014	2013	2014	2013
	'000	'000	RMB'000	RMB'000
At beginning of the year	6,477,413	6,149,905	6,477,413	6,149,905
Issuance of shares upon placing on October 23, 2013 (Note (b))	–	327,508	–	327,508
Issuance of shares upon placing on October 7, 2014 (Note (a))	393,010	–	393,010	–
At end of the year	<b>6,870,423</b>	6,477,413	<b>6,870,423</b>	6,477,413

As at December 31, 2014, the share capital comprised the domestic legal person shares 4,512,359,000 (2013: 4,512,359,000) and H shares 2,358,064,000 (2013:1,965,054,000).

Notes:

- (a) On October 7, 2014, the Company issued 393,010,000 ordinary shares with a par value of RMB1 each at the placing price of HK\$3.23 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.
- (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.

### 39. CAPITAL RESERVE

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Share premium on share issuance	1,245,930	651,452
Effects on acquisition of additional interest in a subsidiary	(19,043)	(19,043)
Effects on equity transactions with holding company	1,076,759	1,092,522
	<b>2,303,646</b>	1,724,931

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 40. LEASE ARRANGEMENTS

### The Group as a leasee

At December 31, 2014, the Group had commitment for future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	At December 31, 2014	2013
	RMB'000	RMB'000
Within one year	14,235	12,579
In the second to fifth year inclusive	11,733	9,182
Over five years	25,412	27,757
	<b>51,380</b>	49,518

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.

## 41. COMMITMENTS

The Group had the following commitments:

	At December 31, 2014	2013
	RMB'000	RMB'000
Acquisition or construction of property, plant and equipment contracted but not provided for:	<b>1,382,626</b>	3,174,243

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 42 PLEDGE OF ASSETS

- (a) The following assets were pledged to secure certain bank borrowing granted to the Group at the end of December 31, 2014 and 2013.

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Property, plant and equipment (Note 15(e))	978,429	–
Trade and bill receivables (Note 32(g))	119,009	95,390
	<b>1,097,438</b>	95,390

### (b) Shares pledged

As at December 31, 2014, the Group pledged 100% equity interest of New GRWF Holding to NAB in connection with the loan facility amounting to AU\$181,300,000 (equivalent to approximate RMB1,047,316,000) granted by NAB to New GRWF.

### 43. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2014, total cost of RMB50,484,000 (2013: RMB39,563,000) 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, 2014 and 2013.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 44. 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
BEH	Ultimate holding company
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")	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
BEH Finance	Fellow subsidiary
Jingfeng Thermal	Fellow subsidiary
Jingxi Power	Fellow subsidiary
京能電力後勤服務有限公司 (Jingneng 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
內蒙古京能建築安裝工程有限公司 (Inner Mongolia Jingneng Construction and Installation Engineering Co., Ltd., English name for identification purpose)	Fellow subsidiary
北京源深節能技術有限責任公司 (Beijing Yuanshen Energy-saving technology Co., Ltd., English name for identification purpose)	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
北京京能電力股份有限公司 (Beijing Jingneng Power Co., Ltd., English name for identification purpose) ("Jingneng Power")	Fellow subsidiary
Quanzhou Liupu	Associate
Tian Yin Di Re	Associate
內蒙古岱電房地產開發公司 (Inner Mongolia Dai Dian Real Estate Development Co., Ltd., English name for identification purpose)	Fellow subsidiary
內蒙古岱海發電有限責任公司 (Inner Mongolia Daihai Electricity Generation Co., Ltd., English name for identification Beijing Purpose)	Fellow subsidiary
內蒙古京隆發電有限責任公司 (Inner Mongolia Jinglong Power Co., Ltd., English name for identification purpose)	Fellow subsidiary
Jingneng Lease	Fellow subsidiary

- (b) During this year, the total amount of equipment and services provided by BIEE to the Group were RMB nil (2013: RMB39,413,000). The amount in the year ended December 31, 2013 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.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 44. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (c) At December 31, 2014, other than loans to associates as set out in Note 20(b), the deposit in related non-bank financial institutions as set out in Note 32, the Group has amounts receivable from the following related parties and the details are set out below:

	At December 31, 2014 RMB'000	2013 RMB'000
Amounts due from:		
Associates	4,456	4,819
Fellow subsidiaries	261,891	112,877
	<b>266,347</b>	117,696
Represented by:		
Trade receivables aged within 90 days by invoice date	261,866	112,708
Non-trade receivables*	4,481	4,988
	<b>266,347</b>	117,696

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 related non-bank financial institutions, a joint venture, fellow subsidiaries and BEH 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, 2014 RMB'000	2013 RMB'000
Amounts due to:		
BEH	166,156	200,822
Fellow subsidiaries	124,200	102,770
Associates	–	1,108
	<b>290,356</b>	304,700
Represented by:		
Trade payables aged within one year by invoice date	120,035	99,963
Non-trade payables*	170,321	204,737
	<b>290,356</b>	304,700

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 44. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (e) At December 31, 2014, the Group has the following balances with government/government-related entities other than the balances disclosed above:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Trade and bill receivables	3,976,958	1,841,791
Other receivables	185,320	969,328
Bank balances	1,668,760	2,319,342
Trade payables	1,732,454	1,223,748
Other payables	1,911	2,631
Bank borrowings	6,895,536	5,100,136

- (f) During the year ended December 31, 2014, other than interest income paid by related parties, interest expense charged by related parties and guarantee provided by a related party as set out in Note 32(a), Note 32(b), Note 32(c), Note 32(d)(iii) and Note 32(f)(g), 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,	
	2014	2013
	RMB'000	RMB'000
Jingxi Power	1,678	1,215
BIEE	15,706	24,550

- (ii) Equipment maintenance services from related parties

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Jingfeng Thermal	11,564	15,217
BIEE	29,517	22,340
Jingneng Power	6,146	–

- (iii) Conference service from related parties

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Sky-Line Resort	192	231
DaiHai LvYou	962	102

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 44. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (f) During the year ended December 31, 2014, other than interest income paid by related parties, interest expense charged by related parties and guarantee provided by a related party as set out in Note 32(a), Note 32(b), Note 32(c), Note 32(d)(iii) and Note 32(f)(g), 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,	
	2014	2013
	RMB'000	RMB'000
Jingfeng Thermal	9,167	9,167
YuanShen Financial Leasing	184	160

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

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
BEH Finance	5,150	6,043

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

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
BEH Finance	3,001	4,830

- (vii) Property management fee charged by a related party

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Jingneng Logistic	18,725	9,038

- (viii) Heat energy sold to a related party

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
BDHG	522,044	347,520

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 44. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (f) During the year ended December 31, 2014, other than interest income paid by related parties, interest expense charged by related parties and guarantee provided by a related party as set out in Note 32(a), Note 32(b), Note 32(c), Note 32(d)(iii) and Note 32(f)(g), respectively the Group entered into the following significant transactions with its related parties: (continued)

Continuing transactions: (continued)

- (ix) Equipment purchase framework agreement

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
BIEE	93,921	37,288

- (g) During the year ended December 31, 2014, the Group entered into the following significant transactions with government-related entities other than the amounts disclosed above:

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Revenue from sales of electricity (Note 47(d))	8,067,253	5,813,500
Revenue from sales of heat energy	51,432	42,738
Purchases of gas	5,401,450	3,659,648
Interest income on bank balances	9,177	8,642
Interest expenses on bank borrowings	354,080	271,963

- (h) Compensation of key management personnel

Name of related party	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Director fee	800	800
Basic salaries and allowances	3,226	3,473
Bonus	–	–
Retirement benefit contribution	240	250
	4,266	4,523

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) 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.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 45. 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 retained 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.

### 46. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	At December 31, 2014 RMB'000	2013 RMB'000
Financial assets		
Available-for-sale financial assets	128,528	98,528
Held for trading financial asset	370,803	–
Loans and receivables (including cash and cash equivalents)	9,148,394	5,853,637
Derivative financial assets	18,163	–
Financial liabilities		
Financial liabilities at amortized cost	33,791,738	27,096,227
Derivative financial liabilities	30,998	–

The Group's major financial instruments include derivative financial assets, trade and bill receivables, other receivables and deposits, available-for-sale financial assets, held for trading financial asset, 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, corporate bonds, and derivative financial liabilities. 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 46. FINANCIAL INSTRUMENTS (continued)

### 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, 2014.

### 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, bank and other borrowings and derivative financial liabilities. Other than derivative financial liabilities, the Group's cash flow interest rate carried at prevailing market interest based on the interest rates quoted by the PBOC plus a premium or less a discount. The Group enters into interest rate swaps to hedge against its exposure to changes in cash flow of certain borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see Note 36 for details).

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.

Except for the interest rate swaps related to the syndicated loan in New GRWF which incepted before the Group's acquisition of New GRWF, the Group has not entered into any interest rate swap to hedge against these cash flow interest rate risk exposure. The management of the Group will consider to retain the existing interest rate swaps till their expiration, and will consider to hedge the cash flow interest risk should the need arise in the future.

### 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, 2014 would decrease (increase) by RMB17,807,000 (2013: RMB16,895,000). And other comprehensive income for the year ended December 31, 2014 would increase (decrease) by RMB54,000 (2013: RMB nil) as a result of the changes in the cash flow of derivative financial liabilities variables interest rate instruments.

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.

**46. FINANCIAL INSTRUMENTS (continued)****Foreign currency risk management****Currency risk**

The Group has certain assets and liabilities, including available-for-sale financial assets (Note 23) other receivables and deposits (Note 26), bank balances and cash (Note 30), bank loans (Note 32), derivative financial assets and liabilities (Note 36) and trade payables (Note 31) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arise.

Except for certain foreign currency forward contracts entered by New GRWF before the Group's acquisition of New GRWF, 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 retain such existing foreign currency forward contracts till their expiration and will consider to hedge these balances should the need arise.

**Currency sensitivity**

The Group is mainly exposed to exchange rate fluctuation on EUR, HK\$, US\$ and AU\$, because the CDM receivables in other receivables, prepayments and trade payables caused by repairs and maintenance services were mainly denominated in EUR, and the bank balances raised in new share issuance was denominated in HK\$, and bank loans in Hong Kong were dominated in US\$, and trade receivables, payables and bank loans relating to New GRWF were dominated in AU\$. 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	
	31/12/2014 RMB'000	31/12/2013 RMB'000	31/12/2014 RMB'000	31/12/2013 RMB'000
EUR	22,247	20,877	1,958	18,210
HK\$	–	–	689,932	870,602
US\$	611,623	–	45,903	–
AU\$	–	–	117,893	–

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 46. 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, HK\$, US\$ and AU\$. 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, HK\$, US\$ and AU\$. For a 5% weakening of RMB against EUR, HK\$, US\$ and AU\$, there would be an equal and opposite impact on the profit for the year:

	At December 31, 2014	2013
	RMB'000	RMB'000
Loss (EUR)	(831)	(113)
Loss (US\$)	(23,169)	–
Profit (HK\$)	28,256	36,693
Profit (AU\$)	4,828	–

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.

### Other price risks

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on an equity security operating in nuclear power industry sector quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

#### Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 15% higher/lower:

Profit for the year ended December 31, 2014 would increase/decrease by RMB46,445,000 as a result of the changes in fair value of held for trading financial asset.

### 46. FINANCIAL INSTRUMENTS (continued)

#### 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 and restricted bank deposits. As at December 31, 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets 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.

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, 2014, the Group has concentration of credit risk as 62% (2013: 39%) of the total trade receivable is due from the Group's largest customer, and 97% (2013: 93%) 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 46. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk management (continued)

The Group relies on bank borrowings as a significant source of liquidity. As on December 31, 2014, the Group has available unutilized banking and other borrowing facilities of RMB16,239,000,000 (2013: RMB14,129,630,000).

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.

The Group has net current liabilities as at December 31, 2014 and 2013, 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 RMB'000	1 year to 2 years RMB'000	2 years to 3 years RMB'000	3 years to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
<b>At December 31, 2014</b>								
Trade and other payables	-	4,547,554	287,804	372	-	-	4,835,730	4,835,730
Bank and other borrowings								
– variable interest rate	6.00	4,542,242	2,568,040	6,664,415	2,214,548	6,339,331	22,328,576	18,121,802
Bank and other borrowings								
– fixed interest rate	5.17	1,814,125	494,283	415,408	286,053	314,974	3,324,843	3,161,500
Short-term debentures	5.45	1,898,100	-	-	-	-	1,898,100	1,800,000
Medium-term notes	5.86	1,058,600	-	-	-	-	1,058,600	1,000,000
Corporate Bonds	4.43	2,602,600	98,200	2,298,200	-	-	4,999,000	4,582,350
Amounts due to related parties	-	290,356	-	-	-	-	290,356	290,356
		16,753,577	3,448,327	9,378,395	2,500,601	6,654,305	38,735,205	33,791,738
<b>At December 31, 2013</b>								
Trade and other payables	-	4,412,982	282,843	11,895	-	-	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
		11,566,516	5,835,728	1,911,089	6,599,398	5,754,028	31,666,759	27,096,227

**46. FINANCIAL INSTRUMENTS (continued)****Fair value**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31/12/2014	31/12/2013		
1) Foreign currency forward contracts classified as other financial assets on the statement of financial position (see note 36)	Assets – RMB18,163,000	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps classified as other financial assets on the statement of financial position (see note 36)	Liabilities – RMB30,998,000	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Listed held for trading financial asset (see note 28)	Listed equity securities in Hong Kong: Electric power industry – RMB370,803,000	N/A	Level 1	Quoted bid prices in an active market.

Except for the above financial assets and financial liabilities, included in AFS financial assets at December 31, 2014 are unlisted equity investments amounting to RMB128,528,000 (2013: RMB98,528,000) 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 AFS 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 fixed rate bank and other borrowings (Note 32), medium-term notes (Note 34) and corporate bonds (Note 35), the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 47. 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. During the year ended 31 December 2014, after careful considerations, the Group's CODM decided to add photovoltaic power as one more operating segment. Comparative information has been represented accordingly. 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.
- Photovoltaic power: manages and operates photovoltaic power plants and sales of electricity generated to external customers.
- Others: business activities other than "Wind power", "Gas-fired power and heat energy generation", "Hydropower" and "Photovoltaic power".

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 47. 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, 2014 by operating segment is as follows:

	Wind power RMB'000	Gas-fired power and heat energy generation RMB'000	Hydropower RMB'000	Photovoltaic power RMB'000	Others RMB'000	Total RMB'000
<b>For the year ended December 31, 2014</b>						
Revenue from external customers						
Sales of electricity	1,567,424	5,787,854	370,504	390,492	-	8,116,274
Sales of heat energy	-	610,689	-	-	-	610,689
Others	-	197	-	-	1,527	1,724
Reportable segment revenue/consolidated revenue	1,567,424	6,398,740	370,504	390,492	1,527	8,728,687
Reportable segment profit (Note (i))	855,149	1,170,352	161,199	163,811	(22,711)	2,327,800
Reportable segment assets	16,403,421	16,892,396	4,822,620	3,921,342	10,839,072	52,878,851
Reportable segment liabilities	(11,757,358)	(11,570,694)	(2,233,050)	(2,373,125)	(14,139,054)	(42,073,281)
Additional segment information:						
Depreciation	367,681	471,754	78,603	194,634	2,370	1,115,042
Amortization	158,031	4,439	26,071	25	487	189,053
Finance costs (Note (ii))	544,422	247,426	67,154	66,654	173,900	1,099,556
Other income	62,104	1,357,955	3,174	100	2,290	1,425,623
Including:						
- Government grant related to clean energy production	22,240	1,296,354	-	-	-	1,318,594
- Grants related to construction of assets	2,632	3,775	-	-	-	6,407
- Income from CERs and VERs	-	127	447	-	-	574
- Others	37,232	57,699	2,727	100	2,290	100,048
Expenditures for reportable segment non-current assets	1,384,298	2,122,883	305,684	1,275,049	81,589	5,169,503

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 47. SEGMENT INFORMATION (continued)

### (a) Segment revenue, results, assets and liabilities (continued)

	Wind power RMB'000	Gas-fired power and heat energy generation RMB'000	Hydropower RMB'000	Photovoltaic power 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	65,748	9,831	6,254,824
Reportable segment profit (Note (i))	877,391	937,075	156,143	40,281	25,270	2,036,160
Reportable segment assets	13,082,147	14,645,407	4,332,514	1,569,298	9,331,255	42,960,621
Reportable segment liabilities	(9,606,342)	(10,108,552)	(1,695,917)	(770,620)	(11,742,312)	(33,923,743)
Additional segment information:						
Depreciation	444,880	379,110	78,904	12,903	2,337	918,134
Amortization	157,450	633	25,624	–	874	184,581
Finance costs (Note (ii))	626,749	196,385	54,434	13,289	14,514	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	681,936	439,747	8,240,632

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 AFS 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.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 47. SEGMENT INFORMATION (continued)

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Results		
Reportable segment profit	2,327,800	2,036,160
Unallocated		
Dividend income from available-for-sale financial asset	2,290	1,398
Profit from operations	2,330,090	2,037,558
Interest income	21,421	29,636
Finance costs	(1,099,556)	(905,371)
Share of results of associates	319,656	287,939
Share of results of a joint venture	3	73
Consolidated profit before taxation	1,571,614	1,449,835

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Assets		
Reportable segment assets	52,878,851	42,960,621
Inter-segment elimination	(8,520,600)	(7,657,304)
Unallocated assets:		
– Investments in associates	1,853,829	1,650,903
– Loans to associates	150,000	149,440
– Investments in a joint venture	80,466	80,463
– Deferred tax assets	222,183	100,140
– Available-for-sale financial assets	128,528	98,528
Different presentation on:		
– Value-added tax recoverable (Note (i))	1,289,222	1,110,361
Consolidated total assets	48,082,479	38,493,152

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 47. SEGMENT INFORMATION (continued)

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

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Liabilities		
Reportable segment liabilities	<b>42,073,281</b>	33,923,743
Inter-segment elimination	<b>(8,520,600)</b>	(7,657,304)
Unallocated liabilities:		
– Income tax payable	<b>192,570</b>	126,102
– Deferred tax liabilities	<b>106,236</b>	26,092
Different presentation on:		
– Value-added tax recoverable (Note (i))	<b>1,289,222</b>	1,110,361
Consolidated total liabilities	<b>35,140,709</b>	27,528,994

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 AFS 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

Over 90% 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/out of the PRC and the sales activities are made in the/out of PRC.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 47. SEGMENT INFORMATION (continued)

#### (d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2014 amounted to RMB8,067,253,000 (Note 44(g))(2013: RMB5,813,500,000). Sales of electricity to the major customers for the year ended December 31, 2014 by segment were as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Wind power	1,562,333	1,657,641
Gas-fired power and heat energy generation	5,787,854	3,739,211
Hydropower	326,574	350,900
Photovoltaic power	390,492	65,748
Total	8,067,253	5,813,500

### 48. BUSINESS COMBINATION

#### Subsidiary acquired

On July 11, 2014 ("the date of acquisition"), the Group acquired 75% equity interest in New Gullen Range Wind Farm (Holding) Pty Ltd ("New GRWF Holding"), an Australian company, at a cash consideration of approximately AU\$115,000,000 (equivalent to approximately RMB664,437,000). New GRWF Holding is an investment holding company. New GRWF is a wholly-owned subsidiary of New GRWF Holding and New GRWF subsequently acquired all assets, liabilities related to the construction and operation of Gullen Range Wind Farm (the "Wind Farm"), a wind power project located in Australia.

The Wind Farm was put into operation in the second half in 2014. The Group accounted for the transaction as a business combination and IFRS 3 was applied.

#### Consideration transferred by The Group

	Wind Farm
	RMB'000
Cash consideration paid	568,524
Cash consideration payable	95,913
Total	664,437

Acquisition-related costs amounting to RMB4,521,000 have been excluded from the consideration transferred and have been recognized as an expense in the period, within the other expenses line item in the statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 48. BUSINESS COMBINATION (continued)

### Subsidiary acquired (continued)

#### Assets acquired and liabilities recognized at the date of acquisition (determined on a provision basis):

	RMB'000
<b>Non-current assets</b>	
Property, plant and equipment (Note 15)	1,803,191
Intangible assets (Note 16)	42,234
<b>Current assets</b>	
Other receivables, deposits and prepayments	22,524
Derivative financial assets	239
<b>Non-current liabilities</b>	
Derivative financial liabilities	(22,763)
Bank and other borrowings – due after one year	(1,047,316)
Other payable	(28,774)
<b>Non-controlling interests</b>	(170,753)
<b>Net asset acquired</b>	<b>598,582</b>

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

#### Goodwill arising on acquisition

	RMB'000
Cash consideration paid	568,524
Cash consideration payable	95,913
Less: fair value of identifiable net assets acquired	598,582
<b>Goodwill arising on acquisition</b>	<b>65,855</b>

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 48. BUSINESS COMBINATION (continued)

#### Subsidiary acquired (continued)

##### Net cash outflow arising on acquisition:

	For the year ended December 31, 2014 RMB'000
Cash and cash equivalents paid	568,524

##### Impact of acquisition on the results of the Group

	For the year ended December 31, 2014 RMB'000
Revenue	5,091
Profit for the year	1,036

### 49. 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 at the 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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 49. DISPOSAL OF A SUBSIDIARY (continued)

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
	<hr/> 50,313 <hr/>

Note:

Total contractual consideration to transfer the 90% equity interest in Bayin was RMB100,800,000. As of December 31, 2013, the Buyer refused to settle the rest RMB50,400,000 due to an unfixd on-grid tariff in Bayin Power which attributed to certain conflicting policies promulgated by different government administrations. The management of the Company estimated the unsettled consideration may probably be impaired. Accordingly, an allowance of unpaid consideration was recognized in full for the year ended December 31, 2013. As of December 31, 2014, after arm's length negotiation between the parties, the Buyer continued to execute the share disposal agreement, agreed to settle the unpaid consideration within one year of December 31, 2014. The Company expected all considerations were collectible and received RMB20,000,000 during the year ended December 31, 2014. Accordingly, the allowance provision was reversed in the year ended December 31, 2014 (Note 8(b)).

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 50. SUBSIDIARIES

Details of the Company's subsidiaries at December 31, 2014 and 2013 are set out below:

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
		Direct		Indirect		2014	2013	
		2014	2013	2014	2013	2014	2013	
Taiyanggong Power	RMB700,000,000	74%	74%	-	-	74%	74%	Gas-fired power and heat energy generation
Jingqiao Power	RMB876,280,000	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)	RMB758,012,000	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)	RMB1,000,000,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose)	RMB400,000,000	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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 50. SUBSIDIARIES (continued)

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
		Direct		Indirect		2014	2013	
		2014	2013	2014	2013	2014	2013	
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
New Energy	RMB2,688,390,000	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)	RMB792,350,000	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)	RMB85,790,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能文貢拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd., English name for identification purpose)	RMB118,890,000	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

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 50. SUBSIDIARIES (continued)

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
		Direct		Indirect		2014	2013	
		2014	2013	2014	2013	2014	2013	
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)	RMB90,140,000	100%	100%	-	-	100%	100%	Wind power generation
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Ltd., English name for identification purpose)	RMB189,278,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd., English name for identification purpose)	RMB338,528,000	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)	RMB163,344,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
寧夏京能中衛有限公司 (Ningxia Jingneng Zhongwei Co., Ltd., English name for identification purpose)	RMB56,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose)	RMB281,398,600	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
建湖京能新能源有限公司 (Note) (Jianhu Jingneng New Energy Co., Ltd., English name for identification purpose)	RMB54,760,000	100%	-	-	-	100%	-	Photovoltaic power generation
寧夏賀蘭京能新能源有限公司 (Note) (Ningxia Helan Jingneng New Energy Co., Ltd., English name for identification purpose)	RMB56,760,000	100%	-	-	-	100%	-	Photovoltaic power generation
寧夏中寧縣京能新能源有限公司 (Note) (Ningxia Zhongning County New Energy Co., Ltd., English name for identification purpose)	RMB260,050,000	100%	-	-	-	100%	-	Photovoltaic power generation
Golmud New Energy (Note)	RMB123,000,000	100%	-	-	-	100%	-	Photovoltaic power generation
京能(遷西)發電有限公司 (Note) (Jingneng Qianxi Power Co., Ltd., English name for identification purpose) ("Qianxi Power")	RMB10,000,000	60%	-	-	-	60%	-	Photovoltaic power generation

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 50. SUBSIDIARIES (continued)

Name of subsidiary	Issued and fully paid up registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
		Direct		Indirect		2014	2013	
		2014	2013	2014	2013	2014	2013	
北京京能清潔能源電力股份(香港)有限公司 (Note) (Beijing Jingneng Clean Energy (Hongkong) Co.,Ltd. English name for identification purpose)	HK77,657,000	100%	-	-	-	100%	-	Wind power generation
New GRWF Holding (Note)	AUS118,236,001	75%	-	-	-	75%	-	Wind power generation
京能清潔能源投資控股有限公司 (Note) (Jingneng Clean Energy Investment Holdings Limited English name for identification purpose)	US\$50,000	100%	-	-	-	100%	-	Wind power generation

Note: The subsidiaries were newly established during the year ended December 31, 2014.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Incorporation/ establishment/ registration and operation	Proportion ownership interest held by non- controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Taiyanggong Power	PRC	74	74	78,704	81,949	291,329	287,073
New GRWF Holding	Australia	75	-	259	-	175,378	-
Qianxi Power	PRC	60	-	-	-	4,000	-

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 50. SUBSIDIARIES (continued)

Taiyanggong Power	2014 RMB'000	2013 RMB'000
Current assets	<b>512,964</b>	504,952
Non-current assets	<b>1,852,802</b>	2,013,792
Current liabilities	<b>1,242,489</b>	1,111,498
Non-current liabilities	<b>2,778</b>	303,119
Revenue	<b>2,115,671</b>	1,873,373
Profit and other comprehensive income for the year	<b>302,708</b>	315,188
Dividends paid to non-controlling interests	<b>74,477</b>	70,416
Net cash inflow from operating activities	<b>410,220</b>	717,255
Net cash outflow from investing activities	<b>(27,064)</b>	(27,241)
Net cash outflow from financing activities	<b>(368,924)</b>	(839,387)
Net cash inflow (outflow)	<b>14,232</b>	(149,373)

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 50. SUBSIDIARIES (continued)

<b>New GRWF Holding</b>	<b>2014</b> RMB'000	<b>2013</b> RMB'000
Current assets	166,099	–
Non-current assets	1,876,121	–
Current liabilities	512,197	–
Non-current liabilities	943,607	–
Revenue	5,091	–
Profit and other comprehensive income for the year	1,036	–
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	7,782	–
Net cash outflow from investing activities	(710,913)	–
Net cash inflow from financing activities	741,677	–
Net cash inflow	38,546	–

<b>Qianxi Power</b>	<b>2014</b> RMB'000	<b>2013</b> RMB'000
Current assets	22,776	–
Non-current assets	31,516	–
Current liabilities	4,292	–
Non-current liabilities	40,000	–
Revenue	–	–
Profit and other comprehensive income for the year	–	–
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	–	–
Net cash outflow from investing activities	(27,108)	–
Net cash inflow from financing activities	49,884	–
Net cash inflow	22,776	–

## Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

### 51. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	At December 31,	
	2014	2013
	RMB'000	RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	1,896,295	1,622,412
Intangible assets	4,152	4,639
Investments in subsidiaries	11,867,605	10,166,058
Prepaid lease payments	1,319	1,348
Investments in associates	947,681	947,681
Loans to associates	150,000	149,440
Loans to subsidiaries	3,960,000	4,470,000
Investments in a joint venture	80,000	80,000
Deferred tax assets	49,481	49,448
Available-for-sale financial asset	60,000	30,000
Value-add tax recoverable – Non Current Portion	15,995	–
Deposit paid for acquisition of property, plant and equipment	129,433	139,984
	<b>19,161,961</b>	17,661,010
<b>Current assets</b>		
Trade and bill receivables	70,174	125,765
Other receivables, deposits and prepayments	15,601	13,740
Amounts due from related parties	4,671	5,119
Amounts due from subsidiaries	2,018,528	1,350,097
Loans to subsidiaries – current portion	880,000	880,000
Prepaid lease payments	29	29
Value-added tax recoverable – Current Portion	55,817	30,804
Cash and cash equivalents	1,018,194	1,175,442
	<b>4,063,014</b>	3,580,996
<b>Current liabilities</b>		
Trade and other payables	381,945	271,955
Amounts due to related parties	1,010	4,409
Amounts due to a subsidiary	750	750
Bank and other borrowings-due within one year	1,852,811	1,173,400
Short-term debentures	1,800,000	1,800,000
Medium-term notes – due within one year	1,000,000	–
Corporate bonds – due within one year	2,397,701	–
Income tax payable	20,035	20,035
	<b>7,454,252</b>	3,270,549
<b>Net current (liabilities) assets</b>	<b>(3,391,238)</b>	310,447
<b>Total assets less current liabilities</b>	<b>15,770,723</b>	17,971,457



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

## 51. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	At December 31,	
		2014	2013
		RMB'000	RMB'000
<b>Non-current liabilities</b>			
Bank and other borrowings-due after one year		3,559,388	3,846,600
Medium-term notes		–	1,000,000
Corporate bonds		1,199,182	3,588,434
Deferred income		217,253	159,138
		<b>4,975,823</b>	8,594,172
<b>Net assets</b>		<b>10,794,900</b>	9,377,285
<b>Capital and reserves</b>			
Share capital	38	6,870,423	6,477,413
Reserves		3,924,477	2,899,872
<b>Total equity</b>		<b>10,794,900</b>	9,377,285

	Capital reserve	Statutory surplus reserve	Accumulated (loss)/ profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	1,674,217	146,355	223,709	2,044,281
Issue of shares (Note 38(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
Issue of shares (Note 38(a))	613,007	–	–	613,007
Issuance costs	(18,529)	–	–	(18,529)
Appropriation to statutory surplus reserve	–	92,208	(92,208)	–
Dividend declared	–	–	(281,120)	(281,120)
	2,656,574	321,081	235,575	3,213,230
Profit and total comprehensive income for the year	–	–	711,247	711,247
At December 31, 2014	2,656,574	321,081	946,822	3,924,477

“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)
“BEH”	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd)
“BEH Finance”	京能集團財務有限公司 (BEH Finance Co., Ltd)
“BIEE”	北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd)
“Board of Directors” or “Board”	board of directors of the Company
“Board of Supervisors”	board of supervisors of the Company
“BSAMAC”	北京國有資本經營管理中心 (Beijing State Assets Management and Administration Centre)
“China” or “PRC”	the People’s Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
“Company,” “our Company,” “we” or “us”	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited)
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission)
“Director(s)”	director(s) of the Company
“Golmud New Energy”	格爾木京能新能源有限公司 (Golmud Jingneng New Energy Co., Ltd.), a company incorporated in the PRC by QHJN and a subsidiary of QHJN
“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)
“Jingneng Leasing”	Shenzhen Jingneng Finance Lease Limited (深圳京能融資租賃有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of BEH
“Jingqiao Power”	北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.)
“Latest Practicable Date”	15 April, 2014, 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
“QHJN”	青海京能建設投資有限公司 (Qinghai Jingneng Construction and Investment Co., Ltd.), a company incorporated in the PRC and a wholly owned subsidiary of BEH, the controlling shareholder of the Company
“Renminbi” or “RMB”	the lawful currency of the PRC
“SASAC”	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SERC”	國家電力監管委員會 (State Electricity Regulatory Commission of the PRC)

“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
“Shares”	shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Wulanyiligeng Power”	Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd. (內蒙古京能烏蘭伊力更風力發電有限責任公司), a wholly owned subsidiary of the Company incorporated in the PRC

# 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. LI Fuqiang  
Ms. LAU Miu Man  
Mr. HAN Xiaoping

**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. LI Fuqiang

**Audit Committee** Ms. LAU Miu Man (*Chairman*)  
Mr. LIU Guochen  
Mr. LIU Chaoan

**Supervisors** Mr. LI Xun  
Mr. LIU Jiakai  
Ms. HUANG Linwei

**Company Secretary** Mr. KANG Jian

<b>Authorized Representatives</b>	Mr. CHEN Ruijun 7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
	Mr. KANG Jian 7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
<b>Registered Office</b>	Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC
<b>Principal Place of Business in the PRC</b>	7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
<b>Principal Place of Business in Hong Kong</b>	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
<b>Principal Bankers</b>	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

# Corporate Information

<b>International Auditors</b>	Deloitte Touche Tohmatsu Certified Public Accountants 35/F, One Pacific Place, 88 Queensway, Hong Kong
<b>Domestic Auditors</b>	Ruihua Certified Public Accountants 5-11F, West Tower, China Overseas Property Plaza, Xibinhe Road, Yongdingmen, Dongcheng District, Beijing, the PRC
<b>Hong Kong Legal Advisors</b>	Freshfields Bruckhaus Deringer 11/F, Two Exchange Square, Central, Hong Kong
<b>PRC Legal Advisors</b>	Tian Yuan Law Firm 10/F, CPIC Plaza, 28 Fengsheng Lane, Xicheng District, Beijing, the PRC
<b>H Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
<b>Stock Code</b>	579
<b>Company's Website</b>	<a href="http://www.jncec.com">www.jncec.com</a>
<b>Listing Place</b>	The Stock Exchange of Hong Kong Limited