Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

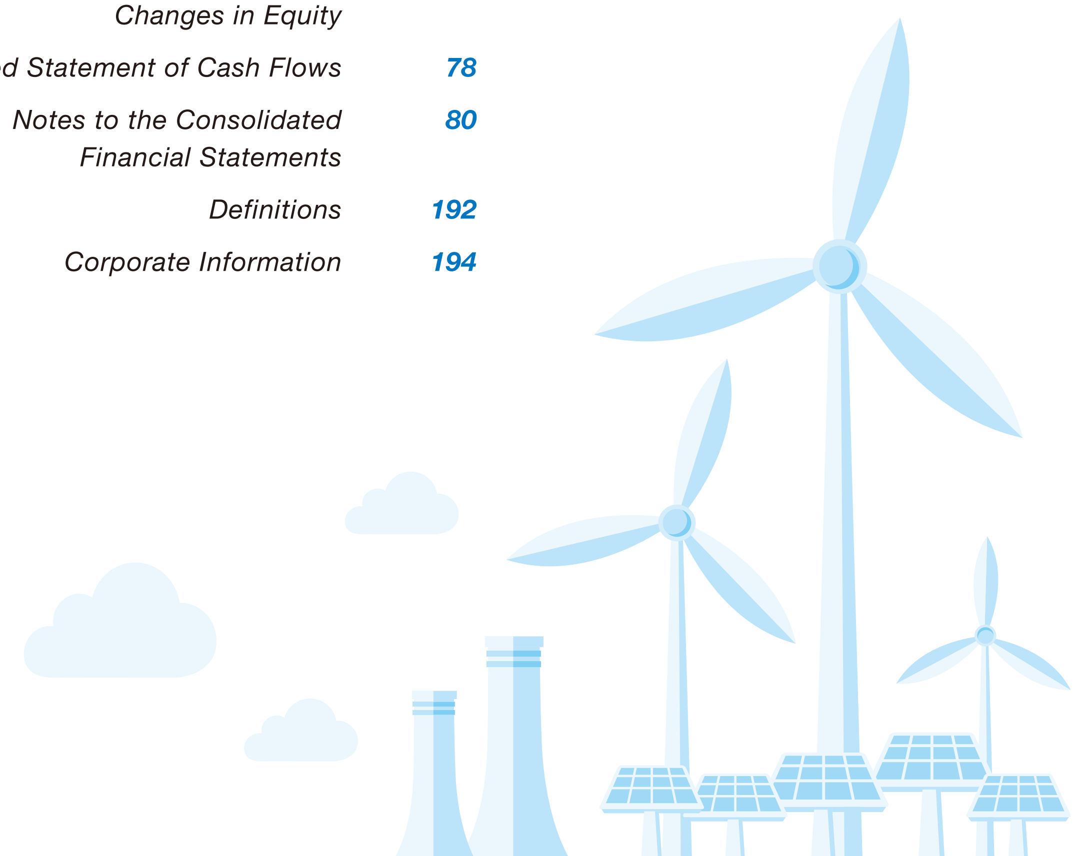
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 00579

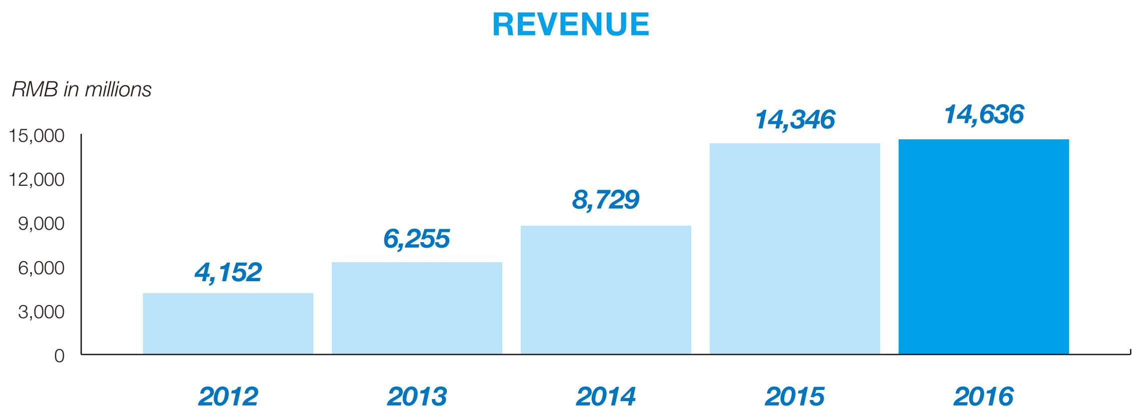
2016

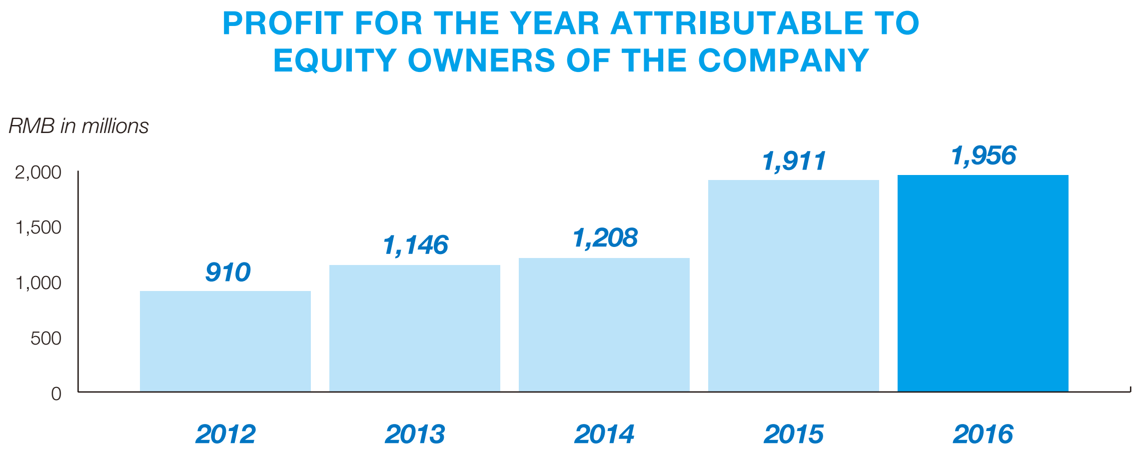
Annual Report

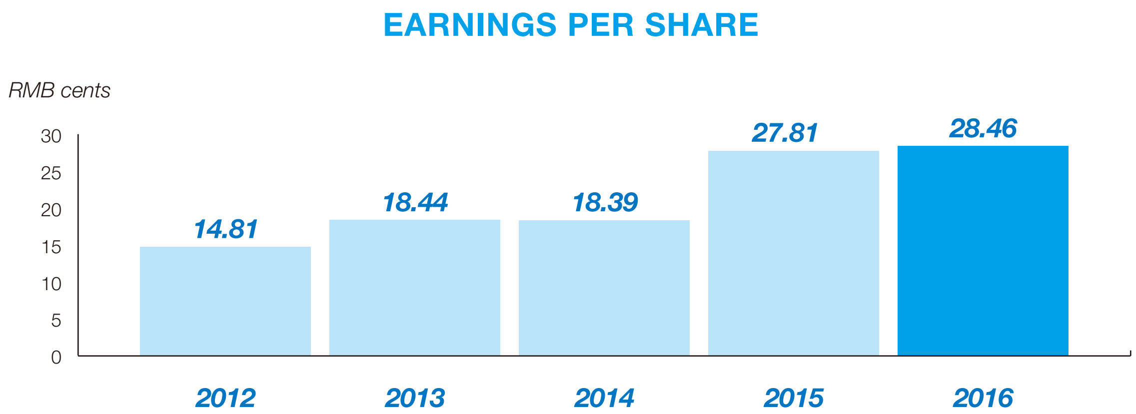
Contents



Financial Highlights







Financial Summary

	Year ended December 31				
	2016	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**14,635,836**	14,346,034	8,728,687	6,254,824	4,151,630
Other income	**1,445,079**	3,248,431	1,425,623	1,462,121	733,211
Profit from operations	**3,354,176**	3,372,923	2,330,090	2,037,558	1,548,807
Profit before taxation	**2,570,330**	2,561,228	1,571,614	1,449,835	1,111,939
Income tax expense	**(443,296)**	(528,478)	(284,321)	(222,352)	(123,533)
Profit for the year	**2,127,034**	2,032,750	1,287,293	1,227,483	988,406
Total comprehensive income	**1,976,498**	2,002,859	1,186,701	1,227,483	988,406
Profit for the year attributable to:					
– Ordinary shareholders of the Company	**1,955,569**	1,910,643	1,208,330	1,145,534	910,101
– Holders of perpetual notes	**77,250**	41,482	–	–	–
– Non-controlling interests	**94,215**	80,625	78,963	81,949	78,305
	2,127,034	2,032,750	1,287,293	1,227,483	988,406
Total comprehensive income for the year attributable to:					
– Ordinary shareholders of the Company	**1,837,015**	1,886,311	1,132,147	1,145,534	910,101
– Holders of perpetual notes	**77,250**	41,482	–	–	–
– Non-controlling interests	**62,233**	75,066	54,554	81,949	78,305
	1,976,498	2,002,859	1,186,701	1,227,483	988,406
Earnings per share *(RMB cents)*					
Basic and diluted	**28.46**	27.81	18.39	18.44	14.81

Financial Summary

	As at December 31				
	2016	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(restated)		
Total assets	**47,732,887**	46,401,607	48,137,748	38,493,152	31,109,078
Non-current assets	**40,926,643**	39,349,821	37,696,064	32,090,764	26,246,970
Current assets	**6,806,244**	7,051,786	10,441,684	6,402,388	4,862,108
Total liabilities	**30,337,575**	30,294,363	35,195,978	27,528,994	21,786,753
Current liabilities	**20,279,259**	14,189,234	16,487,571	10,645,896	7,604,768
Non-current liabilities	**10,058,316**	16,105,129	18,708,407	16,883,098	14,181,985
Net assets	**17,395,312**	16,107,244	12,941,770	10,964,158	9,322,325
Capital and reserves					
Share capital	**6,870,423**	6,870,423	6,870,423	6,477,413	6,149,905
Reserves	**8,509,052**	7,226,480	5,629,414	4,199,672	2,896,880
Equity attributable to ordinary shareholders of the Company	**15,379,475**	14,096,903	12,499,837	10,677,085	9,046,785
Perpetual notes	**1,527,982**	1,527,982	–	–	–
Non-controlling interests	**487,855**	482,359	441,933	287,073	275,540
Total equity	**17,395,312**	16,107,244	12,941,770	10,964,158	9,322,325

Corporate Profile

Established in August 2010, Beijing Jingneng Clean Energy Co., Limited ("**the Company**") is a subsidiary of Beijing Energy Holding Co., Ltd ("**BEH**"). The Company was listed on the main board of the Hong Kong Stock Exchange on 22 December 2011. The Company operates its business in a number of provinces and autonomous regions, such as Beijing, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region and Sichuan Province, and involves gas-fired power and heat energy generation, wind power, photovoltaic power, small to medium hydropower and other clean energy generation businesses, which helps claim the Company the title of the internationally well-known clean energy enterprise, industry-leading clean energy brand and largest gas-fired power supplier in Beijing and the leading wind power operator in China.

As of 31 December 2016, total consolidated installed capacity of the Company reached 7,791 MW. Gas-fired power generation and heat energy generation is the core business segment of the Company. Currently, the Company operates six gas-fired cogeneration plants with 4,436 megawatt of consolidated installed capacity in Beijing. The consolidated installed capacity of wind power generation reached 2,263 megawatt with major distribution in Inner Mongolia regions in China where wind resources are abundant and New South Wales of Australia. Lumingshan Guanting Wind Farm, which served for the Beijing Olympic Games, is the only wind power project located in Beijing. The Company's photovoltaic power generation installed capacity is 643 MW, distributed in northwest China and north China regions with relatively abundant solar resource. Moreover, Jingneng also operates other clean energy business like medium and small-sized hydropower which has 449 MW of controllable installed capacity mainly distributed in northwest China region with abundant water resource.

Following the development strategy of "Expand gas power, strengthen wind power, optimize photovoltaic power, integrate hydropower and break garbage power", the Company upholds the working guidance of enhancing management, optimizing layout, integrating industry and financing as well as increasing efficiency through innovation, adheres to centering around economic efficiency, pursuing efficiency from stock and development from increment and seeking progress in stability and also endeavors to adapt to the new normal in economic development, thus continuously improving its competitiveness and capability for sustainable development.

Chairman's Statement

Dear Shareholders,

As the opening year of "the Thirteenth Five-Year" Plan, 2016 has witnessed slowdown in economic development growth rate and sluggish growth in power demand. Against the major background of energy restructuring, Jingneng Clean Energy prepared itself to meet the challenge and grasp opportunity, and realized stable growth in operation performance by centering around economic efficiency, regarding reform and innovation as the drive and basing itself on standard management. As of the end of 2016, the Company reached 7,791 MW of total controllable installed capacity, 348 MW of new wind power operation and 203 MW of new photovoltaic power operation, hitting a historic high; the Company's utilization hours of wind power and photovoltaic power respectively reached 2,026 hours and 1,555 hours, standing ahead of the national's average.

By upholding the development concept of "creating value for shareholders" and practicing the investment and operation guidance of "stabilize growth, strengthen integration, seek for innovation and pursue development", the Company expanded financing channel, enhanced risk management, gave full play to the advantage of scale operation and realized profit of RMB1,955.6 million for equity holders. At the same time of "operating Jingneng" and "seeking optimization", Jingneng Clean Energy actively expanded overseas development space and established the first co-located power range of wind power and photovoltaic power in Australia, laying a solid foundation for itself to "go global" development. In 2016, the Company was awarded the 42nd place in "Global Top 500 New Energy Enterprises" by *China Energy News* and China Institute of Energy Economics together.

The strong pass of the enemy is like a wall of iron, yet with firm strides, we are conquering its summit. 2017 is a key year to implement "the Thirteenth Five-Year" energy plan and also a year to promote and deepen the reform of supply front. By firmly grasping the opportunity of "regarding clean and low-carbon energy development as the main direction of energy restructuring" in "the Thirteenth Five-Year" energy plan, holding tight to the development opportunity brought by "One Belt, One Road", optimizing energy layout, coordinating domestic and international markets and sticking to the idea regarding "steadiness" as priority and making efforts during progress, Jingneng Clean Energy will make itself a domestic-leading and internationally first-class diversified clean energy supplier so as to create better investment returns for all Shareholders!

General Manager's Statement

As an extraordinary year in Jingneng's development history, 2016 witnessed stability in slowdown of China's economy and sluggish growth in power need, which posed a huge challenge for the Company's development. In the past year, under the correct guidance of the Company's board, the management led all staffs to unite as one and overcome difficulties, set a historic high in operation performance and lifted enterprise development to a new step, and outperformed the annual task goal and further enhanced the Company's comprehensive strength and influence.

As at the end of December, 2016, the Company's total installed capacity reached 7,791 MW, among which: there was 4,436 MW of natural gas power generation installed capacity, 2,263 MW of wind power installed capacity, 449 MW of hydropower installed capacity and 643 MW of photovoltaic power installed capacity. 2016 witnessed 12 projects go into operation with 551 MW of installed capacity, 838 MW of approved project's installed capacity and 592 MW of installed capacity of project in progress. The Company reached 26.221 billion KWH of annual power generation volume and realized RMB14.64 billion of annual revenue, profit before tax of RMB2.57 billion and total assets of RMB47.73 billion.

In 2016, the Company conscientiously practiced the development concept of "innovation, coordination, green, openness and sharing", adhered to the working guidance of strengthening management, optimizing layout, integrating industry and financing and improving efficiency through innovation, endeavored to expand Beijing, China and overseas market space as well as quality projects by exerting its advantages. While insisting on "operating Jingneng" and "seeking optimization", Jingneng Clean Energy actively search for domestic and overseas development opportunities. The outstanding operation and revenue in Australian GR wind power project has accumulated experience for the Company to go global. The acquisition of Australian Gullen 10 MW Photovoltaic Power Generation Project has consolidated the Company's presence in Australian power market. We will continue to deeply cultivate Australian market, search for new project merger and acquisition opportunity and focus on arranging overseas market under the guidance of China's strategy of "One Belt, One Road".

General Manager's Statement

The Company's management will adhere to the principle of creating value for all Shareholders to the utmost as always, firmly implement each deployment by the Board and exert all efforts to do a good job of Company's annual work: firstly, with quality and efficiency as the focus, we shall enhance safety and security management, work hard to increase revenue and lift efficiency to ensure achievement of annual operation goal; secondly, we shall lift standard management level, further enhance the Company's legal management, strictly control legal risks and promote the Company's safe, sound and scientific development; thirdly, we shall properly conduct power and heat marketing, enhance upstream-downstream communication and strive to improve marketing system; fourthly, we shall value details and minors management, try our best to improve quality and efficiency so as to better equip the Company with stronger anti-risk ability. Facing the new year which is filled with challenges and opportunities, our operation team has confidence in the Company's development because we have clearly-identified goals and measures.

On behalf of the Company's management and all staffs, I hereby extend my heartfelt gratitude to each Shareholder and all the investors for your long-term support and trust.

Management Discussion and Analysis

I. INDUSTRY REVIEW

In 2016, the global economy continued to experience intensive adjustment and further slowed down growth rate as compared with last year. Meanwhile, international trade stayed sluggish and global capital flow intensified, driving the recovery of bulk commodity price and causing significant fluctuation at the same time. As the negative impact of the persistent downturn began to take effect, the world's economic landscape underwent changes. In face of such complex external situations, China experienced decelerating economic growth and recorded an annual growth rate of 6.7%, representing a decrease of 0.2 percentage points from 2015.

The year 2016 marked the beginning of the "Thirteenth Five-Year" plan, during which China actively promoted clean alternative energy and developed into the leading nation in terms of installed capacity of hydropower, wind power and solar power generation. It is estimated that the total energy consumption of China reached approximately 4.36 billion tonnes of standard coal and its non-fossil fuel consumption accounted for 13.3% of the total consumption, representing an increase of 1.3 percentage points from last year. Under the five major economic missions to "address overcapacity, reduce inventory, deleverage, lower costs, and bolster areas of weakness", national electricity consumption reached 5.99 trillion KWH for 2016, representing a year-on-year growth of 5.2%. Net increase in installed generating capacity was 120 million KW for the whole country, representing a decrease of 11 million KW or 8.5% from last year. In particular, net increase for thermal power was 48.36 million KW, with a year-on-year decrease of 18.42 million KW or 27.6%; net increase for hydropower was 11.74 million KW, with a year-on-year decrease of 2.01 million KW or 14.6%; net increase for wind power was 18.73 million KW, with a year-on-year decrease of 12.67 million KW or 40.3%; net increase for photovoltaic power was 34.59 million KW, with a year-on-year increase of 20.79 million KW or 1.5 times; and net increase for nuclear power was 7.2 million KW, with a year-on-year increase of 1.08 million KW or 17.7%. In 2016, power generation from non-fossil fuel increased rapidly and the operating hours of thermal power facilities further declined to 4,165 hours, hitting the lowest since 1964. There was also a swing from oversupply of thermal coal in the first half of 2016 to a mild supply shortage in the second half of the year. In general, there was sufficient supply in the country, with surplus in certain regions.

In view of the complex economic environment during the Reporting Period, the Group adopted the investment and management policy of "enhancing management, optimizing planning, combining production and financing, and boosting efficiency through innovation" while adhered to the development concepts of "innovation, coordination, environment friendly, transparency and sharing". In pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. Under the established principle of "expand gas-fired power, strengthen wind power, enhance photovoltaic power, integrate hydropower and achieve breakthrough in waste-to-energy", all business segments developed in an orderly manner, indicating the effectiveness of the "go global" strategy. Meanwhile, the Group has steadily boosted its competitiveness, profitability and capability to sustain growth, which allowed it to stay on the upward development trend.

II. BUSINESS REVIEW FOR THE YEAR OF 2016

1. Intensive and effective efforts to push forward construction works and rapid development in wind power and photovoltaic power generation

In 2016, all business segments of the Group experienced different rates, but in general maintained balanced development. As the Group put wind power and photovoltaic power projects into smooth operation, installed capacity of clean energy further expanded. As at 31 December 2016, the consolidated installed capacity of the Group totaled 7,791 MW, of which, the installed capacity of gas-fired power generation accounted for 4,436 MW or 56.94% of the total; wind power generation accounted for 2,263 MW or 29.05% of the total; photovoltaic power generation accounted for 643 MW or 8.25% of the total; and hydropower generation accounted for 449 MW or 5.76% of the total. China's efforts in restructuring and transformation in 2016 have led to further upgrade of quality of energy supply and increasing consumption of clean energy. To take advantage of this opportunity, the Group enhanced the internal management and made reasonable production plans. In view of China's tariff reduction policy for wind power and photovoltaic power, the Group secured quality construction projects swiftly through active planning, coordinating and organizing efforts as well as advancing the fulfilment of conditions for construction commencement. As a result, newly increased installed generating capacity of wind power saw a year-on-year growth of 18% to 348 MW for the year; while that of photovoltaic power went up by 46% to 203 MW.

As at 31 December 2016, 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 2016 *(MW)*	Percentage
Gas-fired power and heat energy generation	**4,436**	56.94%
Wind power generation	**2,263**	29.05%
Photovoltaic power generation	**643**	8.25%
Hydropower generation	**449**	5.76%
Total	**7,791**	100.00%

As at 31 December 2016, 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 as at 31 December 2016 (MWH)	Aggregate consolidated power generation as at 31 December 2015 (MWH)	Year-on-year increase in aggregate consolidated power generation (%)
Gas-fired power and heat energy generation	**19,430,755.76**	19,722,391.50	-1.48
Wind power generation	**4,156,625.29**	3,689,823.83	12.65
Photovoltaic power generation	**810,127.44**	630,044.25	28.58
Hydropower generation	**1,823,065.52**	1,862,841.34	-2.14
Total	**26,220,574.01**	25,905,100.92	1.22

2. Sustaining competitiveness by "focusing on Beijing market" and "constructing refined projects"; expansion of high quality domestic and overseas gas-fired projects

As a state-owned enterprise in the country's capital city, the Group sought to consolidate its strategic position. While persisting on the principles of "focusing on Beijing market" and "constructing refined projects", it pursued development in not only China, but also the rest of the world. Adhering to the established principle of "expand gas-fired power", the Group explored the markets in Beijing, China and overseas by giving full play to its strengths and expanding quality projects. Leveraging its strong presence in first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, and the opportunities ushered in by Beijing-Tianjin-Hebei integration, the Group moderately developed centralized natural gas power generation and pushed forward regional energy projects that combined distributed gas-fired generation and energy internet based on local circumstances. During the Reporting Period, in terms of installed capacity, the Group had secured a market share of approximately 60% in Beijing's gas-fired power market, accounted for over 70% of centralized heat energy generation, and thus, became the largest gas-fired thermal power supplier in Beijing. In addition, the Beijing Haidian Shangzhuang Thermal Project with an installed capacity of 266MW, which began construction in 2015, is expected to commence operation in 2017. The Group also monitored the progress of Shenzhen Low Carbon City Project, Shandong Weihai Project and Queensland Greenland Gas-fired Project in Australia. During the Reporting Period, the Group pursued steady development supported by multiple growth drivers and dedication for excellence. It strived to deliver high quality projects so as to achieve efficient and significant growth in the "Thirteenth Five-Year" period.

3. Full upgrade of operation and management capabilities; effective response to pressure from curtailment

During the Reporting Period, in pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. It developed new operating model to adapt to the power sector reform and adopted differentiated marketing strategies based on the market practices for power sectors in different regions, thereby effectively control the curtailment rate. With a view to managing progress of new projects, the Group strengthened coordination with the local governments and strived to gain support from grid companies and competent authorities. It took active measures to boost power generation and supply while controlling parasitic load of power plants. Such move ensured steady progress in annual power generation and growth in average operating hours.

In view of the long-term influence due to tariff adjustment, the Group further strengthened management on projects under construction and approved projects under construction. Such move was conducive to the on-time delivery of projects with quality and quantity guaranteed, and implementation of higher on-grid tariff. To cope with the reduction in electricity price for wind power generation and photovoltaic power generation, which may become a common practice, the Group strictly controlled investment to new projects and carefully selected quality projects. Furthermore, to lower the operating cost of completed projects and maintain profitability, the Group exercised cost control in pre-stage development, further optimized design, enhanced cost control over the whole construction process and strengthened infrastructure management.

4. Full utilization of financing channels to continuously lower financing cost

The Group recorded further decline in financing cost due to its constant efforts to upgrade capital control capability. While strengthening ability to obtain loan facility, it also further expanded the issue of low cost debentures. During the Reporting Period, the Group completed the issue of RMB3 billion short-term debentures and RMB5 billion super-short-term debentures on revolving basis with an average interest rate of 2.97%. In 2016, proceeds from issuances, out of which, RMB4.31 billion was applied to the Group's subsidiaries. Such move not only significantly reduced financing costs of the Group's subsidiaries, but also helped some of them to overcome the challenges in obtaining financing.

5. Strategic planning for overseas business to steadily develop international competitiveness

During the Reporting Period, the operating hours of the Gullen Range Wind Power Project in Australia exceeded 3,100 hours, with a power generation of 520 million KWH. The outstanding operation and revenue performance of the project laid a solid foundation for the "Go Global" development strategy of the Group. In 2016, the Group leveraged on the overseas base of the Gullen Range Project in Australia to carry out intensive research on the Australian energy market, following which, it successfully acquired the Gullen 10 MW photovoltaic power project, which was the first overseas merger of photovoltaic power project, making it the first large-scaled power plant in Australia that combines wind power and photovoltaic power generation. The Group pushed forward both project development and merger, diversified the business mix comprising wind power, photovoltaic power and greenland projects, and mapped out reasonable plans for the Australian market, and as a result, its reserved capacity in Australia reached approximately 1,000 MW.

6. Image enhancement in the capital market and world renowned reputation

During the Reporting Period, Mr. Chen Ruijun, an executive Director and the general manager of the Group, garnered the "Best CEO for Listed Companies" at the Sixth China Securities Golden Bauhinia Awards organized by Hong Kong Ta Kung Wen Wei Media Group. The award received by Mr. Chen Ruijun, our executive Director and general manager, indicated market recognition of the Group's outstanding performance in operating efficiency, corporate governance, profitability, sustainability and brand value, as well as excellent brand image under the supervision of the management.

To help teenagers and other disadvantaged groups in need in Hong Kong, the Group joined Mingxi Charity Foundation, which was established by Beijing Enterprises Holdings and Beijing Holdings as the leading entities, and Beijing enterprises based in Hong Kong as co-promoters. As a platform for Beijing enterprises based in Hong Kong to give back to and serve the local community, Mingxi Charity Foundation allows the Company to better fulfil its social responsibilities and is conducive to enhancing its corporate image and reputation.

During the Reporting Period, "*China Energy News*" and China Institute of Energy Economics Research held a major charity event to release the result of "Global Top 500 New Energy Companies", which was an authoritative review and research on the new energy sector. Among a total of 282 Asian enterprises being selected, the Group, owing to its excellent corporate governance, sound financial strengths and advanced management, ranked 42th among the "Global Top 500 New Energy Companies", demonstrating its outstanding competitiveness and world leading position.

7. Tightened risk and internal control for optimizing management

To continuously enhance and optimize operation procedures, the Group carried out comprehensive revision of management standards and conducted self-evaluation on internal control practices, where it inspected the evaluation results of 675 control points and proposed appropriate remedial actions for management deficiencies based on its insights into day-to-day management. Meanwhile, the Group revised over 160 management procedures for 17 major management aspects, as well as added and revised 87 standards for the purpose of strengthening regulation on operation procedures.

The Group conducted benchmarking against industry peers to enhance management. It focused on addressing the issues identified in benchmarking, while inspected and supervised the progress of remedial actions.

The Group upheld the principle of "governance by laws" and was endeavored to prevent operational risks. The Company's legal approval procedure for contract signing were standardized and regularized, thereby providing strong protection against legal risks in relation to contract management. At the same time, the Group promoted legal knowledge through various channels, with emphasis placed on laws, regulations and cases related to staff's daily lives and workplaces.

III. OPERATING RESULTS AND ANALYSIS

1. Overview

In 2016, the Company achieved steady improvement in terms of profitability. Net profit for the whole year amounted to RMB2,127.0 million, representing an increase of 4.63% as compared to RMB2,032.8 million for 2015. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,955.6 million, representing an increase of 2.36% as compared to RMB1,910.6 million for 2015.

2. Operating Income

Total revenue increased by 2.02% from RMB14,346.0 million for 2015 to RMB14,635.8 million for 2016. Adjusted total operating income decreased by 8.82% from RMB17,386.1 million in 2015 to RMB15,852.1 million in 2016, due to the decrease in government grants and subsidies related to clean energy production in the power and heat energy generation segment as a result of the decrease in gas prices in 2015.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 0.59% from RMB11,812.2 million for 2015 to RMB11,882.3 million for 2016, due to the increase in sales volume of heat in this segment. Revenue from sales of electricity decreased by 0.33% from RMB10,525.0 million for 2015 to RMB10,490.4 million for 2016. Revenue from sales of heat energy increased by 8.19% from RMB1,286.5 million for 2015 to RMB1,391.9 million for 2016, due to the increase in sales volume of heat in this segment.

Wind Power Segment

The revenue from wind power segment increased by 9.91% from RMB1,573.7 million for 2015 to RMB1,729.7 million for 2016, due to the increase in sales volume of electricity as a result of the increase in the installed capacity in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 21.53% from RMB531.3 million for 2015 to RMB645.7 million for 2016, due to the increase in sales volume of electricity as a result of the increase in the installed capacity in this segment.

Hydropower Segment

The revenue from hydropower segment decreased by 12.34% from RMB425.6 million for 2015 to RMB373.1 million for 2016, due to the decrease in sales volume of electricity of this segment.

Others

Other revenue increased by 54.55% from RMB3.3 million for 2015 to RMB5.1 million for 2016, due to the increase in revenue from providing external maintenance service.

3. Other Income

Other income decreased by 55.51% from RMB3,248.4 million for 2015 to RMB1,445.1 million for 2016, due to the decrease in government grants and subsidies related to clean energy production as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

4. Operating Expenses

Operating expenses decreased by 10.51% from RMB14,221.5 million for 2015 to RMB12,726.7 million for 2016, due to the decrease in gas consumption as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

(1) Gas Consumption

Gas consumption decreased by 17.35% from RMB10,545.3 million for 2015 to RMB8,715.7 million for 2016, due to the decrease in gas consumption as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

(2) Depreciation and Amortization

Depreciation and amortization increased by 2.26% from RMB1,871.2 million for 2015 to RMB1,913.5 million for 2016, due to the increase in the installed capacity in the wind power segment and photovoltaic power segment.

(3) Personnel Cost

Personnel cost increased by 12.52% from RMB550.9 million for 2015 to RMB619.9 million for 2016, due to the increase in the number of employees as a result of 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 16.99% from RMB526.3 million for 2015 to RMB615.7 million for 2016, due to the increase in maintenance expenses as a result of warranty expiry of some of the equipment in the wind power segment and photovoltaic power segment.

(5) Other Expenses

Other expenses decreased by 0.40% from RMB672.3 million for 2015 to RMB669.6 million for 2016.

(6) Other Losses

Other losses increased by 246.49% from RMB55.5 million for 2015 to RMB192.3 million for 2016, due to the increase in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company during the holding period and the derecognition of operation right of one of Yunnan Hydropower Projects.

5. Operating Profit

As a result of the above, our operating profit decreased by 0.55% from RMB3,372.9 million for 2015 to RMB3,354.2 million for 2016.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit decreased by 1.15% from RMB3,161.5 million for 2015 to RMB3,125.3 million for 2016.

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 2.87% from RMB2,293.8 million for 2015 to RMB2,359.6 million for 2016, as a result of the increase in the volume of heat supply in this segment.

Wind Power Segment

Adjusted segment operating profit of our wind power segment increased by 2.14% from RMB545.8 million for 2015 to RMB557.5 million for 2016 due to the increase in sales volume of electricity as a result of newly installed capacity in this segment.

Photovoltaic Power Segment

The adjusted segment operating profit of our photovoltaic power segment increased by 20.38% from RMB322.9 million for 2015 to RMB388.7 million for 2016, due to the increase in sales volume of electricity as a result of the newly installed capacity in this segment.

Hydropower Segment

The adjusted segment operating profit of our hydropower segment decreased by 89.67% from RMB162.6 million for 2015 to RMB16.8 million for 2016, due to the decrease in sales volume of electricity of the projects in this segment and the derecognition of operation right of one of Yunnan Hydropower Project.

Others

Other adjusted operating profit decreased from loss of RMB163.6 million for 2015 to loss of RMB197.3 million for 2016, due to the increase in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Our finance costs decreased by 17.92% from RMB1,197.8 million for 2015 to RMB983.1 million for 2016 due to the decrease in market interest rate and the decline in average interest rate as a result of issue of short-term and super-short-term debentures with low interest rate.

8. Share of Results of Associates and a Joint Venture

Share of results of associates and a joint venture decreased by 48.01% from RMB331.2 million for 2015 to RMB172.2 million for 2016, due to the decrease in net profit as a result of decline in earnings of a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

9. Profit before Taxation

As a result of the above, profit before taxation increased by 0.36% from RMB2,561.2 million for 2015 to RMB2,570.3 million for 2016.

10. Income Tax Expense

Income tax expense decreased by 16.12% from RMB528.5 million for 2015 to RMB443.3 million for 2016. Effective tax rate decreased from 20.63% for 2015 to 17.25% for 2016, primarily due to the fact that Jingxi Gas Project and Weilai Gas Project were entitled to the preferential income tax rate of 15% for high technology enterprises.

11. Profit for the Year

As a result of the above, profit for the year increased by 4.63% from RMB2,032.8 million for 2015 to RMB2,127.0 million for 2016.

12. Profit for the Year Attributable to Ordinary Shareholders of the Company

Profit for the year attributable to ordinary shareholders of the Company increased by 2.36% from RMB1,910.6 million in 2015 to RMB1,955.6 million in 2016.

IV. FINANCIAL POSITION

1. Overview

As of 31 December 2016, total assets of the Group amounted to RMB47,732.9 million, total liabilities were RMB30,337.6 million and shareholders' equity reached RMB17,395.3 million, among which equity attributable to the ordinary shareholders amounted to RMB15,379.5 million.

2. Particulars of Assets and Liabilities

Total assets increased by 2.87% from RMB46,401.6 million as at 31 December 2015 to RMB47,732.9 million as at 31 December 2016, due to the increase in investment for the construction of new projects. Total liabilities increased by 0.14% from RMB30,294.4 million as at 31 December 2015 to RMB30,337.6 million as at 31 December 2016, due to the increase in construction loans for new projects. Total equity of shareholders increased by 8.00% from RMB16,107.2 million as at 31 December 2015 to RMB17,395.3 million as at 31 December 2016. Equity attributable to ordinary shareholders of the Company increased by 9.10% from RMB14,096.9 million as at 31 December 2015 to RMB15,379.5 million as at 31 December 2016, due to the operating accretion from business.

3. Liquidity

As of 31 December 2016, current assets amounted to RMB6,806.2 million, including monetary capital of RMB1,772.0 million; bills and trade receivables of RMB3,368.1 million (mainly comprising receivables from sales of electricity and heat energy); and prepayment and other current assets of RMB1,666.1 million (mainly comprising deductible value added tax and other account receivables). Current liabilities amounted to RMB20,279.3 million, including short-term borrowings of RMB7,794.2 million, short-term debentures of RMB6,000.0 million, corporate bonds due within one year of RMB2,195.5 million and bills and trade payables of RMB3,992.0 million (mainly comprising payables for gas, payables for engineering and purchase of equipment); other current liabilities amounted to RMB297.6 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities increased by 88.77% from RMB7,137.4 million as at 31 December 2015 to RMB13,473.0 million as at 31 December 2016. Current ratio decreased by 16.14% from 49.70% as at 31 December 2015 to 33.56% as at 31 December 2016, due to the increase in debts due within one year.

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, decreased by 1.37% from 58.84% as at 31 December 2015 to 57.47% as at 31 December 2016 due to the increase in shareholders' equity.

The Group's long-term and short-term borrowings increased by 0.51% from RMB25,143.9 million as at 31 December 2015 to RMB25,273.2 million as at 31 December 2016, including short-term borrowings of RMB7,794.2 million, long-term borrowings of RMB9,283.5 million, corporate bonds of RMB2,195.5 million and short-term debentures of RMB6,000.0 million.

Bank deposits and cash held by the Group decreased by 16.21% from RMB2,114.7 million as at 31 December 2015 to RMB1,772.0 million as at 31 December 2016, due to the utilization of funds for construction.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 27 January 2016, the Group issued the first tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.97%, which was settled on 23 October 2016. On 25 February 2016, the Group issued the second tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.70%, which was settled on 21 November 2016. On 11 May 2016, the Group issued the third tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.02%. On 17 June 2016, the Group issued the fourth tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.08%. On 16 November 2016, the Group issued the fifth tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.27%.

On 7 July 2016, the Group issued the first tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.80%. On 23 August 2016, the Group issued the second tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.70%. On 28 October 2016, the Group issued the third tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.03%.

2. Capital Expenditure

In 2016, the Group's capital expenditure amounted to RMB3,982.5 million, including RMB977.8 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB1,546.5 million incurred for construction projects in the wind power segment, RMB1,384.0 million incurred for construction projects in the photovoltaic power segment, RMB73.7 million incurred for construction projects in the hydropower segment, and RMB0.5 million incurred for construction projects in other segments.

3. Significant Investment

According to the development plan of the Group, the Group established "Xuwen Jingneng New Energy Co., Limited (徐聞京能新能源有限公司)" in 2016 as a wholly-owned subsidiary to carry out the construction of photovoltaic power projects.

4. Contingent Liabilities

As of 31 December 2016, the Group had no external guarantees.

5. Mortgage of Assets

As of 31 December 2016, the Group's bank borrowings were secured by trade receivables of RMB76.0 million.

VI. 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:

Interest Rate Risk

The Group is principally engaged in electricity investment, which requires relatively high capital investments. Thus the uncertainties of interest rate will affect the financing cost of the Group. The Group's good credit standing and sufficient credit facility from banks can ensure safe, stable and successful funding. 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 ultra short-term financing bonds, short-term financing bonds, corporate bonds and perpetual bonds, to ensure the funding of projects.

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

Exchange Rate Risk

The businesses of the Group are mainly located in mainland China, where 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, HK dollars, US dollars, Euro, as well as borrowings in US dollars, AUD). Changes in the Renminbi exchange rate may cause exchange loss or gain to the Group's foreign currency-denominated business.

The Group will continue to monitor the exchange rate so as to cope with changes in the foreign exchange market and enhance the risk management on exchange rate by various means.

VII. 2017 BUSINESS OUTLOOK

As economic growth in China has entered into the new normal, the combined effect of external environment and changes of internal growth drivers added uncertainties to development in the power sector. In recent years, new energy generation experienced fast growth, leading to continuous optimization of energy structure. However, such overly rapid and concentrated development mode, coupled with lack of coordination between power grids, has resulted in worsening excessive power generation and a bottleneck for restructuring and upgrade of the power sector. At the end of 2016, China published a number of plans for the energy and power sector under the "Thirteenth Five-Year" plan, hence the year of 2017 will be a crucial year for the implementation of such plans. Under such backdrop, for the next three years, as a clean energy enterprise, the Group will have to meet the national requirements under the "Thirteenth Five-Year" plan, carry out restructuring as a way to adapt, and grasp opportunities to expand and develop business.

In 2017, the Group will strive to realize various business objectives by accomplishing the following tasks:

1. To strengthen the strategic positioning as an enterprise in the capital, promote domestic and international development

The Group will ride on the back of its success in Beijing and adopt appropriate measures to develop centralized natural gas power generation. Where it meets the conditions of gas sources, prices, location, transmission pipelines, the Group will, after giving full consideration of gas demand from industrial sectors and heating, focus on developing the "Beijing-Tianjin-Hebei" and "Beijing-Shanghai-Guangzhou-Shenzhen" regions, as well as promoting distributed power generation based on local needs for the purpose of "expanding gas-fired power generation" in terms of geographical diversification. Leveraging its business presence in Beijing and Inner Mongolia, the Group aims at "strengthening wind power generation" in Hebei and Shandong. Meanwhile, it will make full use of China's favourable policy and opportunities in UHV power transmission to "enhance photovoltaic power generation" with a focus on central-eastern China, featuring Hebei, Shandong, Zhejiang and Anhui. It will closely monitor industry trend so as to advance development of the solar thermal power sector in areas with favorable light conditions as technology matures and cost drops. Taking into account the market conditions, it plans to control the size of its hydropower assets. In pursuit of profitability, it is also set to achieve "breakthrough in waste-to-energy" in China.

Following in-depth study of the local energy policy and extensive research on market pattern, energy profile and characteristics of projects, the Group will strive to develop quality projects orderly and prudently in developed and growing economies as well as politically stable countries and regions with promising outlooks. Firstly, it will capitalize on the overseas base of the GR project in Australia to carry out intensive research on the Australian energy market, so as to identify opportunities for expanding clean energy projects. Secondly, it will actively explore other overseas projects to seek international opportunities. For projects in developed economies, the Group will carry out in-depth study on the international policies of the local governments, regional capacity, grid balancing and other conditions, so that when market matures and high rate of return is expected, it will be able to make targeted planning and achieve proper development. The Group will keep an eye on key projects along the "One Belt and One Road" initiative to push forward internationalization in a steady manner.

2. To reinforce refined business management and produce profits from stock

The Group will spare no efforts in professional and refined management by focusing on lowering costs and improving efficiency. Meanwhile, it will further explore internal potential and take all effective measures to boost business efficiency. The Group will also continue to optimize the production and management model, strengthen implementation of management procedures, improve comprehensive control and operation management of equipment, place emphasis on cost control, and enhance equipment efficiency. Apart from such, the Group will make use of the full consumption policy for clean energy and renewable energy to actively increase power generation and heat supply and bring profitability to a higher level.

3. To seize opportunity in power sector reform and achieve balanced development through technology innovation

The year of 2017 is crucial for the "Thirteenth Five-Year" Plan and the reform of the power sector. As the reform progresses, the clean energy sector is blessed with unprecedented opportunities. In view of such, the Group endeavors to explore business diversification through innovation, develop new technology for introducing new business model to the industry and acquire replicable and reproducible experience through application. Driven by technology innovation, the Group is determined to achieve breakthrough as its business expands and strengthens. It will also strive to maintain a balance between stock and increment in the new and renewable energy sector, as it seeks for endless impetus to business development.

Human Resources

The Company upholds the management philosophy of "people-oriented and pursuit of excellence", strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees' benefits. The overall human resources condition of the Company in 2016 is summarized as follows:

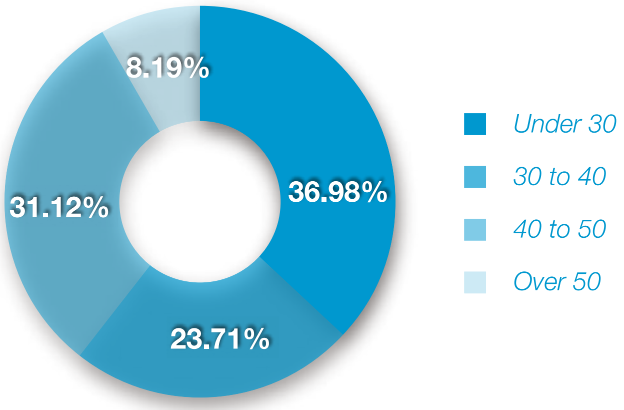
I. SUMMARY OF HUMAN RESOURCES

The Group had a total of 2,661 employees as at 31 December 2016. The age of staff tended to be young, with the proportion of employees under the age of 30 accounting for over 35%; employees were generally highly educated, with the proportion of holders of Bachelor degree and above degree accounting for nearly 55% of the total staff. Please refer to the following tables for details of the age and degree structure of employees:

1. Age Structure:

Age distribution	Number of employees	Percentage	Cumulative percentage
Under 30	984	36.98%	36.98%
30 to 40	631	23.71%	60.69%
40 to 50	828	31.12%	91.81%
Over 50	218	8.19%	100.00%
Total	**2,661**	**100.00%**	**–**

Age Structure



2. Degree Structure:

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	3	0.11%	0.11%
Master degree	173	6.50%	6.61%
Bachelor degree and above	1,244	46.75%	53.36%
College or below	1,241	46.64%	100.00%
Total	**2,661**	**100.00%**	**–**

II. EMPLOYEES INCENTIVES

With an aim to cope with its development, the Company, on the basis of position-oriented accountability system, has established 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 and appraise employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration based on appraisement results, 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 total salary is determined by reference to the performance appraisal of all the employees of the Group. Individual performance is associated with personal annual appraisal results.

IV. EMPLOYEES' TRAINING

Talent is the source for the Company's development. The Company utilized training agenda as an important tool of upgrading the level of corporate management and of enhancing the overall quality of the employees. In terms of the design of training courses, the Company emphasized the probe into training needs, in a view to actively motivating all departments' initiatives, and arranged various vocational training for the employees that are geared to the characteristics of profession and position requirements. The Company formed a set of complete system to strictly check and examine the training results for the purpose of training management. The Company offered a variety of training courses, and also encouraged employees to actively participate in external training to provide more opportunities for employees to conduct foreign exchange and study and broaden their horizons, thus training more talents for the Company.

The training provided by the Company in 2016 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 of 2016, approximately four training courses that took approximately 97.51 training hours on average were received by each employee. The training covered all employees.

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 prepared related systems such as the Management Standards for Social Security Fund and Housing Fund, Management Standards for Supplementary Healthcare, Management Standards for Occupational Health, Administrative Measures for Labor Welfare and Administrative Measures for Labor Protective Equipment to increase the benefits of the Company and enhance employees' sense of belonging and happiness.

Profiles of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. ZHU Yan (朱炎), aged 54, is a non-executive Director and the Chairman of the Board. He worked as an officer of the Department of Science and Technology and International Business and Commerce of Beijing Municipal Bureau of Grain from August 1985 to April 1987. He worked consecutively as an officer, a deputy section chief and section chief of the Department of Industry of Beijing Municipal Science & Technology Commission from April 1987 to September 1992. He worked as a general manager of Beijing Ketai Co., Ltd. (北京市科泰公司) from September 1992 to August 1994, an assistant director and deputy director of Beijing Municipal Science & Technology Commission from August 1994 to January 2000, a deputy secretary of the party committee and deputy director of Beijing Municipal Science & Technology Commission from January 2000 to March 2002. He was a secretary of the party committee and director of Beijing Information Technology Office from March 2002 to February 2009, and concurrently worked as a director of the Ticket Service Centre of Beijing Organizing Committee for the Games of the XXIX Olympiad from November 2007 to November 2008. He worked as a deputy secretary of the party committee and a director of Beijing Municipal Commission of Economy and Information Technology and a director of Beijing Municipal Science and Technology and Industry for National Defense Office from February 2009 to July 2011. He was a deputy secretary general of the People's Government of Beijing Municipality from July 2011 to February 2016. He has been working as a secretary of the party committee and chairman of Beijing Energy Group Co., Ltd. since February 2016. Mr. Zhu Yan graduated from School of Economics and Management of Tsinghua University in April 1999 with an MBA degree, majoring in business administration.

Mr. LI Dawei (李大維), aged 53, is a non-executive Director of our Company. He worked in Beijing Heating Company as a staff, deputy chief of the production technology group, chief of the heat supply management group and deputy director of the control center of the heat management department from August 1985 to May 1987, from May 1987 to June 1989, from June 1989 to December 1991 and from December 1991 to November 1994, respectively, during which he was concurrently working on secondment to the public utility department of Beijing Municipal Commission of City Administration and Environment from May 1993 to November 1994. He worked as deputy manager of Beijing Heating Company from November 1994 to July 1999, during which he was an on-the-job graduate student majoring in business administration in the School of Economics and Management of Tsinghua University from September 1997 to June 1999. He was a director of the comprehensive planning department of Beijing Municipal Public Utility Administration from July 1997 to June 2000. He worked in Beijing Heating Energy (Group) Co., Ltd. as a member of the party committee and deputy general manager from April 2002 to November 2004, a member of the party committee and general manager from November 2004 to November 2005, deputy secretary of the party committee, director of the board and general manager from November 2005 to December 2008, and secretary of the party committee and chairman of the board from December 2008 to December 2011. He has been the deputy secretary of the party committee and vice chairman of the board of Beijing Energy Holding Co., Ltd. and secretary of the party committee and chairman of the board of Beijing Heating Energy (Group) Co., Ltd. since December 2011. Mr. Li graduated from Beijing University of Civil Engineering and Architecture in July 1985, majoring in heat supply, ventilation and air-conditioning engineering, and he graduated from Tsinghua University in June 1999 with a master's degree in business administration.

Mr. GUO Mingxing (郭明星), aged 49, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Guo has more than 25 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 doctorial degree. Between 2007 and 2008, he was a part-time student at the centre for post-doctoral studies of the management school of Beijing University of Technology.

Mr. ZHU Baocheng (朱保成), aged 44, is a non-executive Director of our Company. He was a manager of the audit department of Hebei Hua'an Certified Public Accountants Co., Ltd. from July 1996 to December 2000. From January 2001 to September 2002, he was the chief financial officer at Beijing Wantong Technology Investment Co., Ltd.. From October 2002 to April 2007, he worked with China Grand Enterprises where he was the chief accountant of the medical division and the manager of investment management department. Between April 2007 and May 2009, he worked as the manager of the finance department at Beijing Jingneng International Power Co., Ltd.. He was the chief accountant at Beijing Jingneng Thermal Power Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 600578) from May 2009 to March 2010. Mr. Zhu was the chief accountant of the Company from March 2010 to February 2013. He has been the chief financial officer of Beijing Energy Holding Co., Ltd. since February 2013. Mr. Zhu obtained a doctoral degree in accounting from Renmin University of China in June 2007.

Profiles of Directors, Supervisors and Senior Management

Mr. YU Zhongfu (于仲福), aged 46, 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., and China Securities 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 and 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 and deputy director of Department of Small and Medium Enterprises, and 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, majoring in finance. He obtained a master's degree in public administration from Peking University in July 2011.

Mr. ZHAO Wei (趙威), aged 45, is a non-executive Director of our Company. Mr. Zhao served as the deputy general manager of Funds Usage Centre of China Life Insurance (Group) Company from March 2003 to June 2004; served as the director-general of Account Management Centre of China Life Asset Management Co., Ltd. from June 2004 to April 2006; served as the general manager of China Life Hong Kong Asset Management Company and the president of China Life Franklin Asset Management Co., Ltd. from April 2006 to February 2010; served as the vice president of New China Asset Management Co., Ltd. from February 2010 to September 2011; serves as the deputy chairman and the general manager of China Re-Asset since April 2012. In addition, Mr. Zhao serves as a non-executive director of China Everbright Bank Company Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 6818 and on the Shanghai Stock Exchange, stock code: 601818) since February 2015, and the chairman of the board of China Re-Asset Hong Kong since April 2015. Mr. Zhao graduated from Jilin University with a master degree in National Economic Planning and Management major in May 1998, and graduated from the Research Institute for Fiscal Science of Ministry of Finance in PRC with a doctorate degree in finance major in July 2005.

EXECUTIVE DIRECTOR

Mr. CHEN Ruijun (陳瑞軍), aged 54, is an executive Director and general manager of our Company. Mr. Chen is a senior engineer and served as the general secretary of Inner Mongolia Jingtai Power Limited ("**Jingtai Power**")'s committee of Communist Party of China ("**CPC**") and Jingtai Power's general manager since October 2007. From August 2003 to October 2007, he successively served as a deputy general secretary of Inner Mongolia Daihai Electric Power Generation Co., Ltd. ("**Daihai Power**")'s CPC committee, the general secretary of the CPC discipline inspection commission of Daihai Power, and then concurrently as an executive deputy general manager and a deputy general secretary of the CPC committee of Daihai Power. From January 1994 to August 2003, Mr. Chen successively served as a deputy governor and a deputy general secretary of the CPC committee of Liangcheng County of Inner Mongolia (during this period, he concurrently served as the chairman and the general manager of Hongmao Group Corporation from February 1997 to June 2001). From August 1982 to December 1993, Mr. Chen served as a technician, sales representative, section chief, deputy manager and the general manager of Inner Mongolia Liangcheng County Chemical Plant. Between April 2007 and September 2009, Mr. Chen studied electrical engineering at the School of Electrical and Automation Engineering of Tianjin University for master of engineering. He attended the undergraduate law courses provided by the Correspondence School of Inner Mongolia Party School between September 2003 and December 2005. He also studied secondary specialized inorganic chemical courses in Inner Mongolia Petrochemical School between September 1979 and July 1982.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Xiang (黃湘), aged 60, is an independent non-executive Director of our Company. Mr. Huang served as a lead engineer in heat engine and site worker representative of Institute for Electric Power Survey and Design in Hebei province from July 1982 to January 1991; served as the project design president and deputy general engineer of Institute for Electric Power Survey and Design in Hebei province from January 1991 to August 1993; served successively as the general engineer, manager representative for the Institute, deputy president and president of Institute for Electric Power Survey and Design in Hebei province from August 1993 to November 2001; served as the deputy general engineer and general engineer of China Huadian Engineering (Group) Co., Ltd, a judge for the National Prize for Progress in Electric Power, editor-in-chief of Huadian Technology magazine, head of electric power coal-fired mechanism standardization technical committee in electric power industry, deputy head of National Key Laboratory for Huadian Decentralized Energy from November 2001 to March 2014. Mr. Huang served as an inspector of China Huadian Engineering (Group) Co., Ltd from March 2004 to June 2016. Mr. Huang retired in June 2016. Mr. Huang graduated from Thermal Energy and Power Engineering major of Southeast University with a bachelor degree in July 1982. He is a qualified professor-level senior engineer.

Mr. ZHANG Fusheng (張福生), aged 61, is an independent non-executive Director of our Company. Mr. Zhang worked as a technician and chief of the comprehensive mechanical mining team at Shenhua Wuda Mining Administration and the vice president of Inner Mongolia University of Mining for Professional Workers (now known as Wuhai College of Inner Mongolia University of Technology) from June 1990 to June 1994, deputy director of Shenhua Wuda Mining Administration from 1994, director of Huangbaici Mine of Shenhua Wuda Mining Administration from July 1994 to April 1997, deputy general manager of electrical and mechanical and chief engineer of Shenhua Shendong Power Company Limited from April 1997 to January 2001, a member of the Communist Party Committee and the chairman of the labour union of Inner Mongolia Power Co., Ltd. from January 2001 to September 2004, member of the Communist Party Committee and deputy general manager of Inner Mongolia Power Co., Ltd. From September 2004 to September 2006, deputy general manager and deputy secretary of the Communist Party Committee from September 2006 to September 2008, and general manager and deputy secretary of the Communist Party Committee from September 2008 to May 2013. Mr. Zhang graduated from Inner Mongolia University of Mining for Professional Workers (now known as Wuhai College of Inner Mongolia University of Technology) in August 1983, majoring in Electric Mechanics, and graduated from Tianjin University in June 2006 with an MBA degree.

Mr. CHAN Yin Tsung (陳彥璁), aged 37, is an independent non-executive Director of our Company. Mr. Chen has over 13 years of working experience in initial public offering, corporate merger and acquisition, restructuring, due diligence, auditing, financial modelling analysis and business valuation. From November 2003 to July 2010, Mr. Chan held relevant positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance. Mr. Chan served the investment banking division of Essence International Financial Holdings Limited from October 2010 to April 2011; served the private equity department of the same company as a senior manager from June 2011 to July 2012; served as an executive director of Green International Holdings Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 02700) from July 2012 to August 2013; served as the CEO of Hao Wen Holdings Limited (a company listed on the Growth Enterprise Market of Hong Kong Stock Exchange, stock code: 8019) from February 2014 to May 2016; serves as an independent non-executive director, the chairman of audit committee and nomination committee and a member of remuneration committee of Zhidao International (Holdings) Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1220) since September 2014, and serves as an independent non-executive director, the chairman of audit committee and remuneration committee and a member of the nomination committee of China Ludao Technology Company Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 2023) since November 2016. Mr. Chan graduated from the University of British Columbia in November 2001 with a bachelor degree in business and Hong Kong University of Science and Technology in November 2011 with a master degree in financial analysis. Mr. Chan is a certified public accountant under the American Institute of Certified Public Accountants.

Mr. HAN Xiaoping (韓曉平), aged 60, 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 has 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, a senior expert of China City Gas Association Distributed Energy Professional Committee, a Sinopec social supervisor, an expert at the Policies & Regulations Department of National Energy Administration, a deputy director of China Energy Research Society Distributed Energy Professional Committee, an executive committee member of the Chinese Enterprises Investment Association and deputy director of Financial Enterprises Investment Committee, and the deputy governor of China's Natural Gas Industry Association. Mr. Han is an independent non-executive director, a member of the audit committee and nomination committee of Longitech Smart Energy Holding Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1281) since June 2016.

SUPERVISORS

Mr. LI Xun (李迅), aged 57, 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 49, has served as a Supervisor of our Company since January 2010. Mr. Liu has over 24 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.

Ms. HUANG Linwei (黃林偉), aged 49, has served as a Supervisor of our Company since January 2010. Ms. Huang has more than 22 years of experience in accounting and auditing in power companies. She joined Beijing Jingneng Technology in December 1993, where she has held various positions successively, including cashier, accountant, supervisory accountant and deputy manager of the finance department, and deputy manager of the department of audit and internal control. Ms. Huang took an on-job post-graduate course in the Party School of Beijing Municipal Committee in July 2009. Ms. Huang is an intermediate accountant.

SENIOR MANAGEMENT

Mr. CHEN Ruijun (陳瑞軍), aged 54, 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 53, 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 20 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 (李志堅), aged 46, has been a deputy manager of our Company since March 2010. Mr. Li has over 19 years of experience in production and management in the power industry. Mr. Li has been a deputy general manager of our Company since March 2010. He worked as the deputy general manager of New Energy from July 2009 to March 2010, as the deputy general manager of Wulanyiligeng Power from August 2008 to July 2009, the project manager of the Chayouzhong Project of Inner Mongolia Wind Power Division of Beijing Jingneng International from September 2007 to August 2008. Between November 2001 and September 2007, he worked for Jingfeng Thermal Power, where he served successively as the vice director (and later the director) of the boiler maintenance branch, the leader of the division of project extension, and the deputy head of the department of maintenance. From July 1995 to November 2001, he worked at Beijing No. 3 Thermal Power Plant and held various positions successively. These included being a boiler forge engineer and the vice director of the ash plant. Mr. Li obtained a bachelor's degree in power plant thermal energy and power engineering from Northeast China Institute of Electric Power Engineering in July 1995.

Mr. HUANG Hui (黃慧), aged 44, 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 49, has been a chief engineer of our Company since March 2010. Mr. Zhang has over 10 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 43, 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 the 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 2016 (the "**Annual Report**") and the audited financial statements of the Group (the "**Financial Statements**") for the year ended 31 December 2016 to Shareholders.

SHARE CAPITAL

As of 31 December 2016, the total share capital of the Company was RMB6,870,423,454, divided into 6,870,423,454 shares of RMB1.00 each, including 4,512,359,454 domestic legal person shares and 2,358,064,000 H Shares. 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 any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

DEBENTURES IN ISSUE

Details of debentures in issue of the Company for the year ended 31 December 2016 are set out in notes 33 and 34 to the Financial Statements.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

Looking forward, the Group will continue to expand its markets at home and abroad so as to tap into its internal potential and undertake more quality works, exquisite works and works with high returns, thereby maximising Shareholders' interest and creating higher value. We will continue to grow the Group both in scale and strength through self-development, acquisitions, M&A and other means. Our future business plan will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2016, the Company did not entered into any equity-linked agreement, nor did any equity-linked agreement exist.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save for the above, no permitted indemnity provision was made by the Company for the year ended 31 December 2016 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its Shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2016.

CHARGES ON GROUP ASSETS

The Group had no charges on assets during the year ended 31 December 2016.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies or any other entities for the year ended 31 December 2016, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the year ended 31 December 2016.

SHARE OPTION SCHEME

The Company did not implement any share option scheme for the year ended 31 December 2016.

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.

PRINCIPAL BUSINESS

The Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, photovoltaic power, small to medium hydropower, and other clean energy projects. All electricity generated is sold to local grid companies. Details of the major associates and subsidiaries of the Company are set out in notes 20 and 48 to the Financial Statements.

RESULTS

The audited results of operations of the Company and its subsidiaries for the year ended 31 December 2016 are set out in the Consolidated Statement of Profit or Loss and other Comprehensive Income on pages 72 to 73. The financial condition of the Company and its subsidiaries for the year ended 31 December 2016 is set out in the Consolidated Statement of Financial Position on pages 74 to 75. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2016 is set out in the Consolidated Statement of Cash Flows on pages 78 to 79.

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 9 to page 24.

BUSINESS REVIEW

A review of the business of the Company during the year and a discussion on the Company's future business development are provided on pages 9 to 14 and pages 22 to 24 of this Annual Report. Description of possible risks and uncertainties that the Company may be facing can be found on page 22 of this Annual Report. An analysis of the Company's performance during the year using financial key performance indicators is provided on pages 14 to 21 of this Annual Report. To the knowledge of the Directors, there has not been any important event affecting the Company since the end of the financial year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Company's environmental policies and performance will be set forth in the Environmental, Social and Governance Report, which will be published on the website of the Hong Kong Stock Exchange in due course.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Company has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year under review, the Company has complied, to the best of the knowledge of Directors, with all relevant rules and regulations that have a significant impact on the Company.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders of the Company at the 2016 Annual General Meeting (the "**AGM**") to be held on 28 June 2017, for the payment of a final dividend of RMB7.40 cents per share (tax inclusive) for the year ended 31 December 2016 (the "**2016 Final Dividends**") payable to the Shareholders of the Company whose names are listed in the register of members of the Company on 10 July 2017, in an aggregate amount of approximately RMB508.41 million. The 2016 Final 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. Subject to the passing of the relevant resolution at the AGM, the 2016 Final Dividends is expected to be paid on or around 8 August 2017.

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 2016 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 2016 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2016 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.

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended 31 December 2016.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2016 Final Dividends, the H Share register of members of the Company will be closed from 29 May 2017 to 28 June 2017 (both days inclusive) and from 5 July 2017 to 10 July 2017 (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 26 May 2017. In order to qualify for receiving the proposed 2016 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 4 July 2017.

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. The Company's reserves available for distribution to shareholders as at 31 December, 2016 represents the retained profits of approximately RMB4,970 million (2015: RMB3,892 million).

DONATIONS

During the reporting period, the Company and its subsidiaries made external donations of approximately RMB2.7 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 2016 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 2016 is illustrated below.

Name	Title in the Company	Date of Appointment/Re-election
ZHU Yan	Chairman and non-executive Director	23 June 2016
LU Haijun(1)	Chairman and non-executive Director	17 December 2013
LI Dawei	Non-executive Director	29 December 2016
GUO Mingxing	Non-executive Director	29 December 2016
ZHU Baocheng	Non-executive Director	29 December 2016
YU Zhongfu	Non-executive Director	29 December 2016
ZHAO Wei	Non-executive Director	29 December 2016
XU Jingfu(2)	Non-executive Director	17 December 2013
LIU Guochen(2)	Non-executive Director	17 December 2013
JIN Yudan(3)	Non-executive Director	17 December 2013
CHEN Ruijun	Executive Director and general manager	29 December 2016

Name	Title in the Company	Date of Appointment/Re-election
HUANG Xiang	Independent non-executive Director	29 December 2016
ZHANG Fusheng	Independent non-executive Director	29 December 2016
CHAN Yin Tsung	Independent non-executive Director	29 December 2016
HAN Xiaoping	Independent non-executive Director	29 December 2016
LIU Chaoan[(3)]	Independent non-executive Director	17 December 2013
LAU Miu Man[(3)]	Independent non-executive Director	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

Notes:

(1) The resignation of Lu Haijun as chairman and non-executive Director due to personal reasons took effect on 14 January 2016.

(2) The resignation of Mr. Xu Jingfu and Mr. Liu Guochen as non-executive Directors for other work commitment took effect on 23 June 2016.

(3) The resignation of Mr. Jin Yudan as non-executive Director and Mr. Liu Chaoan and Ms. Lau Miu Man as independent non-executive Directors for other work commitment took effect on 29 December 2016.

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on page 28 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 statuary compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 12 to the financial statements. The emoluments of the Directors and Supervisors are determined by the Remuneration and Nomination Committee based on the experience and duties of the Directors and Supervisors.

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2016 are set out below:

Name	Basic salaries and allowances	Retirement benefit contribution	Total
	RMB'000	*RMB'000*	*RMB'000*
KANG Jian	652	47	699
LI Zhijian	652	47	699
HUANG Hui	670	47	717
ZHANG Jurui	652	47	699
JIA Geng	652	47	699

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

At the end of the year of 2016 or at any time during the year, there were no transaction, arrangement or 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 or any entity connected with the Director or Supervisor had a material interest.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2016, 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
ZHU Yan	Chairman and non-executive Director	Chairman of BEH
LI Dawei	Non-executive Director	Vice chairman of BEH
GUO Mingxing	Non-executive Director	Director and general manager of BEH
ZHU Baocheng	Non-executive Director	Chief financial officer of BEH

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

As at 31 December 2016, no Director, Supervisor or senior management members of the Company had any interest or short position in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2016, 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, (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	4,288,011,163 (L)	95.03	62.41
BSAMAC	Domestic share	Beneficial interest and interest of a controlled corporation	4,512,359,454 (L)	100	65.68
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

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 (%)
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	140,070,000 (L)	5.94	2.04
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
Norges Banks	H share	Beneficial interest	158,038,124 (L)	6.70	2.30
Central Huijin Investment Ltd.	H share	Interest of a controlled corporation	427,856,000 (L)	18.14	6.22
China Reinsurance (Group) Corporation	H share	Beneficial interest and interest of a controlled corporation	427,856,000 (L)	18.14	6.22
Citigroup Inc.	H share	Interest of a controlled corporation and custodian corporation/ approved lending agent	146,592,666 (L) 143,316,669 (P)	6.21 6.07	2.13 2.08

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 2016.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt one-off connected transaction during the year ended 31 December 2016.

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.

(RMB million)

	Connected transactions under	Connected persons	Annual caps for 2016	Actual transaction value in 2016
1.	Framework Equipment Maintenance Agreement	BEH	110.00	109.49
2.	Framework Service Agreement	BEH	115.58	49.84
	– landscaping services		7.90	2.22
	– property management services		20.46	18.44
	– consultancy and technical support regarding operational safety		24.67	–
	– conference services		2.55	1.78
	– project management services		60.00	27.40
3.	Framework Operating Agreement	BEH	59.24	34.18
4.	EPC Framework Agreement	BEH	29.60	–
5.	Framework Heat Sale and Purchase Agreement	BDHG	2,497.14	1,294.08
6.	Equipment Purchase Framework Agreement	BEH	210.00	120.35
7.	Financial Services Framework Agreement	BEH		
	– deposit services		1,000.00	920.00
	– loan services *(Note)*		–	–
	– other financial services		30.00	7.79
8.	Property Lease Framework Agreement	BEH	21.00	10.57

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 62.41% of the total issued share capital of the Company as at 31 December 2016. 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:

Financial Lease Framework Agreement between YuanShen Financial Leasing and the Group

To expand its financing channels and innovate the financing methods, the Company entered into the Financial Lease Framework Agreement with YuanShen Financial Leasing on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Framework Property Lease Agreement between BEH and the Group

The Group leasing properties from BEH and/or its associates, in respect of which the Group and BEH 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.

Framework Equipment Maintenance Agreement between BEH and the Group

The Group and BEH entered into the Framework Equipment Maintenance Agreement on 19 March 2014. Due to the Company's continuous demand for equipment maintenance service, the Company entered into the new Framework Equipment Maintenance Agreement with BEH on 25 October 2016 to supersede the previous Framework Equipment Maintenance Agreement. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Framework Service Agreement between BEH and the Group

The Group and BEH entered into the Framework Service Agreement on 19 March 2014. Due to the Company's continuous demand for (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, Company entered into the new Framework Service Agreement with BEH on 25 October 2016 to supersede the previous Framework Service Agreement. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Framework Operating Agreement between BEH and the Group

The Group and BEH entered into the Framework Operating Agreement on 19 March 2014. Due to the Company's continuous demand for BEH's services of operating the power and/or heating equipment, the Company entered into the new Framework Operating Agreement with BEH on 25 October 2016 to supersede the previous Framework Operating Agreement. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

EPC Framework Agreement between BEH and the Group

The Group and BEH entered into the EPC Framework Agreement on 19 March 2014. Due to the Company's continuous demand for energy performance contracting services, the Company entered into the new EPC Framework Agreement with BEH on 25 October 2016 to supersede the previous EPC Framework Agreement. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Framework Heat Sale and Purchase Agreement between BDHG and the Group

The Group and BDHG entered into the Framework Operating Agreement on 19 March 2014. Due to BDHG's continuous demand for purchasing heat generated by the Group, the Company entered into the new Framework Heat Sale and Purchase Agreement with BDHG on 25 October 2016 to supersede the previous Framework Heat Sale and Purchase Agreement. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Equipment Purchase Framework Agreement between BEH and the Group

The Group and BEH entered into the original Equipment Purchase Framework Agreement on 18 March 2012 and 19 March 2014. Due to the Company's increasing demand for purchasing more equipment, the Company entered into the new Equipment Purchase Framework Agreement with BEH on 25 October 2016 to supersede the previous Equipment Purchase Framework Agreement. Such Equipment Purchase Framework Agreement is of a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

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 Agreement on 23 May 2011, 28 March 2012 and 19 March 2014. Due to the Company's increasing demand for financial services, the Company entered into the Financial Services Framework Agreement with BEH Finance on 25 October 2016 to supersede the previous Financial Services Agreement. Such Financial Services Framework Agreement is of a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

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.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 45 to the Financial Statement is a connected transaction or a continuing connected transaction for the Company as defined under the Listing Rules nor are they connected transactions or continuing connected transactions for the Company exempt from the reporting requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

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

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

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

(2) made on normal commercial terms; and

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

Confirmation of the Auditors

The auditors of the Company have performed the relevant assurance 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 2016 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 goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(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 as set by the Company.

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 into 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 2016, the total volume of purchases from the five largest suppliers of the Company accounted for 70.26% of the total purchase volume of the year. The purchase from the largest supplier accounted for 61.46% of the total volume of fuel purchased during the year.

For the year ended 31 December 2016, the total revenue generated from the five largest customers of the Company accounted for 92.01% of the total revenue of the year. The revenue generated from the largest customers accounted for 70.23% of the total revenue of the year.

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the note 44 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 as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2016.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business associates are keys to our sustainability journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

The Company values the feedback from customers by daily communication and other means. The Company has also established the mechanism about customer service and support. The Company treats providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concern in a timely manner and in accordance with international standards.

We believe that our suppliers are equally important in driving quality delivery of our project developments. Therefore, we proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable services.

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.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2016, 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 2016 annual results and the financial statements for the year ended 31 December 2016 prepared in accordance with the IFRSs.

AUDITORS

Deloitte Touche Tohmatsu was appointed as auditor for the financial statements prepared in accordance with IFRSs for the year ended 31 December 2016. The Company's financial statements for the year 2016 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu has been the auditor of the Company for the past five years.

Report of the Directors

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 2 to 4 in the Annual Report.

MISCELLANEOUS

The Company was not aware of that any shareholders had waived or agreed to waive any dividend arrangement for the year ended 31 December 2016.

By order of the board
Beijing Jingneng Clean Energy Co., Limited
ZHU Yan
Chairman

Beijing, the PRC
28 March 2017

Report of the Supervisory Committee

In 2016, the Supervisors Committee of the Company (the "**Supervisory Committee**"), with its best earnest, and in strict compliance with various laws, regulations, rules and regulating documents such as the Company Law of the People's Republic of China (the "**Company Law**"), and the Articles of Association, the Rule of Procedure for the Supervisors Committee and the Listing Rules, had been performing its supervisory duties on the Directors and Senior Management's fulfilling of their respective responsibilities in the Company, aiming at guarding the long-term benefits of the Company and the interests of all of our Shareholders. We hereby report the main works we have done during the reporting period as follows:

I. SUPERVISORS COMMITTEE'S MEETINGS HELD

In 2016, the Supervisors Committee held two meetings, and the convening of the meetings, the signing of the resolutions and the exercise of Supervisors' rights were in compliance with the relevant provisions of the Company Law, the Articles of Association and the Rule of Procedure for the Supervisors Committee. During the reporting period, the Supervisors Committee approved the resolution on the Report of the Supervisors Committee and other resolutions. Furthermore, the members of Supervisors Committee had attended to 2015 annual general meeting as well as the first extraordinary general meeting of 2016, and also presented at all the previously-held on-site Board meetings. The Supervisors Committee proposed advices and suggestions in connection with and based on the meetings' topic and its supervisory duties and conducted proper supervision of the procedures and substance of each meeting held, so as to ensure the Shareholders' exercises of their respective legitimate interests and the lawful and orderly proceeding of the meetings in convening.

II. SUPERVISORS COMMITTEE'S FULFILLING OF ITS DUTIES

Supervisors Committee mainly carried out its work on the following aspects:

1. Inspecting whether the Company was in lawful operation

Through their attendance to all previously-held general meetings and presence at all previously-held on-site Board meetings, the members of the Supervisors Committee had reviewed the resolutions submitted to the Board for approval, as well as the Report of the General Manager, the Report of the Board, the Audited Financial Report (IFRS), the Financial Budget Report of the Company and relevant resolutions in relation to the significant decisions made by the Board and the Company in operations and management. By means of attending meetings held mentioned above, the process of the making significant decisions and the duty-performing behaviors of Board members and senior management were monitored. The Supervisors Committee was of the view that the process of making significant decisions was in compliance with laws and rules, and this year, with the correct leadership by the Board and the joint endeavor of the whole staff, all operational and management objectives set by the Board at the beginning of the year had been fully achieved. During the reporting period, the Company harvested satisfying results on lawful operation, cost control, project construction and development, capital operation, internal management and other aspects. The management further improved the internal management systems, strengthened the implementation and monitoring of the internal control system, and enhanced the governance level, with the management being devoted and the staff being more proactive. All Board members and senior management of the Company, featured by their hardworking, diligence and dedication, had duly executed the resolutions passed in general meetings, insisting on lawful operation and being prudent in making decisions. Nothing was found to be in violation of law, regulations or the Articles of Association, or damaging to Shareholders' interests.

2. Inspecting on the Company's financial condition

Members of the Supervisors Committee had imposed effective supervision and inspection on the Company's financial control system and financial conditions, and also reviewed the relevant financial information of the Company and its subsidiaries and the audit reports in respect of the Company and its subsidiaries prepared by the Auditors. According to the findings of the inspection, the Supervisors Committee was of the view that the accounts and the accounting process of the Company and its subsidiaries were in accordance with the provisions in the Accounting Law of The People's Republic of China, the accounting standards issued by the Ministry of the Finance of the People's Republic of China, and the financial reporting was in compliance with relevant requirements under International Financial Reporting Standards, and the financial control system was sound and in effective implementation, the internal control system was well in place, the financial operation was properly regulated, and the financial condition was in order; The Supervisors Committee reviewed carefully the consolidated financial report of 2015 and the interim financial report of 2016 prepared and to be disclosed by the Company intended to submitted to the annual general meeting, which had been audited by Deloitte Touche Tohmatsu with unqualified opinion, and was of the view that these reports had followed the principle of consistence, and reflected the Company's financial condition and operating results faithfully, accurately and fairly.

3. Inspecting on Company's major assets acquisition and sale and connected transactions

The Supervisors Committee reviewed the relevant information on the acquisition and sale of the equity interest by the Company, as well as the connected transactions entered into between the Company and its controlling shareholder from time to time, and thought that those acquisition and sale of equity interest and connected transactions were in compliance with the relevant requirements of the Hong Kong Stock Exchange, those connected transactions were reasonably, publicly and fairly priced, and no matter damaging the interests the Shareholders and the Company was in existence. The Directors, general manager and other senior management of the Company had strictly abided by the principle of good faith, exercised all rights empowered by the Shareholders and fulfilled all obligations with all their dedications, and nothing violating Shareholders' interests and our employees' legitimate rights was found.

4. Inspecting on the Company's information disclosure

The Supervisors Committee reviewed the relevant documents in relation to the announcement and disclosure made by the Company, and was of the view that the Company had disclosed lawfully, timely and fully the relevant information according to the rules of the Hong Kong Stock Exchange. No false information was found.

5. Inspecting on the Company's implementation of the resolutions passed in general meeting

The Supervisors Committee had no objection to the various reports and resolutions submitted to general meetings for approval during the reporting period, and the Board had faithfully implemented each resolution passed in general meetings.

In 2017, the Supervisors Committee will fully fulfill its supervisory duties, comply strictly with the relevant provisions of the Company Law, the Articles of Association, the Rule of Procedures for the Supervisors Committee and the Listing Rules, abide by the principle of good faith, and impose effective supervision on the Company and its Directors and senior management; pay close attention on the production, operation and management of the Company and monitor the significant measures of the Company, so as to promote the growth of the Company's economic benefits and safeguard the interests of all Shareholders and of the Company.

Chairman of the Board of Supervisors
LI Xun

Beijing, the PRC
28 March, 2017

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 CG Code contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, throughout the year ended 31 December 2016, 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 2016.

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

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

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

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

The Board of the Company comprises the following Directors:

Non-executive Directors

ZHU Yan *(Chairman)*
LI Dawei
GUO Mingxing
ZHU Baocheng
YU Zhongfu
ZHAO Wei

Executive Director

CHEN Ruijun *(General Manager)*

Independent Non-executive Directors

HUANG Xiang
ZHANG Fusheng
CHAN Yin Tsung
HAN Xiaoping

The biographical information of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on pages 28 to 35 of this Annual Report.

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

Chairman and General Manager

LU Haijun has resigned as a Director and Chairman of the Board with effect from 14 January 2016. Mr. GUO Mingxing, a Director of the Company, was elected by a majority of Directors to assume the duties of Chairman of the Board 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.

Mr. ZHU Yan has then become the Chairman of the Board with effect from 23 June 2016.

The General Manager of the Company 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 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Non-executive Directors and Directors' Re-election

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

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

The Board reserves for its decision all major matters relating to 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 2016, the Company organized two training sessions conducted by Freshfields Bruckhaus Deringer for all Directors. Such training sessions cover a wide range of relevant topics including directors' duties and connected transactions etc. In addition, relevant reading materials including relevant amendments to the rules in relation to the terms of reference of the Audit Committee, the Corporate Governance Report and the Environmental, Social and Governance Report have been provided to the Directors for their reference and studying.

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 Audit Committee and the Remuneration and Nomination Committee 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 194.

Audit Committee

The Audit Committee comprises 3 non-executive Directors, namely Mr. CHAN Yin Tsung (Chairman), Mr. ZHU Baocheng and Mr. HUANG Xiang, with independent non-executive Directors in majority (including one independent non-executive Director with the accounting expertise). None of the members of the Audit Committee is a former partner of the Company's existing auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, 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.

During the year ended 31 December 2016, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the internal audit function, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

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

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprise 5 members, namely Mr. HUANG Xiang (Chairman), Mr. ZHU Yan, Mr. GUO Mingxing, Mr. ZHANG Fusheng, and Mr. HAN Xiaoping, 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.

During the year, the Remuneration and Nomination Committee held three meetings.

The Remuneration and Nomination Committee reviewed 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 terms of service agreements of the new non-executive Directors appointed during the year.

The Remuneration and Nomination Committee also reviewed the structure, size and composition of the Board and the independence of the independent non-executive Directors, and considered the qualifications of the retiring Directors standing for election at the general meeting.

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

Strategy Committee

The current members of the Strategy Committee are Mr. ZHU Yan (Chairman), Mr. LI Dawei, Mr. GUO Mingxing, Mr. ZHU Baocheng 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.

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

ATTENDANCE RECORDS 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 2016 is set out in the table below:

	Attendance/Number of Meetings during the term of office				
Name of Director	**Board**	**Audit Committee**	**Remuneration and Nomination Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
GUO Mingxing	5/5		3/3	1/1	1/1
XU Jingfu *(Note 1)*	0/3			0/1	0/0
LIU Guochen *(Note 1)*	0/3	0/2		0/1	0/0
ZHU Yan *(Note 2)*	3/3		0/1	1/1	0/1
LI Dawei *(Note 2)*	3/3			0/1	1/1
ZHU Baocheng *(Note 2)*	3/3	1/1		0/1	0/1
YU Zhongfu	5/5			0/1	1/1
JIN Yudan *(Note 3)*	5/5			1/1	1/1
CHEN Ruijun	5/5			1/1	1/1
LIU Chaoan *(Note 3)*	5/5	2/2	3/3	1/1	0/1
ZHANG Fusheng	5/5		3/3	1/1	1/1
LAU Miu Man *(Note 3)*	5/5	2/2		1/1	0/1
HAN Xiaoping	5/5		0/3	1/1	0/1
ZHAO Wei *(Note 4)*	0/0			0/0	0/1
HUANG Xiang *(Note 4)*	0/0	0/0	0/0	0/0	0/1
CHAN Yin Tsung *(Note 4)*	0/0	0/0		0/0	0/1

Note 1: The Directors resigned on 23 June 2016.

Note 2: The Directors were only appointed on 23 June 2016.

Note 3: The Directors resigned on 29 December 2016.

Note 4: The Directors were only appointed on 29 December 2016.

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.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2016.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2016, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements/Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

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 2016.

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 67 to 191.

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 and non-audit services for the year ended 31 December 2016 amounted to RMB7,250,000 and RMB0 respectively.

COMPANY SECRETARY

Our Company Secretary, Mr. Kang Jian ("**Mr. Kang**"), is familiar with the day-to-day affairs of the Company. All Directors of the Company are entitled to obtain the advice and services from Mr. Kang to ensure their compliance with Board procedures and all applicable laws, rules and regulations.

Upon enquiry by the Board, Mr. Kang has confirmed his compliance with all requirements stipulated in the Listing Rules in relation to qualifications, experience and training.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard Shareholders' interests and rights, 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.

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 Company's Articles of Association.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: 7/8 Floor, No. 6 Xibahe Road
Chaoyang District, Beijing, the PRC
(For the attention of the 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 names, 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 endeavors 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 not made any changes to its Articles of Association.

Independent Auditors' Report

To the Shareholders of Beijing Jingneng Clean Energy Co., Limited
(incorporated in the People's Republic of China with limited liability)

OPINION

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 72 to 191, which comprise the consolidated statement of financial position as at December 31, 2016, and the 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit for the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of Government's subsidy on clean energy production	
We identified the recognition of other income of government subsidies on clean energy production (the "Government Subsidies") are in compliance with the requirements as prescribed by relevant government policy as prescribed by government as a key audit matter due to the significance to the Group's profit or loss, i.e. the other income related to the Government Subsidies represented 47% in the Group's consolidated profit before taxation for the year ended December 31, 2016 (2015: 119%). Pursuant to the relevant government policy, the Government Subsidies 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 (the "Electricity Production Data") and at the pre-determined subsidized rate. The pre-determined subsidized rate is calculated on a pricing formula set out by Beijing Government, the parameters affecting the pre-determined subsidy's rate were approved by relevant government authorities under Beijing Government. The pre-determined subsidized rate may vary from time to time which is in line with the change in natural gas price which promulgated by Beijing Government, due to natural gas is the key material for the Group's gas power generation. The Director of the Group should assess whether the pricing formula had been appropriately applied in arriving at the pre-determined subsidized rate to calculate the amount of other income, i.e. calculating the effect of change of natural gas price incurred during the year. The Government Subsidies will be reviewed and confirmed by Beijing Government in the next year. Details of the Government Subsidies are set out in Note 7 and 36(a) to the consolidated financial statements.	Our procedures in relation to the government subsidies on clean energy production included: • Obtaining and analyzing the relevant government policy documents in connection with the Government Subsidies to identify any change occurred during the year; • Testing the Electricity Production Data by agreeing with the evidence of external customer's acceptance on a sample basis; • Verifying the accuracy of pre-determined subsidized rate by testing relevant parameters in the pricing formula by comparing with recent government authorities' circulars to corroborate any change occurred during the current year; • Recalculating the amount of the Government Subsidies for accuracy based on the pricing formula; • Performing a retrospective review of the calculation of the 2015 Government Subsidies by obtaining the statements of the amount of 2015 Government Subsidies to be received by the Group which was issued by the Beijing Government in 2016.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
We identified goodwill impairment as a key audit matter due to management's significant judgment in assessing the recoverable amounts of the Group's corresponding cash generating units ("CGUs"). The recoverable amounts of the Group's goodwill are determined based on the value-in-use calculation of the CGUs. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Detail of goodwill and the related key estimation uncertainty are set out in Note 17 and 5 to the consolidated financial statements.	Our procedures in relation to the goodwill impairment assessment included: • Evaluating and corroborating the key inputs used in management's impairment assessment, including comparisons of profit margins, revenue growth rate with the Group's historical performances, and investigating any material discrepancy; • Challenging management's future cash flow forecast through a comparison of the underlying cash flows in the forecast with those in the budgets prepared by management; and • Engaging internal valuation specialist to independently assess the valuation methodology and models, developing expectations in respect of the discount rate and comparing against those used by management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tsang Kai Tai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 28, 2017

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	Year ended December 31, 2016 RMB'000	2015 RMB'000
Revenue	6	14,635,836	14,346,034
Other income	7	1,445,079	3,248,431
Gas consumption		(8,715,697)	(10,545,320)
Depreciation and amortization	11	(1,913,517)	(1,871,192)
Personnel costs	11	(619,875)	(550,911)
Repairs and maintenance		(615,712)	(526,266)
Other expenses		(669,644)	(672,308)
Other gains and losses	8	(192,294)	(55,545)
Profit from operations		3,354,176	3,372,923
Interest income	9	27,063	54,963
Finance costs	9	(983,064)	(1,197,841)
Share of results of associates		172,155	331,178
Share of result of a joint venture		–	5
Profit before taxation		2,570,330	2,561,228
Income tax expense	10	(443,296)	(528,478)
Profit for the year	11	2,127,034	2,032,750
Profit for the year attributable to:			
– Ordinary shareholders of the Company		1,955,569	1,910,643
– Holders of perpetual notes		77,250	41,482
– Non-controlling interests		94,215	80,625
		2,127,034	2,032,750
Earnings per share			
Basic (RMB cents)	14	28.46	27.81

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2016

		Year ended December 31,	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Profit for the year	*11*	**2,127,034**	2,032,750
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		**19,755**	(35,270)
Cash flow hedges			
Loss during the year		**(243,273)**	(5,717)
Income tax effect		**72,982**	1,715
Reclassification adjustments for cash flow hedges recognized in profit or loss, net of income tax		**–**	9,381
Other comprehensive expense for the year, net of income tax		**(150,536)**	(29,891)
Total comprehensive income for the year		**1,976,498**	2,002,859
Total comprehensive income for the year attributable to:			
– Ordinary shareholders of the Company		**1,837,015**	1,886,311
– Holders of perpetual notes		**77,250**	41,482
– Non-controlling interests		**62,233**	75,066
		1,976,498	2,002,859

Consolidated Statement of Financial Position

AT DECEMBER 31, 2016

	Notes	At December 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	15	33,282,883	30,858,075
Intangible assets	16	3,884,876	4,153,766
Goodwill	17	190,049	190,049
Prepaid lease payments	19	192,124	159,832
Investments in associates	20(a)	1,939,484	2,080,553
Loans to associates	20(b)	148,000	150,000
Investment in a joint venture	21(a)	80,467	80,471
Loan to a joint venture	21(b)	15,000	–
Deferred tax assets	22	181,565	185,011
Derivative financial assets	35	–	85,049
Available-for-sale financial assets	23	128,028	128,028
Value-added tax recoverable	27	695,284	486,427
Deposit paid for acquisition of property, plant and equipment		188,883	792,560
		40,926,643	39,349,821
Current assets			
Inventories	24	128,366	134,170
Trade and bill receivables	25	3,368,118	2,994,101
Other receivables, deposits and prepayments	26	489,064	422,638
Current tax assets		15,966	18,491
Amounts due from related parties	45(b)	370,801	393,599
Prepaid lease payments	19	5,436	4,383
Value-added tax recoverable	27	293,431	525,647
Held for trading financial asset	28	265,750	338,873
Restricted bank deposits	29	97,306	105,215
Cash and cash equivalents	30	1,772,006	2,114,669
		6,806,244	7,051,786

Consolidated Statement of Financial Position

AT DECEMBER 31, 2016

	Notes	At December 31, 2016 RMB'000	2015 RMB'000
Current liabilities			
Trade and other payables	31	**3,991,966**	3,807,239
Amounts due to related parties	45(c)	**103,289**	224,398
Bank and other borrowings – due within one year	32	**7,794,224**	3,557,535
Short-term debentures	33	**6,000,000**	6,000,000
Corporate bonds – due within one year	34	**2,195,516**	–
Income tax payable		**113,182**	205,547
Deferred income-current portion	36	**81,082**	394,515
		20,279,259	14,189,234
Net current liabilities		**(13,473,015)**	(7,137,448)
Total assets less current liabilities		**27,453,628**	32,212,373
Non-current liabilities			
Derivative financial liabilities	35	**167,053**	3,542
Bank and other borrowings – due after one year	32	**9,283,513**	13,396,508
Corporate bonds – due after one year	34	**–**	2,189,854
Deferred tax liabilities	22	**84,230**	98,418
Deferred income	36	**482,082**	372,541
Other non-current liability	37	**41,438**	44,266
		10,058,316	16,105,129
Net assets		**17,395,312**	16,107,244
Capital and reserves			
Share capital	38	**6,870,423**	6,870,423
Reserves		**8,509,052**	7,226,480
Equity attributable to ordinary shareholders of the Company		**15,379,475**	14,096,903
Perpetual notes	40	**1,527,982**	1,527,982
Non-controlling interests		**487,855**	482,359
Total equity		**17,395,312**	16,107,244

The consolidated financial statements on pages 72 to 191 were approved and authorized for issue by the Board of Directors on March 28, 2017 and are signed on its behalf by:

Zhu Baocheng
Director

Chen Ruijun
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2016

	Attributable to ordinary shareholders of the Company										
	Share capital *RMB'000* *(Note 38)*	Capital reserve *RMB'000* *(Note 39)*	Statutory surplus reserve *RMB'000* *(Note (a))*	Other reserves *RMB'000* *(Note (b))*	Cash flow hedging reserve *RMB'000*	Currency translation differences *RMB'000*	Accumulated profits *RMB'000*	Total *RMB'000*	Perpetual notes *RMB'000* *(Note 40)*	Attributable to non-controlling interests *RMB'000*	Total equity *RMB'000*
As at January 1, 2016	6,870,423	2,303,646	1,127,298	3,914	(1,858)	(98,657)	3,892,137	14,096,903	1,527,982	482,359	16,107,244
Appropriation to surplus reserve	–	–	408,585	–	–	–	(408,585)	–	–	–	–
Capital contribution in a subsidiary from non-controlling interest	–	–	–	–	–	–	–	–	–	13,260	13,260
Share of equity movement other than profit or loss and other comprehensive income of an associate *(Note c)*	–	–	–	(85,193)	–	–	–	(85,193)	–	–	(85,193)
Dividend declared *(Note 13 (a) and (b))*	–	–	–	–	–	–	(469,250)	(469,250)	(77,250)	(69,997)	(616,497)
	6,870,423	2,303,646	1,535,883	(81,279)	(1,858)	(98,657)	3,014,302	13,542,460	1,450,732	425,622	15,418,814
Profit for the year	–	–	–	–	–	–	1,955,569	1,955,569	77,250	94,215	2,127,034
Other comprehensive income (expense) for the year	–	–	–	–	(127,719)	9,165	–	(118,554)	–	(31,982)	(150,536)
Total comprehensive income (expense) for the year	–	–	–	–	(127,719)	9,165	1,955,569	1,837,015	77,250	62,233	1,976,498
At December 31, 2016	6,870,423	2,303,646	1,535,883	(81,279)	(129,577)	(89,492)	4,969,871	15,379,475	1,527,982	487,855	17,395,312

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2016

	Attributable to ordinary shareholders of the Company										
	Share capital RMB'000 (Note 38)	Capital reserve RMB'000 (Note 39)	Statutory surplus reserve RMB'000 (Note (a))	Other reserves RMB'000 (Note (b))	Cash flow hedging reserve RMB'000	Currency translation differences RMB'000	Accumulated profits RMB'000	Total RMB'000	Perpetual notes RMB'000 (Note 40)	Attributable to non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2015	6,870,423	2,303,646	814,162	3,914	(5,893)	(70,290)	2,583,875	12,499,837	–	441,933	12,941,770
Appropriation to surplus reserve	–	–	313,136	–	–	–	(313,136)	–	–	–	–
Capital contribution in a subsidiary from non-controlling interest	–	–	–	–	–	–	–	–	–	34,898	34,898
Dividend declared *(Note 13 (a) and (b))*	–	–	–	–	–	–	(289,245)	(289,245)	–	(69,538)	(358,783)
	6,870,423	2,303,646	1,127,298	3,914	(5,893)	(70,290)	1,981,494	12,210,592	–	407,293	12,617,885
Profit for the year	–	–	–	–	–	–	1,910,643	1,910,643	41,482	80,625	2,032,750
Other comprehensive income (expense) for the year	–	–	–	–	4,035	(28,367)	–	(24,332)	–	(5,559)	(29,891)
Total comprehensive income (expense) for the year	–	–	–	–	4,035	(28,367)	1,910,643	1,886,311	41,482	75,066	2,002,859
Issuance of perpetual notes	–	–	–	–	–	–	–	–	1,500,000	–	1,500,000
Issuance cost	–	–	–	–	–	–	–	–	(13,500)	–	(13,500)
At December 31, 2015	6,870,423	2,303,646	1,127,298	3,914	(1,858)	(98,657)	3,892,137	14,096,903	1,527,982	482,359	16,107,244

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 ordinary shareholders. 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: (i) the share of other comprehensive income of associates and a joint venture; (ii) the share of equity movement arising from an associate's equity transaction with its non-controlling interest. Reference to Note(c) and Note 20(a).

(c) Amount represented the share of equity movement other than profit or loss and other comprehensive income of one of the Group's associates, namely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"), which arose from a deemed distribution to BEH by Jingneng International due to the dilution of equity interest in a subsidiary of Jingneng International. Details refer to Note 20(a).

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2016

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Operating activities		
Profit before taxation	2,570,330	2,561,228
Adjustments for:		
Depreciation and amortization	1,913,517	1,871,192
Loss arising on change in fair value of held for trading financial asset	91,907	52,623
Impairment losses on doubtful receivables	1,952	1,288
Loss on derecognition of an intangible asset	88,320	–
Dividend from available-for-sale financial asset	(4,612)	(3,058)
Loss on settlement of hedged derivative	–	13,401
Loss on change in fair value of other derivative financial assets	–	1,578
Loss on ineffectiveness of cash flow hedging instrument	10,071	–
Loss (gain) on disposal of:		
– Property, plant and equipment	2,974	1,056
– Available-for-sale financial asset	–	(10,700)
Share of results of associates	(172,155)	(331,178)
Share of result of a joint venture	–	(5)
Interest income	(27,063)	(54,963)
Finance costs	983,064	1,197,841
Prepaid lease payments released to profit or loss	5,436	4,459
Release of a contractual obligation	(5,426)	(7,742)
Deferred income released to profit or loss	(1,230,180)	(3,047,767)
Operating cash flows before movements in working capital	4,228,135	2,249,253
Movements in working capital		
Decrease (increase) in inventories	5,804	(17,483)
(Increase) decrease in trade and bill receivables	(375,969)	1,025,592
Decrease (increase) in amounts due from related parties	32,704	(129,435)
Decrease in other receivables, deposits and prepayments	174,645	535,834
Increase (decrease) in trade and other payables	133,866	(279,251)
Increase in amounts due to related parties	13,044	8,527
Increase in deferred income	902,788	3,110,132
Cash generated from operations	5,115,017	6,503,169
Income tax paid	(470,897)	(493,103)
Net cash generated from operating activities	4,644,120	6,010,066
Investing activities		
Interest received	29,215	57,146
Dividends received	112,647	107,512
Repayment of loans by associates	150,000	–
Cash received from reduction of share capital of an associate	120,000	–
Cash advanced to associates	(148,000)	–
Cash advanced to a joint venture	(15,000)	–
Acquisition of:		
– Property, plant and equipment	(3,669,659)	(4,548,932)
– Intangible assets	(20,861)	(36,285)
Addition of prepaid lease payments on land use rights	(38,781)	(28,357)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2016

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Proceeds on disposals of		
– Property, plant and equipment	**7,280**	499
– Available-for-sale financial asset	**–**	11,200
Withdrawal of restricted bank deposits	**7,909**	52,133
Cash received from government grants	**66,081**	6,765
Cash outflow on acquisition of a subsidiary in prior year	**–**	(95,913)
Cash inflow disposal of a subsidiary in prior year	**–**	30,240
Net cash used in investing activities	**(3,399,169)**	(4,443,992)
Financing activities		
Interest paid	**(1,108,563)**	(1,253,168)
Cash received from capital contribution of non-controlling interest	**13,260**	34,898
New bank and other borrowings raised	**5,327,322**	7,105,569
Repayments of bank and other borrowings	**(5,246,883)**	(11,350,481)
Payment of settlement of derivative liability	**–**	(36,540)
Proceeds from issuance of short-term debentures	**8,000,000**	6,000,000
Proceeds from issuance of perpetual notes	**–**	1,500,000
Issuance cost for perpetual notes	**–**	(13,500)
Repayment of short-term debentures	**(8,000,000)**	(1,800,000)
Repayment of corporate bond	**–**	(2,400,000)
Repayment of medium-term notes	**–**	(1,000,000)
Dividends paid to:		
– Ordinary shareholders of the Company	**(469,250)**	(289,245)
– Non-controlling shareholders of subsidiaries	**(34,769)**	(74,081)
– Holders of perpetual notes	**(77,250)**	–
Distribution to holding company of payable for past business combination	**–**	(75,650)
Net cash used in financing activities	**(1,596,133)**	(3,652,198)
Net decrease in cash and cash equivalents	**(351,182)**	(2,086,124)
Cash and cash equivalents at the beginning of the year	**2,114,669**	4,206,827
Effect of foreign exchange rate changes	**8,519**	(6,034)
Cash and cash equivalents at the end of the year	**1,772,006**	2,114,669
Represented by:		
– Cash and cash equivalents at the end of the year	**1,772,006**	2,114,669

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

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. The principal place of business of the Company is No.6 Xibahe Road, Chaoyang District, Beijing, the PRC.

In the opinion of the directors of the Company (the "Directors"), 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) ("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 gas-fired power and heat energy generation, wind power generation, photovoltaic power generation, hydropower generation and other businesses.

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

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the Directors have given careful consideration that at December 31, 2016, the Group has net current liabilities of RMB13,473,015,000. The Group meets its working capital requirements from cash generated from its operating activities and available financing facilities from banks. At December 31, 2016, the Group has committed unutilized financing facilities amounting to approximately RMB24,046,564,000, of which approximately RMB20,497,943,000 are subject to renew during the next 12 months from the date of the consolidated statement of financial position. The Directors are confident that these financing facilities will continue to be available to the Group for the foreseeable period not less than 12 months from the balance sheet date of the consolidated financial statements. Based on the assessment, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

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

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16, and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs Annual	Improvements to IFRSs 2012-2014 Cycle

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.

The Group has not early applied the following new and revised IFRSs, including IFRIC Interpretations that are developed by the IFRS Interpretations Committee, which have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

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

Notes:

(1) Effective for annual periods beginning on or after January 1, 2018

(2) Effective for annual periods beginning on or after January 1, 2019

(3) Effective for annual periods beginning on or after a date to be determined

(4) Effective for annual periods beginning on or after January 1, 2017

(5) Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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.

Key requirements of IFRS 9 are described as follows:

- All recognized financial assets that are within the scope of IFRS 9 are required to be 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 nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognized in profit or loss;

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

IFRS 9 Financial Instruments *(continued)*

- 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 a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes 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 currently available in IAS 39. 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 retrospective effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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, mainly on accounting treatments of fair value changes for available-for-sale ("AFS") financial assets currently measured at cost, and may not have a material impact on the Group's current hedge designation, and hedge accounting.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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 have assessed the full impact of IFRS 15 on the Group's consolidated financial statements and it is not expected to have a material impact on the Group's consolidated financial statements but may require additional disclosures.

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

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at December 31, 2016, the Group has non-cancellable operating lease commitments of RMB112,861,000 as disclosed in note 41. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurements, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable of the financial effect until the Directors complete a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

(i) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

(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 reassessment, 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

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

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.

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. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially 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 there has been a change recognised directly in the equity of the associate or joint venture, the Group directly recognises its share of the changes in the Group's equity. 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 IAS 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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

The Group sells several carbon credits including：

(i) 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").

(ii) Voluntary Emission Reductions ("VERs") generated from CDM projects but generated before the registration with CDM.

(iii) Chinese Certified Emission Reductions ("CCERs") generated from wind farms or other clean energy facilities which have been registered under the National Development and Reform Commission ("NDRC").

(iv) Beijing Emission Allowances ("BEAs"), which transact on the Beijing Environment Exchange.

(v) Large Generator Credits ("LGCs"), which are the carbon credits registered under Australian clean energy framework.

The revenue in relation to carbon credits are recognized when there is a persuasive arrangement between the Group and a buyer, the selling price is fixed or determinable, the relevant electricity has been generated, and the consideration is payable.

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. 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.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payment can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 on 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.

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 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 currency translation differences (attributed to non-controlling interests as appropriate). Such exchanges differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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 taxation' 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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.

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.

Current and deferred tax are recognized in profit or loss, except when they relates to items that are recognized in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

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

Depreciation is provided to write off the cost or deemed 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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

Intangible assets

The Group recognize an intangible asset 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Intangible assets acquired in a business combination and recognized separately from goodwill 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 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. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) 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 47.

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.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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 and a joint venture, restricted bank deposits, and cash and cash equivalents) are carried at amortized cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

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 AFS equity investments, a significant or prolonged decline in the fair value of security below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 financial asset's original effective interest rate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For 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 is recognized in profit or loss and 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.

Perpetual notes issued by a group entity, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, is classified as an equity instrument and is initially recorded at the proceeds received.

A non-derivative contract that will or may oblige the Group to deliver a fixed number of a group entity's own ordinary shares (subject to anti-dilutive adjustments) is classified as an equity instrument of the group entity. A derivative contract that will or may be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of a group entity's own equity instruments (subject to anti-dilutive adjustments) is classified as an equity instrument of the group entity.

Perpetual notes issued by the Group that have the above characteristics are classified as equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities of the Group (including trade and other payables, amounts due to related parties, bank and other borrowings, short-term debentures 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.

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, or 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Hedge accounting *(continued)*

Cash Flow hedge

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 (cash flow hedging reserve) 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(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 (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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimate uncertainty at the end of the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 receivables 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 receivables at the end of each reporting period. At December 31, 2016, the carrying amount of trade and bill receivables and other receivables net of allowance on doubtful receivables is RMB3,368,118,000 and RMB310,952,000 (2015: RMB2,994,101,000 and RMB314,388,000).

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. At December 31, 2016, the carrying amount of property, plant and equipment is set out in Note 15.

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 hydropower 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 limited to the changes in the legal and regulatory framework, economic environment, or the technical innovation, etc. The amortization expense for future periods would be adjusted if there are significant changes from previous estimates. At December 31, 2016, the carrying amounts of wind farm concession rights and wind or hydropower operation rights are set out in Note 16.

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

Impairment losses of non-current assets other than goodwill

In considering the impairment losses that may be required for certain of the Group's assets which mainly include property, plant and equipment, intangible assets and lease prepayments, recoverable amount of the asset needs to be determined. The recoverable amount is the higher of the fair value less costs of disposal 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. At December 31, 2016, the carrying amounts of property, plant and equipment, intangible assets and lease prepayments are set out in Notes 15, 16 and 19 respectively.

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. The carrying amount of goodwill at December 31, 2016 is set out in Note 17.

Fair value of financial derivative-Power purchase agreement

Determining the fair value of the Power Purchase Agreement (the "PPA") derivative requires an estimation of the future electricity spot price in Australia, the volume of electricity generated by New Gullen Range Wind Farm Pty Ltd., ("New GRWF"), and a suitable discount rate in order to calculate the present value of future cash flow. The fair value of the financial instrument at December 31, 2016 is set out in Note 47.

6. REVENUE AND SEGMENT INFORMATION

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Sales of goods:		
– Electricity	**13,238,853**	13,055,616
– Heat energy	**1,391,896**	1,286,549
Service income:		
– Repair and maintenance	**5,087**	3,869
	14,635,836	14,346,034

The Group manages its businesses by divisions, such as performs the monthly revenue analysis by segments which are organized by types of business. Information is reported internally to the Group's chief operating decision maker ("CODM"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment. The Group has presented the following operating and reportable segments.

- 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.

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

- Photovoltaic power: manages and operates photovoltaic power plants and sales of electricity generated to external customers.

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

Business activities other than "Gas-fired power and heat energy generation", "Wind power", "Photovoltaic power" and "Hydropower" were grouped and presented as "Others" in the segment information.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, results, assets, and liabilities for the year ended December 31, 2016 and 2015 by reportable segment is as follows:

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended December 31, 2016						
Revenue from external customers						
Sales of electricity	10,490,376	1,729,687	645,740	373,050	–	13,238,853
Sales of heat energy	1,391,896	–	–	–	–	1,391,896
Others	–	–	–	–	5,087	5,087
Reportable segment revenue/consolidated revenue	11,882,272	1,729,687	645,740	373,050	5,087	14,635,836
Reportable segment results *(Note (i))*	2,386,711	747,513	388,889	17,642	(191,191)	3,349,564
Reportable segment assets	15,880,112	17,861,001	6,402,498	3,341,112	13,630,761	57,115,484
Reportable segment liabilities	(9,092,393)	(12,592,160)	(4,165,711)	(2,088,050)	(14,076,990)	(42,015,304)
Additional segment information:						
Depreciation	792,529	603,648	205,133	109,662	1,227	1,712,199
Amortization	5,523	168,115	180	27,029	471	201,318
Finance costs *(Note (ii))*	192,811	440,844	88,491	65,662	195,256	983,064
Other income	1,223,510	209,835	175	836	6,111	1,440,467
Including:						
– Government grant related to clean energy production	1,196,371	19,850	–	–	–	1,216,221
– Grants related to construction of assets	11,019	2,632	–	308	–	13,959
– Income from carbon credits	2,641	131,241	–	–	–	133,882
– Others	13,479	56,112	175	528	6,111	76,405
Expenditures for reportable segment non-current assets	977,819	1,546,457	1,383,960	73,692	553	3,982,481

6. REVENUE AND SEGMENT INFORMATION *(continued)*

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

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended December 31, 2015						
Revenue from external customers						
Sales of electricity	10,525,045	1,573,670	531,302	425,599	–	13,055,616
Sales of heat energy	1,286,549	–	–	–	–	1,286,549
Others	609	–	–	–	3,260	3,869
Reportable segment revenue/consolidated revenue	11,812,203	1,573,670	531,302	425,599	3,260	14,346,034
Reportable segment results *(Note (i))*	2,326,869	717,655	322,914	162,902	(160,475)	3,369,865
Reportable segment assets	16,061,175	16,023,535	5,695,716	3,341,435	12,506,701	53,628,562
Reportable segment liabilities	(9,620,504)	(11,240,575)	(3,387,584)	(2,154,639)	(13,438,114)	(39,841,416)
Additional segment information:						
Depreciation	854,460	552,198	159,972	102,609	2,363	1,671,602
Amortization	5,171	167,606	132	26,161	520	199,590
Finance costs *(Note (ii))*	292,390	549,408	88,838	80,674	186,531	1,197,841
Other income	3,053,308	191,736	–	263	3,124	3,248,431
Including:						
– Government grant related to clean energy production	3,020,252	19,835	–	–	–	3,040,087
– Grants related to construction of assets	5,000	2,632	–	48	–	7,680
– Income from carbon credits	7,863	129,312	–	–	–	137,175
– Others	20,193	39,957	–	215	3,124	63,489
Expenditures for reportable segment non-current assets	903,688	1,485,135	1,512,382	171,236	50,310	4,122,751

6. REVENUE AND SEGMENT INFORMATION *(continued)*

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

Notes:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization, personnel costs, repairs and maintenance, other expenses, and including 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.

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Results		
Reportable segment profit	**3,349,564**	3,369,865
Unallocated		
Dividend income from available-for-sale financial asset	**4,612**	3,058
Profit from operations	**3,354,176**	3,372,923
Interest income	**27,063**	54,963
Finance costs	**(983,064)**	(1,197,841)
Share of results of associates	**172,155**	331,178
Share of result of a joint venture	**–**	5
Consolidated profit before taxation	**2,570,330**	2,561,228

6. REVENUE AND SEGMENT INFORMATION *(continued)*

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

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Assets		
Reportable segment assets	**57,115,484**	53,628,562
Inter-segment elimination	**(12,863,856)**	(10,863,092)
Unallocated assets:		
– Investments in associates	**1,939,484**	2,080,553
– Loans to associates	**148,000**	150,000
– Investment in a joint venture	**80,467**	80,471
– Loan to a joint venture	**15,000**	–
– Deferred tax assets	**181,565**	185,011
– Available-for-sale financial assets	**128,028**	128,028
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**988,715**	1,012,074
Consolidated total assets	**47,732,887**	46,401,607

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Liabilities		
Reportable segment liabilities	**42,015,304**	39,841,416
Inter-segment elimination	**(12,863,856)**	(10,863,092)
Unallocated liabilities:		
– Income tax payable	**113,182**	205,547
– Deferred tax liabilities	**84,230**	98,418
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**988,715**	1,012,074
Consolidated total liabilities	**30,337,575**	30,294,363

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.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

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

All assets are allocated to reportable segments, other than AFS financial assets, investments in associates and a joint venture, loans to associates and a joint venture, value-added tax recoverable 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 geographical 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/out of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2016 amounted to RMB13,061,880,000 (2015: RMB12,937,340,000). Sales of electricity to the major customers for the year ended December 31, 2016 by segment were as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Gas-fired power and heat energy generation	**10,490,376**	10,525,045
Wind power	**1,596,398**	1,469,375
Photovoltaic power	**645,740**	531,302
Hydropower	**329,366**	411,618
Total	**13,061,880**	12,937,340

7. OTHER INCOME

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production *(Note 36(a))*	**1,216,221**	3,040,087
– Construction of assets *(Note 36(b))*	**13,959**	7,680
Income from carbon credits *(Note (a))*	**133,882**	137,175
Value-added tax refunds *(Note (b))*	**51,336**	42,423
Dividend from available-for-sale financial asset	**4,612**	3,058
Others	**25,069**	18,008
	1,445,079	3,248,431

Notes:

(a) During the year ended December 31, 2016, income from carbon credits were mainly derived from the sales of carbon credits registered under relevant mechanisms in Australia and PRC.

(b) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and photovoltaic farms, and a full refund of value-added tax for its revenue from the sale of heat energy 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.

8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Impairment loss on doubtful receivables	**(2,543)**	(3,996)
Loss on derecognition of an intangible asset *(Note 16 (d))*	**(88,320)**	–
Reversal of impairment loss on doubtful receivables	**591**	2,708
Loss on disposal of property, plant and equipment	**(2,974)**	(1,056)
Gain on disposal of an available-for-sale investment	**–**	10,700
Net exchange loss	**(1,034)**	(12,016)
Loss arising on change in fair value of financial asset classified as held for trading *(Note 28)*	**(91,907)**	(52,623)
Loss on settlement of hedged derivatives	**–**	(13,401)
Loss on change in fair value of financial assets classified as other derivatives	**–**	(1,578)
Loss on change in fair value of financial assets classified as hedging instruments *(Note 47)*	**(10,071)**	–
Others	**3,964**	15,717
	(192,294)	(55,545)

9. INTEREST INCOME/FINANCE COSTS

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Interest income from:		
– Loans to associates	**6,770**	7,968
– Loan to a joint venture	**6**	–
– Deposits with a related non-bank financial institution *(Note)*	**14,667**	17,392
– Bank balances	**5,620**	29,603
Total interest income	**27,063**	54,963
Interest on bank and other borrowings, short-term debentures and corporate bonds	**1,081,657**	1,281,767
Less: Amounts capitalized in property, plant and equipment	**(98,593)**	(83,926)
Total finance costs	**983,064**	1,197,841
Net finance costs	**956,001**	1,142,878

	Year ended December 31,	
	2016	2015
Capitalization rate of borrowing costs to expenditure on qualifying assets	**4.23%**	5.21%

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.

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**380,899**	501,448
Other jurisdictions	**–**	–
	380,899	501,448
Deferred tax *(Note 22)*:		
Current year	**62,397**	27,030
Income tax expense	**443,296**	528,478

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2015: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended December 31, 2016.

Under the PRC enterprise income tax 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 start to generate revenue. The Group's certain wind farm projects, photovoltaic projects and hydropower power projects were entitled to this tax concession for the years ended December 31, 2016 and 2015.

Two major operating subsidiaries 北京京西燃氣熱電有限公司 (Beijing Jingxi Gas-fired Power Co., Ltd, English name for identification purpose) ("Jingxi Gas") and 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) ("Weilai Gas") were qualified as High and New Technology Enterprises since 2015 and are entitled to a preferential income tax rate of 15%. The qualification of High and New Technology Enterprises is subject to review once every three years and the two major subsidiaries continued to be recognized as a high-tech enterprise for the year ended December 31, 2016.

10. INCOME TAX EXPENSE *(continued)*

Hong Kong Profits Tax and Australia Profit Tax are calculated at 16.5% (2015: 16.5%) and 30% (2015: 30%), respectively, of the estimated assessable profit. No provision for Hong Kong profits tax has been made as the Group has no assessable profit derived in Hong Kong.

The tax charges 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,	
	2016	2015
	RMB'000	*RMB'000*
Profit before taxation	**2,570,330**	2,561,228
PRC enterprise income tax at 25% (2015: 25%)	**642,583**	640,307
Tax effect on:		
– Expenses not deductible for tax purposes	**38,189**	2,332
– Tax effect of share of results of associates and a joint venture	**(43,039)**	(82,796)
– Tax losses not recognized as deferred tax assets	**38,875**	101,479
– Utilization of tax losses not recognized previously	**(390)**	(876)
– PRC enterprise income tax exemption and concessions	**(235,853)**	(120,189)
– Effect of different tax rates of group entities operating in jurisdictions other than PRC	**2,931**	(11,779)
	443,296	528,478

11. PROFIT FOR THE YEAR

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**7,250**	5,953
Prepaid lease payments released to profit or loss	**5,436**	4,459
Operating lease payments in respect of land and building	**34,607**	25,092
Depreciation and amortization:		
Depreciation of property, plant and equipment *(Note 15)*	**1,712,199**	1,671,652
Amortization of intangible assets *(Note 16)*	**201,431**	199,590
Less: Amount capitalized to construction in progress	**113**	50
Total depreciation and amortization	**1,913,517**	1,871,192
Personnel costs:		
Directors' emoluments *(Note 12)*	**1,689**	1,561
Other personnel costs	**618,186**	549,350
Total personnel costs	**619,875**	550,911

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

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

	Director fees *RMB'000*	Basic salaries and allowances *RMB'000*	Bonus *RMB'000* *(Note)*	Retirement benefit contribution *RMB'000*	Total *RMB'000*
Year ended December 31, 2016					
Executive Director:					
Mr. Ruijun Chen	–	842	–	47	889
	–	842	–	47	889

The executive director's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Non-executive Directors:					
Mr. Mingxing Guo	–	–	–	–	–
Mr. Jingfu Xu (retired at June 23, 2016)	–	–	–	–	–
Mr. Guochen Liu (retired at June 23, 2016)	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
Mr. Yudan Jin (retired at December 29, 2016)	–	–	–	–	–
Mr. Yan Zhu (elected at June 23, 2016)	–	–	–	–	–
Mr. Dawei Li (elected at June 23, 2016)	–	–	–	–	–
Mr. Baocheng Zhu (elected at June 23, 2016)	–	–	–	–	–
Mr. Wei Zhao (elected at December 29, 2016)	–	–	–	–	–
	–	–	–	–	–

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

Independent Non-executive Directors:					
Mr. Chaoan Liu (retired at December 29, 2016)	250	–	–	–	250
Mr. Fusheng Zhang	150	–	–	–	150
Ms. Miu Man Lau (retired at December 29, 2016)	250	–	–	–	250
Mr. Xiaoping Han	150	–	–	–	150
Mr. Xiang Huang (elected at December 29, 2016)	–	–	–	–	–
Mr. Yancong Chen (elected at December 29, 2016)	–	–	–	–	–
	800	–	–	–	800

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Supervisors:					
Mr. Xun Li	–	–	–	–	–
Mr. Jiakai Liu	–	–	–	–	–
Ms. Linwei Huang	–	308	222	47	577
	–	308	222	47	577
	800	1,150	222	94	2,266

The Supervisors' emoluments shown above were mainly for their services as supervisor of the Company.

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

	Director fees	Basic salaries and allowances	Bonus	Retirement benefit contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note)		
Year ended December 31, 2015					
Executive Director:					
Mr. Ruijun Chen	–	717	–	44	761
	–	717	–	44	761

The executive director's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Non-executive Directors:					
Mr. Mingxing Guo (elected as chairman at February 2, 2015)	–	–	–	–	–
Mr. Jingfu Xu	–	–	–	–	–
Mr. Guochen Liu	–	–	–	–	–
Mr. Zhongfu Yu	–	–	–	–	–
Mr. Yudan Jin	–	–	–	–	–
Mr. Haijun Lu (ceased as chairman at February 2, 2015)	–	–	–	–	–
	–	–	–	–	–

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

Independent Non-executive Directors:					
Mr. Chaoan Liu	250	–	–	–	250
Mr. Fuqiang Li (retired at June 25, 2015)	75	–	–	–	75
Mr. Fusheng Zhang (elected at June 25, 2015)	75	–	–	–	75
Ms. Miu Man Lau	250	–	–	–	250
Mr. Xiaoping Han	150	–	–	–	150
	800	–	–	–	800

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Supervisors:					
Mr. Xun Li	–	–	–	–	–
Mr. Jiakai Liu	–	–	–	–	–
Ms. Linwei Huang	–	303	202	44	549
	–	303	202	44	549
	800	1,020	202	88	2,110

The Supervisors' emoluments shown above were mainly for their services as supervisor of the Company.

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 RMB1,689,000 (2015: RMB1,561,000) (Note 11). Also, Mr. Yan Zhu, Mr. Dawei Li, Mr. Mingxing Guo, Mr. Baocheng Zhu and Mr. Zhongfu Yu 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.

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

Five highest paid individuals

For the year ended December 31, 2016, the five highest paid individuals do not include any Directors or Supervisors (2015: none). The emoluments of the five highest paid individuals for the year ended December 31, 2016 are as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Salaries and allowances	**1,720**	1,672
Discretionary bonus *(Note)*	**1,938**	1,568
Retirement benefit contributions	**236**	283
	3,894	3,523

Each of the five highest paid individuals in the Group for the year ended December 31, 2016 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 discretionary bonus is determined by the Remuneration Committee in accordance with the relevant human resources policies.

13. DIVIDENDS

(a) On June 23, 2016, a final dividend of RMB6.83 cents per share (tax inclusive) in respect of the year ended December 31, 2015 amounting to RMB469,250,000 was declared by the Directors and subsequently paid by July 30, 2016.

(b) On June 25, 2015, a final dividend of RMB4.21 cents per share (tax inclusive) in respect of the year ended December 31, 2014 amounting to RMB289,245,000 was declared by the Directors and subsequently paid by July 30, 2015.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	**1,955,569**	1,910,643

	Year ended December 31,	
	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,870,423**	6,870,423

No diluted earnings per share are presented as there were no potential ordinary shares in issue during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators and related equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST OR DEEMED COST						
At January 1, 2015	6,346,399	23,800,447	112,100	66,966	3,614,867	33,940,779
Additions	20	8,744	7,079	6,187	3,243,519	3,265,549
Adjustment *(Note (b))*	36,991	(112,112)	–	(563)	–	(75,684)
Transfer	649,411	2,014,386	1,114	3,715	(2,668,626)	–
Capitalization of depreciation for construction in progress	–	–	–	–	2,628	2,628
Disposals	(585)	(7,517)	(3,175)	(1,640)	–	(12,917)
Effect of foreign currency exchange differences	–	(106,053)	(20)	1	–	(106,072)
At December 31, 2015	**7,032,236**	**25,597,895**	**117,098**	**74,666**	**4,192,388**	**37,014,283**
Additions	**3,688**	**2,973**	**8,628**	**9,696**	**4,001,905**	**4,026,890**
Adjustment *(Note (b))*	**8,725**	**12,286**	**–**	**–**	**–**	**21,011**
Transfer	**377,409**	**3,986,517**	**4,070**	**8,401**	**(4,376,397)**	**–**
Capitalization of depreciation for construction in progress	**–**	**–**	**–**	**–**	**3,614**	**3,614**
Disposals	**–**	**(12,503)**	**(4,997)**	**(462)**	**–**	**(17,962)**
Effect of foreign currency exchange differences	**–**	**105,221**	**19**	**6**	**–**	**105,246**
At December 31, 2016	**7,422,058**	**29,692,389**	**124,818**	**92,307**	**3,821,510**	**41,153,082**
DEPRECIATION						
At January 1, 2015	513,692	3,882,930	62,446	33,677	–	4,492,745
Depreciation provided for the year *(Note 11)*	220,893	1,432,080	11,077	7,602	–	1,671,652
Capitalization of depreciation for construction in progress	121	1,731	674	102	–	2,628
Eliminated on disposals	(233)	(6,767)	(2,984)	(1,378)	–	(11,362)
Effect of foreign currency exchange differences	–	545	–	–	–	545

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

	Buildings	Generators and related equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2015	**734,473**	**5,310,519**	**71,213**	**40,003**	**–**	**6,156,208**
Depreciation provided for the year *(Note 11)*	**225,755**	**1,464,087**	**12,064**	**10,293**	**–**	**1,712,199**
Capitalization of depreciation for construction in progress	**–**	**2,827**	**636**	**151**	**–**	**3,614**
Eliminated on disposals	**–**	**(2,871)**	**(4,398)**	**(439)**	**–**	**(7,708)**
Effect of foreign currency exchange differences	**–**	**5,880**	**4**	**2**	**–**	**5,886**
At December 31, 2016	**960,228**	**6,780,442**	**79,519**	**50,010**	**–**	**7,870,199**
NET BOOK VALUE						
At December 31, 2016	**6,461,830**	**22,911,947**	**45,299**	**42,297**	**3,821,510**	**33,282,883**
At December 31, 2015	6,297,763	20,287,376	45,885	34,663	4,192,388	30,858,075

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 estimate 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 are finalized with the contractors.

(c) The Group was in the process of applying for the title certificates of certain buildings with the aggregate net book value of approximately RMB1,600,250,000 as at December 31, 2016 (2015: RMB1,391,350,000). 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, 2016.

(d) Certain property, plant and equipment with an aggregate carrying amount of approximately RMB1,631,147,000 as at December 31, 2016 (2015: RMB1,471,815,000) are pledged to secure bank borrowings of the Group.

16. INTANGIBLE ASSETS

	Concession rights *RMB'000* *(Note (b))*	Operation rights *RMB'000* *(Note (c))*	Software *RMB'000*	Total *RMB'000*
COST				
At January 1, 2015	4,022,154	1,320,275	83,071	5,425,500
Additions	–	–	36,285	36,285
At December 31, 2015	**4,022,154**	**1,320,275**	**119,356**	**5,461,785**
Additions	**–**	**–**	**20,861**	**20,861**
Derecognition *(Note (d))*	**–**	**(96,000)**	**–**	**(96,000)**
At December 31, 2016	**4,022,154**	**1,224,275**	**140,217**	**5,386,646**
AMORTIZATION				
At January 1, 2015	1,013,148	84,909	10,372	1,108,429
Provided for the year *(Note 11)*	164,239	26,803	8,548	199,590
At December 31, 2015	**1,177,387**	**111,712**	**18,920**	**1,308,019**
Provided for the year *(Note 11)*	**164,411**	**27,281**	**9,739**	**201,431**
Derecognition *(Note (d))*	**–**	**(7,680)**	**–**	**(7,680)**
At December 31, 2016	**1,341,798**	**131,313**	**28,659**	**1,501,770**
CARRYING VALUES				
At December 31, 2016	**2,680,356**	**1,092,962**	**111,558**	**3,884,876**
At December 31, 2015	2,844,767	1,208,563	100,436	4,153,766

16. INTANGIBLE ASSETS *(continued)*

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 are 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 periods of such facilities.

(d) During the year ended December 31, 2016, one of the Group's hydropower project lost its advantage in the local market because the relevant local government implemented a reform to open the market for competition between hydropower and other types of power plants. The Directors assessed the operation right associated with that hydropower project and concluded that no future economic benefits were expected from the use or disposal of the operation right. The operation right was derecognized and the loss of derecognition was charged in profit or loss accordingly.

17. GOODWILL

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Cost and carrying amount		
Hydropower operation in Sichuan province of the PRC	**124,194**	124,194
Wind power operation in Australia	**65,855**	65,855
	190,049	190,049

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 Gullen Range Wind Farm (Holding) Pty Ltd., ("New GRWF Holding").

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, namely, Sichuan Dachuan and Sichuan Zhongneng and the other one including one subsidiary in wind segment (New GRWF Holding).

During the year ended December 31, 2016 and 2015, management of the Group determines that there are no impairment 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 amounts of these units have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 10.87% for hydropower CGU and 11.8% for wind power CGU (2015: 9.87% for hydropower segment and 9% for wind power CGU). 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.

19. PREPAID LEASE PAYMENTS

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Land in the PRC held under medium-term shown in the consolidated financial statements:		
Non-current	**192,124**	159,832
Current	**5,436**	4,383
	197,560	164,215

20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	At December 31, 2016 RMB'000	2015 RMB'000
Unlisted equity investments, at cost	**827,681**	947,681
Share of post-acquisition profits net of dividend declared	**1,196,996**	1,132,872
Share of equity movement other than profit or loss and other comprehensive income	**(85,193)**	–
	1,939,484	2,080,553

The associates of the Group were established and operate in the PRC. The details of associates of the Group as at December 31, 2016 and 2015 are set out below:

Name of associate	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2016	2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
Jingneng International *(note)*	RMB3,400,000,000	**20%**	20%	**20%**	20%	Electric power and energy construction, investment management
全州柳鋪水電有限公司(Quanzhou Liupu Hydropower Co., Ltd., English name for identification purpose) ("Quanzhou Liupu")	RMB25,000,000	**40%**	40%	**40%**	40%	Water power project development and investment
北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd., English name for identification purpose) ("Tian Yin Di Re")	RMB60,000,000	**50%**	50%	**50%**	50%	Geothermal power development and heating

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

(a) Investments in associates *(continued)*

Note: Another 80% equity interest in Jingneng International is held by BEH. 北京京能電力股份有限公司 (Beijing Jingneng Power Co., Ltd., English name for identification purpose) (Jingneng Power), a subsidiary of Jingneng International and its shares are listed in Shanghai Stock Exchange, Jingneng International, entered an Asset Purchase agreement (the "Agreement") with BEH on February 1, 2016. In accordance with the Agreement, Jingneng Power acquired 100% equity interest of 北京京能煤電資產管理有限公司 (Beijing Jingneng Coal-fired Power Asset Management Co., Ltd.) ("Jingneng Coal-fired Power") from BEH by private placing of 1,411,710,154 shares to BEH and a cash consideration of RMB900,000,000. The transaction was accounted for as a common control transaction by Jingneng International because Jingneng International, Jingneng Power and Jingneng Coal-fired Power were all under the common control of BEH.

The aforementioned transaction resulted in a dilution of Jingneng International's ownership interest in Jingneng Power without losing control over Jingneng Power. Jingneng International has recorded in its consolidated financial statements a decrease in net asset attributable to the ordinary shareholders amounting to RMB425,967,000. The Group's share of the change in equity amounting to RMB85,193,000 was recognised directly in the Group's equity.

(b) Loans to associates

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Loans to associates	**148,000**	150,000

The loans to associates of the Group are unsecured and bear interest at the rate promulgated by the People's Bank of China ("PBOC"), and will mature at June 23, 2017. The Directors expect an one-year extension to the loans.

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 statements.

Jingneng International	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Non-current assets	**48,114,494**	33,299,195
Current assets	**5,117,579**	5,440,808
Non-current liabilities	**15,679,479**	11,125,540
Current liabilities	**13,700,623**	7,746,746
Non-controlling interests	**14,619,331**	9,929,441

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Revenue	**11,091,567**	10,873,218
Profit and total comprehensive income for the year	**1,857,330**	3,211,062
Profit and total comprehensive income for the year attribute to non-controlling interests	**1,013,310**	1,569,439
Dividends received from the associate during the year	**104,737**	104,454

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

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

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

	2016 RMB'000	2015 RMB'000
Net assets of Jingneng International	9,232,640	9,938,276
Proportion of the Group's ownership interest in Jingneng International (2016: 20%; 2015: 20%)	1,846,528	1,987,655
Goodwill	35,270	35,270
Carrying amount of the Group's interest in Jingneng International	1,881,798	2,022,925

Aggregate information of associates that are not individually material:

	Year ended December 31,	
	2016 RMB'000	2015 RMB'000
The Group's share of profit and total comprehensive income	3,351	2,683
Aggregate carrying amount of the Group's interests in these associates	57,686	57,628

21. INVESTMENT IN A JOINT VENTURE/LOAN TO A JOINT VENTURE

(a) Investment in a joint venture

	At December 31, 2016 RMB'000	2015 RMB'000
Unlisted equity investment, at cost	80,000	80,000
Share of post-acquisition profits	467	471
	80,467	80,471

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at December 31, 2016 and 2015 are set out below:

Name of joint venture	Issued and fully paid up registered capital	Equity interest attributable to the Group At December 31, 2016	2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose) ("Huayuan Huizhong")	RMB160,000,000	50%	50%	50%	50%	Environment protection technology

(b) Loan to a joint venture

	At December 31, 2016 RMB'000	2015 RMB'000
Loan to a joint venture	15,000	–

The loan to a joint venture of the Group are unsecured, bear interest at the rate promulgated by the PBOC and will mature at December 28, 2019.

22. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2016 and 2015:

	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	Different depreciation rate	Trial run loss	Held for trading financial asset	Derivative financial liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note (c))	*(Note (a))*	*(Note (b))*		*(Note (a))*				
At January 1, 2015	47,941	2,856	(19,446)	44,613	114,117	–	(71,830)	(10,684)	3,368	5,012	115,947
Credit (charge) to profit or loss *(Note 10)*	813	50	2,336	5,260	(20,570)	(28,380)	4,706	8,193	(4,020)	4,582	(27,030)
Credit to other comprehensive income	–	–	–	–	–	–	–	–	1,715	–	1,715
Exchange adjustments	366	–	–	–	–	(4,102)	–	(303)	–	–	(4,039)
At December 31, 2015	49,120	2,906	(17,110)	49,873	93,547	(32,482)	(67,124)	(2,794)	1,063	9,594	86,593
Credit (charge) to profit or loss *(Note 10)*	19,667	161	523	(1,968)	(76,923)	(20,374)	5,546	15,165	(3,021)	(1,173)	(62,397)
Credit to other comprehensive income	–	–	–	–	–	–	–	–	72,982	–	72,982
Exchange adjustments	1,080	–	–	–	–	(1,270)	–	530	(183)	–	157
At December 31, 2016	69,867	3,067	(16,587)	47,905	16,624	(54,126)	(61,578)	12,901	70,841	8,421	97,335

Notes:

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

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

(c) The carrying amount of some properties, plant and equipment and intangible assets was different from their tax bases as a result of the fair value exceeding the book value in connection with the business acquisitions.

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,	
	2016	2015
	RMB'000	*RMB'000*
Deferred tax assets	**181,565**	185,011
Deferred tax liabilities	**(84,230)**	(98,418)
	97,335	86,593

Details of tax losses not recognized are set out below:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Tax losses	**869,445**	825,421

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.

As at 31 December 2016, the Group had unrecognized tax losses in Hong Kong of approximately RMB16,484,000 (2015: RMB125,765,000), which can be carried forward against future taxable income and have no expiry date.

22. DEFERRED TAXATION *(continued)*

The unrecognized tax losses will expire as the following:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
2017	**5,213**	7,407
2018	**120,640**	120,640
2019	**291,457**	291,457
2020	**280,152**	280,152
2021	**155,499**	–
	852,961	699,656

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Unlisted equity investments, at cost *(Note)*	**128,028**	128,028

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, 2016 mainly represent consumable spare parts used for maintenance, and the cost of inventories recognized as expense was RMB203,415,000 (2015: RMB149,725,000) during the year ended December 31, 2016.

25. TRADE AND BILL RECEIVABLES

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Trade receivables	**3,332,243**	2,914,815
Bill receivables	**38,506**	81,863
	3,370,749	2,996,678
Less: allowance for doubtful receivables	**2,631**	2,577
	3,368,118	2,994,101

The Group allows an average credit period of 60 days to its electricity and heat customers, except for clean energy power price premium is 365 days. The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables based on the invoices date which approximated the respective dates on which revenue was recognized as at the end of reporting period:

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Within 60 days	**2,112,336**	1,729,396
61 to 365 days	**700,950**	717,475
1 to 2 years	**404,372**	363,584
2 to 3 years	**140,616**	145,996
Over 3 years	**9,844**	37,650
	3,368,118	2,994,101

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

The clean energy power price premium is included as a component of the government-approved on-grid tariff of wind power and photovoltaic power. The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy 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 and photovoltaic farm project companies.

25. TRADE AND BILL RECEIVABLES *(continued)*

As of December 31, 2016, the Group's total outstanding balance of clean energy power price premium was RMB1,469,778,000 (2015: RMB1,086,917,000), comprise RMB939,725,000 incurred in the year ended December 31, 2016, RMB379,593,000 incurred in the year ended December 31, 2015, RMB140,616,000 incurred in the year ended December 31, 2014, RMB9,844,000 incurred in and before the year ended December 31, 2013.

As of December 31, 2015, the Group's total outstanding balance of clean energy power price premium was RMB1,086,917,000, comprise RMB553,353,000 incurred in the year ended December 31, 2015, RMB350,476,000 incurred in the year ended December 31, 2014, RMB145,996,000 incurred in the year ended December 31, 2013 and RMB37,092,000 incurred in and before the year ended December 31, 2012.

The trade receivables that were past due but not impaired mainly represented the clean energy power price premium. The Director considers that there has not been a significant change in credit quality and 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,	
	2016	2015
	RMB'000	*RMB'000*
1 to 2 years	**401,741**	350,476
2 to 3 years	**140,616**	145,996
Over 3 years	**9,844**	37,092
	552,201	533,564

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

The Directors consider the debts that are neither past due nor impaired are of good credit quality.

25. TRADE AND BILL RECEIVABLES *(continued)*

At December 31, 2016, trade receivables amounting to RMB75,984,000 (2015:RMB87,023,000) are pledged for bank borrowings set out in Note 32(f)(i).

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
At the beginning of the year	**2,577**	1,623
Provided during the year	**645**	1,027
Reversed during the year	**(591)**	(73)
At the end of the year	**2,631**	2,577

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Other receivables from carbon credits income	**1,898**	1,898
Other receivables from government subsidies *(Note)*	**–**	6,629
Other miscellaneous receivables	**54,148**	48,214
Security deposits	**266,351**	267,194
Advances to suppliers	**178,112**	108,250
	500,509	432,185
Less: allowance for doubtful receivables	**11,445**	9,547
	489,064	422,638

Note:

This balance represents the unpaid subsidies provided by the municipal government of Beijing to encourage the gas power generation. Details are set out in Note 36(a).

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
At the beginning of the year	**9,547**	9,213
Provided during the year	**1,898**	2,969
Reversed during the year	**–**	(2,635)
At the end of the year	**11,445**	9,547

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:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Euro ("EUR")	**–**	1,898

27. VALUE-ADDED TAX RECOVERABLE

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Value-added tax recoverable, classified as:		
– Current	**293,431**	525,647
– Non-current	**695,284**	486,427
	988,715	1,012,074

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax, 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 is 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,	
	2016	2015
	RMB'000	*RMB'000*
Listed equity investment		
Listed in Hong Kong *(Note)*	**265,750**	338,873

Note:

The Group holds 0.32% (2015: 0.32%) of the ordinary share capital of CGN Power Co., Ltd, a company listed on the Stock Exchange and engaged in the nuclear power generation.

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

29. RESTRICTED BANK DEPOSITS

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as: current	**97,306**	105,215

Restricted cash as at December 31, 2016 represented collaterals for bills payable and letter of credit used for equipment purchase and ensured that there are sufficient funds available for debt and interest payments for the next 6 months as required by the loan agreement. Restricted money above carried variable interest rate promulgated by PBOC as of same term deposits in bank and variable interest rate promulgated by National Australia Bank Limited ("NAB") as of other general saving amount 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,	
	2016	2015
	RMB'000	*RMB'000*
Bank deposits denominated in:		
– RMB	**1,436,810**	1,749,900
– HK$	**3,396**	853
– EUR	**2,172**	2,128
– Australia Dollar ("AU$")	**148,614**	86,473
– United States dollars ("US$")	**3,729**	27,270
Deposits in a related non-bank financial institution denominated in RMB	**177,273**	247,955
Cash on hand	**12**	90
	1,772,006	2,114,669

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, 2016. Such deposits were short-term and are subject to an insignificant risk of changes in value, accordingly, the balances as at December 31, 2016 have been regarded as cash and cash equivalents.

30. CASH AND CASH EQUIVALENTS *(continued)*

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

	At December 31,	
	2016	2015
Range of interest rates per annum	**0.005% to 1.35%**	0.005% to 1.70%

31. TRADE AND OTHER PAYABLES

	At December 31,	
	2016 *RMB'000*	2015 *RMB'000*
Trade payables	**1,580,415**	1,807,212
Payables for acquisition of property, plant and equipment	**867,522**	597,289
Retention payables	**638,647**	817,395
Bills payable	**434,884**	112,773
Advance received from customers	**54,257**	59,747
Salary and staff welfares	**80,286**	66,912
Non-income tax payables	**75,825**	73,527
Accrued interests payable	**128,211**	168,828
Dividend payables to a non-controlling equity owner of subsidiary	**69,997**	34,769
Other payables	**61,922**	68,787
	3,991,966	3,807,239

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. At December 31, 2016, there was RMB49,693,000 (2015: RMB231,737,000) 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 payable related to equipment purchase and construction cost, according to related contractual arrangements which normally require progress payments during the construction period and a final payment after construction cost verified by independent valuer.

31. TRADE AND OTHER PAYABLES *(continued)*

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

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**977,101**	1,272,499
31 to 365 days	**749,585**	297,986
1 to 2 years	**129,424**	315,887
2 to 3 years	**148,638**	27,540
Over 3 years	**10,551**	6,073
	2,015,299	1,919,985

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
EUR	**285**	15,833

32. BANK AND OTHER BORROWINGS

	At December 31, 2016 RMB'000	2015 RMB'000
Bank loans	**11,044,237**	10,704,224
Other borrowings from		
– related non-bank financial institutions *(Note (a))*	**1,165,500**	1,199,000
– fellow subsidiaries *(Note (b))*	**120,000**	100,000
– other non-related entities *(Note (c))*	**4,245,000**	4,388,419
– BEH *(Note (d))*	**503,000**	562,400
	17,077,737	16,954,043
Represented by:		
– Unsecured borrowings *(Note (e))*	**15,109,874**	14,516,600
– Secured borrowings *(Note (f))*	**1,967,863**	2,437,443
	17,077,737	16,954,043
Bank and other borrowings repayable:		
– Within one year	**7,794,224**	3,557,535
– More than one year but not exceeding two years	**1,527,760**	5,447,089
– More than two years but not exceeding three years	**1,425,301**	1,375,217
– More than three years but not exceeding five years	**2,309,309**	2,303,200
– More than five years	**4,021,143**	4,271,002
	17,077,737	16,954,043
Less: Amount due within one year shown under current liabilities	**7,794,224**	3,557,535
Amount due after one year	**9,283,513**	13,396,508

32. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Other borrowings from related non-bank financial institutions included 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 amounting to RMB1,068,000,000 (2015: RMB802,000,000) were unsecured, carried interest at rates which are the prevailing interest rates promulgated by PBOC, with a maximum premium or discount of 10% and variable by reference to the interest rates promulgated by PBOC. The balance amounting to RMB819,000,000 are repayable in 2017, and the remaining RMB249,000,000 are repayable between 2018 and 2021. The interest expenses attributed to the loans above from BEH Finance were RMB46,330,000 for the year ended December 31, 2016 (2015: RMB42,996,000).

(ii) The loans from Jingneng Lease amounting to RMB97,500,000 (2015: RMB397,000,000) were secured, carried fixed annual interest rates at 2.95% per annum, and will be fully repaid in 2018. The interest expenses attributed to the loans above from Jingneng Lease were RMB2,949,000 for the year ended December 31, 2016 (2015: RMB18,691,000).

(b) At December 31, 2016, the amount included 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") amounting to RMB90,000,000 (2015: RMB70,000,000) and 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") amounting to RMB30,000,000 (2015: RMB30,000,000), both are subsidiaries of BEH. The loans were unsecured, repayable in 2017 and carried fixed interest rate at 3.915% per annum.

The interest expense attributed to the loans above was RMB4,435,000 for the year ended December 31, 2016(2015: RMB6,659,000).

(c) 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, 2016, the borrowings were:

(i) The loans granted by Beijing Municipal Bureau of Finance for clean development amounting to RMB365,000,000 (2015: RMB665,000,000), which was unsecured, carried a fixed interest rate at 5.23% 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 (2015: RMB3,000,000,000) which was unsecured, carried at variable interest rate with discount of 5%, variable by reference to the interest rate promulgated by the PBOC and repayable in December 2017.

(iii) The secured loans 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 RMB630,000,000 (2015: RMB645,000,000), which was guaranteed by the Company, carried at variable interest rates with discount of 20%, 15% and 32%, variable by reference to the interest rates promulgated by PBOC and repayable in 2017, 2020 and 2024, respectively.

(iv) By December 31, 2016, 北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose) ("Shangzhuang Power"), a subsidiary of the Group; 中國農發重點建設基金有限公司 (China Agricultural Development Fund Co., Ltd., English name for identification purpose) ("CAD Fund") and the Company entered into investment agreements to make Shangzhuang Power received RMB310,000,000 (2015: RMB110,000,000) from CAD Fund in exchange for issuance of new shares of Shangzhuang Power to CAD Fund ("Designated Capital Loan"). Upon the issuance of the new shares, the Group and CAD Fund held 56.82% and 43.18% (2015: 78.76% and 21.24%) equity interests in Shangzhuang Power, respectively.

32. BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

(c) (continued)

(iv) (continued)

In the opinion of the Directors, the Designated Capital Loan is designated by certain government institutions to finance the construction of the gas-fired plant owned by Shangzhuang Power; and the relevant investment agreement required: (i) the Company is obliged to repurchased all shares of Shangzhuang Power issued to CAD Fund with a cash consideration of RMB110,000,000 on November 19, 2025, RMB100,000,000 on March 2, 2026, and RMB100,000,000 on June 5, 2026; (ii) CAD Fund does not have any participating right in Shangzhuang Power or undertake any risk of investment, but only entitled to a fixed interest rate at 1.2% per annum which should be paid quarterly during the ten years of investment period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from the government. The Group classified the above Designated Capital Loan as a financial liability, and continues to consolidate all results as if Shangzhuang power is a wholly-owned subsidiary of the Group.

The Designated Capital Loan is initially measured at its fair value of RMB221,000,000 (2015: RMB78,419,000), at an effective interest rate of 4.9% (2015: 4.9%) per annum. The benefit derived from such loan of RMB89,000,000 (2015: RMB31,581,000) (Note 36) that represents the difference between the proceeds and the fair value of the loan on initial recognition, is recognized as deferred income and will be recognized in profit or loss on the same basis as depreciation for the related plant. At December 31, 2016 and 2015, the Designated Capital Loan is measured at amortized cost using the effective interest method.

(v) At December 31, 2016, the amount included the borrowing from 上海電氣集團財務有限責任公司 (Shanghai Electric Group Finance Co., Ltd, English name for identification purpose). The loan amounting to RMB29,000,000 (2015: nil)was unsecured and repayable in 2019, carrying an 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.

(d) The loans were unsecured, carried at fixed interest rate at 6.10%, 5.48% and 4.53% per annum and repayable in 2018, 2019 and 2020. The interest expenses attributed to the loans were RMB31,655,000 for the year ended December 31, 2016 (2015: RMB27,594,000).

(e) Included in unsecured borrowings were the balances amounting to RMB6,697,213,000 as at December 31, 2016(2015: RMB3,544,640,000) which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized facilities is RMB9,129,877,000 (2015: RMB5,532,500,000).

(f) Except for certain property, plant and equipment pledged to secure bank borrowings as set out in Note 15, the Group's secured borrowings also include borrowings with right to receive electricity sale proceeds and secured borrowing in Australia as follows:

(i) The Group's secured borrowings were pledged by a right to receive the wind power electricity sale proceeds 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"), a subsidiary of the Company, and the Company as at December 31, 2016. The relevant account receivable balances were RMB75,984,000 (Note 25) as at December 31, 2016 (2015: RMB87,023,000).

(ii) The New GRWF's syndicated loan, amounting to AU$230,349,000 (2015: AU$242,183,000), equivalent to approximately RMB1,155,361,000 (2015: RMB1,144,943,000) 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 1.7% and repayable between 2016 and 2020. The Group enters into interest rate swaps to exchange variable rate interest for fixed rate interest in order to hedge against the cash flow interest rate risk (Note 35).

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,	
	2016	2015
	RMB'000	*RMB'000*
Variable interest rate	**14,821,237**	14,851,224
Fixed interest rate	**2,256,500**	2,102,819
	17,077,737	16,954,043

	Year ended December 31,	
	2016	2015
Range of interest rates per annum:		
– Variable-interest borrowings	**2.24% to 5.15%**	3.30% to 6.77%
– Fixed-interest borrowings	**1.20% to 6.10%**	1.20% to 6.10%

The fair values of fixed interest rate borrowings are approximately RMB2,226,689,000 and RMB2,118,005,000 at December 31, 2016 and 2015 respectively.

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:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
US$	**693,527**	649,543

33. SHORT-TERM DEBENTURES

At May 11, 2016, the Company issued a super short term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 3.02% and will be settled on February 5, 2017.

At June 17, 2016, the Company issued RMB1,000,000,000 super short term commercial paper at par value with interest rate of 3.08% and will be settled on March 14, 2017.

At July 7, 2016, the Company issued a one-year unsecured short-term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 2.8% and will be settled on July 7, 2017.

At August 23, 2016, the Company issued RMB1,000,000,000 one-year unsecured short-term commercial paper at par value with interest rate of 2.7% and will be settled on August 23, 2017.

At October 28, 2016, the Company issued RMB1,000,000,000 one-year unsecured short-term commercial paper at par value with interest rate of 3.03% and expiring on October 28, 2017.

At November 16, 2016, the Company issued RMB1,000,000,000 super short term commercial paper at par value with interest rate of 3.27% and expiring on August 13, 2017.

These commercial papers are traded on the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) in the PRC.

The short-term commercial papers amounting to RMB6,000,000,000 issued in 2015 were traded on the National Association of Financial Market Institutional Investors in the PRC, and were fully repaid by the Company on the corresponding maturity dates during the year ended December 31, 2016.

34. 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 is 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.

34. CORPORATE BONDS *(continued)*

On July 3, 2012, the Company issued corporate bonds with par value of RMB100 each totaling 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, whose applicable interest rates are 4.35% and 4.60% per annum respectively. Total proceeds received net of issuance costs, amounted to RMB3,580,200,000. The 3-Year corporate bond was fully repaid in 2015, while the 5-Year corporate bond will be expired in 2017. BEH provided irrecoverable guarantee with joint liability to the bonds. These bonds have been traded on Shanghai Stock Exchange since July 20, 2012.

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

	5-Year Corporate Bond issued in 2012 *RMB'000*	**3-Year Senior Guaranteed Bond issued in 2014** *RMB'000*	**Total** *RMB'000*
Nominal value	1,200,000	1,000,000	2,200,000
Issuance cost	(6,600)	(11,868)	(18,468)
Net proceeds from issuance	1,193,400	988,132	2,181,532
Effective interest recognized	197,666	46,856	244,522
Interest payable	(193,200)	(43,000)	(236,200)
Carrying amount at December 31, 2015	**1,197,866**	**991,988**	**2,189,854**
Effective interest recognized	**56,905**	**46,957**	**103,862**
Interest payable	**(55,200)**	**(43,000)**	**(98,200)**
Carrying amount at December 31, 2016	**1,199,571**	**995,945**	**2,195,516**
Corporate bonds repayable			
– within one year	1,199,571	995,945	2,195,516
Fair values of the corporate bonds*	1,202,400	992,300	2,194,700

* 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, 2016.

35. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	December 31, 2016 *RMB'000*	December 31, 2015 *RMB'000*	**December 31, 2016** *RMB'000*	December 31, 2015 *RMB'000*
Other financial assets				
Other derivatives (not under hedge accounting)				
Fixed forward commodity contract	–	–	–	85,049
	–	–	–	85,049
Other financial liabilities				
Derivatives under hedge accounting				
Cash flow hedges				
– Interest rate swaps	–	–	(7,441)	(3,542)
– Fixed forward commodity contract	–	–	(159,612)	–
	–	–	(167,053)	(3,542)

35. OTHER FINANCIAL ASSETS/LIABILITIES *(continued)*

Cash flow hedges:

(1) Interest Rate Swaps

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

The terms 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:

December 31, 2016

Notional amount	Maturity	Swaps
AU$172,762,000 (equivalent to approximately RMB866,522,000)	September 21, 2020	Bank Bill Bid Rate prevailing in Australia+1.7% for 2.56%

December 31, 2015

Notional amount	Maturity	Swaps
AU$181,637,000 (equivalent to approximately RMB858,707,000)	September 21, 2020	Bank Bill Bid Rate prevailing in Australia+1.7% for 2.56%

35. OTHER FINANCIAL ASSETS/LIABILITIES *(continued)*

Cash flow hedges: *(continued)*

(2) Fixed Forward Commodity Contract

New GRWF entered into the PPA contract with a counterparty (an electricity retailer in Australia) in 2013. Under the Australian PPA Contract, New GRWF will sell its electricity product on the spot price in Australian national energy market, but both parties agreed that the difference between the actual price realized in the market and a fixed price determined in the Australian PPA Contract will be net settled in cash. The Australian PPA Contract results in New GRWF converting its floating price electricity sales revenue that will be earned during the contract period (ten years effective from the wind farms of New GRWF starting to operate) to a fixed price revenue, with the fixed price being escalated at 2.5% per annum over the contract period.

The Group separately recognized the embedded fixed forward commodity contract as a derivative financial instrument, and initially recognized at fair value and measures at fair value on each subsequent reporting period. For the year ended December 31, 2015, New GRWF account for this derivative financial instrument as a FVTPL financial instrument. The fair value loss of the fixed forward commodity contract incurred for the year ended December 31, 2015 was RMB1,578,000 (Note 8).

New GRWF designated the contract as a hedging instrument as of January 1, 2016, in order to manage the Group's risk exposure in relation to price fluctuation of the expected sales of electricity. The terms of the PPA contract have been negotiated to match the expected sales of electricity of the wind farm.

Major terms of the PPA contract are as follows:

December 31, 2016

Notional amount	Maturity	Fixed Prices
Up to the maximum capacity of the wind farm	Effective for 10 years from the operation of the wind farm to start (December 31, 2014)	Peak/off peak rates as at January 1, 2012 (AU$58.81 per MWh and AU$40.29 per MWh, respectively) and escalated 2.5% per annum since then

35. OTHER FINANCIAL ASSETS/LIABILITIES *(continued)*

Cash flow hedges: *(continued)*

(2) Fixed Forward Commodity Contract (continued)

As at December 31, 2016, fair value losses of approximately RMB243,273,000 (2015: Nil) have been recognized in other comprehensive income and accumulated in equity and are expected to be reclassified to the consolidated statement of profit or loss at various dates in the coming 8 years after the end of the reporting period, the period in which sales are expected to occur. For the year ended December 31, 2016, the ineffectiveness recognized in profit and loss that arises from the cash flow hedge of the PPA contract were RMB10,071,000 (2015: Nil).

36. DEFERRED INCOME

	Government grants and subsidies for		
	Clean energy production	**Construction of assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(Note (a))	*(Notes (b) and (c))*	
At January 1, 2015	324,470	341,875	666,345
Additions	3,110,132	38,346	3,148,478
Released to profit or loss *(Note 7)*	(3,040,087)	(7,680)	(3,047,767)
At December 31, 2015	**394,515**	**372,541**	**767,056**
Additions	**902,788**	**123,500**	**1,026,288**
Released to profit or loss *(Note 7)*	**(1,216,221)**	**(13,959)**	**(1,230,180)**
At December 31, 2016	**81,082**	**482,082**	**563,164**

36. DEFERRED INCOME *(continued)*

Notes:

(a) The Group's gas and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognizes 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 releases 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) For the year ended December 31, 2016, the amount of additions in government grants and subsidies for construction of assets include RMB89,000,000 (2015: RMB31,581,000) as a benefit derived from a government designated capital loan (Note 32(c)(iv)).

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Presented in the consolidated financial statements as:		
Current	**81,082**	394,515
Non-current	**482,082**	372,541
	563,164	767,056

37. OTHER NON-CURRENT LIABILITY

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
At the beginning of the year	**44,266**	55,269
Released to profit or loss	**(5,426)**	(7,742)
Effect of foreign currency exchange difference	**2,598**	(3,261)
At the end of the year	**41,438**	44,266

Note:

The other non-current liability represented a contractual obligation under the Australian PPA Contract. The obligation is to require New GRWF to deliver certain quantity of carbon credits to the counterparty at a fixed price but escalating 2.5% per annum during the contract period.

At the date of acquisition for New GRWF, the Group recognized the contractual obligation as a liability pursuant to IFRS 3 Business Combinations. The liability was initially recognized at fair value which represented the discounted cash flow related to the difference between the contracted fixed prices and the estimated future market prices. At the end of each reporting period, the liability will be measured at the amount initially recognized less cumulative amortization recognized in the profit of loss at a straight-line basis during the contract period.

38. SHARE CAPITAL

	Year ended December 31,			
	Number of shares		Share capital	
	2016	2015	**2016**	2015
	'000	*'000*	***RMB'000***	*RMB'000*
At beginning and end of the year	**6,870,423**	6,870,423	**6,870,423**	6,870,423

As at December 31, 2016, the share capital comprised the domestic legal person shares of 4,512,359,000 (2015: 4,512,359,000) and H shares of 2,358,064,000 (2015: 2,358,064,000).

39. CAPITAL RESERVE

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Share premium on share issuance	**1,245,930**	1,245,930
Effects on acquisition of additional interest in a subsidiary	**(19,043)**	(19,043)
Effects on equity transactions with holding company	**1,076,759**	1,076,759
	2,303,646	2,303,646

40. PERPETUAL NOTES

The Company issued perpetual medium-term notes at par value on June 18, 2015, with a total principal amount of RMB1.5 billion ("Perpetual Notes"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost is RMB1,486,500,000.

The coupon rate for the first three years up to June 18, 2018 is 5.15% per annum, which is paid annually in arrears on June 19 in each year ("Coupon Payment Date"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on June 18, 2018 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments.

After June 18, 2018, the coupon rate will be reset every three years to a percentage per annum equal to the sum (i) of the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce its registered capital.

Pursuant to the terms of these Perpetual Notes, the Company has no contractual obligation to repay its principal or to pay any coupon and deferred interest unless compulsory coupon payment event has occurred. Accordingly, the Perpetual Notes are classified as equity and subsequent coupon payment will be recorded as equity distribution to the owners of the Company.

During the year ended December 31, 2016, the profit attributable to holders of the Perpetual Notes, based on the applicable coupon rate, was approximately RMB77,250,000 (2015: RMB41,482,000); and the coupon payment distributed to the holders of the perpetual notes was approximately RMB77,250,000 (2015: nil).

41. LEASE ARRANGEMENTS

The Group as a lessee

At December 31, 2016, the Group had commitment for future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Within one year	**19,512**	17,816
In the second to fifth year, inclusive	**40,890**	39,811
Over five years	**52,459**	62,427
	112,861	120,054

Operating lease payments represent rentals payable by the Group for land. Leases are negotiated for the term between 1 year and 21 years, and rentals are fixed at the date of signing of lease.

42. COMMITMENTS

The Group had the following commitments:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Acquisition or construction of property, plant and equipment contracted but not provided for:	**1,145,540**	2,827,552

43. PLEDGE OF ASSETS

a) The following assets were pledged to secure certain bank borrowing granted to the Group at the end of December 31, 2016 and 2015.

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Property, plant and equipment *(Note 15(d))*	**1,631,147**	1,471,815
Trade receivables *(Note 32(f))*	**75,984**	87,023
	1,707,131	1,558,838

b) Shares pledged

As at December 31, 2016 and 2015, the Group pledged 100% equity interest of New GRWF to NAB in connection with the loan facility amounting to AU$230,349,000 (2015: AU$242,183,000), equivalent to approximate RMB1,155,361,000 (2015: RMB1,144,943,000), granted by NAB to New GRWF.

44. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2016, total cost of RMB70,138,000 (2015: RMB52,452,000) including the amount of RMB47,000 (2015: RMB44,000) of retirement benefit of a director 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, 2016 and 2015.

45. 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) ("Yuanshen Energy")	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
Huayuan Huizhong	Joint Venture
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
Jingneng Lease	Fellow subsidiary
北京京能恒星能源科技有限公司 (Beijing Jingneng Hengxing Energy Technology Co., Ltd., English name for identification purpose)	Fellow subsidiary
北京京能熱電粉煤灰工業有限公司 (Beijing Jingneng Thermal Power Flyash Industry Co., Ltd., English name for identification purpose)	Fellow subsidiary

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

(b) At December 31, 2016, other than loans to associates and loan to a joint venture as set out in Note 20 and 21, the deposit in related non-bank financial institutions as set out in Note 30, the Group has amounts receivable from the following related parties and the details are set out below:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Amounts due from:		
Associates	**31**	2,246
Fellow subsidiaries	**370,770**	391,353
	370,801	393,599
Represented by:		
Trade receivables aged within 90 days by invoice date	**370,655**	391,301
Non-trade receivables*	**146**	2,298
	370,801	393,599

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

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

(c) Except for the balances in borrowings from related non-bank financial institutions, 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,	
	2016	2015
	RMB'000	*RMB'000*
Amounts due to:		
BEH	**883**	90,460
Fellow subsidiaries	**100,117**	133,938
Associates	**2,289**	–
	103,289	224,398
Represented by:		
Trade payables aged within one year by invoice date	**81,935**	68,891
Payables for acquisition of property, plant and equipment	**16,062**	59,671
Non-trade payables*	**5,292**	95,836
	103,289	224,398

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

(d) The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively "State-owned Enterprises"). During the year ended December 31, 2016, the Group had transactions with State-owned Enterprises including, but not limited to, sales of goods, purchases of property, plant and equipment, and borrowings. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

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

(e) During the year ended December 31, 2016, other than interest income paid by associates and a joint venture as set out in Note 9, interest expense charged by related parties as set out in Note 32(a), Note 32(b), Note 32(d) and Note 32(f), 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, 2016 RMB'000	2015 RMB'000
Jingxi Power	–	1,923
BIEE	27,395	1,200

(ii) Equipment maintenance services from related parties

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Jingfeng Thermal	11,301	11,163
BIEE	32,313	42,285
Jingneng Power	65,877	64,680

(iii) Conference service from related parties

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Sky-Line Resort	70	180
Daihai LvYou	1,708	1,199

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

(e) *(continued)*

Continuing transactions: *(continued)*

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

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Jingfeng Thermal	**8,880**	9,167
YuanShen Financial Leasing	**1,685**	236

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

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
BEH Finance	**7,789**	8,200

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

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
BEH Finance	**15,726**	17,392

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

(e) *(continued)*

Continuing transactions: *(continued)*

(vii) Property management fee charged by a related party

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Jingneng Logistic	**18,443**	19,068

(viii) Heat energy sold to a related party

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
BDHG	**1,291,624**	1,159,260
Yuanshen Energy	**2,452**	–

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

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

(e) *(continued)*

Continuing transactions: *(continued)*

(ix) Equipment purchase framework agreement

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
BIEE	**120,347**	144,435

(x) Framework Operating Agreement

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Jingxi Power	**23,989**	30,116
Yuanshen Energy	**10,189**	–

(xi) Landscaping service agreement

Name of related party	Year ended December 31, 2016 RMB'000	2015 RMB'000
Jingneng Logistic	**291**	–
Jingxi Power	**1,933**	–

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

(f) Compensation of key management personnel

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Director fee	**800**	800
Basic salaries and allowances	**4,120**	3,671
Bonus	**–**	–
Retirement benefit contribution	**282**	264
	5,202	4,735

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.

(g) In addition, the Group also has entered into other various transactions with other 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.

46. 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, corporate bonds, net of cash and cash equivalents, restricted bank deposits), perpetual notes and equity attributable to ordinary shareholders of the Company, comprising issued share capital, accumulated profits and other reserves.

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.

47. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Financial assets		
Available-for-sale financial assets	128,028	128,028
Held for trading financial asset	265,750	338,873
Loans and receivables (including cash and cash equivalents)	6,082,183	6,071,972
Derivative financial assets	–	85,049
Financial liabilities		
Financial liabilities at amortized cost	29,238,425	28,838,663
Derivative financial liabilities	167,053	3,542

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 and a joint venture, cash and cash equivalents, restricted bank deposits, trade and other payables, amounts due from/to related parties, bank and other borrowings, short-term debentures, 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.

Market risk

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

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, 2016.

47. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to associates and a joint venture, cash and cash equivalents, restricted bank deposits, bank and other borrowings. The Group's cash flow interest rate concentrated on 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. The interest rate swaps is designated as an effective hedging instrument and hedge accounting is applied (see Note 35 for details).

The Group's fair value interest rate risk mainly included bank borrowings carried at fixed interest rate, short-term debentures and corporate bonds.

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing floating 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 year ended December 31, 2016 would decrease/increase by RMB23,663,000 (2015: RMB22,836,000).

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

Foreign currency risk management

Currency risk

The Group has certain assets and liabilities, including other receivables and deposits (Note 26), held for trading financial asset (Note 28), bank balances and cash (Note 30), bank loans (Note 32), derivative financial assets and liabilities (Note 35) and trade payables (Note 31) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arise.

47. FINANCIAL INSTRUMENTS *(continued)*

Foreign currency risk management *(continued)*

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR, HK$, US$ and AU$, because trade payables caused by repairs and maintenance services were mainly denominated in EUR, and bank loans in Hong Kong were denominated in US$, and bank balances in Hong Kong were denominated in AU$ and HK$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	31/12/2016	31/12/2015	**31/12/2016**	31/12/2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
EUR	**285**	15,833	**2,172**	4,026
HK$	**–**	–	**1,414**	634
US$	**693,527**	649,543	**3,729**	27,270
AU$	**–**	–	**8,604**	31,267

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 after taxation for the year:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Increase (decrease) in profit (EUR)	**(78)**	469
Increase (decrease) in profit (HK$)	**(59)**	(25)
Increase (decrease) in profit (US$)	**28,542**	24,705
Increase (decrease) in profit (AU$)	**(356)**	(1,241)

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.

47. FINANCIAL INSTRUMENTS *(continued)*

Other price risks

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks and return profiles. The Group's equity price risk over investment in listed equity securities is mainly concentrated on an equity security operating in nuclear power industry sector quoted in the Hong Kong 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, 2016 would increase/decrease by RMB33,285,000 (2015: RMB42,444,000) as a result of the changes in fair value of held for trading financial asset.

Credit risk management

The Group's credit risk is primarily attributable to its trade and bill receivables, other receivables and deposits, loans to associates and a joint venture, amounts due from related parties, bank balances and restricted bank deposits. As at December 31, 2016, 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.

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.

47. FINANCIAL INSTRUMENTS *(continued)*

Credit risk management *(continued)*

Credit risk on trade receivables is concentrated on a limited number of power grids companies. However, the management, having considered the strong financial background and good creditability of the power grids companies, believes there is no significant credit risk. As at December 31, 2016, the Group has concentration of credit risk as 42% (2015: 46%) of the total trade receivables (including trade receivables due from related parties) is due from the Group's largest customer, and 86% (2015: 90%) were due from the five largest customers. The Group has also concentration of credit risk in relation to the loans to associates and a joint venture as loans are mainly made to one associate. This associate is 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.

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group has net current liabilities as at December 31, 2016 and 2015, 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 unutilised bank facilities to meet its liquidity requirements in the short and long term.

The Group relies on bank borrowings as a significant source of liquidity. As on December 31, 2016, the Group has available unutilized banking and other borrowing facilities of RMB24,046,564,000 (2015: RMB19,772,502,000).

Liquidity risk

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.

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.

47. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk *(continued)*

	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2016								
Trade and other payables	–	3,812,190	47,801	1,892	–	–	3,861,883	3,861,883
Bank and other borrowings-variable interest rate	4.82	6,920,350	1,598,721	1,679,498	2,544,817	4,441,227	17,184,613	14,821,237
Bank and other borrowings-fixed interest rate	4.77	1,435,312	170,247	220,011	64,956	473,548	2,364,074	2,256,500
Short-term debentures	2.93	6,179,000	–	–	–	–	6,179,000	6,000,000
Corporate bonds	4.46	2,298,200	–	–	–	–	2,298,200	2,195,516
Amounts due to related parties	–	103,289	–	–	–	–	103,289	103,289
		20,748,341	1,816,769	1,901,401	2,609,773	4,914,775	31,991,059	29,238,425
At December 31, 2015								
Trade and other payables	–	3,238,631	211,547	20,190	–	–	3,470,368	3,470,368
Bank and other borrowings-variable interest rate	5.49	3,534,713	5,315,076	1,437,558	2,580,906	4,998,188	17,866,441	14,851,224
Bank and other borrowings-fixed interest rate	5.42	802,681	698,419	324,172	308,886	115,964	2,250,122	2,102,819
Short-term debentures	3.48	6,107,189	–	–	–	–	6,107,189	6,000,000
Corporate bonds	4.46	98,200	2,298,200	–	–	–	2,396,400	2,189,854
Amounts due to related parties	–	224,398	–	–	–	–	224,398	224,398
		14,005,812	8,523,242	1,781,920	2,889,792	5,114,152	32,314,918	28,838,663

47. 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 31/12/2016	Fair value as at 31/12/2015	Fair value hierarchy	Valuation technique and key input
1) Interest rate swaps classified as derivatives on the consolidated statement of financial position *(see note 35)*	**Liabilities – RMB7,441,000**	Liabilities – RMB3,542,000	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.
2) Listed held for trading shares *(see note 28)*	**Listed equity securities in Hong Kong: Electric power industry – RMB265,750,000**	Listed equity securities in Hong Kong: Electric power industry – RMB338,873,000	Level 1	Quoted bid prices in an active market.
3) Fixed forward commodity contract classified as a derivative on the statement of financial position *(see note 35)*	**Liability – RMB159,612,000**	Assets – RMB85,049,000	Level 3 *(Note)*	Discounted cash flow. Future cash flows are estimated based on spot electricity price, contract forward price and generators' utilization hours, discounted at a rate that reflects the credit risk of a counterparty. Discount rates are 4.85% and 14.88% for December 31, 2016 and 2015 respectively.

Note: The significant unobservable input is spot electricity price. A slight increase in the spot electricity price used in isolation would result in a significant decrease in the fair value of the derivative on fixed forward commodity contract and vice versa. A 5% increase in the spot electricity price holding all other variables constant would decrease the fair value of the derivative financial liability by RMB62,134,000(2015: RMB27,298,000).

47. FINANCIAL INSTRUMENTS *(continued)*

Fair value *(continued)*

In estimating the fair value of an asset where Level 1 inputs are not available, the management of the Group work closely with external valuers to establish the appropriate valuation techniques and inputs to the model.

There were no transfers among different levels during the year.

Except for the above financial assets and financial liabilities, included in AFS financial assets at December 31, 2016 are unlisted equity investments amounting to RMB128,028,000 (2015: RMB128,028,000) which are stated at cost less impairment. As the ranges of reasonable fair value estimates are significant, the Directors are of the opinion that their fair values cannot be measured reliably.

Some of the Group's financial assets and financial liabilities are measured at amortised cost at the end of the reporting period. Their fair values 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) and corporate bonds (Note 34), 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.

Reconciliation of level 3 fair value measurement is as follow:

Fixed forward commodity contract	**Year ended December 31,**	
	2016	2015
	RMB'000	*RMB'000*
At January 1	**85,049**	91,952
Fair value losses of FVTPL financial instrument recognized in profit or loss	**–**	(1,578)
Ineffectiveness arising from cash flow hedging instrument recognized in profit or loss	**(10,071)**	–
Fair value losses of cash flow hedging instrument recognized in other comprehensive income	**(239,590)**	–
Exchange realignment	**5,000**	(5,325)
At December 31	**(159,612)**	85,049

48. SUBSIDIARIES

Details of the Company's subsidiaries at December 31, 2016 and 2015 are set out below:

Name of subsidiary	Place of registration and operation	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				
			2016	2015	2016	2015	2016	2015	
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)	PRC	RMB700,000,000	74%	74%	–	–	74%	74%	Gas-fired power and heat energy generation
北京京橋熱電有限責任公司(Beijing Jingqiao Thermal Power Co., Ltd., English name for identification purpose)	PRC	RMB876,280,000	100%	100%	–	–	100%	100%	Gas-fired power and heat energy generation
北京京豐燃氣發電有限責任公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd., English name for identification purpose)	PRC	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)	PRC	RMB760,512,000	100%	100%	–	–	100%	100%	Gas-fired power and heat energy generation
Jingxi Gas	PRC	RMB1,010,000,000	100%	100%	–	–	100%	100%	Gas-fired power and heat energy generation
Shangzhuang Power *(Note 32(c)(iv))*	PRC	RMB518,000,000	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)	PRC	RMB231,770,000	100%	100%	–	–	100%	100%	Water power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	Issued and fully paid up registered capital	Equity interest attributable to the Company: Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
盈江華富水電開發有限公司(Yingjiang Hua Fu HydroPower Development Co., Ltd., English name for identification purpose)	PRC	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)	PRC	RMB74,876,000	100%	100%	–	–	100%	100%	Water power generation
Sichuan Dachuan	PRC	RMB130,000,000	100%	100%	–	–	100%	100%	Water power generation
Sichuan Zhongneng	PRC	RMB90,000,000	100%	100%	–	–	100%	100%	Water power generation
成都金華能電力實業有限責任公司 (Chengdu Jinhuaneng Power Co., Ltd., English name for identification purpose)	PRC	RMB20,000,000	–	–	100%	100%	100%	100%	Repair and maintenance
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)	PRC	RMB207,520,000	100%	100%	–	–	100%	100%	Wind power generation
New Energy	PRC	RMB2,706,390,000	100%	100%	–	–	100%	100%	Investment management, wind power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
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)	PRC	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)	PRC	RMB324,468,000	100%	100%	–	–	100%	100%	Wind power generation
內蒙古京能烏蘭伊力更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd., English name for identification purpose)	PRC	RMB792,350,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic 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)	PRC	RMB85,790,000	100%	100%	–	–	100%	100%	Wind power generation
內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd., English name for identification purpose)	PRC	RMB118,890,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic 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)	PRC	RMB129,220,000	100%	100%	–	–	100%	100%	Wind power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	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				
			2016	2015	2016	2015	2016	2015	
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)	PRC	RMB149,290,000	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)	PRC	RMB78,000,000	100%	100%	–	–	100%	100%	Wind power generation
內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd., English name for identification Purpose)	PRC	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)	PRC	RMB285,140,000	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)	PRC	RMB259,248,000	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)	PRC	RMB338,528,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
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)	PRC	RMB347,204,000	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)	PRC	RMB56,000,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
Weilai Gas	PRC	RMB291,898,600	100%	100%	–	–	100%	100%	Gas-fired power and heat energy generation
建湖京能新能源有限公司 (Jianhu Jingneng New Energy Co., Ltd., English name for identification purpose)	PRC	RMB54,760,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
寧夏賀蘭京能新能源有限公司 (Ningxia Helan Jingneng New Energy Co., Ltd. English name for identification purpose)	PRC	RMB56,760,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
寧夏中寧縣京能新能源有限公司 (Ningxia Zhongning County New Energy Co., Ltd. English name for identification purpose)	PRC	RMB260,050,000	100%	100%	–	–	100%	100%	Photovoltaic power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	Issued and fully paid up registered capital	Equity interest attributable to the Company: Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Proportion of voting rights held by the Group 2016	2015	Principal activities
格爾木京能新能源有限公司 (Golmud Jingneng New Energy Co., Ltd., English name for identification purpose)	PRC	RMB205,360,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
京能(遷西)發電有限公司 (Jingneng Qianxi Power Co., Ltd. English name for identification purpose) ("Qianxi Power")	PRC	RMB73,146,600	60%	60%	–	–	60%	60%	Photovoltaic power generation
北京京能清潔能源電力股份(香港)有限公司 (Beijing Jingneng Clean Energy (Hongkong) Co., Ltd. English name for identification purpose) ("Jingneng HK")	Hong Kong	HK$77,657,000	100%	100%	–	–	100%	100%	Investment holding
New GRWF Holding	Australia	AU$138,960,000	–	–	75%	75%	75%	75%	Investment holding
New Gullen Range Wind Farm Pty Ltd.	Australia	AU$132,460,000	–	–	75%	75%	75%	75%	Wind power generation
Gullen Solar Pty Ltd.	Australia	AU$6,500,000	–	–	75%	–	75%	–	Photovoltaic power generation
京能清潔能源投資控股有限公司 (Jingneng Clean Energy Investment Holdings Limited English name for identification purpose)	The British Virgin Islands	US$50,000	–	–	100%	100%	100%	100%	Investment holding
府谷縣京能新能源有限公司 (Fugu Jingneng New Energy Co., Limited. English name for identification purpose)	PRC	RMB72,770,000	100%	100%	–	–	100%	100%	Wind power generation

48. SUBSIDIARIES *(continued)*

Name of subsidiary	Place of registration and operation	Issued and fully paid up registered capital	Equity interest attributable to the Company Direct		Equity interest attributable to the Company Indirect		Proportion of voting rights held by the Group		Principal activities
			2016	2015	2016	2015	2016	2015	
共和京能清潔能源有限公司 (Gonghe Jingneng Clean Energy Co., Limited. English name for identification purpose)	PRC	RMB18,900,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
寧夏海原京能新能源有限公司 (Ningxia Haiyuan Jingneng New Energy Co. Ltd. English name for identification purpose)	PRC	RMB19,000,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
大同京能新能源有限公司 (Datong Jingneng New Energy Co. Ltd. English name for identification purpose)	PRC	RMB170,000,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
靖遠京能新能源有限公司 (Jingyuan Jingneng New Energy Co., Ltd. English name for identification purpose)	PRC	RMB79,450,000	100%	100%	–	–	100%	100%	Wind power generation
徐聞京能新能源有限公司*(Note a)* (Xuwen Jingneng New Energy Co., Ltd. English name for identification purpose)	PRC	RMB114,000,000	100%	–	–	–	100%	–	Photovoltaic power generation

48. SUBSIDIARIES *(continued)*

Note:

a) The subsidiary was newly established during the year ended December 31, 2016.

b) Jingneng HK had issued 3-year senior guaranteed bond in 2014 which were outstanding as of December 31, 2016 (Note 34).

c) The subsidiaries registered in the PRC are all in the legal form of Limited Liability Company.

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		Total comprehensive income		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
		%	%	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Tauyanggong Power	PRC	**26**	26	**80,401**	77,768	**80,401**	77,768	**309,965**	299,560
New GRWF Holding	Australia	**25**	25	**13,814**	2,857	**(18,168)**	(2,702)	**148,630**	166,799
Qianxi Power	PRC	**40**	40	**–**	–	**–**	–	**29,260**	16,000
				94,215	80,625	**62,233**	75,066	**487,855**	482,359

48. SUBSIDIARIES *(continued)*

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

Taiyanggong Power	**2016** ***RMB'000***	2015 *RMB'000*
Current assets	**413,696**	490,138
Non-current assets	**1,588,809**	1,663,547
Current liabilities	**773,233**	964,093
Non-current liabilities	**37,097**	37,438
Revenue	**2,100,598**	2,205,449
Profit and other comprehensive income for the year	**309,236**	299,109
Dividends paid to non-controlling interests	**34,769**	69,538
Net cash inflow from operating activities	**493,499**	670,053
Net cash outflow from investing activities	**(139,584)**	(15,740)
Net cash outflow from financing activities	**(392,536)**	(610,618)
Net cash (outflow) inflow	**(38,586)**	43,695

48. SUBSIDIARIES *(continued)*

New GRWF Holding	2016 RMB'000	2015 RMB'000
Current assets	240,396	223,587
Non-current assets	1,776,074	1,653,400
Current liabilities	73,530	67,661
Non-current liabilities	1,348,419	1,142,130
Revenue	133,289	104,295
Profit for the year	55,254	11,426
Other comprehensive expense for the year	(150,535)	(22,234)
Total comprehensive expense for the year	(95,315)	(10,808)
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	192,871	90,826
Net cash outflow from investing activities	(28,684)	(275,929)
Net cash (outflow) inflow from financing activities	(59,354)	206,502
Net cash inflow	104,834	21,399

48. SUBSIDIARIES *(continued)*

Qianxi Power	2016 *RMB'000*	2015 *RMB'000*
Current assets	38,762	48,294
Non-current assets	328,237	163,741
Current liabilities	50,752	27,735
Non-current liabilities	243,100	144,300
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	(133,247)	(127,712)
Net cash inflow from financing activities	131,357	137,284
Net cash (outflow) inflow	(1,890)	9,572

49. INFORMATION ABOUT THE FINANCIAL POSITION OF THE COMPANY

	Notes	At December 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**1,670,313**	1,680,265
Intangible assets		**15,401**	4,274
Investments in subsidiaries		**13,226,717**	12,851,834
Prepaid lease payments		**1,260**	1,290
Investments in associates		**827,681**	947,681
Loans to associates		**148,000**	150,000
Loan to a joint venture		**15,000**	–
Loans to subsidiaries		**2,641,000**	2,841,000
Investment in a joint venture		**80,000**	80,000
Deferred tax assets		**19,332**	19,632
Available-for-sale financial asset		**60,000**	60,000
Value-add tax recoverable		**29,619**	26,947
Deposit paid for acquisition of property, plant and equipment		**6,595**	8,523
		18,740,918	18,671,446
Current assets			
Inventories		**884**	–
Trade and bill receivables		**32,578**	23,008
Other receivables, deposits and prepayments		**141,612**	133,453
Amounts due from related parties		**31**	2,246
Amounts due from subsidiaries		**2,418,831**	5,397,970
Loans to subsidiaries		**4,620,000**	16,113
Prepaid lease payments		**29**	29
Value-added tax recoverable		**4,708**	4,854
Restricted cash		**2,600**	–
Cash and cash equivalents		**240,843**	191,437
		7,462,116	5,769,110

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

	Notes	At December 31, 2016 RMB'000	2015 RMB'000
Current liabilities			
Trade and other payables		154,094	214,133
Amounts due to related parties		3,531	996
Amounts due to a subsidiary		1,157	750
Bank and other borrowings-due within one year		4,105,000	400,000
Short-term debentures		6,000,000	6,000,000
Corporate bonds – due within one year		1,199,846	–
Deferred income – current portion		4,792	2,403
		11,468,420	6,618,282
Net current liabilities		(4,006,304)	(849,172)
Total assets less current liabilities		14,734,614	17,822,274
Non-current liabilities			
Bank and other borrowings-due after one year		503,000	3,568,000
Corporate bonds – due after one year		–	1,198,691
Deferred income		96,139	98,771
		599,139	4,865,462
Net assets		14,135,475	12,956,812
Capital and reserves			
Share capital	38	6,870,423	6,870,423
Reserves		5,737,070	4,558,407
Perpetual notes	40	1,527,982	1,527,982
Total equity		14,135,475	12,956,812

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

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At January 1, 2015	2,656,574	321,081	946,822	3,924,477
Appropriation to statutory surplus reserve	–	117,137	(117,137)	–
Dividend declared	–	–	(289,245)	(289,245)
Profit and total comprehensive income for the year	–	–	923,175	923,175
At December 31, 2015	**2,656,574**	**438,218**	**1,463,615**	**4,558,407**
Appropriation to statutory surplus reserve	**–**	**178,427**	**(178,427)**	**–**
Dividend declared	**–**	**–**	**(469,250)**	**(469,250)**
Dividend declared to perpetual notes holders	**–**	**–**	**(77,250)**	**(77,250)**
Profit and total comprehensive income for the year	**–**	**–**	**1,725,163**	**1,725,163**
At December 31, 2016	**2,656,574**	**616,645**	**2,463,851**	**5,737,070**

Definitions

"Articles of Association"	Articles of association of the Company
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd)
"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
"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
"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)
"Latest Practicable Date"	11 April, 2017, being the latest practicable date for the inclusion of certain information in this annual report prior to its publication
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"NSSF"	全國社會保障基金理事會 (National Council for Social Security Fund of the PRC)
"PBOC"	中國人民銀行 (People's Bank of China)
"PRC GAAP"	generally accepted accounting principles in the PRC
"Renminbi" or "RMB"	the lawful currency of the PRC
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SERC"	國家電力監管委員會 (State Electricity Regulatory Commission of the PRC)
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"YuanShen Financial Leasing"	北京京能源深融資租賃有限公司 (Beijing YuanShen Financial Leasing Co., Ltd.)

Corporate Information

Registered Name	Beijing Jingneng Clean Energy Co., Limited
Directors	
Non-executive Directors	Mr. ZHU Yan *(Chairman)* Mr. LI Dawei Mr. GUO Mingxing Mr. ZHU Baocheng Mr. YU Zhongfu Mr. ZHAO Wei
Executive Director	Mr CHEN Ruijun
Independent Non-executive Directors	Mr. HUANG Xiang Mr. ZHANG Fusheng Mr. CHAN Yin Tsung Mr. HAN Xiaoping
Strategy Committee	Mr. ZHU Yan *(Chairman)* Mr. LI Dawei Mr. GUO Mingxing Mr ZHU Baocheng Mr CHEN Ruijun
Remuneration and Nomination Committee	Mr. HUANG Xiang *(Chairman)* Mr. ZHU Yan Mr. GUO Mingxing Mr. ZHANG Fusheng Mr. HAN Xiaoping
Audit Committee	Mr. CHAN Yin Tsung *(Chairman)* Mr. ZHU Baocheng Mr. HUANG Xiang
Supervisors	Mr. LI Xun Mr. LIU Jiakai Ms. HUANG Linwei
Company Secretary	Mr. KANG Jian

Corporate Information

Authorized Representatives	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
Registered Office	Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC
Principal Place of Business in the PRC	7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal Bankers	China Merchants Bank Co., Ltd (Dongzhimen Branch) Floor 2, Tianheng Mansion, No.46 Dongzhimen Waidajie, Dongcheng 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

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