新天绿色能源股份有限公司

China Suntien Green Energy Corporation Limited*

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

Stock Code : 00956

Annual Report 2012

Green Energy
Make the World
Better

*For identification purpose only

Content

Chairman's Statement

In 2012, as the global economy remained a slowdown showing little sign of recovery, the Company was faced with challenges in various aspects of its natural gas and wind power businesses such as obtaining approval of new projects and capacity release of operating projects. The Directors closely adhered to its development strategies and positively responded to and dealt with external adverse factors on its business. With the efforts of staff, we stayed aggressive and achieved an outstanding result.

The Group's assets and profit grew stably in 2012 through maintaining a sound financial structure. As at 31 December 2012, the Group had consolidated assets of RMB15,263 million with a gearing ratio of 54%; consolidated income of RMB3,702 million, representing an increase of 16.8% from 2011; net profits attributable to shareholders of RMB 550 million, representing an increase of 22.5% from 2011. The Board of the Company recommended distributing a final dividend of RMB0.02 per share (tax included).

As at 31 December 2012, the sales volume of natural gas of the Group was 1,246 million cubic meters, representing an increase of 2.8% from 2011. The installed capacity of wind farms was 1,346.3MW with consolidated gross power generation of 2,528 million KWh, representing an increase of 44.4% from 2011. In addition, the Group commenced operation of a model project of solar photovoltaic power plant with installed capacity of 1 MW.

Chairman's Statement

Looking forward into 2013, with such forthcoming policies in relation to the industry as reform in natural gas price and quota system of renewable energy, the clean energy industry will gradually walk into a road of healthy development under more regulations. It is reasonable to believe that the Group will enjoy long-term benefits. The Company will maintain its focus on development in the field of clean energy to create sustainable return for shareholders.

Chairman
Cao Xin

Corporate Profile

China Suntien Green Energy Corporation Limited was jointly established on 9 February 2010 with contribution by the promoter shareholders HECIC and HECIC Water, which is a wholly-owned subsidiary of HECIC. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010. After the exercise of the over-allotment options in full, the Company issued a total of approximately 1,238,000,000 H shares. As at 31 December 2012, the Company had a total of approximately 3,238,000,000 shares, of which HECIC held approximately 1,876,000,000 domestic shares, representing 57.9% of the total number of shares, and is the controlling shareholder of the Company. HECIC is a state-wholly-owned enterprise directly under supervision of the State-owned Assets Supervision and Administration Commission of Hebei Province, which is primarily engaged in the investment in and development of projects in the foundation, infrastructures and pillar industries of the province, such as energy, transportation, water supply, tourism and commercial real estates, etc.

The Group is specialized in the development and utilization of clean energy. Its scope of business includes investment in exploration and utilization projects of natural gas and coalbed methane, etc.; investment in the development of new energy projects such as wind power and solar power, etc.; development of new energy technology and technical services.

The Group is the largest distributor of natural gas in Hebei Province. Currently, the Group owns two long-distance natural gas transmission pipelines, four high-pressure branch pipelines, 18 city gas projects, two CNG primary filling stations and two refilling stations. The sales volume of natural gas of the Group was 1,246 million cubic meters in 2012.

As at 31 December 2012, the Group installed 23 wind farms. The consolidated installed capacity was 1,346.3 MW and the attributable installed capacity was 1,193.6 MW. In 2012, the gross power generation of the Group amounted to 2,528 million KWh.

In addition, the Group operates a 1MW solar model project, which provides experience for industrialization of solar power generation in the future.

As at 31 December 2012, the major operating projects and facilities of the Company were as follows:

Corporate Profile

(1) Major Natural Gas Operating Facilities of the Company

Corporate Profile

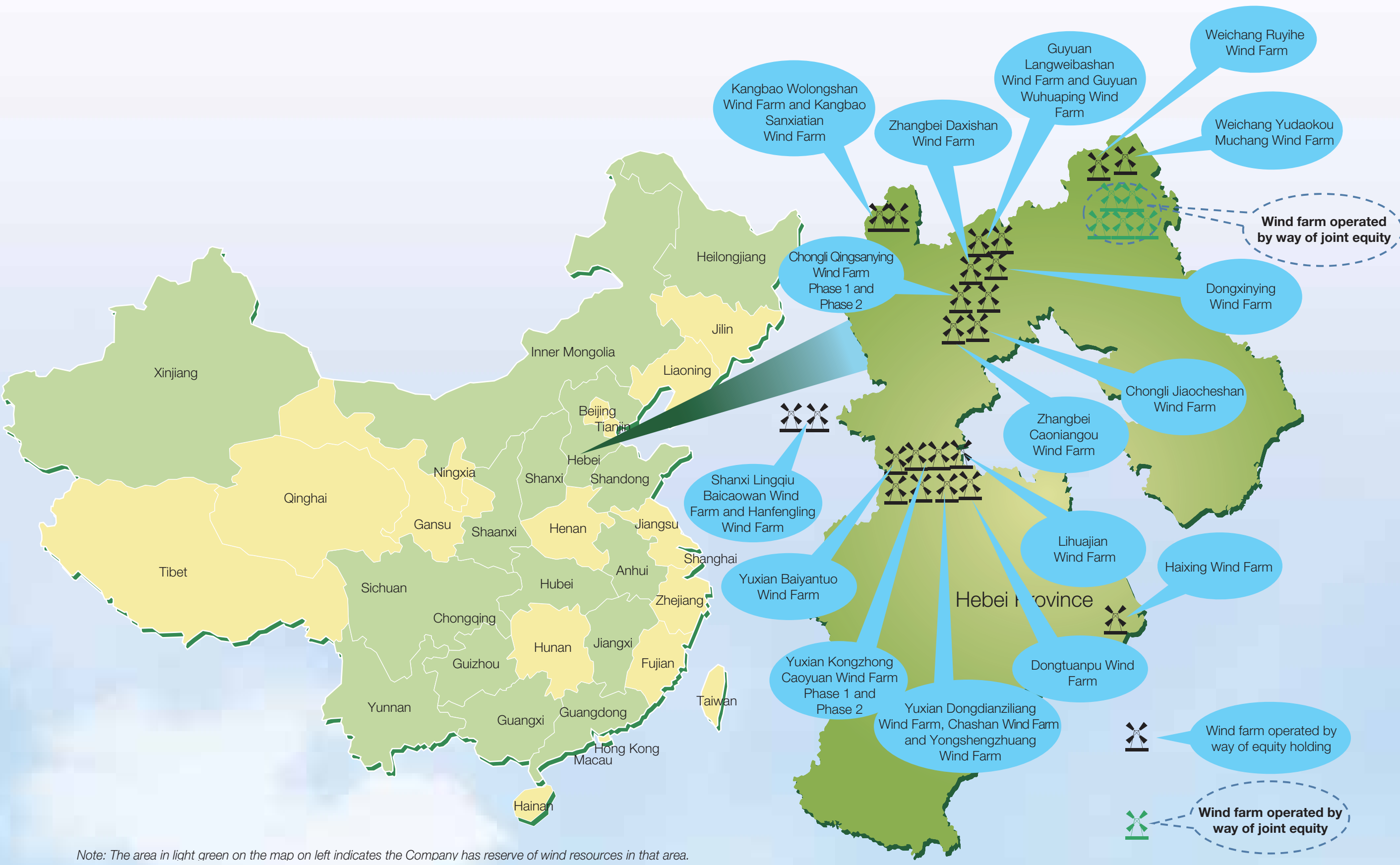
Facilities	Location	Ownership held	Description
Long-distance transmission pipeline	Zhuozhou City to Handan City[1]	100%	Transmits natural gas from our natural gas supplier to our various branch pipelines and city gas pipeline networks
	Gaoyi County to Qinghe County[2]	100%	Supplies natural gas by our natural gas supplier to pipelines from Gaoyi to Qinghe and surrounding cities
City gas project	Shahe City	100%	Distributes natural gas to retail customers of Shahe City and surrounding area
	Qinghe County	100%	Distributes natural gas to retail customers of the area under the administration of Qinghe County
	Xinji City	100%	Distributes natural gas to retail customers of the area under the administration of Xinji City
	Jinzhou City	100%	Distributes natural gas to retail customers of the area under the administration of Jinzhou City
	Shenzhou City	100%	Distributes natural gas to retail customers of the area under the administration of Shenzhou City
	Laiyuan County	100%	Distributes natural gas to retail customers of the area under the administration of Laiyuan County
	Laoting County	100%	Distributes natural gas to retail customers of Laoting New District
	Pingquan County	100%	Distributes natural gas to retail customers of the area under the administration of Pingquan County
	Shijiazhuang Economic Development Zone	100%	Distributes natural gas to retail customers of Shijiazhuang Economic and Technological Development Zone and High-Tech Industrial Development Zone
	Chengde City	90%	Distributes natural gas to retail customers of the area under the administration of Chengde City
	Handan Development Zone	70%	Distributes natural gas to retail customers of Handan Economic and Technological Development Zone
	Shanqian Industrial Zone of Southern Shijiazhuang	55%	Distributes natural gas to retail customers of the Industrial Zone of Southern Shijiazhuang
	Ningjin County	51%	Distributes natural gas to retail customers of the area under the administration of Ningjin County
	Baoding Development Zone	17%	Distributes natural gas to retail customers of Baoding National High-Tech Industrial Development Zone
	Changli County	100%	Distributes natural gas to retail customers of the area under the administration of Qinhuangdao Western Industrial Park Changli Park (including Zhugezhuang Town)
	Luanping County	100%	Distributes natural gas to retail customers of the area under the administration of Luanping County
	Feixiang County	100%	Distributes natural gas to retail customers of the area under the administration of Feixiang County
	Dacaozhuang Management District	100%	Distributes natural gas to retail customers of the area under the administration of Dacaozhuang Management District County
CNG primary filling stations	Shijiazhuang[3]	100%	Serves vehicular, industrial, commercial and residential end-users
	Shahe[4]	100%	Serves vehicular, industrial, commercial and residential end-users

Notes:

1. Specification of long-distance transmission pipeline from Zhuozhou City to Handan City is: 6.3 MPa standard pipeline of 361 km in length.
2. Specification of long-distance transmission pipeline from Gaoyi County to Qinghe County is: 6.3 MPa standard pipeline of 116 km in length.
3. Total designed capacity of compressing of Shijiazhuang CNG primary filling station is: 0.16 million m^3 per day.
4. Total designed capacity of compressing of Shahe CNG primary filling station is: 0.1 million m^3 per day.

Corporate Profile

(2) Controlling wind farms of the Company



Note: The area in light green on the map on left indicates the Company has reserve of wind resources in that area.

Corporate Profile

Project Name	Installed Capacity (MW)	Ownership held by the Company	Location
Kangbao Wolongshan Wind Farm	30	100%	Zhangjiakou
Guyuan Langweibashan Wind Farm	30.6	100%	Zhangjiakou
Haixing Wind Farm	49.5	70%	Cangzhou
Chongli Qingsanying Wind Farm Phase I	49.3	50%	Zhangjiakou
Yuxian Kongzhong Caoyuan Wind Farm Phase I	49.5	55.92%	Zhangjiakou
Chongli Qingsanying Wind Farm Phase II	49.3	51%	Zhangjiakou
Yuxian Kongzhong Caoyuan Wind Farm Phase II	49.5	55.92%	Zhangjiakou
Kangbao Sanxiatian Wind Farm	49.5	100%	Zhangjiakou
Guyuan Wuhuaping Wind Farm	49.5	100%	Zhangjiakou
Guyuan Dongxinying Wind Farm	199.5	100%	Zhangjiakou
Weichang Yudaokou Muchang Wind Farm	150	100%	Chengde
Yuxian Baiyantuo Wind Farm	49.3	55.92%	Zhangjiakou
Zhangbei Caoniangou Wind Farm	49.5	49%	Zhangjiakou
Chongli Jiaocheshan Wind Farm	49.3	51%	Zhangjiakou
Yuxian Dongdianziliang Wind Farm	49.5	55.92%	Zhangjiakou
Yuxian Chashan Wind Farm	49.5	100%	Zhangjiakou
Yuxian Yongshengzhuang Wind Farm	49.5	100%	Zhangjiakou
Zhangbei Daxishan Wind Farm	49.5	51%	Zhangjiakou
Lingqiu Hanfengling Wind Farm	49.5	55%	Datong, Shanxi
Lingqiu Baicaowan Wind Farm	49.5	55%	Datong, Shanxi
Laiyuan Dongtuanpu Wind Farm	49.5	100%	Baoding
Yuxian Lihuajian Wind Farm	49.5	100%	Zhangjiakou
Weichang Ruyihe Wind Farm	46	100%	Chengde
Weichang Zhangjiawan Wind Farm *	49.5	50%	Chengde
Weichang Guangfayong Wind Farm *	49.5	45%	Chengde
Weichang Shanwanzi Wind Farm *	49.5	50%	Chengde
Weichang Zhuzixia Wind Farm *	49.5	45%	Chengde
Weichang Dishuihu Wind Farm*	49.5	45%	Chengde

* Wind farms controlled by our business partners

Corporate Profile

As at 31 December 2012, the corporate structure of the Group is as follows:

China Suntien Green Energy Corporation Limited

- 100% Suntien Green Energy Weichang Company Limited
- 100% Suntien Green Energy Investment (Beijing) Company Limited
- 10% / 100% HECIC New-energy Co., Ltd.
- 100% Suntien Green Energy (Hong Kong) Corporation Limited
- 100% Jianshui Suntien Windpower Company Limited
- 92% Suntien Green Energy (Fengning) Company Limited
- 55% Hebei Natural Gas Company Ltd.
- 80% Heilongjiang Suntien Hadian New Energy Investment Company Limited
- Inner Mongolia Branch

HECIC New-energy Co., Ltd.

- 100% HECIC Zhangjiakou Wind Energy Co., Ltd.
- 100% Hebei Suntien Kechuang New Energy Technology Co., Ltd.
- 100% HECIC Yanshan (Guyuan) Wind Power Co., Ltd.
- 100% Guyuan Suntien Wind Power Company Limited
- 100% Kangbao Suntien Wind Energy Co., Ltd.
- 100% Shangyi Suntien Wind Energy Co., Ltd
- 100% Keyouqianqi Suntien Wind Energy Co., Ltd.
- 100% Yuxian Suntien Wind Energy Co., Ltd.
- 100% Laoting CIC Wind Energy Co., Ltd.
- 100% Zhangbei Suntien Wind Energy Co., Ltd.
- 100% Laiyuan Suntien Wind Energy Co., Ltd.
- 100% Changli Suntien Wind Energy Co., Ltd.
- 70% HECIC Zhongxing Wind Energy Co., Ltd.
- 60% Chengde Yuyuan Wind Energy Co., Ltd.
- 55.92% HECIC Yuzhou Wind Energy Co., Ltd.
- 55% Lingqiu CIC Hengguan Wind Energy Co., Ltd.
- 51% Chongli CIC Huashi Wind Energy Co., Ltd.
- 51% Zhangbei CIC Huashi Wind Energy Co., Ltd.
- 49% Zhangbei Huashi CIC Wind Energy Co., Ltd.
- 50% Hebei Jiantou Longyuan Chongli Wind Energy Co., Ltd.
- 50% Hebei Weichang Longyuan Jiantou Wind Energy Co., Ltd.(1)
- 45% Longyuan Jiantou (Chengde) Wind Energy Generation Co., Ltd.(2)
- 45% Longyuan Jiantou (Chengde Weichang) Wind Energy Generation Co., Ltd.(3)
- Yudaokou Wind Energy Branch
- Dongxinying Wind Energy Branch
- Kangbao Sanxiatian Wind Energy Branch
- Xinyuan Technology Branch

Hebei Natural Gas Company Ltd.

- 100% Shijiazhuang CIC Natural Gas Co., Ltd.
- 100% Jinzhou Weiye Gas Co., Ltd.
- 100% Shenzhou Weiye Gas Co., Ltd.
- 100% Xinji Zhongchen Gas Co., Ltd.
- 90% Chengde City CIC Natural Gas Co., Ltd.
- 52.5% Hebei Zhaodu Natural Gas Co., Ltd.
- 55% Shijiazhuang Huabo Nature Gas Co., Ltd.
- 51% Ningjin County CIC Natural Gas Co., Ltd.
- 20% PetroChina Jingtang Liquefied Natural Gas Co., Ltd.(4)
- 17% Baoding PetroChina Kunlun Gas Co., Ltd.(5)
- Laiyuan Branch
- Shahe Branch
- Qinghe Branch
- Guandao Branch
- Laoting Branch
- Pingquan Branch
- Changli Branch

Notes:

(1) Hebei Weichang Longyuan Jiantou Wind Energy Co., Ltd. is an associate of the Company

(2) Longyuan Jiantou (Chengde) Wind Energy Generation Co., Ltd. is an associate of the Company

(3) Longyuan Jiantou (Chengde Weichang) Wind Energy Generation Co., Ltd. is an associate of the Company

(4) PetroChina Jingtang Liquefied Natural Gas Co., Ltd. is a long-term investment company of the Company

(5) Baoding PetroChina Kunlun Gas Co., Ltd. is a long-term investment company of the Company

Financial Highlights and Major Operation Data

Consolidated Comprehensive Income

(Unit: RMB'000)

	2008	2009	2010	2011	**2012**
Revenue	1,018,733	1,517,261	2,242,757	3,169,831	**3,702,079**
Profit before taxation	161,162	305,839	489,872	700,785	**803,438**
Income tax	(9,936)	(18,735)	(58,181)	(81,797)	**(7,415)**
Profit for the year	151,226	287,104	431,691	618,988	**796,023**
Total comprehensive income for the year, net of taxation	151,226	287,104	431,691	618,988	**796,023**
Attributable to:					
Owners of the Company	86,850	166,322	279,719	448,908	**549,701**
Non-controlling interests	64,376	120,782	151,972	170,080	**246,322**
Earnings per share	4.34 cents	8.32 cents	12.38 cents	13.86 cents	**16.97 cents**
Diluted	4.34 cents	8.32 cents	12.38 cents	13.86 cents	**16.97 cents**

Consolidated Financial Position (as at 31 December)

(Unit: RMB'000)

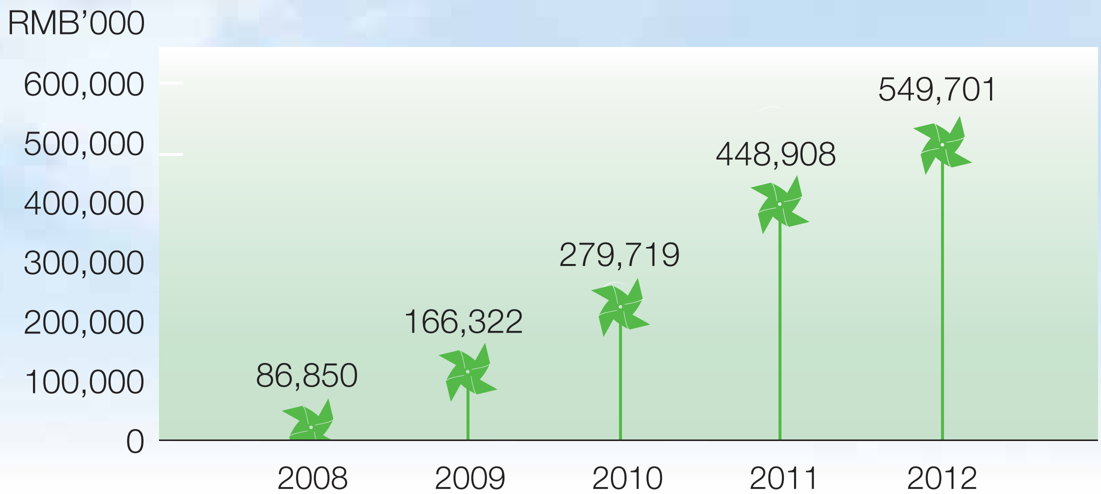
	2008	2009	2010	2011	**2012**
Total non-current assets	3,585,399	5,241,464	8,800,910	12,096,646	**13,031,304**
Total current assets	480,452	542,025	2,911,182	1,962,490	**2,231,307**
TOTAL ASSETS	4,065,851	5,783,489	11,712,092	14,059,136	**15,262,611**
Total current liabilities	788,522	1,728,290	2,696,046	1,823,692	**2,096,288**
Total non-current liabilities	1,885,829	2,177,398	3,577,457	6,140,469	**6,543,635**
TOTAL LIABILITIES	2,674,351	3,905,688	6,273,503	7,964,161	**8,639,923**
NET ASSETS	1,391,500	1,877,801	5,438,589	6,094,975	**6,622,688**
Equity					
Equity attributable to the owners of the Company	995,019	1,343,718	4,810,732	5,205,785	**5,567,657**
Non-controlling interests	396,481	534,083	627,857	889,190	**1,055,031**
TOTAL EQUITY	1,391,500	1,877,801	5,438,589	6,094,975	**6,622,688**

Financial Highlights and Major Operation Data

Consolidated Revenue

Consolidated revenue (RMB'000)

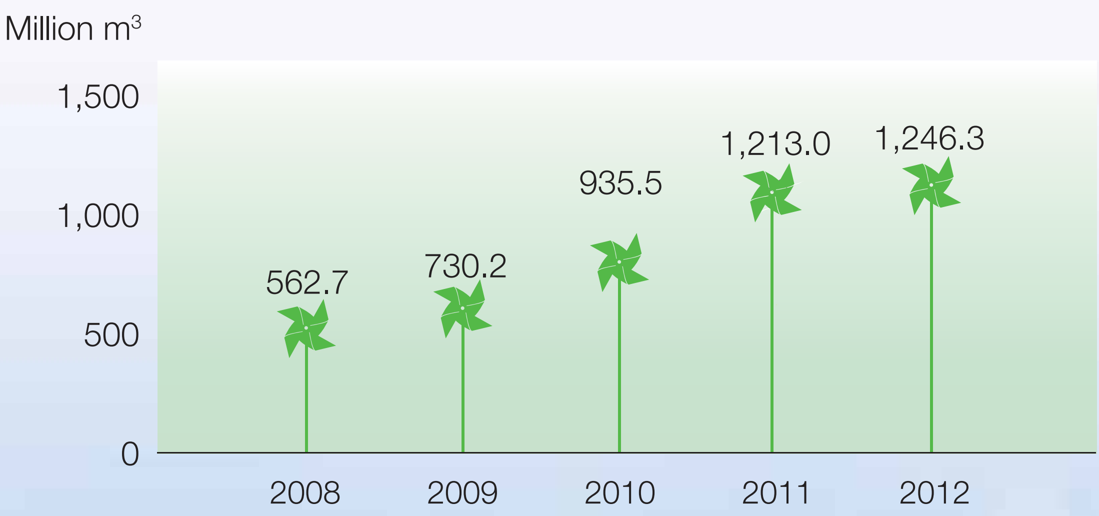
Consolidated Net Profit Attributable to Owners of the Company



Net profit attributable to owners of the Company (RMB'000)

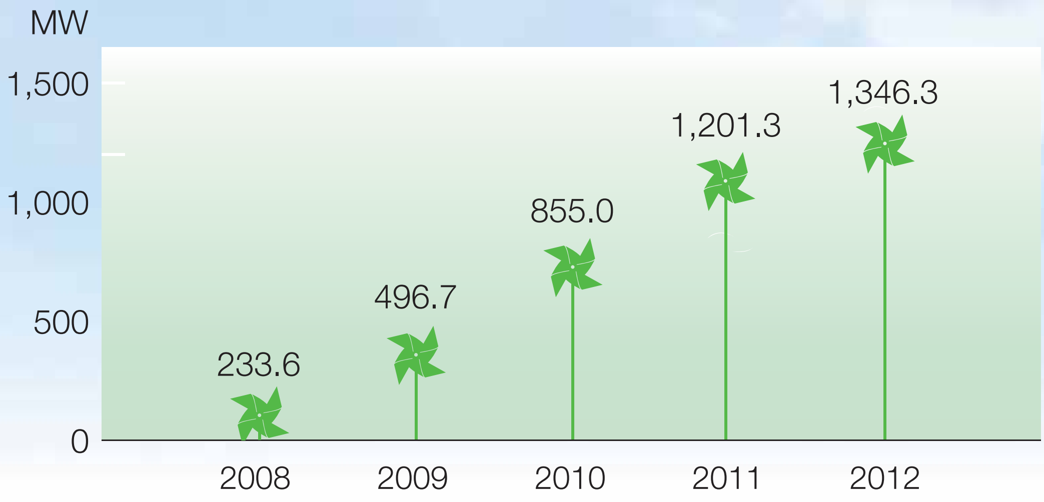
Financial Highlights and Major Operation Data

Natural Gas Sales Volume



Natural Gas sales volume (million m^3)

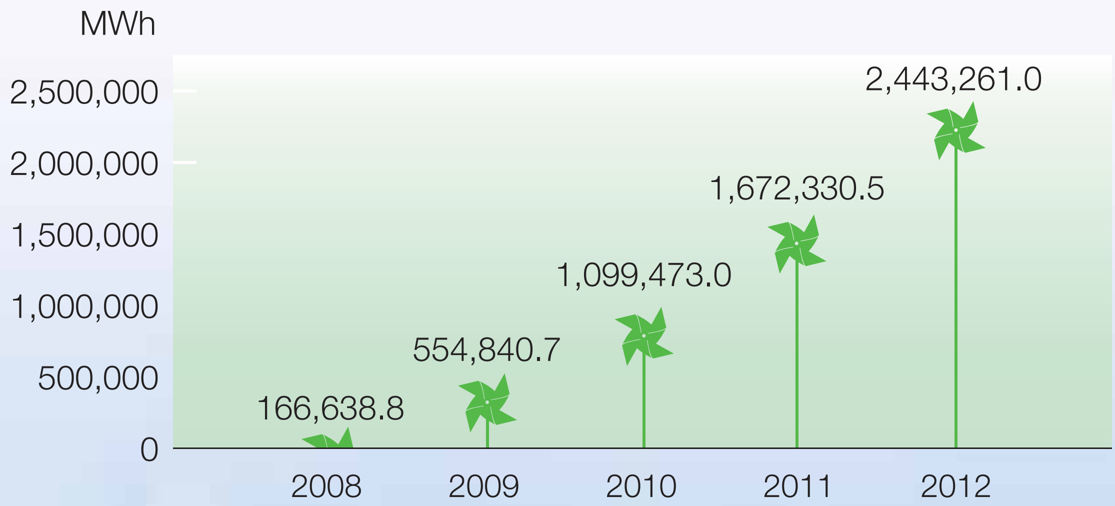
Wind Power Consolidated Installed Capacity



Wind Power Consolidated Installed Capacity (MW)

Financial Highlights and Major Operation Data

Consolidated Net Power Delivered to Grid



Consolidated Net Power Delivered to Grid (MWh)

Management Discussion and Analysis

1. INDUSTRY REVIEW

In 2012, global economy remained in slow recovery after the crisis. The economy of China exhibited an overall growth momentum, with annual GDP grew by 7.8% and total electricity consumption reaching 4,959,100 million KWh in 2012, a 5.5% growth as compared with last year. The stability of the economy provided a desirable environment for development of new energy industries.

From a long-term perspective, the Chinese government set the target of establishing a safe, stable, economic and clean modern energy industry system in its "Twelfth Five-year" energy plan. In supporting such target, "Twelfth Five-year" plans for development of wind power, natural gas and solar power were released, which established development targets for new energy industries for the twelfth five years: by the end of 2015, installed operating wind power capacity of China reaching 100 million KW of which annual generation capacity reaching 190,000 million KWh, representing an increase of 64.4% and 89.2% from 60.83 million KW and 100,400 million KWh in 2012, respectively; domestic natural gas supply capacity reaching the level of 176,000 million m^3, representing an increase of 63.4% from 107,700 million m3 in 2012; and installed solar power capacity exceeding 21 million KW of which annual generation capacity reaching 25,000 million KWh, representing an increase of 540% and 614% from 3.28 million KW and 3,500 million KWh in 2012, respectively.

It is noteworthy that the prolonged haze in winter 2012 aggravated air pollution, which will cause the government to quicken its adjustment to energy structure and accelerate exploitation and usage of clean energy.

Based on the above, development of new energy industries is a principal measure of the Chinese government to change the form of economic development and optimize and upgrade industrial structure. The prospect of the industry is promising.

2. BUSINESS REVIEW

I Natural Gas

(1) Business Review

1. Steady growth in sales volume of natural gas

During the reporting period, the Group overcame unfavourable factors including reduction in production capacity of industrial users and intensified competition in mid-stream natural gas market resulted from the slowdown in macro-economy as well as tight natural gas supply in winter. We actively guaranteed natural gas sources and made a stable growth in gas sales with annual sales volume of 1,246 million cubic meters,

Management Discussion and Analysis

representing an increase of 2.8% from last year, of which: the piped natural gas sold to wholesale customers was 694 million cubic meters, accounting for 55.7% of the total sales volume, representing a decrease of 6.2% from last year; the sales volume of gas in retail business, including city natural gas, was 492 million cubic meters, accounting for 39.5% of the total sales volume, representing an increase of 16.0% from last year; CNG sales amounted to 60 million cubic meters, accounting for 4.8% of the total sales volume, representing an increase of 27.7% from last year. The Group optimized its business structure by increased development in retails and sales of CNG that are more profitable.

2. Smooth progress in the development of pipeline network projects

As at 31 December 2012, the work of the natural gas infrastructure management of the Group progressed smoothly. Among others, Chengde natural gas utilization project completed 92% of the whole construction, of which main structures of the CNG primary filling station had been completed, one gas refilling station had commenced operation and two other were undergoing preliminary formalities; 90% of the main structures welding of Huancheng sub-high pressure pipeline in Shahe had been completed, of which one refilling station had commenced operation; and phase I pipeline construction of the ten counties in Central Hebei Province had commenced.

As of 31 December 2012, the Group owned two long-distance natural gas transmission pipelines, four high-pressure branch pipelines, 13 natural gas distribution stations, two CNG primary filling stations and two refilling stations. The Group owned long-distance natural gas transmission pipelines with a total length of 550 km and city pipeline network with a length of 401 km.

3. Greater effort in market development to further develop urban natural gas market

During the reporting period, the Group strengthened retail and CNG business. In the retail segment, new industrial users in retail segment increased by 14, representing an increase of 13.4% and new residential users increased by 17,126, representing an increase of 52%. In CNG segment, two new CNG refilling stations were built. The total account opening fee charged by the Group for the year reached RMB19.85 million, representing an increase of 109% from last year.

During the reporting period, the Group established Tangshan Qinhuangdao project preparation offices to commence local city gas business, respectively. Qinhuangdao Changli natural gas project has finished its company registration, obtained approvals and natural gas sales concession. Furthermore, the Group also established a project preparation office in Baoding to initiate local CNG primary filling station and refilling station projects, in respect of which approvals have been obtained.

Management Discussion and Analysis

As of 31 December 2012, the Group covered four new areas, including Changli County, Luanping County, Feixiang County and Dacaozhuang Management District, and had entered into 18 regional markets in total.

4. Actively promoting the development of natural gas resource projects

The Group obtained approvals from the Development and Reform Commissions of Hebei Province and Shanxi Province with respect to Shanxi coalbed methane introduction project in December 2012. The designed gas transmission capacity of the project is 490 million cubic meters. After the commencement of operation of the project, the Group will be able to better allocate natural gas resource within Hebei Province to enhance complement of various resources, which will alleviate considerably the tight supply of natural gas in winter and even throughout the whole year.

During the reporting period, Caofeidian LNG project, in which the Group has non-controlling interest, proceeded as planned. 80% of the construction of phase I 3.5 million ton LNG terminal has been completed and it is expected to be ready for operation by the end of 2013.

5. Exploration for new management model

During the reporting period, purchasing mode of natural gas business of the Group has changed from centralized purchasing to centralized management and purchasing solely by branches and subsidiaries, as a result of which the purchasing cycle was shortened by approximately 40%. In addition, purchasing network platform was open for operation so as to enhance internal circulation and utilization rate of materials and lower purchasing cost.

(2) Major Financial Indicators of Natural Gas

Revenue

During the reporting period, the Group recorded natural gas sales revenue of RMB2,569 million, representing an increase of 6.8% over the corresponding period last year, mainly due to the increase in natural gas sales volume and installation income during the year. In particular, pipeline wholesale business recorded sales revenue of RMB1,234 million, representing 48.0% of the Group's sales revenue from natural gas; retail business, such as city natural gas, recorded sales revenue of RMB1,086 million, representing 42.3% of the Group's sales revenue from natural gas. CNG business remained stable, recording sales revenue of RMB129 million, representing 5% of the Group's sales revenue from natural gas. Installation and other income was RMB120 million, representing 4.7% of the Group's sales revenue from natural gas.

Management Discussion and Analysis

Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution cost, administrative expenses and other expenses) of the Group's natural gas business was RMB2,103 million, representing an increase of 5.6% from RMB1,990 million over the corresponding period last year. This was mainly due to the increase in natural gas sales volume and operating cost during the year.

Operating profit

During the reporting period, the operating profit of the natural gas business was approximately RMB470 million, representing an increase of 11.9% from RMB420 million over the corresponding period last year. The increase was mainly due to the increase in gas sales volume and installation income. Gross profit margin was 21.6%, representing an increase of 1.5% from 20.1% over the corresponding period last year, mainly due to changes in natural gas sales structure and larger proportion of retail businesses with higher gross profit margin.

II Wind Power Business

(1) Business Review

1. Steady growth in the installed capacity of wind power

During the reporting period, the installed capacity of the Group continued its growth, and consolidated installed capacity of wind power increased by 145MW. As at 31 December 2012, the total installed capacity of wind power of the Group amounted to 1,593.8MW, representing an increase of 10% from last year, and consolidated installed capacity was 1,346.3MW, representing an increase of 12.1% from last year, of which 1,247.3MW and 99MW were contributed from within and outside Hebei Province, respectively. The attributable installed capacity was 1,193.6MW, representing an increase of 13.8% from last year.

The power generation of the Group grew significantly. During the reporting period, the gross power generation of the Group amounted to 2,528 million KWh, representing an increase of 44.4% from 1,751 million KWh of last year.

2. Operation, maintenance and management of wind farms reached an advanced level in the industry

During the reporting period, benefited from higher operation, maintenance and management level, the average utilization hours of the consolidated wind farms of the Group was 2,290 hours, representing an increase of 242 hours or 11.8% as compared to the corresponding period last year. The average availability factor of consolidated wind farms amounted to 97.60%, representing an increase of 0.8 percentage points over the corresponding period last year. Average auxiliary electricity rate of wind farms was maintained at 2.39%, which is approximately the same as last year.

Management Discussion and Analysis

To meet requirements of grid corporations on wind power grid and ensure smooth operation of wind farms, the Group has been upgrading the technology of wind farms, including low voltage ride through, reactive power compensation device and wind power forecasting system since the second half of 2011. As of 31 December 2012, the upgrade of technology was generally completed, which could satisfy the requirements of power grid.

3. Actively promoting the construction of projects to ensure quality

The Group actively promoted the construction of projects. As of 31 December 2012, 145MW of wind turbine installed capacity of the Group had been completed. In addition, there were four projects under construction with installed capacity of 300.5MW in progress, among which Yuxian Dongxinghe wind farm project and Lianyuan Huanghualiang wind farm project, which were scheduled to commence operation in the year, had been delayed due to winter blizzard and other reasons. To ensure their quality, the Company extended construction of the two projects and they are expected to be completed and come into operation in 2013.

For infrastructure, the Group, by incessantly adhering to its philosophy of refinement and strengthening management and control of construction, promoted enhancement of quality management based on the goal of “quality works, exquisite works”. During the reporting period, the overall quality of construction works were excellent without any safety incidents occurred. In particular, the 199.5MW wind power project of Dongxinying was awarded the 2011-2012 National Silver Premium Quality Project and the 49.5MW wind power project of Yuxian Dongdianziliang was awarded “Anji Cup” – the highest honor in construction sector of Hebei Province.

4. Further expansion of wind resources reserve

During the reporting period, the Group continued to reinforce wind resources in Hebei Province, and at the same time strengthened the development and reserve of regional wind resources nation-wide. The annual increase of reserved capacity of wind resources was 3,500MW, including 850MW and 2,650MW within and outside Hebei Province, respectively. The total wind resources reserve capacity of the Group reached 19,799.7MW, which spanned across 17 provinces and municipalities. During the reporting period, wind power projects in Xinjiang and Inner Mongolia made breakthroughs, with approved capacity amounting to 99MW, which opened a new page for development of wind power projects of the Group outside Hebei province.

During the reporting period, the Group had an additional approved wind power Projects with a capacity of 295.8MW and additional preliminary approved projects with a capacity of 1,042MW. The accumulated capacity of the preliminary approved projects reached 2,750.9MW.

5. Active promoting the development of CDM in wind power projects

During the reporting period, the Group made new progress in the development of CDM projects. There were nine new registered projects with installed capacity of 594MW. The total number of the Group’s CDM registered projects increased to 26 and the total capacity of registered projects to 1,646.8MW.

Management Discussion and Analysis

During the reporting period, affected by continuous low price of carbon in international market, the total CDM revenue of the Group amounted to RMB48.27 million, contributing to 12.3% of profit of the wind power business, representing a decrease of RMB49.07 million as compared with corresponding period last year.

6. Substantial progress in offshore wind power project

During the reporting period, the Group made substantial progress in offshore wind power project. The model project of 300MW offshore wind farm located at Puti Island, Laoting, Tangshan, Hebei received approvals on its feasibility report from related departments and authorities after evaluation. The special demonstration and assessment of the project proceeded as scheduled, and replies from authorities including Ministry of Transportation and Communications, the Investment Division of the National Development and Reform Commission, State Administration of Work Safety, Oceanic Administration of Hebei Province, Seismological Bureau of Hebei Province had been received, which paved a straight road to the final approval of the project.

(2) Major Financial Indicators of the Wind Power Business

Revenue

During the reporting period, the Group realized wind power sales revenue of RMB1,133 million, representing an increase of 48.1% from last year. The increase was mainly due to seven wind farms switched into commercial operation and higher average utilization hours of wind farm as compared with last year.

Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution cost, administrative expenses and other expenses) of the Group's wind power business was RMB570 million, representing an increase of 40.5% from last year. This was mainly due to the seven wind farms switched into commercial operation and the corresponding increase in operating cost during the year.

Operating profit

During the reporting period, the operating profit of the wind power business was RMB617 million, representing an increase of 29.2% from the same period last year. The increase was mainly due to increased operating profit resulting from commencement of commercial operation of wind farms and increase in utilization hours of wind farm in the year. The gross profit margin was 60.3%, representing an increase of 4.2 percentage points from the same period last year. This was mainly due to the increase in the utilization hours, which then led to the decrease in unit fixed costs.

Management Discussion and Analysis

III Other Renewable Energy Business

The Group has long been concerned about the development of other renewable energy technologies and actively facilitated the building of solar model projects so as to accumulate experiences for industrialization in the future. During the reporting period, the Group operated the 1MW solar power project in Baoding Laiyuan Zhoucun of Hebei Province, where the 10MW solar power project in Laiyuan Jinjiajing was qualified to commence construction and solar power projects of 51MW were pending approval.

3. FUND MANAGEMENT AND FINANCING

During the reporting period, the Group adopted diversified financing methods, which effectively reduced the financing cost and secured a smooth and stable fund chain. Firstly, the Group secured a total of RMB13,838 million loan credits domestic banks. Secondly, the Group lowered its financing costs through foreign direct loans and issuance of short-term financing bills and low-cost bonds: the Group received RMB200 million of foreign direct loans in Hong Kong and issued RMB200 million of short-term financing bills domestically in the year. Thirdly, the Group continued to leverage on the cash management system to enhance capital allocation between the natural gas segment and the wind power segment to reduce borrowing costs and enhance capital efficiency.

4. ANALYSIS OF COMBINED OPERATING RESULTS

Overview

During the reporting period, the profit of the Group increased significantly. According to the audited consolidated statement, net profit for the year was RMB796 million, representing an increase of 28.6% from 2011; net profit attributable to owners of the Company was RMB550 million, representing an increase of 22.5% from 2011.

Revenue

In 2012, the Group recorded a revenue of RMB3,702 million, representing an increase of 16.8% from 2011, of which:

1. natural gas business recorded sales revenue of RMB2,569 million, representing an increase of 6.8% from 2011. This was mainly attributable to the increase in gas sales volume and rapid growth in installation income during the year.

2. wind power business achieved sales revenue of RMB1,133 million, representing an increase of 48.1% from 2011. This was mainly due to the increase in the number of wind farms that commenced commercial operation in the year and the significant increase in the utilization hours of wind farm as compared to last year.

Management Discussion and Analysis

Revenue	2012 RMB'000	2011 RMB'000	Percentage change %
Natural gas	**2,569,338**	2,404,749	6.8%
Wind power	**1,132,741**	765,082	48.1%
Total	**3,702,079**	3,169,831	16.8%

Other income and net gains

In 2012, the Group recorded other income and net gains of RMB78 million, representing a decrease of 42.3% from 2011. This was mainly due to a significant decrease in net revenue from CDM resulting from a significant reduction of carbon trading market price in international markets.

Operating costs

During the reporting period, the Group's operating cost, including cost of sales, selling and distribution cost, administrative expenses and other expenses, aggregated to RMB2,713 million, representing an increase of 11.6% from 2011. This was mainly due to the increase in the volume of natural gas sold and increase in cost corresponding to addition of new wind farms. Among others:

1. during the reporting period, the Group's cost of sales was RMB2,464 million, representing an increase of 9.2% from 2011. This was mainly due to the increase in depreciation expenses resulting from addition of new wind farms and the increase in purchasing costs of gas resulting from growth of natural gas sales.

2. during the reporting period, the Group's administrative expenses was RMB195 million, representing an increase of 28.0% from 2011. This was mainly due to the corresponding increase in staff costs and administrative costs as a result of the Group's business expansion.

3. during the reporting period, the Group's other expense was RMB54 million, consisting mainly of impairment provision for CERs receivables, which increased by 145.3% from 2011. This was mainly due to impairment provision for CERs receivables.

Finance costs

During the reporting period, the Group's finance costs were RMB354 million, representing an increase of 44.4% from RMB245 million in 2011. This was mainly due to the fact that there were a total of seven wind power projects completed for operation for the year and the interest expenses for the projects were capitalized after they put into operation in 2012.

Management Discussion and Analysis

Share of profit of associates

During the reporting period, the Group's share of profit of associates was RMB90 million, representing an increase of 24% from RMB73 million in 2011. This was mainly due to the profit increase in wind farms in which the Group has non-controlling interest.

Income tax expense

During the reporting period, the Group's net income tax expense was RMB7 million, representing a decrease of 90.9% from RMB82 million for the corresponding period in 2011. This was mainly due to the write-off of current income tax caused by "3+3 tax holiday", which has been enjoyed since 2012 by the wind power projects of HECIC New-energy Co., Ltd. which commenced operation before 2008. Hebei natural Gas Company Limited ("Hebei Natural Gas") enjoyed "2+3 tax holiday" of income tax from 2008 to 2012, and it will be subject to full payment of income tax with a tax rate of 25% from 1 January 2013 onwards.

Net profit

During the reporting period, the Group recorded a net profit of RMB796 million. Net profit attributable to owners of the Company was RMB550 million, representing an increase of 22.5% from 2011. Basic earnings per share attributable to owners of the Company was RMB0.17, representing an increase of RMB0.03 from 2011.

Trade and bills receivables

As of 31 December 2012, the Group's trade and bills receivables was RMB843 million, representing an increase of 112.6% from 2011. This was mainly due to the relatively delay in the additional grants for renewable energy power price which led to the increase in trade receivables. The Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) issued by the Ministry of Finance at the beginning of 2012 had set a new settlement procedures for renewable energy power price and which resulted in certain additional grants of renewable energy tariff had not been settled in 2012. In addition, due to the economic downturn, natural gas companies received more acceptance bills from downstream customers.

Interest-bearing bank and other borrowings

As of 31 December 2012, the Group's long-term and short-term borrowings totaled RMB7,500 million, representing an increase of RMB749 million compared with the end of 2011. Among the total borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB971 million and long-term borrowings amounted to RMB6,529 million.

Management Discussion and Analysis

Liquidity and capital resources

As of 31 December 2012, the Group's net current assets was RMB135 million. The net increase in cash and cash equivalents was RMB-162 million. The Group has total banking facilities of RMB13,838 million granted by various domestic banks, of which RMB6,331 million was utilised. In addition, the proceeds of the corporate bonds issued by the Company on 23 November 2011 was RMB2,000 million.

Net gearing ratio

As of 31 December 2012, the net gearing ratio (net liabilities divided by the sum of net liabilities and equity) of the Group was 54%, which basically remained unchanged as compared with 54% as at 31 December 2011.

Capital expenditures

Capital expenditures mainly include the construction cost for construction of new wind power projects, natural gas pipelines and additions to property, plant and equipment and prepaid land lease payments. Capital resources mainly include bank borrowings and cash flow from the Group's operating activities. During the year, the Group's capital expenditures were RMB1,464 million, representing a decrease of 53.9% from RMB3,173 million in 2011, which was mainly due to the slowdown of approval processes of wind power projects by the government and thus certain projects did no commenced according to plans. Segment information of capital expenditures is as follows:

Capital expenditures	**2012 RMB'000**	2011 RMB'000	Percentage change %
Natural gas	**283,869**	282,120	0.6%
Wind power	**1,129,519**	2,890,056	-60.9%
Unallocated capital expenditures	**50,495**	431	11,615.8%
	1,463,883	3,172,607	-53.9%

5. OBJECTION FOR YEAR 2013

In 2013, under the leadership of the Board, the Group will further strengthen its operation and management to enhance efficiency. It will also strongly promote the development and construction of projects with an aim of achieving a rapid growth in business development. In 2013, the Group will strive to complete the following goals:

I Natural Gas Business

1 Actively promote the market development of natural gas, maintain growth in total wholesale volume; actively expand city gas business so as to enter into more new markets and achieve the continuing growth in gross profit of the Company.

Management Discussion and Analysis

2 Accelerate the construction progress of pipeline network project (phase I) of ten counties in Central Hebei Province, and at the same time strengthen the development of markets around pipelines to ensure the establishment of a natural gas market of considerable size when the project comes into operation.

3 Actively push ahead with the progress of CNG and LNG projects to ensure the completion of CNG primary filling stations in Chengde and Baoding, and strengthen the development of CNG refilling stations to ensure the completion of LNG projects in Shahe.

4 Promote the construction of coalbed methane pipeline in full force and secure natural gas source in advance so as to put projects into operation as soon as possible.

II Wind Power Business

1 Accelerate the construction of approved wind power projects to ensure wind farms commence operation as scheduled. Follow up with the layout plan of the wind power industry and the local power grid plans, and accelerate the process of obtaining preliminary approvals and formal approval and commencement of construction of reserved projects.

2 Continuously enhance the level of operation, maintenance and management of wind farms and strengthen communications with grid corporation to limit the exposure of grid constraint to the greatest extent and maintain higher utilization rate and average utilization hours of wind farms.

3 Actively push ahead with the implementation of offshore wind farm at Puti Island, Laoting, Tangshan and strive for obtaining approvals and replies in respect of the project in 2013, and well perform preparatory work for project commencement.

4 Actively push ahead the development and construction of major projects outside Hebei Province and strive for breakthrough of such projects in regions with more abundant resources.

6. OPERATIONAL RISKS

I Natural Gas business

Risks of competition in market

The market competition is further intensified. Competition has been increasingly keen in existing market and target markets, where the Company is facing challenges from various competitors such as state-owned enterprises, foreign enterprises and privately-owned enterprises.

Management Discussion and Analysis

Risks of shortage of gas sources

At present, the Company has PetroChina as the sole supplier. Under current mechanism of retail price formation, there may not be strong subjective desire for gas suppliers to increase gas supply volume. If policies of the gas price reform are successfully rolled out, the gas supply will be gradually loosened correspondingly.

Risks of market demand

Downstream industrial users of the Company are generally low value-added enterprises. A surge in gas usage cost may result in certain users shifting from natural gas to alternative energies such as coal and heavy crude oil. Accordingly, if the gas reform proposal is too aggressive, there will be some pressure on the market demand.

Risks of macro economy

If the macro economy does not rebound, demand for energy will not be able to revive. In particular, downstream industrial users under retail gas business of the Group are enterprises engaged in the manufacture of glass and steel for construction use. Affected by the macro economy, some of the enterprises may reduce or suspense their production, which will have certain impacts on gas sales volume of the Company.

II Wind Power Business

Industry risks

During the Twelfth Five-Year Plan period, the China will continue to administer the approved plan of wind power development to encourage a more orderly development of the wind power industry. However, the administration of the wind power approved plan will affect the development and construction progress of individual projects in certain areas, thereby affecting the development pace of the Group's new wind power projects.

Climatic risks

The annual generating capacity of wind farms depends on the weather conditions where they are located, particularly the wind resources. As the wind power resources vary greatly every year, our estimated annual generating capacity differs from the actual annual generation capacity to a certain extent. Moreover, some extreme weathers will also affect the construction and normal power generation of wind power projects, leading to delay in putting projects into operation and reduction in power generation of operating projects.

Management Discussion and Analysis

Risks of grid connection

After continuous large-scale development and construction in the wind power industry of the PRC in recent years, power grid ancillary works in some regions lagged behind significantly. Project approval and power grid connection are restricted by the transmission limitations of regional power grids. Located at the national wind power base in Hebei region, most of the Group's wind farms are exposed to a certain degree of grid connection and grid constraint risks. The State Grid Corporation has gradually introduced a number of initiatives to improve the conditions of wind power grid connection. The conditions of wind power grid connection will be further improved. Upon the completion of the wind power forecasting system for power grid and wind farms, wind farms will be equipped with the capability for energy management. In view of the increased control of power grid over wind farms, the risk of grid constraint will be gradually reduced.

CDM risks

Though the Kyoto Protocol was extended to 2020 in the Doha Climate Change Conference, members of the conference were inactive towards the emission reduction obligation thereof and several of the major ones withdrew from the protocol, which plunged market price of carbon, significantly reduced income of the Group from projects at floating price and posed default risk to purchasers of projects at fixed price.

From 2013 onwards, when there is still demand in the market, CDM emission reduction will be sold at a floating price. However, such price has been declined to the level of around 0.2 euro, and income sales of the CDM emission reduction will be reduced.

Risks of higher construction costs

On 28 November 2012, the State Council passed an amendment to the Land Administration Law of the People's Republic of China (draft) (中華人民共和國土地管理法修正案(草案)), which was mainly made to raising land acquisition compensation. The draft will be submitted to NPCSC for discussion and, if passed, is expected to increase land acquisition compensation of wind farms projects of the Group and thus increase the construction costs of such projects. In addition, prices of construction materials will be volatile according to market condition and thus led to the increases in investments and costs.

Other operational risks

With the intensification of competition in wind resources development, areas with abundant wind resources and condition conducive to electricity transmission are almost divided and occupied. Wind resources level of new wind power projects may decline and investment profit may face more challenges.

With business of the Company spreading nation-wide, locations of the wind farms will be become scattered. The management experiences of the Company as accumulated in regional production, such as construction quality, power generation management and operational maintenance of equipment, will face challenges of scattering in geographical location and change in condition.

Management Discussion and Analysis

(3) Financial risk

During the Twelfth Five-Year Plan period, the Group will be exposed to greater financial pressure due to huge capital expenditure as required for the construction of wind farms and natural gas pipelines. In 2012, China implemented the prudent monetary policy and made moderate fine-tune. The People's Bank of China consecutively reduced loan interest rates for twice to maintain economic growth, ease the financial tensions of domestic enterprises and lower cost of corporate financing. China will continue to implement the prudent monetary policy in 2013 while taking "maintain growth" and "control inflation" into account at the same time which, though it will improve the availability of corporate financing, will bring about a smaller possibility of loan interest reduction and thus maintain a higher corporate financing cost.

Material investments

Hebei Natural Gas, a non-wholly owned subsidiary of the Company, entered into a joint venture contract with PetroChina Company Limited and Beijing Enterprises Group Company Limited on 16 October 2011 to set up a joint venture, PetroChina Jingtang LNG Co., Ltd (中石油京唐液化天然氣有限公司), for the development of the LNG terminal project in Tangshan, details of which were set out in the announcement titled "Discloseable Transaction-Establishment of a Joint Venture Company" issued by the Company on 17 October 2011. To inject the second phase of capital contribution to the joint venture and for the subsequent construction of the LNG project in Tangshan, the Company made a capital injection to Hebei Natural Gas in November 2012. The contribution to the increased registered capital of Hebei Natural Gas by the Company and Hong Kong & China Gas (Hebei) Limited, another shareholder of Hebei Natural Gas, amounts to RMB55 million and RMB45 million, respectively. The capital contribution by the Company to Hebei Natural Gas was funded by internal resources of the Group.

Material acquisitions and disposals

The Group had no material acquisitions and disposals during the year.

Charge on assets of the Group

During the year, the Group had no charge on its assets.

Risk of fluctuations in exchange rate

The CDM income of the wind power business of the Group is in foreign currencies. Hence, there is risk of changes in exchange rate.

Contingent liabilities

During the year, the Group had no contingent liabilities.

Biographies of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Dr. Li Lian Ping (李連平), aged 50, was a non-executive Director and chairman of the Board during the period from February 2010 to March 2013. He obtained a doctorate in materials processing engineering from the University of Science and Technology Beijing (北京科技大學). He was appointed as non-executive Director of the Company on 9 February 2010. Since October 2012, he has been acting as deputy director of State-owned Assets Supervision and Administration Commission of Hebei Province (河北省人民政府國有資產管理委員會). Prior to that, Dr. Li successively served as chairman of Handan Iron & Steel Group Co., Ltd. (邯鄲鋼鐵集團有限責任公司),director and deputy general manager of Hebei Iron & Steel Group Co., Ltd. (河北鋼鐵集團有限公司) and chairman of HECIC. Due to change in work arrangement, Dr. Li ceased to serve as the non-executive Director and chairman of the Board since 27 March 2013.

Mr. Zhao Hui Ning (趙會寧), aged 45, is a non-executive Director and vice chairman of the Board of the Company. He obtained a master's degree from Flinders University in a post-graduate course on international trade relations jointly offered by Nankai University (南開大學) and Flinders University, Australia. He was appointed as non-executive Director of the Company on 9 February 2010. Since October 2012, he has also been acting as chairman and general manager of HECIC. Prior to that, Mr. Zhao successively served as an executive director and general manager of both Hebei Economic and Trade Investment Co., Ltd. (河北省經濟貿易投資有限公司) and Hebei Information Industry Investment Co., Ltd. (河北省信息產業投資有限公司), and vice chairman and general manager of HECIC.

Mr. Xiao Gang (肖剛), aged 54, is a non-executive Director and vice chairman of the Board of the Company. He obtained a master's degree in business administration (EMBA) from Beijing Jiaotong University (北京交通大學). He was appointed as non-executive Director of the Company on 9 February, 2010. Since June 2007, he has been acting as deputy general manager of HECIC and manager of its Beijing operation. Mr. Xiao held various positions of HECIC, including officer of HECIC, deputy manager of capital department, manager of agricultural project department, manager of Beijing operation and assistant to general manager.

EXECUTIVE DIRECTORS

Dr. Cao Xin (曹欣), aged 41, is a non-executive Director and chairman of the Board of the Company. He obtained a doctorate in economics from Renmin University of China (中國人民大學). He was appointed as non-executive Director and chairman of the Board on 28 March 2013, before being executive Director and president of the Company since 9 February 2010. From June 2006 to March 2013, he has been acting as general manager of HECIC New-energy. Dr. Cao successively served as manager of the second public utilities department and the assistant to the general manager of HECIC.

Mr. Gao Qing Yu (高慶余), aged 49, is an executive Director and president of the Company. He obtained a master's degree in business administration from The Open University of Hong Kong (香港公開大學). He was appointed as executive Director of the Company on 9 February 2010 and was promoted to president from vice president on 28 March 2013. He has been acting as general manager of Hebei Natural Gas from April 2010 to March 2013 and chairman of the labour union in Hebei Natural Gas from October 2004 to March 2013. From October 2004 to April 2010, Mr. Gao was the deputy general manager of Hebei Natural Gas.

Biographies of Directors, Supervisors and Senior Management

Mr. Zhao Hui (趙輝), aged 40, is an executive Director, vice president, secretary to the Board and the joint company secretary of the Company. He obtained a master's degree in business administration from Nankai University (南開大學). He was appointed as executive Director of the Company on 9 February 2010. Mr. Zhao was the director of the board office of Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司) and the secretary to the board of JEI and manager of its investment development department.

Mr. Sun Xin Tian (孫新田), aged 48, is an executive Director and vice president of the Company. He obtained a master's degree in engineering from Huabei Electricity University (華北電力大學) and is a senior engineer. He was appointed as executive Director of the Company on 28 June 2010. Since May 2008, Mr. Sun has been acting as deputy general manager of HECIC New-energy. Mr. Sun held various positions of Hebei Xingtai Power Co., Ltd. (河北興泰發電有限責任公司, formerly known as Xingtai Electricity Generation Factory (邢臺發電廠)), including technician, engineer, deputy factory manager of power engineering branch factory, deputy director and deputy chief engineer of equipment and technology department, as well as the deputy general manager of HECIC Zhangjiakou Wind Energy Co., Ltd..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qin Hai Yan (秦海岩), aged 42, is an independent non-executive Director of the Board of the Company. Mr. Qin obtained a master's degree in business administration from Renmin University of China (中國人民大學). He was appointed as independent non-executive Director of the Company on 5 March 2010 and also serves as an independent non-executive director of Huaneng Renewables Corporation Limited (華能新能源股份有限公司). Mr. Qin is the standing director of China Renewable Energy Society (中國可再生能源學會), the secretary-general to the Wind Power Committee of China Renewable Energy Society (中國可再生能源學會風能專業委員會), the deputy director of Climatic Resources Utilization Research Institute of Chinese Meteorological Society (中國氣象學會氣候資源應用研究委員會), the deputy director of Renewable Energy Committee of China Association of Resource Comprehensive Utilization (中國資源綜合利用協會可再生能源專業委員會) and the honorary president of Wind Energy Industry Association of Huishan District, Wuxi City(無錫市惠山區風能行業協會). In additional, he is a member of the National Wind Power Machinery Standardization and Technology Commission (全國風力機械標準化委員會). Mr. Qin is also a part-time professor of Nanjing University of Technology (南京工業大學).

Mr. Ding Jun (丁軍), aged 50, is an independent non-executive Director of the Board of the Company. Mr. Ding graduated from the graduate school of China Academy of Social Sciences (中國社會科學院), and obtained a master's degree in economics. He was appointed as independent non-executive Director of the Company on 5 March 2010. Mr. Ding is an associate researcher of Beijing Academy of Social Sciences Economics Research Institute (北京市社會科學院經濟研究所), which he joined in 1992. Mr. Ding was also appointed as standing director and vice secretary-general of China Association for Studying the Construction of Well-off Society (中國小康建設研究會).

Biographies of Directors, Supervisors and Senior Management

Mr. Wang Xiang Jun (王相君), aged 48, is an independent non-executive Director of the Board of the Company. He obtained a bachelor's degree in economics from Central University of Finance and Economics (中央金融學院). He was appointed as independent non-executive Director of the Company on 5 March 2010. Since November 2005, Mr. Wang has been acting as associate professor of Hebei University of Economics and Business (河北經貿大學) and is a part-time teacher of Accountant Service Centre of Hebei Finance Office (河北省財政廳會計人員服務中心). He is currently also a financial consultant of Hebei Information Industry and Accounting Association (河北省信息產業會計學會), Hebei Grain Group Co., Ltd. (河北省糧食產業集團有限公司), China Construction Bank (Hebei Branch) (河北省中國建設銀行), Finance Department of Hebei Publishing Group (河北省出版集團財務部) and Hebei Products (Group) Co., Ltd. (河北物產(集團)公司).

Mr. Yue Man Yiu Matthew (余文耀), aged 51, is an independent non-executive Director of the Company. He graduated from the Chinese University of Hong Kong (香港中文大學) and obtained a bachelor's degree in business administration. He was appointed as independent non-executive Director of the Company on 28 June 2010. Mr. Yue has been acting as chief financial officer of Ko Shi Wai Holdings Limited (高士威控股有限公司) since September 2009. He is currently an independent non-executive director of Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司) and Royale Furniture Holdings Limited (皇朝家私控股有限公司). He is a fellow of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute.

SUPERVISORS

Mr. Yang Hong Chi (楊洪池), aged 56, is a supervisor of the Company. Mr. Yang graduated from Tianjin University (天津大學). Since January 2006, Mr. Yang has been acting as chairman of the labour union of HECIC. From July 2000 to January 2006, he served as director of the general office of the Organization Department of Hebei Provincial Committee (河北省委組織部辦公室).

Mr. Qiao Guo Jie (喬 國 傑), aged 50, is a supervisor of the Company. He obtained a master's degree in business administration from Tianjin University. He has been acting as chairman of the labour union of HECIC New-energy since September 2007. He was the deputy manager of the second public utilities department of HECIC from February 2004 to October 2009. Mr. Qiao was also a director of Tangshan Sanyou Chemical Industries Co., Ltd. (唐山三友化工股份有限公司) from December 2005 to September 2008.

Mr. Mi Xian Wei (米獻煒), aged 47, is a supervisor of the Company. Mr. Mi obtained a master's degree of science from Hebei Normal University (河北師範大學). Since June 2008, he has been acting as deputy general manager of HECIC Water. Prior to that, Mr. Mi served as the deputy manager of the business management department of HECIC from March 2007 to June 2008 and the finance department of HECIC from March 2005 to March 2007.

Biographies of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Dr. Cao Xin was the president of the Company during the reporting period. He resigned as president of the Company on 28 March 2013 and was appointed as chairman of the Board and non-executive Director of the Company on the same date. For details of Dr. Cao, please see the sub-section headed "Executive Directors" above.

Mr. Gao Qing Yu was the vice president of the Company during the reporting period. He was the president of the Company since 28 March 2013. For details of Mr. Gao, please see the sub-section headed "Executive Directors" above.

Mr. Zhao Hui is the vice president, joint company secretary and secretary to the Board of the Company. For details of Mr. Zhao, please see the sub-section headed "Executive Directors" above.

Mr. Sun Xin Tian is the vice president of the Company. For details of Mr. Sun, please see the sub-section headed "Executive Directors" above.

Mr. Mei Chun Xiao (梅春曉), aged 44, is the vice-president of the Company. He obtained a master's degree in electrical engineering from Beijing Jiaotong University (北京交通大學). Mr. Mei was appointed as vice president on 30 March 2012. Since October 2010, he has been serving as deputy general manager and chief engineer of HECIC New-energy. Prior to that, he successively served as the chief engineer and assistant to general manager of HECIC New-energy and deputy general manager of Hebei Weichang Longyuan Jiantou Wind Energy Co., Ltd.

Mr. Feng Chun Xiao (馮春曉), aged 50, is the financial controller of the Company responsible for its overall financial management. Mr. Feng obtained a master's degree in business administration from Beijing Jiaotong University (北京交通大學). He is a certified public accountant of China, senior accountant and a certified assets appraiser. Mr. Feng was appointed as the financial controller of the Company on 5 March 2010. He has been serving as the financial controller of HECIC New-energy since September 2006.

JOINT COMPANY SECRETARIES

Mr. Zhao Hui is one of the Company's joint company secretaries. Mr. Zhao has substantial knowledge and understanding of the PRC power industry and abundant operational and management experience. For Mr. Zhao's biography, please see the sub-section headed "Executive Directors" above.

Ms. Lam Yuen Ling, Eva (林婉玲), aged 46, was appointed as the joint company secretary of the Company on 1 April 2010. She has worked in Norcola Company Limited as a senior company secretary since September 2005. Ms. Lam obtained a higher certificate in company secretaryship and administration from the Hong Kong Polytechnic University in 1993. She is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators.

Report of the Board of Directors

The Board of the Company hereby presents to shareholders the annual report and the audited Financial Statements for the year ended 31 December 2012.

SHARE CAPITAL

As of 31 December 2012, the total amount of share capital of the Company was RMB3,238,435,000, divided into 3,238,435,000 shares of RMB1.00 each. Details of changes in the share capital of the Company during the reporting period are set out in Note 29 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

Shareholders of the Company have no pre-emptive rights under the Articles of Association of the Company and the PRC laws.

USE OF NET PROCEEDS

The Company first issued shares to the public on the Hong Kong Stock Exchange in October 2010 and exercised its over-allotment option. The net proceeds raised was RMB2,658 million. As of now, RMB2,408 million of the net proceeds was used for investment in the Group's wind power and natural gas projects in China, representing 90.6% of the net proceeds.

PRINCIPAL BUSINESS

The Group is principally engaged in the transmission and sale of piped natural gas, liquefied and compressed natural gas as well as investment, construction and operation of wind farms and sale of electricity to grid companies. Details of major subsidiaries of the Company are set out in Note 17 to the Financial Statements.

RESULTS

The audited results of the Company and its subsidiaries for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 59. The financial position of the Company and its subsidiaries as of 31 December 2012 is set out in the consolidated statement of financial position on pages 60 to 61. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2012 are set out in the consolidated statement of cash flows on pages 63 to 64.

Discussion and analysis of the Group's performance and financial position during the reporting period are set out in the Management Discussion and Analysis on page 14 to 27 of this annual report.

Report of the Board of Directors

PROFIT DISTRIBUTION

The Board recommends the distribution of a final dividend of RMB0.02 per share (tax included) (RMB64.77 million in total (tax included)) for the year ended 31 December 2012 to all shareholders, details of which are set out in Note 11 to the Financial Statements.

According to the *Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Overseas H-share Holders (Non-resident Enterprise Shareholders) from Chinese Resident Enterprises* (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知 ·Guoshuihan [2008] No.897) issued by the State Administration of Taxation (國家稅務總局), enterprise income tax at the rate of 10% shall be levied on dividends paid in or after 2008 by Chinese resident enterprises to overseas H-share shareholders that are non-resident enterprises.

Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax. If H Shareholders intend to change its shareholder status, please enquire about the relevant procedures with your agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company as at 17 June 2013.

If the individual H shareholders who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for dividend with China under the relevant tax treaties, the Company should withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. Should the individual H shareholders are residents of the countries which had an agreed tax rate of less than 10% with China under the relevant tax treaties, the Company shall withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. In that case, if the relevant individual H shareholders wish to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant H shareholders to handle the application for the underlying preferential tax benefits pursuant to tax treaties. Should the individual H shareholders are residents of the countries which had an agreed tax rate of over 10% but less than 20% with China under the tax treaties, the Company shall withhold and pay the individual income tax on behalf of the relevant H shareholders at the actual rate stipulated in the relevant tax treaties. In the case that the individual holders of the H shares are residents of the countries which had an agreed tax rate of 20% with China under the tax treaties, or which has not entered into any tax treaties with China, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the relevant H shareholders at a rate of 20%.

The Company shall base on the registered address as recorded in the register of members of the Company on 17 June 2012 to determine the identity of the individual H shareholders.

The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the shareholders or any dispute over the arrangement of withholding and paying tax on behalf of such shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H shares of the Company.

Report of the Board of Directors

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Company and its subsidiaries during the reporting period are set out in Note 13 to the Financial Statements.

RESERVES

Details of the movement in reserves of the Company for the year 2012 are set out in Note 30 to the Financial Statements, among which, details of reserves distributable to shareholders are set out in Note 30 to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2012 are set out in Note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of eleven Directors, of whom three are non-executive Directors, four are executive Directors and four are independent non-executive Directors. The Company has entered into service contracts with each of our non-executive Directors, executive Directorsand independent non-executive Directors. The following table presents certain information in respect of our Directors.

Name	Age	Position	Date of Appointment
Li Lian Ping	50	Chairman of the Board, non-executive Director *(note 1)*	9 February 2010
Zhao Hui Ning	45	Vice chairman of the Board, non-executive Director	9 February 2010
Xiao Gang	54	Vice chairman of the Board, non-executive Director	9 February 2010
Cao Xin	41	Executive Director, president *(note 2)*	9 February 2010
Gao Qing Yu	49	Executive Director, vice president *(note 3)*	9 February 2010
Zhao Hui	40	Executive Director, vice president, joint company secretary, secretary to the Board	9 February 2010
Sun Xin Tian	48	Executive Director, vice president	28 June 2010
Qin Hai Yan	42	Independent non-executive Director	5 March 2010
Ding Jun	50	Independent non-executive Director	5 March 2010
Wang Xiang Jun	48	Independent non-executive Director	5 March 2010
Yue Man Yiu Matthew	51	Independent non-executive Director	28 June 2010

Note 1: Due to change in work arrangement, Dr. Li Lian Ping ceased to serve as the non-executive Director and chairman of the Board of the Company since 27 March 2013.

Note 2: Dr. Cao Xin resigned as president of the Company on 28 March 2013 and was appointed as chairman of the Board and non-executive Director of the Company on the same date.

Note 3: Mr. Gao Qing Yu is the president of the Company since 28 March 2013.

Report of the Board of Directors

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 28 to 31 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors or supervisors has entered into a service contract with the Company or its subsidiaries which cannot be terminated by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' REMUNERATION

Details of the remuneration of the Company's Directors and supervisors are set out in Note 8 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS OF SIGNIFICANCE

At the end of the year 2012 or at any time during the year 2012, none of the Directors and supervisors of the Company had any personal interest, either directly or indirectly, in any subsisting contract of significance to which the Company or any of its subsidiaries was a party.

INTEREST OF DIRECTORS IN COMPETING BUSINESS

During the year of 2012, none of the Directors and their associates (as defined under the Listing Rules) had any competing interests in any business which competed, either directly or indirectly, with the business of the Group.

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

On 31 December 2012, none of the Directors, supervisors or senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors).

Report of the Board of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2012, to the best knowledge of the Directors, the following persons (other than the Directors, senior management or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of shares held (share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
HECIC	Domestic shares	Interests of beneficial owner and controlled company	1,876,156,000 (Long position)	100%	57.93%
FMRLLC	H Shares	Investment Manager	122,881,500 (Long position)	9.02%	3.79%
National Social Security Council	H Shares	Interests of beneficial owner	107,690,000 (Long position)	7.91%	3.33%
Government of Singapore Investment Corporation Pte Ltd	H Shares	Investment Manager	68,333,000 (Long position)	5.02%	2.11%

MANAGEMENT CONTRACTS

The Group did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the Group nor any such contract subsisted at any time during 2012 (save for the service contracts with Directors, supervisors and full-time employees of the Group)

CONNECTED TRANSACTIONS

1. CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

During the reporting period, the Company, by making capital contribution of RMB50.0 million, jointly established the HECIC Group Finance Company Limited with HECIC, JEI, HECIC Communications and HECIC Water. The Company, HECIC, JEI, HECIC Communications and HECIC Water will hold 10%, 60%, 10%, 10% and 10% equity interests in the HECIC Group Finance Company Limited, respectively. Save for the capital contribution to the registered capital of the Group Finance Company to be paid by the Company, pursuant to the Capital Contribution Agreement and the HECIC Group Finance Company Limited's articles of association, the Company does not have other capital commitment (whether in the form of share capital, loans or otherwise), guarantee or indemnity obligations. For further details, please see the announcement titled "Discloseable Transaction – Establishment of a Joint Venture Company" issued by the Company on 4 November 2012.

2. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVEL REQUIREMENT

During the reporting period, the Group has entered into the continuing connected transactions subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement according to Rule 14A.34 of the Listing Rules. Details of such connected transactions are set out below:

Properties leased to the Group

On 19 September 2010, the Company and HECIC, the Company's controlling shareholder entered into the Lease Agreement, pursuant to which we agreed to lease up to a total of three and a half floors, four floors and five floors of office space at Yu Yuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC for the three years ending 31 December 2012, respectively. In the same agreement, HECIC also agreed to provide to the Group certain ancillary office support services. HECIC or its subsidiaries are responsible for insurance and maintenance of such properties. The Company is responsible for the costs of utilities. During the reporting period, the annual cap of this continuing connected transaction for 2012 was RMB8,200,000 and the actual transaction amount was RMB6,769,160.

The Lease Agreement has expired on 31 December 2012 and the Company are currently preparing for the extention arrangement of the relevant lease agreement.

3. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

During the reporting period, the Group entered into certain non-exempt continuing connected transactions. Pursuant to Chapter 14A of the Listing Rules, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements. At the time of the Listing of the Group's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from strict compliance with the announcement and independent shareholders' approval requirements.

(a) Electricity Sales to State Grid Corporation and its subsidiaries

In the ordinary and usual course of business, the Company and its subsidiaries have been and will be selling electricity generated by the Company's wind farms to local power grid companies in accordance with applicable PRC laws. The Company and/or its subsidiaries will enter into written agreements (i.e. power purchase agreements) with relevant local power grid companies in respect of the sales of electricity when the on-grid tariff has been determined by the National Development and Reform Commission and approved by the relevant

Report of the Board of Directors

pricing authorities. A power purchase agreement typically contains various standard terms, such as an on-grid tariff, the procedure for measurement and payment, and provides that the relevant local power grid company shall purchase the full amount of electricity generated by the relevant wind farm.

North China Grid Company Limited is the controlling shareholder of Beijing Hua Shi which in turn is the substantial shareholder of the Company's non-wholly owned subsidiaries, Chongli CIC Huashi and Zhangbei CIC Huashi, by virtue of its respective shareholdings of 49% and 49% therein.

Therefore, North China Grid Company Limited is a connected person of the Company under Chapter 14A of the Listing Rules. State Grid Corporation, the ultimate controlling shareholder of North China Grid Company Limited, is therefore also a connected person of the Company under Chapter 14A of the Listing Rules. Furthermore, Hebei Electric Power Corporation, Jibei Electric Power Corporation and Shanxi Electric Power Corporation are both wholly-owned subsidiaries of State Grid Corporation. Therefore, Hebei Electric Power Corporation, Jibei Electric Power Corporation and Shanxi Electric Power Company are associates (as defined under the Listing Rules) of State Grid Corporation and will be deemed to be connected persons of the Company under Chapter 14A of the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2012 was RMB2,200,000,000 and the actual transaction amount was RMB1,137,440,000.

The aggregate value of the total assets, profits and revenue of Chongli CIC Huashi and Zhangbei CIC Huashi represents less than 10% under the relevant percentage ratios of total assets, profits and revenue of the Company in its consolidated financial statements for each of the latest three financial years. Accordingly, pursuant to Rule 14A.31(9) of the Listing Rules, these two companies are insignificant subsidiaries of the Company, such transaction is currently continuing connected transaction exempted from the reporting, announcement and independent shareholders' approval requirements. However, if subsequently such non-wholly owned subsidiaries no longer meet the conditions for exemption, the Company will comply with all applicable rules relating to connected transaction under the Listing Rules according to the circumstances of the transaction.

(b) Provision of wind farm related services to the Group

In the ordinary and usual course of business, the Group has been receiving wind farm related services from various service providers, including those independent to the Group's service providers and subsidiaries of State Grid Corporation. Such services typically include surveying services, quality surveillance, repair and maintenance and other operation related services.

State Grid Corporation is the ultimate controlling shareholder of Beijing Hua Shi which in turn is the substantial shareholder of the Company's non-wholly owned subsidiaries, Chongli CIC Huashi and Zhangbei CIC Huashi by virtue of its respective shareholdings of 49% and 49% therein. Therefore, State Grid Corporation is a connected

Report of the Board of Directors

person of the Company under Chapter 14A of the Listing Rules. Subsidiaries of State Grid Corporation are associates (as defined under the Listing Rules) of the State Grid Corporation and will be deemed to be connected persons of the Company under Chapter 14A of the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2012 was RMB650,000,000 and the actual transaction amount was RMB11,823,000.

The aggregate value of the total assets, profits and revenue of Chongli CIC Huashi and Zhangbei CIC Huashi represents less than 10% under the relevant percentage ratios of total assets, profits and revenue of the Company in its consolidated financial statements for each of the latest three financial years. Accordingly, pursuant to Rule 14A.31(9) of the Listing Rules, these two companies are insignificant subsidiaries of the Company, such transaction is currently exempted from the reporting, announcement and independent shareholders' approval requirements. However, if subsequently such non-wholly owned subsidiaries no longer meet the conditions for exemption, the Company will comply with all applicable rules relating to connected transaction under the Listing Rules according to the circumstances of the transaction.

4. CONFIRMATION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company have reviewed each of the abovementioned continuing connected transactions and confirmed that the transactions have been conducted:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or, if there are no sufficient comparable transactions to determine whether they are on normal commercial terms, from the perspective of the Group, on terms no less favorable than the terms available to or from independent third parties; and

(3) in accordance with relevant agreed terms governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

5. CONFIRMATION OF THE AUDITOR

The auditor of the Company, Ernst & Young has provided a letter to the Board, confirming that for the year ended 31 December 2012, the aforementioned transactions:

(1) have been approved by the Board of the Company;

(2) are in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group;

Report of the Board of Directors

(3) have been entered into in accordance with the terms of the agreements governing such transactions; and

(4) have not exceeded the relevant annual caps for 2012 as disclosed in the prospectus of the Company.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into a Non-Competition Agreement with HECIC on 19 September 2010. Pursuant to the Non-competition Agreement, HECIC agreed not to and shall procure its subsidiaries (other than the Company, JEI and their respective subsidiaries) not to compete with the Group in the relevant businesses, and granted to the Company the options to acquire any retained business and new business opportunities and pre-emptive rights to acquire the equity interest of HECIC in certain new businesses.

HECIC has confirmed that pursuant to the undertakings in the Non-Competition Agreement, HECIC has complied with its undertakings therein. The independent non-executive Directors of the Company have reviewed the implementation of the Non-Competition Agreement during 2012 and confirmed that HECIC has been in full compliance with such agreement and there was no breach by HECIC.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, the purchase amount from the Group's five largest suppliers in aggregate contributed 95.8% of the Group's total purchase amount for the reporting period, among which, the total purchase amount from the largest supplier contributed 95.6% of the Group's total purchase amount for the reporting period.

For the year ended 31 December 2012, the sales to the Group's five largest customers in aggregate contributed 47.3% of the Group's total sales for the reporting period, among which, the sales to the largest customer contributed 20.9% of the Group's total sales for the reporting period.

So far as the Directors are aware, none of associates (as defined under the Listing Rules) of the Directors and supervisors or any shareholders of the Company (who to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Company's five largest suppliers or five largest customers.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and adopts the code provisions as set out in the "Corporate Governance Code" (known as "Code on Corporate Governance Practices" from 1 January 2012 to 31 March 2012) to the Listing Rules as the Company's corporate governance rules. During the reporting period, the Company complied with most of the provisions set out in the Code, and certain deviations from the Code provisions have also been explained. Please refer to the Corporate Governance Report of this annual report for details.

Report of the Board of Directors

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued shares of the Company were held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

As of 31 December 2012, the Group was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the 2012 annual results of the Group and the financial statements for the year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards.

AUDITORS

Ernst & Young and Zhonglei Certified Public Accountants (中磊會計師事務所) were appointed as auditors for the Financial Statements prepared in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of PRC for the year ended 31 December 2012, respectively. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young.

By order of the Board of
China Suntien Green Energy Corporation Limited
Cao Xin
Chairman
Beijing • 28 March 2013

Corporate Governance Report

The Board of the Company hereby presents to shareholders the corporate governance report for the year ended 31 December 2012.

The Company has always been focused on improving its corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern and balanced corporate governance structure which comprises a number of independently operated bodies including shareholders' meeting, the Board, the board of supervisors and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the "Corporate Governance Code" (the "Code on Corporate Governance Practices" from 1 January 2012 to 31 March 2012) (the "Code") set out in the Listing Rules. In 2012, the Company complied with most of the principles and provisions set out in the Code, and certain deviations from the Code will be explained below. The Board will review and enhance its corporate governance from time to time to ensure its compliance with the Code.

1. BOARD OF DIRECTORS

Composition of the Board

During the reporting period, the Board of the Company comprises 11 Directors, which includes three non-executive Directors, four executive Directors and four independent non-executive Directors. Due to change in work arrangement, Dr. Li Lian Ping ceased to serve as the non-executive Director and chairman of the Board of the Company since 27 March 2013. Dr. Cao Xin was appointed as chairman of the Board and non-executive Director of the Company on 28 March 2013. Biographical details of the Directors as at the reporting date are included in the section of "Biographies of Directors, Supervisors and Senior Management" of this annual report.

The functions and duties of the Board include: corporate governance, convening shareholders' meetings, reporting the Board's work at shareholders' meetings, implementing the resolutions passed at shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions, the change of registered capital as well as exercising other powers, functions and duties conferred by our Articles of Association.

We have entered into service contracts with each of the Directors. Except for Dr. Li Lian Ping and Dr. Cao Xin had prematurely terminated their service contracts due to Dr. Li Lian Ping's change in work arrangement and Dr. Cao Xin's re-designation as a non-executive Director, respectively, each of the service contracts with our Director is up to the expiry date of the current session of the Board from the relevant date of appointment. The Company had entered into an appointment letter in relation to the duties of chairman and non-executive Director with Dr. Cao Xin on 28 March 2013.

In 2012, the Board has been in compliance with the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The number of independent non-executive directors can also meet the requirement of at least representing one-third of the number of the Board. Moreover, the Company has received from each independent non-executive Director an annual confirmation of his independence, and considers that all the independent non-executive Directors are independent from the Company.

Corporate Governance Report

The Company has arranged suitable insurance against the legal proceedings that Directors and senior management are likely face up with; and will review the insurance policy annually.

Name	Age	Position	Date of Appointment	Term of office
Li Lian Ping	50	Chairman of the Board, non-executive Director *(note 1)*	9 February 2010	3years
Zhao Hui Ning	45	Vice chairman of the Board, non-executive Director	9 February 2010	3 years
Xiao Gang	54	Vice chairman of the Board, non-executive Director	9 February 2010	3 years
Cao Xin	41	Executive Director, president *(note 2)*	9 February 2010	3 years
Gao Qing Yu	49	Executive Director, vice president *(note 3)*	9 February 2010	3 years
Zhao Hui	40	Executive Director, vice president, joint company secretary, secretary to the Board	9 February 2010	3 years
Sun Xin Tian	48	Executive Director, vice president	28 June 2010	3 years
Qin Hai Yan	42	Independent non-executive Director	5 March 2010	3 years
Ding Jun	50	Independent non-executive Director	5 March 2010	3 years
Wang Xiang Jun	48	Independent non-executive Director	5 March 2010	3 years
Yue Man Yiu Matthew	51	Independent non-executive Director	28 June 2010	3 years

Note 1: Due to change in work arrangement, Dr. Li Lian Ping ceased to serve as the non-executive Director and chairman of the Board of the Company since 27 March 2013.

Note 2: Dr. Cao Xin resigned as president of the Company on 28 March 2013 and was appointed as chairman of the Board and non-executive Director of the Company on the same date.

Note 3: Mr. Gao Qing Yu is the president of the Company since 28 March 2013.

The relationships among the members of the Board are unrelated to each other. All directors have fully devoted and have brought a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit, Remuneration and Appraisal as well as Nomination Committees of the Company. Independent non-executive directors are also appointed as the chairman of the Audit and Remuneration and Appraisal Committees.

Chairman and President

During the reporting period, Dr. Li Lian Ping acted as the chairman of the Board and Dr. Cao Xin acted as the president. The division of work is clear and effective between two roles, to avoid decision making by a single person.

Dr. Li Lian Ping, the chairman of the Board, is responsible for leading and governing the Board to ensure the effectiveness of the functioning of the Board and its committees, and to ensure the best interest of the Company and all of its shareholders. The chairman will held a meeting, without the presence of executive Directors, with the independent non-executive Directors once a year. Dr. Cao Xin, the president, is mainly responsible for implementation of approved resolutions by the Board and the Company's daily operation and management.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Mr. Zhao Hui and Ms. Lam Yuen Ling, Eva, are appointed as the joint company secretaries, responsible for facilitating the Board procedures, as well as the communication among Directors and communication between Directors and shareholders and management. The primary contact person of Ms. Lam Yuen Ling, Eva, with the Company is Mr. Zhao Hui, and major issues will be reported by Mr. Zhao Hui to the chairman of the Board.

The company secretaries' biographies are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this annual report. During the reporting period, the joint company secretaries undertook over 15 hours of professional training to update their skills and knowledge.

DIRECTORS' TRAINING

Every newly appointed director has been undertaken the comprehensive, formal and tailor-made orientation program at the first time of appointment, to ensure the Director has a proper understanding of the business and operation of the Company, its responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors received the updates to the Company's business and operations and to the relevant laws and regulations every month so as to facilitate their discharge of duties. In addition, all Directors are also encouraged to attend relevant training courses at the Company's expense. During the reporting period, the Directors have attended the training as required.

Directors' Remuneration Policy

Independent non-executive Directors of the Company will receive their remuneration from the Company. The Company will pay each independent non-executive Director HKD100,000 or Renminbi equivalent annually (tax inclusive, paid on a quarterly basis, the Company being responsible for withholding personal income tax). Travel expenses incurred by attending Board meetings of the Company, shareholders' meetings and relevant activities organised by the Board will be borne by the Company. Non-executive Directors without holding offices in the Company will not receive any remuneration from the Company. Executive Directors holding offices in the Company will receive their remuneration from the Company. The remuneration of an executive Director will be determined in accordance with the criteria of the Remuneration Management Measures of the Company, which includes basic salary, performance bonuses and other benefits. Basic salary is determined in accordance with the positions of the executive Directors in the Company, performance bonus is determined with reference to the Company's business performance and other benefits included statutory pension, medical and housing funds.

Corporate Governance Report

Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, to be convened by the Chairman of the Board. To ensure the attendance rate of Board meetings, a notice of at least 14 days shall be given for a regular Board meeting. The notice shall state the time, venue and means by which the Board meeting will be convened. There is no restriction on the time of notice for extraordinary meetings.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Associations, the quorum for a Board meeting is the presentation of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another director as his proxy to attend the Board meeting. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

In 2012, three meetings were held by the Board. Details of Directors' attendance to Board meetings are as follows:

Name	Position	Number of Meetings attended/held	Attendance Rate
Li Lian Ping	Chairman of the Board, non-executive Director *(note 1)*	3/3	100%
Zhao Hui Ning	Vice chairman of the Board, non-executive Director	3/3	100%
Xiao Gang	Vice chairman of the Board, non-executive Director	3/3	100%
Cao Xin	Executive Director, president *(note 2)*	3/3	100%
Gao Qing Yu	Executive Director, vice president *(note 3)*	3/3	100%
Zhao Hui	Executive Director, vice president, joint company secretary, secretary to the Board	3/3	100%
Sun Xin Tian	Executive Director, vice president	3/3	100%
Qin Hai Yan	Independent non-executive Director	3/3	100%
Ding Jun	Independent non-executive Director	3/3	100%
Wang Xiang Jun	Independent non-executive Director	3/3	100%
Yue Man Yiu Matthew	Independent non-executive Director	3/3	100%

Note 1: Due to change in work arrangement, Dr. Li Lian Ping ceased to serve as the non-executive Director and chairman of the Board of the Company since 27 March 2013.

Note 2: Dr. Cao Xin resigned as president of the Company on 28 March 2013 and was appointed as chairman of the Board and non-executive Director of the Company on the same date.

Note 3: Mr. Gao Qing Yu is the president of the Company since 28 March 2013.

The Board held only three meetings during the reporting period. The reason was that the resolutions considered in the convened board meetings fully fulfilled the needs of the operation and management of the Company. Meanwhile, during the reporting period, the Directors keep the effective communication among themselves and with the management of the Company through channels such as e-mail and electronic communications to ensure the discharge of their duties.

Corporate Governance Report

Powers Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly defined in the Articles of Association of the Company to ensure adequate restriction mechanisms for good corporate governance and internal control.

Under the leadership of the Chairman, the Board is responsible for executing the resolutions of shareholders' meetings, formulating the general management system of the Company, deciding on the Company's business and investment plans, determining other material business and administrative matters of the Company and leading the management so as to ensure the realization of the performance goals of the Company and enhancing value for shareholders.

Under the leadership of the President, the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

2. BOARD COMMITTEES

During the reporting period, the Board exercised the functions of the corporate governance by regularly reviewing the corporate governance policies and practices, reviewing and monitoring the training of Directors and the senior management, reviewing and monitoring the Company's compliance with laws and related policies and regulations. In order to further the implementation of good corporate governance, the Board has established a number of committees, namely;

- Audit Committee;
- Nomination Committee;
- Remuneration and Appraisal Committee; and
- Strategic and Investment Committee.

The committees report to the Board on a regular basis to give valuable advice to the Board for decision making. The details of committees are set out below:

Corporate Governance Report

Audit Committee

The Audit Committee of the Company mainly responsible for assisting the Board to independently review the financial status, internal control and the implementation and results of risk management system of the Company, issuing the proposal for internal management, and independently communicating, supervising and verifying with the internal audit department and external audit institutions. The Audit Committee consists of three Directors: Mr. Wang Xiang Jun (independent non-executive Director), Mr. Xiao Gang (non-executive Director) and Mr. Yue Man Yiu Matthew (independent non-executive Director). Mr. Wang Xiang Jun currently serves as the chairman of the Audit Committee.

On 30 March 2012, the Company amended the Terms of Reference of the Audit Committee to ensure its compliance with the revised requirements of the Corporate Governance Code of Hong Kong Stock Exchange.

The Board and the Audit Committee have reached the consensus on the selection, appointment or dismissal of external auditor or the resignation of auditor. During the reporting period, the Audit Committee convened two meetings with external auditor to review the accounting policies and practices adopted by the Company, and discuss matters of audit, internal control, risk management and financial reporting.

During the reporting period, two meetings were convened by the Audit Committee for reviewing and approving the report of the agreed procedures of mid 2012, the annual report 2011 and summary of the audit of 2011 financial statements, respectively, and all of its members attended the meetings and internal control system of the Company was reviewed and discussed.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Company is mainly responsible for formulating the assessments standards for the Company's Directors and senior management and conducting assessments, as well as formulating the remuneration policy and plan for the Company's Directors and senior management. The Remuneration and Appraisal Committee consists of three Directors: Dr. Li Lian Ping (non-executive Director), Mr. Qin Hai Yan (independent non-executive Director) and Mr. Ding Jun (independent non-executive Director). Mr. Qin Hai Yan currently serves as the chairman of the Remuneration and Appraisal Committee. Dr. Li Lian Ping resigned from his position of a member of the Company's Remuneration and Appraisal Committee on 27 March 2013 and Dr. Cao Xin was appointed as a member of the committee on 28 March 2013.

The Remuneration and Appraisal Committee adopts the mode of recommending the remuneration of Directors and senior management to the Board and reviews, the compensation policies, strategies and principles for Directors and senior management.

Corporate Governance Report

During the reporting period, no meeting was convened by the Remuneration and Appraisal Committee. Members keep the effective communication between each other through channels such as e-mail and electronic communications to ensure the discharge of their duties .

On 30 March 2012, the Company amended the Terms of Reference of the Remuneration and Appraisal Committee to ensure its compliance with the revised requirements of the Corporate Governance Code of Hong Kong Stock Exchange.

Nomination Committee

The Nomination Committee is mainly responsible for reviewing and determining candidates for Directors and senior management of the Company, their selection criteria and procedures, and advising the Board on the appointment. On 30 March 2012, Mr. Qin Hai Yan (independent non-executive Director) and Mr. Yue Man Yiu Matthew (independent non-executive Director) were appointed as the additional members of the Nomination Committee in the 11th meeting of the first session of the Board. Since then, the Nomination Committee consists of five Directors: Dr. Li Lian Ping (non-executive Director), Mr. Zhao Hui Ning (non-executive Director), Mr. Ding Jun (independent non-executive Director), Mr. Qin Hai Yan (independent non-executive Director) and Mr. Yue Man Yiu Matthew (independent non-executive Director). During the reporting period, Dr. Li Lian Ping served as the chairman of the Nomination Committee. Dr. Li Lian Ping resigned from his positions of chairman and member of the Company's Nomination Committee on 27 March 2013 and Dr. Cao Xin was appointed as chairman and member of the committee on 28 March 2013.

During the reporting period, the Nomination Committee was mainly responsible for formulating the nomination policies for Directors, assessing the independence of the independent non-executive Directors and reviewing the structure, size and composition of the Board. During the reporting period, no meeting was convened by the Nomination Committee. Members keep the effective communication between each other through channels such as e-mail and electronic communications to ensure the discharge of their duties.

The Nomination Committee convened a meeting on 28 March 2013 for discussion on the re-election and appointment of Directors of the Company and made recommendations to the Board.

On 30 March 2012, the Company amended the Terms of Reference of the Nomination Committee, to ensure its compliance with the revised requirements of the Corporate Governance Code of Hong Kong Stock Exchange.

Strategy and Investment Committee

The Strategy and Investment Committee of the Company is mainly responsible for conducting research and making recommendation on the long-term development strategy and major investment decision of the Company, and supervising and monitoring the implementation of annual business plans and investment proposals under the authorization of the Board. The Strategy and Investment Committee consists of three Directors: Dr. Li Lian Ping (non-executive Director), Mr. Zhao Hui Ning (non-executive Director) and Dr. Cao Xin (executive Director). During the reporting period, Dr. Li Lian Ping was the chairman of the Strategy and Investment Committee. Dr. Li Lian Ping resigned from his positions of chairman and member of the Company's Strategy and Investment Committee on 27 March 2013 and Dr. Cao Xin was appointed as chairman of the committee on 28 March 2013.

During the reporting period, no meeting was convened by the Strategy and Investment Committee. Members keep the effective communication between each other through channels such as e-mail and electronic communications to ensure the discharge of their duties.

3. THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by all Directors and supervisors of the Company.

After making specific enquiries to all of the Directors and supervisors of the Company, all Directors and supervisors confirmed that during the reporting period, they had fully complied with the obligations under the Model Code in respect of their securities transactions and no breach was found.

4. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2012. There are also no material uncertainties relating to events or conditions that may affect the Company's ability to continue as a going concern.

Corporate Governance Report

5. INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Company and shall review its effectiveness through the Audit Committee. The Company has attached prime importance to internal control and management and is committed to enhancing its capabilities of internal control and risk prevention. During the reporting period, a professional consulting company was engaged and has started the work of improving and perfecting the Company's risks and internal control system. It is expected that such work will be completed in 2013.

The Company has established an internal audit department which plays an important role in the Company's internal control system. The duties of this department include: regularly reviewing and auditing the practices, procedures and internal control system of the Company's activities likely of the greatest risk, conducting a special audit on the area the management or the Audit Committee pay attention to, as well as conducting routine audit on perfecting the Company's daily business management, so as to realize the effective control, improvement and promotion of the Company's overall operation activities to the greatest extent.

The Company's internal control system mainly includes the "Rules and Procedures of the Board Meeting"(董事會工作規程), "Detailed Rules of Board Committees" (董事委員會工作細則), "Manual for Management and Authorization"(授權管理手冊), "Measures for the Administration of Information Disclosure" (信息披露管理辦法), "Measures for the Administration of Connected Transactions" (關連交易管理辦法),"Risk Management System"(風險管理制度), "Internal Audit Regulations"(內部審計條例),"Employee Code of Conduct and Reporting System" (員工行為規範及舉報制度) and "Emergency Management System" (突發事件應急管理制度). The Board has assessed the internal control system of the Company, and considers that the internal control system of the Company is effective.

6. AUDITORS AND REMUNERATION

For the year ended 31 December 2012, Ernst & Young, the international auditor, and Zhong Lei Certified Public Accountants, the domestic auditor, were appointed as auditors for providing audit services in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of PRC, respectively. The fees payable to Ernst & Young and Zhong Lei Certified Public Accountants for audit services were RMB2.4 million and RMB0.659 million, respectively.

The Company's external auditor, Ernst & Young's responsibility to the Financial Statements are set out on pages 57 to 58 of this annual report.

7. SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, where one or several shareholders holding more than 10% (including 10%) of voting shares of the Company make written request to the Board for the convening of an extraordinary general meeting of shareholders.

Pursuant to the Articles of Association of the Company, the shareholder(s) holding more than 3% (including 3%) of voting shares of the Company shall be entitled to put forward written temporary proposals to the Company when a shareholders' meeting is convened. The Company shall add any matters in the temporary proposals that fall within the scope of duties of the general meeting to agenda of the meeting.

Shareholders are welcome to make enquiries which the Board should pay attention to directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner. The contact information is available from this annual report of the Company.

8. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the business and strategy of the Company. The Company highly appreciated shareholders' opinions and advice, and actively organised various investor relations activities to maintain its communication with shareholders and to meet the reasonable demands of shareholders in a timely manner. Hence, the Company set up a website at www.suntien.com, which set out the Company's business operations and development, financial information, corporate governance practices, procedures for shareholdres to nominate candidates as Directors and the latest information of other aspects.

The general meeting of the Company is also the best channel for exchanging views between the Board and shareholders. The chairman of the Board, the chairmen of all special committees under the Board and the auditors of the Company will answer shareholders' queries at shareholders' meetings.

During the reporting period, the Company held one annual general meeting on 4 June 2012, the shares held by shareholders attending the meeting accounted for 67.92% of the total number of voting shares of the Company, and different proposed resolutions were decided by poll in the general meeting. Dr. Cao Xin, the president of the Company, attended the general meeting and arranged for the Board of Directors to answer shareholders' questions.

Corporate Governance Report

Details of Directors of the Company attending the general meeting are as follows:

Name	Position	Number of Meetings attended/held
Li Lian Ping	Chairman of the Board, non-executive Director *(note 1)*	1/1
Zhao Hui Ning	Vice chairman of the Board, non-executive Director	1/1
Xiao Gang	Vice chairman of the Board, non-executive Director	0/1
Cao Xin	Executive Director, president *(note 2)*	1/1
Gao Qing Yu	Executive Director, Vice president *(note 3)*	1/1
Zhao Hui	Executive Director, vice president, joint company secretary, secretary to the Board	1/1
Sun Xin Tian	Executive Director, vice president	1/1
Qin Hai Yan	Independent non-executive Director	0/1
Ding Jun	Independent non-executive Director	0/1
Wang Xiang Jun	Independent non-executive Director	1/1
Yue Man Yiu Matthew	Independent non-executive Director	0/1

Note 1: Due to change in work arrangement, Dr. Li Lian Ping ceased to serve as the non-executive Director and chairman of the Board of the Company since 27 March 2013.

Note 2: Dr. Cao Xin resigned as president of the Company on 28 March 2013 and was appointed as chairman of the Board and non-executive Director of the Company on the same date.

Note 3: Mr. Gao Qing Yu is the president of the Company since 28 March 2013.

9. INVESTOR RELATIONS

The Company believes that effective investor relations can help to build a more stable base of shareholders. Accordingly, the Company is committed to maintaining high transparency, provides investors with comprehensive and accurate information in a timely manner and continuously performs the ongoing information disclosure obligations of listed companies in compliance with the Listing Rules.

During the reporting period, the Company strengthened the communication with investors through results roadshows, investor summits, investors' routine visits and voluntary information disclosure so as to enable them to understand the corporate strategy and business operations of the Company.

Human Resources

1. SUMMARY OF HUMAN RESOURCES

As of 31 December 2012, the Group had a total of 1,129 staff, of which, 944 are male employees and 185 are female employees. The average age of employees was 30. Those who had the academic qualifications of undergraduate or above represented 42.34%. The staff structure is as follows:

By business segments

Staff of the Group's Headquarter	48
Staff of Wind Power Segment	503
Staff of Natural Gas Segment	578
Total	1,129

By academic qualifications

Doctor	4
Master	74
Undergraduate	400
College diploma or below	651
Total	1,129

By professional qualifications

Specialist	2
Senior	39
Middle-level	58
Junior	104
Other	926
Total	1,129

2. MANAGEMENT OF HUMAN RESOURCES

Human Resources Strategy

According to the development goal and business needs of the Company, the Group clearly defined the goal of the management of human resources and placed emphasis on the combination of human resources management and development with the Company's strategy and development. From macro point of view, the Company incorporated

Human Resources

the human resources management into its development goal to strengthen the human resources strategy and control, and brought the functions of selection, utilization, development and retention of human resources into full play on the basis of gradually perfecting the human resources work. From micro point of view, the Group made improvement and innovation in the recruitment and employment, human resources development and remuneration management so as to adapt to the rapid development of the Company and enable its human resources to meet the needs of strategic development goals.

Recruitment and employment

The Group considered the level, structure, size and quality of talents to meet the development needs, further explored recruitment channels and innovated new modes for recruitment and introduction of talent. On the one hand, it explored employees' talent through internal recruitment to adjust employees' structure and provided the development platform which is more suitable for employees with ability and ambition. On the other hand, it attracted outstanding and experienced talent through external recruitment in order to provide support for the strategic goal of business development of the Company across the country.

Human Resources Development

The Group focused on the mode of human resources development and training with the characteristics of various levels, positions, types and courses. For long-term development, employees were encouraged to carry out on-the-job training and self learning to improve their professional knowledge. For short-term development, the Group organized or encouraged employees to participate in various types of training courses for skills and quality enhancement.

During the reporting period, the Group organized EMBA training classes for senior management in order to provide a platform to cultivate managers with excellent leadership skills. The Group arranged the mid-level management to take part in the MBA and MTP training courses on a rotational basis, so as to enhance the management skills of the mid-level management. For basic-level employees, the Group organized them to participate in selective training courses and network colleges, such as file management, official document writing, accounting policies, legal practice, risk management, project quality review and safety management, with a view to providing a platform to employees for updating their knowledge and concepts, satisfying their needs of career development, and facilitating the sustainable development of the Company.

Remuneration management

The remuneration of the employees of the Group was determined in accordance with the criteria specified in the Remuneration Management Measures, which included basic salary, performance bonuses and other benefits.

During the reporting period, the Group gradually strengthened the overall control of the remuneration management of the subsidiaries, thus achieving the real-time monitoring of the remuneration management details, total remuneration and remuneration cost. Meanwhile, the Group gave its subsidiaries corresponding remuneration management power, thereby meeting the requirements of different companies with different characteristics and different remuneration pay mode and level and exerting an important function of remuneration as an incentive to promote employees' enthusiasm and initiative.

Report of the Board of Supervisors

The board of superviosrs was established on 9 February 2010. The current Board of Supervisors consists of three members.

SUPERVISORS

Name	Age	Position	Date of Appointment	Term of Office
Yang Hong Chi	56	Chairman of the board of supervisors	9 February 2010	3 years
Qiao Guo Jie	50	Employee representative supervisor	9 February 2010	3 years
Mi Xian Wei	47	Supervisor	9 February 2010	3 years

In 2012, the board of supervisors of the Company strictly complied with the laws, regulations, rules and normative documents such as the PRC Company Law, as well as the Articles of Association of the Company and the relevant provisions of the Listing Rules of Hong Kong Stock Exchange. From the long-term interests of the Company and shareholders' rights, the board of supervisors conscientiously discharged their duties, safeguarded the interests of the Group and the shareholders.

1. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

The fourth meeting of the first session of the board of supervisors was held on 30 March 2012 in Beijing, at which the Resolution Regarding the Audited Financial Statements of the Company for the Year 2011, the Resolution Regarding the Final Account of the Company for 2011, the Resolution Regarding the 2011 Profit Distribution Proposals of the Company, the Resolution Regarding the Consideration and Approval of the 2011 Annual Report and the Resolution Regarding the Audit of the Report of the Board of Supervisors 2011 were considered and approved.

The fifth meeting of the first session of the board of supervisors was held on 17 August 2012 in Shijiazhuang, at which the Resolution Regarding the Work Report of President for the First Half of 2012 and Interim Report and Results Announcement as at 30 June 2012 were considered and approved.

Report of the Board of Supervisors

2. WORK INFORMATION OF THE BOARD OF SUPERVISORS

During the reporting period, the current session of the board of supervisors mainly carried out the following work:

Monitoring the Company's Operation

During the reporting period, members of the board of supervisors of the Company attended the general meeting and all of the meetings convened by the Board, reviewed the resolutions submitted by the Board and exercised supervision over the convention of the meetings, the legality and compliance of resolutions adopted thereat. They also exercised supervision over the decision-making process of the Company and the performance by the Board members and senior management of their respective duties. The board of supervisors is of the opinion that the Company was in compliance with all laws, regulations and rules. All of its businesses were operated normally. The internal control systems were well established. Directors and senior management were diligent and dedicated to work. None of the Directors and members of the senior management of the Company were found in violation of any laws, regulations, the Articles of Association of the Company or prejudice to the interests of the shareholders while performing their duties.

Monitoring the Disclosure of Information

During the reporting period, the board of supervisors reviewed the relevant documents publicly disclosed by the Company, and the board of supervisors considers that the Company made the information disclosure in a lawful, timely and comprehensive manner in accordance with the provisions of the Hong Kong Stock Exchange and no false information was found.

Monitoring the Company's material acquisitions and connected transactions

During the reporting period, the board of supervisors reviewed the Company's information related to connected transactions. The board of supervisors is of the opinion that such transactions of the Company were conducted in a fair and just way, at reasonable price, and without prejudice to the interests of the Company and other shareholders.

Monitoring the Company's Financial Condition

During the reporting period, the board of supervisors reviewed the 2011 Financial Statements audited by Ernst & Young. The board of supervisors is of the opinion that the statements were prepared in compliance with the relevant requirements of accounting standards, and objectively and truly reflected the financial position and results of operations of the Group.

Yang Hong Chi
Chairman of the Board of Supervisors
Beijing, 28 March 2013

Independent Auditors' Report

Ernst & Young
安永

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

安永會計師事務所
香港中環添美道1號
中信大廈22樓

電話：+852 2846 9888
傳真：+852 2868 4432

To the shareholders of China Suntien Green Energy Corporation Limited

(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)

We have audited the consolidated financial statements of China Suntien Green Energy Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 148, which comprise the consolidated and the company's statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

To the shareholders of China Suntien Green Energy Corporation Limited
(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)

AUDITORS' RESPONSIBILITY (CONTINUED)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2013

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	5	**3,702,079**	3,169,831
Cost of sales	6	**(2,463,732)**	(2,256,982)
Gross profit		**1,238,347**	912,849
Other income and gains, net	5	**77,942**	135,009
Selling and distribution expenses		**(505)**	(664)
Administrative expenses		**(194,523)**	(151,956)
Other expenses		**(54,137)**	(22,068)
PROFIT FROM OPERATIONS		**1,067,124**	873,170
Finance costs	7	**(353,623)**	(244,924)
Share of profits of associates		**89,937**	72,539
PROFIT BEFORE TAX	6	**803,438**	700,785
Income tax expense	9	**(7,415)**	(81,797)
PROFIT FOR THE YEAR		**796,023**	618,988
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**796,023**	618,988
Total comprehensive income for the year attributable to:			
Owners of the Company		**549,701**	448,908
Non-controlling interests		**246,322**	170,080
		796,023	618,988
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic (RMB)	12	**16.97 cents**	13.86 cents
Diluted (RMB)	12	**16.97 cents**	13.86 cents

Details of the dividends payable and proposed for the year are disclosed in note 11 to the financial statements.

Consolidated Statement of Financial Position

31 December 2012

	Notes	31 December 2012 RMB'000	31 December 2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**8,602,374**	7,713,222
Prepaid land lease payments	14	**148,071**	113,115
Goodwill	15	**9,215**	9,215
Intangible assets	16	**2,347,909**	2,449,122
Investments in associates	18	**412,260**	383,172
Held-to-maturity investments	19	**7,500**	5,000
Available-for-sale investments	20	**253,400**	3,400
Deferred tax assets	21	**200**	93
Prepayments and other receivables	24	**1,250,375**	1,420,307
Total non-current assets		**13,031,304**	12,096,646
CURRENT ASSETS			
Prepaid land lease payments	14	**4,636**	3,437
Inventories	22	**29,959**	24,685
Trade and bills receivables	23	**842,796**	396,445
Prepayments, deposits and other receivables	24	**393,092**	290,167
Available-for-sale investments	20	**203,000**	328,190
Pledged deposits	25	**64**	64
Cash and cash equivalents	25	**757,760**	919,502
Total current assets		**2,231,307**	1,962,490
CURRENT LIABILITIES			
Trade payables	26	**197,248**	125,325
Other payables and accruals	27	**913,240**	1,048,133
Interest-bearing bank and other borrowings	28	**971,347**	636,075
Tax payable		**14,453**	14,159
Total current liabilities		**2,096,288**	1,823,692
NET CURRENT ASSETS		**135,019**	138,798
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,166,323**	12,235,444

continued/…

Consolidated Statement of Financial Position

31 December 2012

	Notes	**31 December 2012 RMB'000**	31 December 2011 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	**6,528,624**	6,114,499
Other payables and accruals	27	**15,011**	25,970
Total non-current liabilities		**6,543,635**	6,140,469
Net assets		**6,622,688**	6,094,975
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	29	**3,238,435**	3,238,435
Reserves	30(a)	**2,264,453**	1,779,521
Proposed final dividend	11	**64,769**	187,829
		5,567,657	5,205,785
Non-controlling interests		**1,055,031**	889,190
Total equity		**6,622,688**	6,094,975

Director
Cao Xin

Director
Gao Qing Yu

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Attributable to owners of the Company							
	Issued share capital RMB'000 (note 29)	Capital reserve RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Proposed dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2012	**3,238,435**	**1,378,106**	**40,413**	**361,002**	**187,829**	**5,205,785**	**889,190**	**6,094,975**
Total comprehensive income for the year	**-**	**-**	**-**	**549,701**	**-**	**549,701**	**246,322**	**796,023**
Final 2011 dividend declared (note 11(c))	**-**	**-**	**-**	**-**	**(187,829)**	**(187,829)**	**-**	**(187,829)**
Dividends declared to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(154,191)**	**(154,191)**
Contributions by non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**73,710**	**73,710**
Proposed final 2012 dividend (note 11(d))	**-**	**-**	**-**	**(64,769)**	**64,769**	**-**	**-**	**-**
Transfer from retained profits	**-**	**-**	**21,365**	**(21,365)**	**-**	**-**	**-**	**-**
As at 31 December 2012	**3,238,435**	**1,378,106***	**61,778***	**824,569***	**64,769**	**5,567,657**	**1,055,031**	**6,622,688**
As at 1 January 2011	3,238,435	1,373,791	15,413	124,923	58,170	4,810,732	627,857	5,438,589
Total comprehensive income for the year	–	–	–	448,908	–	448,908	170,080	618,988
Special Dividend declared (note 11(a))	–	–	–	–	(41,978)	(41,978)	–	(41,978)
Final 2010 dividend declared (note 11(b))	–	–	–	–	(16,192)	(16,192)	–	(16,192)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	(88,089)	(88,089)
Contributions by non-controlling shareholders	–	–	–	–	–	–	214,715	214,715
Acquisition of non-controlling interests	–	(1,513)	–	–	–	(1,513)	(45,173)	(46,686)
Acquisition of a subsidiary	–	–	–	–	–	–	9,800	9,800
Proposed final 2011 dividend (note 11(c))	–	–	–	(187,829)	187,829	–	–	–
Others	–	5,828	–	–	–	5,828	–	5,828
Transfer from retained profits	–	–	25,000	(25,000)	–	–	–	–
As at 31 December 2011	3,238,435	1,378,106*	40,413*	361,002*	187,829	5,205,785	889,190	6,094,975

* These reserve accounts comprise the consolidated reserves of RMB2,264,453,000 (31 December 2011: RMB1,779,521,000) in the consolidated statement of financial position as at 31 December 2012.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**803,438**	700,785
Adjustments for:			
Finance costs	7	**353,623**	244,924
Foreign exchange loss, net	6	**63**	22,052
Interest income	5	**(11,214)**	(17,854)
Share of profits of associates		**(89,937)**	(72,539)
Gain from acquisition of a subsidiary	6	**–**	(2,372)
Gain from held-to-maturity investments	6	**(1,290)**	(1,954)
Gain from available-for-sale investments	6	**(11,167)**	–
Depreciation of items of property, plant and equipment	6	**361,271**	278,960
Amortisation of prepaid land lease payments	6	**4,212**	2,849
Amortisation of intangible assets	6	**102,534**	87,732
Loss/(gain) on disposal of items of property, plant and equipment, net	6	**1,108**	(161)
Impairment of trade and bills receivables	6	**39,825**	–
Impairment of other receivables	6	**13,029**	–
		1,565,495	1,242,422
Decrease/(increase) in inventories		**(5,274)**	1,281
Increase in trade and bill receivables		**(586,699)**	(206,942)
Decrease/(increase) in prepayments, deposits and other receivables		**149,336**	(85,887)
Increase in trade payables		**71,923**	6,836
Increase in other payables and accruals		**42,557**	1,676
Cash generated from operations		**1,237,338**	959,386
Income tax paid		**(7,228)**	(93,369)
Net cash flows from operating activities		**1,230,110**	866,017

continued/…

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		**(1,529,027)**	(3,203,588)
Payments for acquisition of prepaid land lease payments		**(3,414)**	(7,710)
Payments for acquisition of intangible assets		**(1,321)**	(2,177)
Payments on investment		**–**	(200,000)
Proceeds for acquisition of subsidiaries		**–**	63,340
Proceeds from disposal of items of property, plant and equipment		**4,862**	942
Capital contributions to associates		**–**	(18,024)
Payments for acquisition of held-to-maturity investments		**(2,500)**	(1,350,000)
Payments for acquisition of non-controlling interests		**–**	(46,686)
Payments for acquisition of available-for-sale investments		**(1,378,000)**	(328,190)
Proceeds from settlement of held-to-maturity investments		**–**	1,350,000
Proceeds from settlement of available-for-sale investments		**1,453,190**	–
Gain from held-to-maturity investments		**1,290**	1,954
Gain from available-for-sale investments		**11,167**	–
Increase in pledged bank balances	25	**–**	(1)
Decrease/(Increase) in non-pledged time deposits with original maturity of more than three months when acquired		**56,736**	(200,000)
Dividends received from associates		**46,646**	45,332
Interest received		**11,214**	17,854
Net cash flows used in investing activities		**(1,329,157)**	(3,876,954)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions by non-controlling shareholders		**28,710**	124,715
New bank and other borrowings		**1,638,399**	4,130,474
Repayment of bank and other borrowings		**(944,074)**	(2,485,185)
Interest paid		**(422,020)**	(302,117)
Dividends paid to non-controlling shareholders		**(116,063)**	(122,328)
Distributions to HECIC and HECIC Water (as defined in note 1)		**–**	(41,978)
Dividend paid to owners of the Company		**(187,829)**	(16,192)
Commission charge paid for debt financing		**(800)**	(16,230)
Listing expenses paid		**(1,549)**	(3,700)
Net cash flows from/(used in) financing activities		**(5,226)**	1,267,459
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(104,273)**	(1,743,478)
Cash and cash equivalents at beginning of year		**719,502**	2,474,907
Effect of exchange rate changes on cash and cash equivalents		**(733)**	(11,927)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**614,496**	719,502

Statement of Financial Position

31 December 2012

	Notes	**31 December 2012 RMB'000**	31 December 2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**44,243**	17,688
Intangible assets	16	**363**	396
Investments in subsidiaries	17	**3,932,566**	3,800,269
Available-for-sale investments	20	**50,000**	–
Prepayments and other receivables	24	**1,988,460**	1,984,131
Total non-current assets		**6,015,632**	5,802,484
CURRENT ASSETS			
Prepayments, deposits and other receivables	24	**1,217,235**	989,401
Available-for-sale investments	20	**203,000**	328,190
Cash and cash equivalents	25	**388,278**	691,897
Total current assets		**1,808,513**	2,009,488
CURRENT LIABILITIES			
Other payables and accruals	27	**698,528**	620,091
Interest-bearing bank loans	28	**110,000**	206,420
Total current liabilities		**808,528**	826,511
NET CURRENT ASSETS		**999,985**	1,182,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,015,617**	6,985,461
NON-CURRENT LIABILITIES			
Interest-bearing other borrowing	28	**1,988,460**	1,984,131
Total non-current liabilities		**1,988,460**	1,984,131
Net assets		**5,027,157**	5,001,330
EQUITY			
Issued share capital	29	**3,238,435**	3,238,435
Reserves	30(b)	**1,723,953**	1,575,066
Proposed final dividend	11	**64,769**	187,829
Total equity		**5,027,157**	5,001,330

Director
Cao Xin

Director
Gao Qing Yu

Notes to Financial Statements

31 December 2012

1. CORPORATE INFORMATION

The Company was established as a joint stock company with limited liability on 9 February 2010 in the PRC as part of the reorganisation of Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司, "HECIC", a state-owned enterprise in the People's Republic of China (the "PRC", or Mainland China, which excludes, for the purpose of these financial statements, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan)) (the "Reorganisation") in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Ltd. (the "Listing"). HECIC was the holding company of the subsidiaries now comprising the group prior to the Reorganisation.

In consideration for HECIC and HECIC Water investment Co., Ltd. (河北建投水務投資有限公司, "HECIC Water", a wholly-owned subsidiary of HECIC incorporated in the PRC) transferring the Clean Energy Business Operations (see definition below) and cash in an aggregate amount of RMB2,033.9 million, respectively, to the Company upon its incorporation on 9 February 2010, the Company issued 1,600 million ordinary shares to HECIC and 400 million ordinary shares to HECIC Water, respectively. The ordinary shares issued to HECIC and HECIC Water have a par value of RMB1.00 each and represented the entire registered and issued share capital of the Company upon its incorporation.

Prior to the incorporation of the Company, the Clean Energy Business Operations were carried out by two companies owned or controlled by HECIC. Pursuant to the Reorganisation, the Clean Energy Business Operations were transferred to the Company upon its incorporation.

Clean Energy Business Operations

In connection with the Reorganisation, the Clean Energy Business Operations being transferred to the Company include:

(a) the operation relating to the sale of natural gas and gas appliances and the connection and construction of natural gas pipelines together with the related assets and liabilities; and

(b) the operation of wind power generation together with the related assets and liabilities, except for a 25% non-controlling shareholding interest indirectly held by HECIC in HECIC Yanshan (Guyuan) Wind Power Co., Ltd. ("Yanshan (Guyuan)"), a 75%-owned subsidiary of the Group.

The Company's H shares were issued and listed on the main board of The Stock Exchange of Hong Kong Ltd. ("The Hong Kong Stock Exchange") in the last quarter of 2010.

During the year ended 31 December 2011, the Group acquired the remaining 25% shareholding interest of Yanshan (Guyuan). Upon the completion of the acquisition, Yanshan (Guyuan) became a wholly-owned subsidiary of the Company.

The registered office of the Company is located at 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang, Hebei Province, the PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the investment, development, management and operation of wind power generation, sale of natural gas and gas appliances, and connection and the construction of natural gas pipelines.

In the opinion of the directors of the Company (the "Directors"), HECIC is the ultimate holding company of the Company.

Notes to Financial Statements

31 December 2012

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for held-to-maturity investment. In addition, these consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time adoption of International Financial Reporting Statements – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

Notes to Financial Statements

31 December 2012

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans* [2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [2]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements* [2]
IFRS 11	*Joint Arrangements* [2]
IFRS 12	*Disclosure of Interests in Other Entities* [2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance* [2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – *Investment Entities* [3]
IFRS 13	*Fair Value Measurement* [2]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [1]
IAS 19 Amendments	*Employee Benefits* [2]
IAS 27 (Revised)	*Separate Financial Statements* [2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures* [2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs *issued in May 2012* [2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Notes to Financial Statements

31 December 2012

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation.* The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Group expects to adopt the amendments from 1 January 2013.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement.* This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in IAS 27 and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

Notes to Financial Statements

31 December 2012

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements,* IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In June 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IFRS 12 which clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

The amendments to IFRS 10 issued in October 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (Revised). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

Consequential amendments were made to IAS 27 and IAS 28 as a result of the issuance of IFRS 10, IFRS 11 and IFRS 12. The Group expects to adopt IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised) and IAS 28 (Revised), and the subsequent amendments to these standards issued in June and October 2012 from 1 January 2013.

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. The Group expects to adopt IFRS 13 prospectively from 1 January 2013.

The IAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

Notes to Financial Statements

31 December 2012

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IAS 19 Amendments include a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt IAS 19 Amendments from 1 January 2013.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) IAS 1 *Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendments clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) IAS 32 *Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations.*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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); and
- (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).

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.38% to 4.75%
Wind turbines and related equipment	4.75%
Natural gas pipelines	4.75%
Other machinery and equipment	5.28% to 19.00%
Motor vehicles	11.88% to 19.00%
Office equipment and others	9.50% to 19.00%
Leasehold improvements	12.50% to 20.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Office software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life.

Operating concession

Operating concession represents the right to operate a wind power plant and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 25 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Service concession arrangement

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge for usage of the concession infrastructure. The intangible (operating concession) is accounted for in accordance with the policy set out for “intangible assets (other than goodwill)” above.

Revenue and costs relating to operating service are accounted for in accordance with the policy for “Revenue recognition-sale of electricity” below.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service concession arrangement (continued)

The Group has contractual obligation which it must fulfil as a condition of its right, that is to restore the site of the infrastructures to a specified condition at the end of the service concession arrangement. The contractual obligation to restore the site of the infrastructures is recognised and measured in accordance with the policy set out for "Provisions" below.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables, held-to-maturity investments, and available-for-sale financial investments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management’s intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, fair value is determined using valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories, mainly including natural gas and spare parts are stated at the lower of cost and net realisable value. Cost which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present locations and conditions are calculated using the first-in, first-out method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance the entity will comply with the conditions attaching to them and that the grant will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

The Group earns carbon credits known as Certified Emission Reductions ("CERs") from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism (the "CDM") projects with the CDM Executive Board (the "CDM EB") of the United Nations under the Kyoto Protocol.

CERs are government grants that should be recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Only when the actual emission reductions have been realised and when the Group has reasonable assurance that these reductions will be confirmed during the verification and certification process by the respective independent authority would the Group recognise CERs income. When there is uncertainty about the verification and certification to such extent that there is no reasonable assurance that the CERs will be granted, the CERs income can only be recognised upon completion of this process.

The CERs income is recognised and recorded in trade receivables for the volume verified by an independent authority and in other receivables for the remaining volume.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Sale of natural gas and gas appliances

Revenue from the sale of natural gas and gas appliances is recognised when the goods are delivered, title has passed and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) Sale of electricity

Revenue is recognised upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(c) Connection and construction of natural gas pipelines

Revenue in respect of the connection and construction of natural gas pipelines is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. When the outcome of a gas connection and the construction of gas pipeline contract cannot be estimated reliably, revenue is recognised only to the extent of expenses recognised that are recoverable;

(d) CERs income

Revenue in relation to CERs is recognised when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attaching to them, as further explained in the accounting policy for "Government grants" above;

(e) Voluntary emission reductions ("VERs") income

The Group sells VERs which is attributable to electricity generation from CDM projects before being registered with the CDM EB. Revenue in relation to VERs is recognised when the counterparties have committed to purchase VERs, the sales prices have been agreed, and the relevant electricity has been generated.

(f) Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) Dividend income

Revenue is recognised when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to Financial Statements

31 December 2012

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Notes to Financial Statements

31 December 2012

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2012 was RMB9,215,000 (31 December 2011: RMB9,215,000). Further details are given in note 15.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at the end of the reporting period, based on changes in circumstances.

The carrying amount of property, plant and equipment as at 31 December 2012 was approximately RMB8,602,374,000 (31 December 2011: RMB7,713,222,000). More details are given in note 13.

Current income tax

The Group is subject to income taxes in numerous jurisdictions in the PRC. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise.

The carrying amount of tax payable as at 31 December 2012 was RMB14,453,000 (31 December 2011: RMB14,159,000).

Notes to Financial Statements

31 December 2012

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Deferred income tax

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in the statement of comprehensive income in the period in which such a reversal takes place.

The carrying amount of deferred tax assets as at 31 December 2012 was RMB200,000 (31 December 2011: RMB93,000). More details are given in note 21.

Impairment of trade receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

The carrying amount of trade and bills receivables as at 31 December 2012 was RMB842,796,000 (31 December 2011: RMB396,445,000). More details are given in note 23.

Provision for restoring the site of the infrastructures to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its right and among which is to restore the site of the infrastructures to a specified condition at the end of the service concession arrangement. The contractual obligation to restore the site of the infrastructures is recognised and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimation of the expenditure that would be requires the Group to estimate the expected future cash outlays regarding the obligation over the service concession period and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the provision carried as a liability in the consolidated statement of financial position as at 31 December 2012 was approximately RMB40,125,000 (31 December 2011: RMB40,125,000).

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Natural gas-this segment engages in the sale of natural gas and gas appliances and the provision of construction and connection services of natural gas pipelines.

(b) Wind power-this segment develops, manages and operates wind power plants and generates electric power for sale to external power grid companies.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that interest income and head office and corporate expenses are excluded from measurement.

Segment assets exclude the unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude the unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2012 and 2011.

Year ended 31 December 2012

	Natural gas RMB'000	Wind power RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	2,569,338	1,132,741	3,702,079
Intersegment sales	–	–	–
Total revenue	2,569,338	1,132,741	3,702,079
Segment results	469,208	706,101	1,175,309
Interest income	324	908	1,232
Finance costs	(38,932)	(314,255)	(353,187)
Income tax expense	(58,606)	51,191	(7,415)
Profit of segments for the year	371,994	443,945	815,939
Unallocated interest income			9,982
Unallocated interest expense			(436)
Corporate and other unallocated expenses			(29,462)
Profit for the year			796,023
Segment assets	2,063,642	12,488,691	14,552,333
Corporate and other unallocated assets			710,278
Total assets			15,262,611
Segment liabilities	1,306,891	7,300,606	8,607,497
Corporate and other unallocated liabilities			32,426
Total liabilities			8,639,923
Other segment information:			
Depreciation and amortisation	(58,072)	(409,230)	(467,302)
Unallocated depreciation and amortisation			(715)
			(468,017)
Share of profit of associates	–	89,937	89,937
Investments in associates	–	412,260	412,260
Capital expenditure *	283,869	1,129,519	1,413,388
Unallocated capital expenditure *			50,495
			1,463,883

Notes to Financial Statements

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2011

	Natural gas RMB'000	Wind power RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	2,404,749	765,082	3,169,831
Intersegment sales	–	–	–
Total revenue	2,404,749	765,082	3,169,831
Segment results	416,190	545,652	961,842
Interest income	3,314	4,519	7,833
Finance costs	(18,477)	(216,191)	(234,668)
Income tax expense	(53,846)	(27,951)	(81,797)
Profit of segments for the year	347,181	306,029	653,210
Unallocated interest income			10,021
Unallocated interest expense			(10,256)
Corporate and other unallocated expenses			(33,987)
Profit for the year			618,988
Segment assets	1,683,809	11,349,633	13,033,442
Corporate and other unallocated assets			1,025,694
Total assets			14,059,136
Segment liabilities	959,655	6,974,430	7,934,085
Corporate and other unallocated liabilities			30,076
Total liabilities			7,964,161
Other segment information:			
Depreciation and amortisation	(50,432)	(318,448)	(368,880)
Unallocated depreciation and amortisation			(661)
			(369,541)
Share of profit of associates	–	72,539	72,539
Investments in associates	–	383,172	383,172
Capital expenditure *	282,120	2,890,056	3,172,176
Unallocated capital expenditure *			431
			3,172,607

Note:

* Capital expenditure mainly consists of additions to property, plant and equipment, prepaid land lease payments and intangible assets as well as the non-current prepayment on acquisition of items of property, plant and equipment.

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

No further geographical segment information is presented as the Group's revenue is derived from customers based in Mainland China, and the Group's assets are located in Mainland China.

Information about major customers

For the year ended 31 December 2012, revenue generated from sales to one of the Group's customers in the wind power segment amounting to RMB774,371,000 (2011: RMB602,135,000) individually accounted for over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the net invoiced value of natural gas and electricity sold, net of value-added tax and government surcharges; and (2) the value of services rendered.

An analysis of the Group's revenue, other income and gains is as follows:

	2012	2011
	RMB'000	RMB'000
Revenue		
Sales of natural gas	**2,449,497**	2,342,901
Sales of electricity	**1,128,082**	764,021
Construction and connection of natural gas pipelines	**72,972**	33,804
Natural gas transportation revenue and others	**46,869**	28,044
Wind power services	**4,659**	1,061
	3,702,079	3,169,831
Other income and gains, net		
Government grants:		
–CERs income, net	**44,219**	97,346
–Value-added tax refunds	**1,008**	12,451
Bank interest income	**11,214**	17,854
Others	**21,501**	7,358
	77,942	135,009

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2012 RMB'000	2011 RMB'000
Cost of goods sold		**2,424,260**	2,238,272
Cost of services rendered		**39,472**	18,710
Total cost of sales		**2,463,732**	2,256,982
Depreciation of items of property, plant and equipment (note (a))	13	**361,271**	278,960
Amortisation of prepaid land lease payments	14	**4,212**	2,849
Amortisation of intangible assets	16	**102,534**	87,732
Total depreciation and amortisation		**468,017**	369,541
Minimum lease payments under operating leases of land and buildings		**6,676**	4,965
Auditors' remuneration		**3,059**	2,862
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		**102,586**	70,775
Pension scheme contributions (defined contribution schemes) (note (b))		**8,394**	5,887
Welfare and other expenses		**33,288**	25,524
Gain from acquisition of a subsidiary		**–**	(2,372)
Gain from held-to-maturity investments		**(1,290)**	(1,954)
Gain from available-for-sale investments		**(11,167)**	–
Loss/(gain) on disposal of items of property, plant and equipment, net		**1,108**	(161)
Foreign exchange loss, net		**63**	22,052
Impairment of trade and bills receivables	23	**39,825**	–
Impairment of other receivables	24	**13,029**	–

Notes:

(a) Depreciation of approximately RMB334,172,000 (2011: RMB260,012,000) is included in the cost of sales on the face of the consolidated statement of comprehensive income for the year ended 31 December 2012.

(b) All of the Group's full-time employees in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group is required to make monthly contributions to these plans at 20% of the employees' salaries. Contributions to these plans are expensed as incurred. As at 31 December 2012 and 2011, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

Notes to Financial Statements

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7. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest on bank loans and other borrowings wholly repayable within five years	**299,236**	171,567
Interest on bank loans and other borrowings wholly repayable beyond five years	**139,235**	145,433
Total interest expense	**438,471**	317,000
Less: Interest capitalised to items of property, plant and equipment	**(84,848)**	(72,076)
	353,623	244,924

Borrowing costs capitalised for the year are calculated by applying the following capitalisation rates per annum to expenditure on qualifying assets:

	2012	2011
Capitalisation rates	**5.8%-7.4%**	5.0%-6.8%

8. DIRECTORS', SUPERVISORS' AND CHIEF EXCECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors', supervisors' and chief executive's remuneration

The Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Hong Kong Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2012 RMB'000	2011 RMB'000
Fees	**324**	328
Other emoluments:		
– Salaries, allowances and benefits in kind	**1,836**	1,626
– Performance-related bonuses	**1,022**	370
– Pension scheme contributions (defined contribution scheme)	**579**	114
	3,761	2,438

Notes to Financial Statements

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8. DIRECTORS', SUPERVISORS' AND CHIEF EXCECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors', supervisors' and chief executive's remuneration (continued)

The names of the Directors, supervisors and chief executive's and their remuneration for the years ended 31 December 2012 and 2011 are as follows:

2012

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive Directors					
Dr. Cao Xin (Chief executive)	–	427	219	171	817
Mr. Gao Qing Yu	–	386	208	76	670
Mr. Zhao Hui	–	335	206	131	672
Mr. Sun Xin Tian	–	365	206	72	643
	–	1,513	839	450	2,802
Non-executive Directors					
Dr. Li Lian Ping (Chairman)*	–	–	–	–	–
Mr. Zhao Hui Ning	–	–	–	–	–
Mr. Xiao Gang	–	–	–	–	–
	–	–	–	–	–
Independent non-executive Directors					
Mr. Qin Hai Yan	81	–	–	–	81
Mr. Ding Jun	81	–	–	–	81
Mr. Wang Xiang Jun	81	–	–	–	81
Mr. Yue Man Yiu, Matthew	81	–	–	–	81
	324	–	–	–	324
Supervisors					
Mr. Yang Hong Chi	–	–	–	–	–
Mr. Qiao Guo Jie	–	323	183	129	635
Mr. Mi Xian Wei	–	–	–	–	–
	–	323	183	129	635
	324	1,836	1,022	579	3,761

* Dr. Li Lian Ping resigned as Chairman of the Board and non-executive director of the Company, with effect from 27 March 2013.

Notes to Financial Statements

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8. DIRECTORS', SUPERVISORS' AND CHIEF EXCECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors', supervisors' and chief executive's remuneration (continued)

2011

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive Directors					
Dr. Cao Xin (Chief executive)	–	340	–	16	356
Mr. Gao Qing Yu	–	378	370	41	789
Mr. Zhao Hui	–	282	–	16	298
Mr. Sun Xin Tian	–	383	–	25	408
	–	1,383	370	98	1,851
Non-executive Directors					
Dr. Li Lian Ping (Chairman)	–	–	–	–	–
Mr. Zhao Hui Ning	–	–	–	–	–
Mr. Xiao Gang	–	–	–	–	–
	–	–	–	–	–
Independent non-executive Directors					
Mr. Qin Hai Yan	82	–	–	–	82
Mr. Ding Jun	82	–	–	–	82
Mr. Wang Xiang Jun	82	–	–	–	82
Mr. Yue Man Yiu, Matthew	82	–	–	–	82
	328	–	–	–	328
Supervisors					
Mr. Yang Hong Chi	–	–	–	–	–
Mr. Qiao Guo Jie	–	243	–	16	259
Mr. Mi Xian Wei	–	–	–	–	–
	–	243	–	16	259
	328	1,626	370	114	2,438

Those Directors, supervisors or chief executive who received no emoluments for the years ended 31 December 2012 and 2011 did not receive any remuneration for their services in the capacity as Directors, supervisors and chief executive during those years.

Notes to Financial Statements

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8. DIRECTORS', SUPERVISORS' AND CHIEF EXCECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the year is as follows:

	2012	2011
Directors	**4**	1
Non-director and non-supervisor employees	**1**	4
	5	5

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	2012 **RMB'000**	2011 RMB'000
Salaries, allowances and benefits in kind	**391**	1,042
Performance-related bonuses	**213**	1,127
Pension scheme contributions	**59**	112
	663	2,281

The number of the non-director and non-supervisor, highest paid employees whose remuneration fell within the following band is as follows:

	2012	2011
Nil to HK$1,000,000	**1**	4

During the years ended 31 December 2012 and 2011, no Directors, supervisors, chief executive or any of the non-director and non-supervisor, highest paid individuals waived or agreed to waive any emoluments, and no emoluments were paid by the Group to the Directors, supervisors, chief executive or any of the non-director and non-supervisor, highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to Financial Statements

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9. INCOME TAX EXPENSE

A subsidiary of the Company is an equity joint venture in which a foreign investor owns a 45% shareholding interest. It is identified as a manufacturing enterprise with an operating period of 10 years or more which is entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from its first profit-making year after offsetting accumulated tax losses, if any. However, pursuant to *Notice of the State Council on the Implementation of the Transitional Preferential Tax Policies* (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), the subsidiary has started enjoying the tax holiday from the year 2008 due to the income tax reform.

Pursuant to Caishui [2008] No. 46 *Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment* (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain subsidiaries of the Company, which were set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first year generating operating income (the "3+3 tax holiday"). As at 31 December 2012, these entities were in the process of the preparation and submission of the required documents to the respective tax authorities to qualify for the 3+3 tax holiday.

Pursuant to Caishui [2012] No. 10 *Notice on Preferential Tax Treatment for Projects relating to Public Infrastructure, Environment Protection, and Water and Energy Conservation* (財政部、國家稅務總局關於公共基礎設施項目和環境保護、節能節水項目企業所得稅優惠政策問題的通知) issued on 5 January 2012, certain subsidiaries of the Company, which were established before 1 January 2008 and are engaging in public infrastructure projects, are entitled to the 3+3 tax holiday commencing 1 January 2008. These entities obtained the approval from the respective tax authorities in 2012 to deduct from their future income tax liabilities by income tax paid during 2008 to 2011.

Under the relevant PRC Corporate Income Tax Law and respective regulations, except for certain preferential treatment available to certain subsidiaries of the Company as mentioned above, the entities within the Group were subject to corporate income tax at a rate of 25% during the years ended 31 December 2012 and 2011.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong for the years ended 31 December 2012 and 2011.

Notes to Financial Statements

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9. INCOME TAX EXPENSE (CONTINUED)

	2012 RMB'000	2011 RMB'000
Current income tax – Mainland China	**7,522**	81,663
Deferred income tax (note 21)	**(107)**	134
Tax charge for the year	**7,415**	81,797

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate applicable to the Company to the income tax expense at the Group's effective income tax rate for the year is as follows:

	2012 RMB'000	2011 RMB'000
Profit before tax	**803,438**	700,785
Income tax charge at the statutory income tax rate of 25%	**200,860**	175,196
Effect of tax exemption for specific locations or enacted by local authorities	**(118,713)**	(86,299)
Adjustment of current income tax of previous periods	**(59,159)**	12,380
Tax effect of share of profits of associates	**(22,484)**	(18,135)
Expenses not deductible for tax	**15,203**	1,084
Tax losses not recognised	**2,333**	2,785
Tax losses utilised from previous periods	**(10,625)**	(5,214)
Tax charge for the year at the effective rate	**7,415**	81,797

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2012 includes a profit of RMB213,656,000 (2011: RMB250,001,000) which has been dealt with in the financial statements of the Company (note 30(b)).

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11. DIVIDENDS

The dividends for the year are set out below:

	2012 RMB'000	2011 RMB'000
Dividends:		
Declared:		
– Special Dividend (note (a))	–	41,978
– Final 2010 dividend (note (b))	–	16,192
– Final 2011 dividend (note (c))	187,829	–
	187,829	58,170
Proposed:		
– Final dividend – RMB2 cents (2011: RMB5.8 cents) per ordinary share (note (d))	64,769	187,829
	252,598	245,999

Notes:

(a) Pursuant to an ordinary resolution passed by the shareholders on 9 February 2010, the shareholders of the Company approved a dividend plan that a special dividend would be declared and paid to the shareholders of the Company: HECIC and HECIC Water, according to their respective shareholding interests in the Company (the "Special Dividend"), for the net profit of the Group attributable to the owners of the Company earned for the period from 1 April 2010 up to the day immediately prior to the Listing.

The Special Dividend paid to HECIC and HECIC Water was in an aggregate amount of RMB41,978,000, which is determined based on (1) the net profit of the Group attributable to the owners of the Company as stated in the audited consolidated financial statements of the Group, prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006, and other related regulations issued by the Ministry of Finance (collectively "PRC GAAP") and IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ended 31 October 2010, minus (2) the profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010. The net profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010 equals the amount, calculated on a pro-rata basis, of the net profit of the Group attributable to the owners of the Company, as stated in the audited consolidated financial statements of the Group, prepared in accordance with PRC GAAP and IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ended 31 October 2010.

The Special Dividend was declared on 28 March 2011 and approved by the Company's shareholders at the annual general meeting on 3 June 2011, and was settled in full on 30 June 2011.

(b) At the annual general meeting held on 3 June 2011, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2010 of RMB0.005 per share, which amounted to RMB16,192,000 and was settled in full in June and July 2011.

(c) At the annual general meeting held on 4 June 2012, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2011 of RMB0.058 per share, which amounted to RMB187,829,000 and was settled in full in June 2012.

(d) The proposed final dividend for the year ended 31 December 2012 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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11. DIVIDENDS (CONTINUED)

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting enterprise income tax of 10%.

Due to the repeal of the *Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income* (Guoshuifa 1993 No. 45) (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知(國稅發[1993]45號)) from 4 January 2011, the Company is required under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementing rules and regulations to withhold and pay individual income tax ranging from 10% to 20% when it distributes dividends to its non-PRC resident individual shareholders out of profit earned in 2010 and beyond.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2012 and 2011.

	2012 **RMB'000**	2011 RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**549,701**	448,908

	Number of shares	
	2012	2011
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,238,435,000**	3,238,435,000

The Company did not have any dilutive potential ordinary shares during the year.

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13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Wind turbines and related equipment RMB'000	Natural gas pipelines RMB'000	Other machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improve–ments RMB'000	Construction in progress RMB'000	Total RMB'000
2012									
Cost:									
At 1 January 2012	255,584	4,203,353	738,243	141,325	67,540	34,626	30,463	3,117,365	8,588,499
Additions	1,657	8,353	1,292	19,183	5,074	4,303	3,262	1,250,222	1,293,346
Transfers to prepaid land lease payments (note 14)	–	–	–	–	–	–	–	(36,953)	(36,953)
Transfers	54,870	2,468,322	198,662	33,681	–	749	3,113	(2,759,397)	–
Disposals	(23)	(5,900)	(267)	(556)	(1,826)	(189)	–	–	(8,761)
At 31 December 2012	312,088	6,674,128	937,930	193,633	70,788	39,489	36,838	1,571,237	9,836,131
Accumulated depreciation:									
At 1 January 2012	(27,519)	(509,291)	(241,553)	(39,146)	(31,243)	(13,653)	(12,872)	–	(875,277)
Depreciation provided during the year (note 6)	(12,772)	(273,929)	(37,141)	(12,664)	(9,555)	(5,994)	(9,216)	–	(361,271)
Disposals	8	424	169	311	1,702	177	–	–	2,791
At 31 December 2012	(40,283)	(782,796)	(278,525)	(51,499)	(39,096)	(19,470)	(22,088)	–	(1,233,757)
Net carrying amount:									
At 31 December 2012	271,805	5,891,332	659,405	142,134	31,692	20,019	14,750	1,571,237	8,602,374
At 1 January 2012	228,065	3,694,062	496,690	102,179	36,297	20,973	17,591	3,117,365	7,713,222

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

	Buildings RMB'000	Wind turbines and related equipment RMB'000	Natural gas pipelines RMB'000	Other machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improve –ments RMB'000	Construction in progress RMB'000	Total RMB'000
2011									
Cost:									
At 1 January 2011	148,038	3,522,877	639,036	79,146	51,419	26,333	11,713	2,209,033	6,687,595
Additions	1,792	2,878	883	18,551	16,597	8,647	5,942	2,951,701	3,006,991
Acquisition of subsidiaries	1,468	–	29,990	3,427	86	20	40	5,135	40,166
Transfers to prepaid land lease payments (note 14)	–	–	–	–	–	–	–	(44,814)	(44,814)
Transfers to intangible assets (note 16)	(22,278)	(1,076,991)	–	–	–	–	–	(722)	(1,099,991)
Transfers	126,564	1,755,083	68,334	40,201	–	18	12,768	(2,002,968)	–
Disposals	–	(494)	–	–	(562)	(392)	–	–	(1,448)
At 31 December 2011	255,584	4,203,353	738,243	141,325	67,540	34,626	30,463	3,117,365	8,588,499
Accumulated depreciation:									
At 1 January 2011	(20,448)	(310,980)	(210,304)	(28,466)	(22,850)	(9,200)	(5,973)	–	(608,221)
Depreciation provided during the year (note 6)	(7,321)	(209,830)	(30,939)	(10,561)	(8,592)	(4,818)	(6,899)	–	(278,960)
Acquisition of subsidiaries	(27)	–	(310)	(119)	(41)	(7)	–	–	(504)
Transfers to intangible assets (note 16)	277	11,464	–	–	–	–	–	–	11,741
Disposals	–	55	–	–	240	372	–	–	667
At 31 December 2011	(27,519)	(509,291)	(241,553)	(39,146)	(31,243)	(13,653)	(12,872)	–	(875,277)
Net carrying amount:									
At 31 December 2011	228,065	3,694,062	496,690	102,179	36,297	20,973	17,591	3,117,365	7,713,222
At 1 January 2011	127,590	3,211,897	428,732	50,680	28,569	17,133	5,740	2,209,033	6,079,374

Interest of approximately RMB84,848,000 was capitalised to construction in progress for the year ended 31 December 2012 (2011: RMB72,076,000) prior to being transferred to buildings and machinery (note 7).

As at the date of the approval of these financial statements, the Group is in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB39,842,000. 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 does not have any significant impact on the Group's financial position as at 31 December 2012.

Notes to Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improve –ments RMB'000	Construction in progress RMB'000	Total RMB'000
2012					
Cost:					
At 1 January 2012	**250**	**979**	**1,010**	**16,085**	**18,324**
Additions	**–**	**152**	**–**	**26,985**	**27,137**
At 31 December 2012	**250**	**1,131**	**1,010**	**43,070**	**45,461**
At 1 January 2012	**(47)**	**(205)**	**(384)**	**–**	**(636)**
Depreciation provided during the year	**(47)**	**(198)**	**(337)**	**–**	**(582)**
At 31 December 2012	**(94)**	**(403)**	**(721)**	**–**	**(1,218)**
Net carrying amount:					
At 31 December 2012	**156**	**728**	**289**	**43,070**	**44,243**
At 1 January 2012	**203**	**774**	**626**	**16,085**	**17,688**

2011

	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improve –ments RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:					
At 1 January 2011	250	818	858	3,418	5,344
Additions	–	161	152	12,667	12,980
At 31 December 2011	250	979	1,010	16,085	18,324
Accumulated depreciation:					
At 1 January 2011	–	(28)	(48)	–	(76)
Depreciation provided during the year	(47)	(177)	(336)	–	(560)
At 31 December 2011	(47)	(205)	(384)	–	(636)
Net carrying amount:					
At 31 December 2011	203	774	626	16,085	17,688
At 1 January 2011	250	790	810	3,418	5,268

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14. PREPAID LAND LEASE PAYMENTS

Group

	2012 **RMB'000**	2011 RMB'000
Carrying amount at beginning of the year	**116,552**	73,079
Additions	**3,414**	7,710
Acquisition of a subsidiary	**–**	722
Transfer from construction in progress (note 13)	**36,953**	44,814
Transfer to intangible assets (note 16)	**–**	(6,924)
Amortisation for the year (note 6)	**(4,212)**	(2,849)
Carrying amount at end of the year	**152,707**	116,552
Portion classified as current assets	**(4,636)**	(3,437)
Non-current portion	**148,071**	113,115

The leasehold land is situated in Mainland China and is held under a medium term lease.

	31 December 2012 RMB'000	31 December 2011 RMB'000
Lease terms, at carrying amount:		
Long term leases of not less than 50 years	**–**	–
Medium term leases of less than 50 years but not less than 10 years	**152,707**	116,552
Short term leases of less than 10 years	**–**	–
	152,707	116,552

As at the date of approval of these financial statements, the Group is in the process of applying for the title certificates of certain of its land use rights with an aggregate net carrying amount of approximately RMB18,590,000. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land. The Directors are also of the opinion that the aforesaid matter does not have any significant impact on the Group's financial position as at 31 December 2012.

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15. GOODWILL

Group

	2012 **RMB'000**	2011 RMB'000
Cost and carrying amount at beginning of the year	**9,215**	–
Acquisition of subsidiaries	**–**	9,215
Cost and carrying amount at end of the year	**9,215**	9,215

Goodwill acquired through business combinations in 2011 in the amounts of RMB6,843,000 and RMB2,372,000 has been allocated to the natural gas and wind power cash-generating units, respectively, which are reportable segments, for impairment testing.

The recoverable amounts of the wind power and natural gas cash-generating units have been determined based on a value in use calculation using cash flow projections based on a financial budget covering a 20-year period approved by senior management. The discount rate applied to the cash flow projections was 10%.

Assumptions were used in the value in use calculation of the wind power and natural gas cash-generating units for 31 December 2012. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

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16. INTANGIBLE ASSETS

Group

	Office software RMB'000	Operating concession RMB'000 (note)	Total RMB'000
2012			
Cost:			
At beginning of the year	7,451	2,535,704	2,543,155
Additions	1,321	–	1,321
At end of the year	8,772	2,535,704	2,544,476
Accumulated amortisation:			
At beginning of the year	(2,689)	(91,344)	(94,033)
Amortisation for the year (note 6)	(1,514)	(101,020)	(102,534)
At end of the year	(4,203)	(192,364)	(196,567)
Net carrying amount:			
At end of the year	4,569	2,343,340	2,347,909
At beginning of the year	4,762	2,444,360	2,449,122

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16. INTANGIBLE ASSETS

Group (continued)

	Office software RMB'000	Operating concession RMB'000 (note)	Total RMB'000
2011			
Cost:			
At beginning of the year	5,214	1,424,522	1,429,736
Additions	2,203	16,008	18,211
Acquisition of a subsidiary	34	–	34
Transfer from property, plant and equipment, net (note 13)	–	1,088,250	1,088,250
Transfer from prepaid land lease payments (note 14)	–	6,924	6,924
At end of the year	7,451	2,535,704	2,543,155
Accumulated amortisation:			
At beginning of the year	(1,552)	(4,748)	(6,300)
Amortisation for the year (note 6)	(1,136)	(86,596)	(87,732)
Acquisition of a subsidiary	(1)	–	(1)
At end of the year	(2,689)	(91,344)	(94,033)
Net carrying amount:			
At end of the year	4,762	2,444,360	2,449,122
At beginning of the year	3,662	1,419,774	1,423,436

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16. INTANGIBLE ASSETS (CONTINUED)

Note:

On 30 November 2010 and 25 April 2011, the Group entered into two service concession arrangements with a governmental authority concerning the operation of two of its self-constructed wind power plants, respectively. Pursuant to these service concession arrangements, the Group transferred the carrying amount of the related property, plant and equipment and the prepaid land lease payments to operating concession as intangible assets. The arrangements involve the Group as an operator operating and maintaining the infrastructure at a specified level of serviceability for a period of 25 years (the "service concession period") and restoring the sites of the infrastructure at a specified level of serviceability at the end of the service concession periods, and the Group will be paid for its service over the relevant periods of the service concession arrangements at a price stipulated through a pricing mechanism.

Company

	2012 Office software RMB'000	2011 Office software RMB'000
Cost:		
At beginning of the year	**504**	386
Additions	**80**	118
At end of the year	**584**	504
Accumulated amortisation:		
At beginning of the year	**(108)**	(7)
Amortisation for the year	**(113)**	(101)
At end of the year	**(221)**	(108)
Net carrying amount:		
At end of the year	**363**	396
At beginning of the year	**396**	379

17. INVESTMENTS IN SUBSIDIARIES

Company

	31 December 2012 RMB'000	31 December 2011 RMB'000
Unlisted investments, at cost	**3,932,566**	3,800,269

Notes to Financial Statements

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows:

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
HECIC New-energy Co., Ltd. (河北建投新能源有限公司)		The PRC/ Mainland China 17 July 2006	RMB3,099,300,000	100	–	Wind power generation, wind farms investing and service consulting
HECIC Zhangjiakou Wind Energy Co., Ltd. (河北建投張家口風能有限公司)		The PRC/ Mainland China 22 November 2005	RMB204,750,000	–	100	Wind power generation
HECIC Zhongxing Wind Energy Co., Ltd. (河北建投中興風能有限公司)		The PRC/ Mainland China 20 April 2006	RMB163,000,000	–	70	Wind power generation
HECIC Yuzhou Wind Energy Co., Ltd. (河北建投蔚州風能有限公司)	(i)	The PRC/ Mainland China 18 January 2007	RMB364,000,000	–	55.92	Wind power generation
Hebei Jiantou Longyuan Chongli Wind Energy Co., Ltd. (河北建投龍源崇禮風能有限公司)	(i)	The PRC/ Mainland China 26 March 2007	RMB95,000,000	–	50	Wind power generation
Yanshan (Guyuan)		The PRC/ Mainland China 3 March 2009	RMB423,000,000	–	100	Wind power generation
Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司)	(i)	The PRC/ Mainland China 26 March 2008	RMB178,600,000	–	51	Wind power generation
Lingqiu CIC Hengguan Wind Energy Co., Ltd. (靈丘建投衡冠風能有限公司)	(i)	The PRC/ Mainland China 18 July 2008	RMB175,500,000	–	55	Wind power generation

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows (continued):

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Zhangbei Huashi CIC Wind Energy Co., Ltd. (張北華實建投風能有限公司)	(i)	The PRC/ Mainland China 24 April 2008	RMB80,000,000	–	49	Wind power generation
Hebei Suntien Kechuang New Energy Technology Co., Ltd. (河北新天科創新能源技術有限公司)		The PRC/ Mainland China 29 March 2010	RMB28,000,000	–	100	Provision of maintenance and consulting services in relation to wind farms and other new energies
Chengde Yuyuan Wind Energy Co., Ltd. (承德御源風能有限公司)	(i)	The PRC/ Mainland China 6 April 2010	RMB10,000,000	–	60	Wind power generation
Changli Suntien Wind Energy Co., Ltd. (昌黎新天風能有限公司)		The PRC/ Mainland China 4 July 2011	RMB6,000,000	–	100	Wind power generation
Zhangbei CIC Huashi Wind Energy Co., Ltd. ("Zhangbei CIC Huashi") (張北建投華實風能有限公司)	(i)	The PRC/ Mainland China 17 July 2010	RMB90,000,000	–	51	Wind power generation
Laiyuan Suntien Wind Energy Co., Ltd. (淶源新天風能有限公司)		The PRC/ Mainland China 25 March 2011	RMB184,600,000	–	100	Wind power generation
Keyouqianqi Suntien Wind Energy Co., Ltd. (科右前旗新天風能有限公司)		The PRC/ Mainland China 10 January 2011	RMB37,200,000	–	100	Wind power generation

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows (continued):

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Yuxian Suntien Wind Energy Co., Ltd. (蔚縣新天風能有限公司)		The PRC/ Mainland China 27 January 2011	RMB330,000,000	–	100	Wind power generation
Laoting CIC Wind Energy Co., Ltd. (樂亭建投風能有限公司)		The PRC/ Mainland China 19 February 2011	RMB46,000,000	–	100	Wind power generation
Kangbao Suntien Wind Energy Co., Ltd. (康保新天風能有限公司)		The PRC/ Mainland China 3 March 2011	RMB22,000,000	–	100	Wind power generation
Shangyi Suntien Wind Energy Co., Ltd. (尚義新天風能有限公司)		The PRC/ Mainland China 17 March 2011	RMB6,000,000	–	100	Wind power generation
Zhangbei Suntien Wind Energy Co., Ltd. (張北新天風能有限公司)		The PRC/ Mainland China 11 April 2011	RMB5,000,000	–	100	Wind power generation
Guyuan Suntien Wind Energy Co., Ltd. (沽源新天風能有限公司)		The PRC/ Mainland China 7 May 2012	RMB2,000,000	–	100	Wind power generation
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)		The PRC/ Mainland China 9 December 2010	RMB6,000,000	92	–	Wind power generation
Suntien Green Energy Weichang Wind Energy Co., Ltd. (新天綠色能源圍場有限公司)		The PRC/ Mainland China 30 March 2011	RMB298,000,000	100	–	Wind power generation

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows (continued):

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd. (黑龍江新天哈電新能源投資有限公司)		The PRC/ Mainland China 19 April 2012	RMB10,000,000	80	–	Wind power generation
Suntien Green Energy Investment (Beijing) Co., Ltd. (新天綠色能源投資(北京)有限公司)		The PRC/ Mainland China 27 July 2012	RMB60,000,000	100	–	Project investment and investment management
Jianshui Suntien Wind Energy Co., Ltd. (建水新天風能有限公司)		The PRC/ Mainland China 18 July 2012	RMB3,000,000	100	–	Wind power generation
Suntien Green Energy (Hong Kong) Co., Ltd. ("Suntien Green Hong Kong") (新天綠色能源(香港)有限公司)		The PRC/ Hong Kong 29 June 2012	RMB6,296,700	100	–	Project investment and investment management
Hebei Natural Gas Company Ltd. ("Hebei Natural Gas") (河北省天然氣有限責任公司)	(ii)	The PRC/ Mainland China 27 April 2001	RMB520,000,000	55	–	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Shijiazhuang CIC Natural Gas Co., Ltd. ("Shijiazhuang CIC") (石家莊建投天然氣有限公司)		The PRC/ Mainland China 1 September 2005	RMB57,100,000	–	55*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows (continued):

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Hebei Zhaodu Natural Gas Co., Ltd. ("Hebei Zhaodu")*** (河北趙都天然氣有限責任公司)		The PRC/ Mainland China 21 November 2007	RMB20,000,000	–	28.875*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Chengde City CIC Natural Gas Co., Ltd. ("Chengde CIC") (承德市建投天然氣有限責任公司)		The PRC/ Mainland China 15 June 2009	RMB75,000,000	–	49.5*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Ningjin CIC Natural Gas Co., Ltd. ("Ningjin CIC") (甯晉縣建投天然氣有限責任公司)		The PRC/ Mainland China 17 May 2010	RMB10,000,000	–	28.05*	The connection and construction of gas pipelines and sale of natural gas appliances
Shijiazhuang Hua Bo Nature Gas Co., Ltd. ("Hua Bo") (石家莊華博燃氣有限公司)		The PRC/ Mainland China 21 December 2010	RMB5,000,000	–	30.25*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Jinzhou Weiye Gas Co., Ltd. ("Jinzhou Weiye") (晉州市偉業燃氣有限公司)		The PRC/ Mainland China 19 July 2004	RMB18,159,877	–	55*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries of the Company are as follows (continued):

Company name**	Notes	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Shenzhou Weiye Gas Co., Ltd. ("Shenzhou Weiye") (深州偉業燃氣有限公司)		The PRC/ Mainland China 23 December 2005	RMB11,758,114	–	55*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Xinji Zhongchen Gas Co., Ltd. ("Xinji Zhongchen") (辛集市中晨燃氣有限公司)		The PRC/ Mainland China 7 February 2007	RMB15,000,000	–	55*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines

* Shijiazhuang CIC, Hebei Zhaodu, Chengde CIC, Ningjin CIC, Hua Bo, Jinzhou Weiye, Shenzhou Weiye and Xinji Zhongchen are 100%-owned, 52.5%-owned, 90%-owned, 51%-owned, 55%-owned, 100%-owned, 100%-owned and 100%-owned subsidiaries of Hebei Natural Gas, respectively, a 55%-owned subsidiary of the Company.

** Except for Suntien Green Hong Kong, which was established in Hong Kong and Hebei Natural Gas, which is an equity joint venture in which a foreign investor owns a 45% shareholding interest, have English company names, the English names of the companies registered in the Mainland China represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

*** Handan Economic Development Zone CIC Natural Gas Co., Ltd. (邯鄲開發區建投燃氣有限責任公司) changed its name to Hebei Zhaodu Natural Gas Co., Ltd. (河北趙都天然氣有限責任公司) on 3 September, 2012.

All the above subsidiaries are limited liability companies.

Notes:

(i) The Company indirectly either owns half or less than half of the equity interests in these companies or owns more than half of equity interests but the voting power attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. According to the articles of association, the Company is the biggest equity owner of these companies and no other equity owners individually or in the aggregate have the power to control these companies. A subsidiary of the Company, which holds the shareholding interests in these companies, signed shareholders' voting agreements with certain equity owners of these companies during or before the year ended 31 December 2011, whereby such equity owners have agreed to vote unanimously with the Group. Such equity owners have also confirmed that the unanimous voting with the Group existed since the establishment of these entities or the Group becoming the biggest equity owner of these entities. The PRC lawyer of the Company confirmed that the shareholders' voting agreements are valid under the relevant PRC laws. On top of the shareholders' voting agreements, the Company controlled the operation of these entities by appointing senior management, approving the annual budget and determining the remuneration of senior management, etc. Considering the above mentioned factors, the Directors are of the opinion that the Company controlled these entities during the years ended 31 December 2012 and 2011. Therefore the financial statements of these companies are consolidated by the Company during the years ended 31 December 2012 and 2011 (or where the companies were established at a date later than 1 January 2011, for the periods from the date of establishment to 31 December 2012).

(ii) Hebei Natural Gas is a sino-foreign equity joint venture with limited liability established under the Company Law of the PRC and the Law of Sino-foreign Equity Joint Venture. According to the articles of association of Hebei Natural Gas, the Company is able to nominate four out of seven directors at the board of Hebei Natural Gas and a simple majority of the board is sufficient to approve and make normal daily financial and operating policies and decisions of Hebei Natural Gas. The voting power attached to the equity interest held by the Company in Hebei Natural Gas allowed the Company to have the power to govern the financial and operating activities of Hebei Natural Gas according to the articles of association of Hebei Natural Gas. The Directors are of the opinion that the Company was able to control Hebei Natural Gas since its establishment. Therefore, the financial statements of Hebei Natural Gas have been consolidated by the Company in its consolidated financial statements since the establishment of Hebei Natural Gas.

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18. INVESTMENTS IN ASSOCIATES

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Share of net assets	**412,260**	383,172

Particulars of the associates of the Group are as follows:

Company name*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. (河北圍場龍源建投風力發電有限公司)	The PRC/ Mainland China 25 August 2006	RMB209,300,000	–	50	Wind power generation
Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd. (龍源建投(承德)風力發電有限公司)	The PRC/ Mainland China 27 March 2009	RMB307,850,000	–	45	Wind power generation
Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd. (龍源建投(承德圍場)風力發電有限公司)	The PRC/ Mainland China 27 March 2009	RMB138,320,000	–	45	Wind power generation

* The English names of the companies registered in the Mainland China represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

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18. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following tables illustrate the summarised financial information of the Group's associates extracted from their management accounts:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Aggregate of associates' financial position:		
Assets	**2,120,291**	2,137,549
Liabilities	**(1,247,137)**	(1,326,384)

	2012 RMB'000	2011 RMB'000
The associates' results:		
Revenue	**342,458**	328,654
Profit for the year	**192,103**	144,571

19. HELD-TO-MATURITY INVESTMENTS

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Unlisted debt investments	**7,500**	5,000

Held-to-maturity investments are analysed as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Corporate entity	**7,500**	5,000

As at 31 December 2012, the effective interest rates of the held-to-maturity investments were 6.4% and 6.55% per annum (31 December 2011: 7.05%). The carrying amounts of the held-to-maturity investments approximate to their fair values.

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20. AVAILABLE-FOR-SALE INVESTMENTS

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Unlisted equity investments, at cost (i)	**253,400**	3,400
Other financial assets (ii)	**203,000**	328,190
	456,400	331,590
Portion classified as non-current assets	**(253,400)**	(3,400)
Current portion	**203,000**	328,190

Company

	31 December 2012 RMB'000	31 December 2011 RMB'000
Unlisted equity investments, at cost (i)	**50,000**	–
Other financial assets (ii)	**203,000**	328,190
	253,000	328,190
Portion classified as non-current assets	**(50,000)**	–
Current portion	**203,000**	328,190

(i) The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

(ii) The other financial assets represented corporate wealth management products purchased by the Company from certain banks. The principals of the above products are guaranteed by banks with repayment due date within the term.

No other comprehensive income or loss was recognised in the income statement for the year ended 31 December 2012 because the aggregate changes of fair value of such financial assets were immaterial since their respective acquisition dates.

21. DEFERRED TAX ASSETS

The movements in deferred tax assets during the year are as follows:

Group

	2012 **RMB'000**	2011 RMB'000
Deferred tax assets:		
At beginning of the year	**93**	227
Deferred tax credited/(charged) to the statement of comprehensive income during the year (note 9)	**107**	(134)
At end of the year	**200**	93

The deferred tax assets are attributed to the following items, which are reflected in the consolidated statement of financial position:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Deferred tax assets:		
Pre-operating expenses	**–**	93
Impairment provision	**200**	–
	200	93

As at 31 December 2012, tax losses of the Group arising in the PRC were RMB26,804,000 (31 December 2011: RMB59,972,000), which had not been recognised as deferred tax assets. The tax losses were available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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22. INVENTORIES

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Natural gas	**4,730**	5,819
Spare parts and others	**24,934**	18,530
Low-value consumables	**295**	336
	29,959	24,685

23. TRADE AND BILLS RECEIVABLES

The majority of the Group's revenues are generated through sales of natural gas and electricity. The credit period offered by the Group to customers of natural gas and electricity generally ranges from one month to two months. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Trade and bills receivables	**882,621**	396,445
Impairment	**(39,825)**	–
	842,796	396,445

Included in the trade receivables as at 31 December 2012 are receivables under two service concession arrangements in the amount of RMB122,259,000 (31 December 2011: RMB32,264,000).

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23. TRADE AND BILLS RECEIVABLES (CONTINUED)

Group (continued)

An aged analysis of trade and bills receivables, based on the invoice date, as at the reporting date is as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Within 3 months	**615,115**	267,324
3 to 6 months	**84,186**	117,923
6 months to 1 year	**138,701**	8,464
1 to 2 years	**4,047**	2,734
2 to 3 year	**747**	–
	842,796	396,445

The movements in provision for impairment of trade receivables are as follows:

Group

	2012 RMB'000	2011 RMB'000
At 1 January 2012	**–**	–
Impairment losses recognised (note 6)	**39,825**	–
At 31 December 2012	**39,825**	–

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB39,825,000 (31 December 2011: Nil) with an aggregate carrying amount before provision of RMB45,847,000 (31 December 2011: Nil).

The individually impaired trade receivables relate to customers that were in default in principal payments or were in financial difficulties and only a portion of the receivables is expected to be recovered.

Notes to Financial Statements

31 December 2012

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

An aged analysis of the trade and bills receivables, that are neither individually nor collectively considered to be impaired, is as follows:

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Neither past due nor impaired	**821,788**	392,812
Less than 3 months past due	**10,416**	1,347
3 to 6 months past due	**4,265**	1,693
1 to 2 years past due	**305**	593
	836,774	396,445

Receivables that were neither past due nor impaired primarily relate to either those long-term customers or various local power grid companies for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The amount due from fellow subsidiaries of the Group included in the trade receivables is as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Fellow subsidiaries	**910**	908

The above amount is unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group.

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Prepayments to suppliers	**726,967**	557,944	**–**	–
Deductible VAT	**765,466**	833,616	**–**	–
CERs receivable	**47,609**	97,942	**–**	–
Deposits and other receivables	**96,889**	16,877	**3,205,540**	2,814,392
Dividend receivable	**14,203**	–	**–**	159,079
Other prepayments	**5,362**	204,095	**155**	61
	1,656,496	1,710,474	**3,205,695**	2,973,532
Less: Impairment	**(13,029)**	–	**–**	–
	1,643,467	1,710,474	**3,205,695**	2,973,532
Portion classified as non-current assets	**(1,250,375)**	(1,420,307)	**(1,988,460)**	(1,984,131)
Current portion	**393,092**	290,167	**1,217,235**	989,401

The amounts due from related parties included in prepayments, deposits and other receivables are as follows:

	Group		Company	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Fellow subsidiaries	**841**	1,121	**404**	404
Subsidiaries	**–**	–	**3,202,627**	2,969,924
Associates	**14,203**	–	**–**	–
	15,044	1,121	**3,203,031**	2,970,328

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The movements in provision for impairment of other receivables are as follows:

Group

	2012 **RMB'000**	2011 RMB'000
At 1 January 2012	**–**	–
Impairment losses recognised (note 6)	**13,029**	–
At 31 December 2012	**13,029**	–

Included in the above provision for impairment of other receivables is a provision for individually impaired receivables of RMB13,029,000 (31 December 2011: Nil) with an aggregate carrying amount before provision of RMB29,496,000 (31 December 2011: Nil). The individually impaired receivables relate to counterparties that were in default in principal payments and only a portion of the receivables is expected to be recovered.

The above amounts are unsecured, non-interest-bearing and have no fixed terms of repayment, except for the amounts due from subsidiaries which bear interest at rates ranging from 5.60% to 6.98% per annum (2011: 5.60% to 6.89%).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Cash and bank balances	**614,560**	308,066
Time deposits	**143,264**	611,500
	757,824	919,566
Less: Pledged bank balances for letters of guarantee	**(64)**	(64)
Cash and cash equivalents in the consolidated statement of financial position	**757,760**	919,502
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(143,264)**	(200,000)
Cash and cash equivalents in the consolidated statement of cash flows	**614,496**	719,502
Cash and bank balances and time deposits denominated in:		
– RMB	**742,676**	912,567
– Other currencies	**15,148**	6,999
	757,824	919,566

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25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

Company

	31 December 2012 RMB'000	31 December 2011 RMB'000
Cash and bank balances	**245,014**	80,397
Time deposits	**143,264**	611,500
Cash and cash equivalents in the statement of financial position	**388,278**	691,897
Cash and bank balances and time deposits denominated in:		
– RMB	**373,130**	684,898
– Other currencies	**15,148**	6,999
	388,278	691,897

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and pledged deposits in the statement of financial position approximate to their fair values. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled within six months.

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Trade payables	**197,248**	125,325

Notes to Financial Statements

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26. TRADE PAYABLES (CONTINUED)

An aged analysis of the Group's trade payables, based on the invoice date, as at the reporting date is as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Within 6 months	**151,704**	99,988
6 months to 1 year	**14,489**	11,055
1 to 2 years	**23,269**	11,641
2 to 3 years	**5,832**	1,625
More than 3 years	**1,954**	1,016
	197,248	125,325

27. OTHER PAYABLES AND ACCRUALS

	Group		**Company**	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Retention money payables	**210,612**	219,968	**523**	324
Dividend payable to non-controlling shareholders	**2,711**	9,583	**–**	–
Wind turbine and related equipment payables	**331,458**	490,890	**–**	–
Advances from customers	**114,888**	99,417	**–**	–
Construction payables	**79,326**	92,147	**–**	–
Accrued salaries, wages and benefits	**24,633**	20,700	**328**	935
Other taxes payable	**12,650**	8,691	**1,724**	981
Interest payable	**73,211**	62,631	**13,999**	14,225
Accrued expenses	**40,125**	40,125	**–**	–
Others	**38,637**	29,951	**681,954**	603,626
	928,251	1,074,103	**698,528**	620,091
Portion classified as non-current liabilities	**(15,011)**	(25,970)	**–**	–
Current portion	**913,240**	1,048,133	**698,528**	620,091

For retention money payables in respect of warranties granted by the suppliers, the due dates usually range from one to three years after the completion of the construction work or the preliminary acceptance of equipment.

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27. OTHER PAYABLES AND ACCRUALS (CONTINUED)

The amounts due to related parties included in the other payables and accruals are as follows:

	Group		Company	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
HECIC	**733**	912	**733**	912
Fellow subsidiaries	**323**	314	**–**	–
Subsidiaries	**–**	–	**676,544**	600,015
	1,056	1,226	**677,277**	600,927

The amount due to HECIC represented the fee charged by HECIC for the guarantee of the issue of corporate bonds, which should be repaid annually (note 34(a)).

Except for the amount due to HECIC and retention money payables which have fixed repayment terms, the above amounts are unsecured and have no fixed terms of repayment.

Except for the amount due to subsidiaries which bears interest, the above amounts are non-interest-bearing.

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at 31 December 2012			As at 31 December 2011		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
—Unsecured	4.8-6.0	2013	460,000	5.5-7.0	2012	316,420
Short term other borrowings:						
—Unsecured	4.3	2013	199,600	–	–	–
Current portion of long term bank loans:						
—Unsecured	5.9-7.1	2013	59,597	5.9-6.3	2012	142,455
—Secured	5.9-6.6	2013	252,150	5.8-6.3	2012	177,200
			311,747			319,655
Total current portion			971,347			636,075
Non-current						
Long term bank loans:						
—Unsecured	5.9-7.1	2013-2024	651,588	5.0-7.1	2012-2024	799,285
—Secured	5.9-6.6	2013-2025	2,593,719	5.5-7.1	2012-2025	2,037,369
			3,245,307			2,836,654
Long term other borrowing:						
—Unsecured	5.9	2017	1,294,857	5.9	2017	1,293,714
Corporate bonds(i):						
—Unsecured	5.3-5.4	2017-2018	1,988,460	5.3-5.4	2017-2018	1,984,131
Total non-current portion			6,528,624			6,114,499
			7,499,971			6,750,574

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Company

	As at 31 December 2012			As at 31 December 2011		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
—Unsecured	**5.6**	**2013**	**110,000**	5.5	2012	206,420
Non-current						
Corporate bonds(i):						
—Unsecured	**5.3-5.4**	**2017-2018**	**1,988,460**	5.3-5.4	2017-2018	1,984,131
			2,098,460			2,190,551

(i) On 24 October 2011, the Company received an approval from the China Securities Regulatory Commission (中國證券監督管理委員會) to issue corporate bonds of up to RMB2 billion in Mainland China. During the period from 18 November to 22 November 2011, the Company issued corporate bonds with an aggregate value of RMB2 billion. The corporate bonds were issued at a price of RMB100 each.

The corporate bonds are separated into two types of products amounting to RMB1 billion each, namely 6-Year and 7-Year product, which are repayable on 18 November 2017 and 2018, respectively and their applicable interest rates are 5.3% and 5.4% per annum, respectively. At the end of three years and five years, respectively, the Company has an option to adjust the interest rates whereas the holders of the corporate bonds have an option to sell their bonds back to the Company at the face value.

On 23 December 2011, the corporate bonds were listed on the Shanghai Stock Exchange.

Notes to Financial Statements

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The maturity profile of the interest-bearing bank and other borrowings as at the reporting date is as follows:

Group

	31 December 2012 RMB'000	31 December 2011 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**771,747**	636,075
In the second year	**363,316**	303,747
In the third to fifth years, inclusive	**1,360,343**	1,174,243
Beyond five years	**1,521,648**	1,358,664
	4,017,054	3,472,729
Other borrowings repayable:		
Within one year	**199,600**	–
In the third to fifth years, inclusive	**1,294,857**	–
Beyond five years	**–**	1,293,714
	1,494,457	1,293,714
Corporate bonds repayable:		
In the third to fifth years, inclusive	**994,279**	–
Beyond five years	**994,181**	1,984,131
	1,988,460	1,984,131
	7,499,971	6,750,574

Company

	31 December 2012 RMB'000	31 December 2011 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**110,000**	206,420
Corporate bonds repayable:		
In the third to fifth years, inclusive	**994,279**	–
Beyond five years	**994,181**	1,984,131
	1,988,460	1,984,131
	2,098,460	2,190,551

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Certain interest-bearing bank loans of the Group in an aggregate amount of RMB2,845,869,000 were secured by the right of future electricity fees collection as at 31 December 2012 (31 December 2011: RMB2,214,569,000).

A long term other borrowing of the Group of RMB1,294,857,000 was guaranteed by HECIC, the ultimate holding company as at 31 December 2012 (31 December 2011: RMB1,293,714,000) (note 34(a)).

The corporate bonds of the Company of RMB1,988,460,000 were guaranteed by HECIC, the ultimate holding company as at 31 December 2012 (31 December 2011: RMB1,984,131,000) (note 34(a)).

29. ISSUED SHARE CAPITAL

	31 December 2012		31 December 2011	
	Number of shares ’000	**Nominal value RMB’000**	Number of shares ’000	Nominal value RMB’000
Registered, issued and fully paid:				
– State legal person shares of RMB1.00 each	**1,876,156**	**1,876,156**	1,876,156	1,876,156
– H shares of RMB1.00 each	**1,362,279**	**1,362,279**	1,362,279	1,362,279
	3,238,435	**3,238,435**	3,238,435	3,238,435

30. RESERVES

(a) Group

The amounts of the Group’s reserves and the movements therein for the years ended 31 December 2012 and 2011 are presented in the consolidated statement of changes in equity on page 62 of the financial statements.

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30. RESERVES (CONTINUED)

(b) Company

	Capital reserve RMB'000	Reserve funds RMB'000	Retained earnings RMB'000	Proposed dividend RMB'000	Total RMB'000
At 1 January 2011	1,453,822	15,413	37,831	58,170	1,565,236
Total comprehensive income for the year (note 10)	–	–	250,001	–	250,001
Transfer from retained profits	–	25,000	(25,000)	–	–
Declared Special Dividend (note 11(a))	–	–	–	(41,978)	(41,978)
Declared final 2010 dividend (note 11(b))	–	–	–	(16,192)	(16,192)
Proposed final 2011 dividend (note 11(c))	–	–	(187,829)	187,829	–
Others	5,828	–	–	–	5,828
At 31 December 2011	1,459,650*	40,413*	75,003*	187,829	1,762,895
Total comprehensive income for the year (note 10)	–	–	213,656	–	213,656
Transfer from retained profits	–	21,365	(21,365)	–	–
Declared final 2011 dividend (note 11(c))	–	–	–	(187,829)	(187,829)
Proposed final 2012 dividend (note 11(d))	–	–	(64,769)	64,769	–
At 31 December 2012	1,459,650*	61,778*	202,525*	64,769	1,788,722

* These reserve accounts comprise the reserve of RMB1,723,953,000 (31 December 2011: RMB1,575,066,000) in the statement of financial position as at 31 December 2012.

31. OPERATING LEASE ARRANGEMENTS

As lessee

At the reporting date, the Group and the Company had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

	Group		Company	
	31 December 2012 RMB'000	31 December 2011 RMB'000	31 December 2012 RMB'000	31 December 2011 RMB'000
Within one year	3,116	3,489	1,315	1,315
In the second to fifth years, inclusive	54	3,138	–	1,315
Beyond five years	117	122	–	–
	3,287	6,749	1,315	2,630

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32. COMMITMENTS

In addition to the operating lease commitments detailed above, the Group and the Company had the following capital commitments as at the end of the reporting period:

	Group		Company	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Contracted, but not provided for:				
Property, plant and equipment	**2,547,671**	1,456,665	**–**	–
Capital contributions payable to associates	**320,000**	320,000	**–**	–
	2,867,671	1,776,665	**–**	–
Authorised, but not contracted for:				
Property, plant and equipment	**2,452,919**	4,672,652	**423,271**	–
Capital contributions payable to associates	**114,000**	4,900	**–**	–
	2,566,919	4,677,552	**423,271**	–

33. CONTINGENT LIABILITIES

(a) Pursuant to the reorganisation agreement entered into between HECIC, HECIC Water and the Company (the "Reorganisation Agreement"), except for liabilities constituting or arising out of or relating to the businesses undertaken by the Company after the Reorganisation, no liabilities were assumed by the Company and the Company is not liable, whether severally, or jointly and severally, for debts and obligations incurred prior to the Reorganisation by HECIC. HECIC has also undertaken to indemnify the Company in respect of any loss or damage incurred relating to the Clean Energy Business Operations prior to their transfer by HECIC to the Company in the Reorganisation, and any loss or damage suffered or incurred by the Company as a result of any breach by HECIC of any provision of the Reorganisation Agreement. The Company has also undertaken to indemnify HECIC and HECIC Water in respect of any damage suffered or incurred by HECIC and HECIC Water as a result of any breach by the Company of any provision of the Reorganisation Agreement.

(b) Up to the date of these consolidated financial statements, there have been no rules issued on whether CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the Directors of the Company are of the opinion that no such taxes will be applicable to CERs. Therefore, the Group has not made any provision for such contingencies.

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34. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the years ended 31 December 2012 and 2011:

(i) Transactions with HECIC*

On 31 March 2010, HECIC, China Pacific Asset Management Co., Ltd. (the "Insurance Lender") and HECIC New-energy Co., Ltd. ("HECIC New-energy", a subsidiary of the Company) entered into a secured insurance loan investment agreement pursuant to which the Insurance Lender agreed to syndicate and lend to HECIC New-energy RMB1.3 billion for a term of seven years and HECIC irrevocably agreed to guarantee the payment obligations of HECIC New-energy under the insurance loan investment agreement (the "Insurance Loan Guarantee"). No fee is payable or charged by HECIC in relation to its provision of the Insurance Loan Guarantee to HECIC New-energy. On 18 June 2010, HECIC New-energy fully drew down the syndicated loan of RMB1.3 billion from the Insurance Lender.

On 19 September 2010, the Company entered into an agreement with HECIC which governs the use of trademarks granted by HECIC to the Group.

On 30 August 2011, the Company entered into an agreement with HECIC pursuant to which HECIC agreed to provide a guarantee to the Company for the issuance of domestic corporate bonds with an aggregate nominal value of up to RMB2.0 billion. The guarantee is unconditional and irrevocable with an annual charge of 0.3% of the nominal value of the corporate bonds to the Company by HECIC. On 18 November 2011, the Company issued domestic corporate bonds with an aggregate nominal value of RMB2.0 billion. A guarantee fee of approximately RMB5,821,000 (2011: RMB912,000) is payable or charged by HECIC for the year ended 31 December 2012.

(ii) Transactions with fellow subsidiaries

	2012 **RMB'000**	2011 RMB'000
Continuing transactions		
Fellow subsidiaries		
Sales of natural gas*	**137**	223
Connection of nature gas pipelines	**–**	228
Rental expenses*	**6,769**	4,369

In the opinion of the Directors, the above related party transactions were conducted in the ordinary course of business.

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34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2012 and 2011 (continued):

(iii) Transactions with other State-owned Enterprises in the PRC

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")). During the year, the Group had transactions with other SOEs, other than HECIC and its subsidiaries, including, but not limited to, sales of electricity and natural gas, depositing and borrowing money and purchase of natural gas and materials, receiving construction work services, and entering into service concession arrangement, in the normal course of business on terms comparable to those with other non-SOEs.

The receipt of construction work service from SOEs and sales of natural gas to SOEs are individually not significant. The individually significant transactions with SOEs are as follows:

	2012 RMB'000	2011 RMB'000
Continuing transactions		
Sales of electricity*		
– Jibei Electric Power Company Limited (note)	**777,267**	–
– North China Grid Company Limited (note)	**–**	617,555
– Hebei Electric Power Corporation (note)	**292,687**	165,940
– Shanxi Electric Power Corporation (note)	**67,486**	–
	1,137,440	783,495
Purchase of natural gas		
– PetroChina Company Limited	**1,860,249**	1,828,481

note: Including sales of electricity generated during the construction and testing period. These sales are not included in the revenue of electricity sales, and are offset against the cost of property, plant and equipment.

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34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2012 and 2011 (continued):

(iii) Transactions with other State-owned Enterprises in the PRC (continued)

The Group had certain of its cash and time deposits and outstanding interest-bearing bank loans with certain state-owned banks in the PRC as at 31 December 2012 and 2011, as summarised below:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Cash and time deposits	**623,226**	890,077
Short-term bank loans	**410,000**	306,420
Current portion of long-term bank loans	**270,291**	273,700
Long-term bank loans	**2,955,119**	2,505,011
	3,635,410	3,085,131

In addition, the Group entered into service concession arrangements with a government authority, the Hebei Energy Bureau (河北省能源局) (the English name is a direct translation of the Chinese name), during the years ended 31 December 2011 and 2010. Details of which are set out in note 16 to the financial statements above.

* These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 23, 24 and 27 to these financial statements.

(c) Compensation of key management personnel of the Group

Save as disclosed in note 8 to these financial statements, no remuneration has been paid or is payable to the Directors in respect of any of the period referred to in these consolidated financial statements by the Company or any of the companies now comprising the Group:

	2012 RMB'000	2011 RMB'000
Short term employee benefits	**4,015**	2,587
Pension scheme contributions	**751**	130
	4,766	2,717

Notes to Financial Statements

31 December 2012

35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash transactions

During the year ended 31 December 2012, a dividend payable to a non-controlling shareholder amounting to RMB45,000,000 (2011: RMB90,000,000) was reinvested by the non-controlling shareholder into the respective subsidiary of the Company as further capital contribution by the non-controlling shareholder.

During the year ended 31 December 2012, bills receivables amounting to RMB150,523,000 (2011: Nil) were endorsed by the Group to the suppliers of the Group for the purchase of properties, plant and equipment.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		**Company**	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Financial assets				
Held-to-maturity investments	**7,500**	5,000	**–**	–
Available-for-sale investments	**456,400**	331,590	**253,000**	328,190
Loans and receivables:				
Trade and bills receivables	**842,796**	396,445	**–**	–
Financial assets included in prepayments, deposits and other receivables	**99,202**	114,819	**3,205,540**	2,973,471
Pledged deposits	**64**	64	**–**	–
Cash and cash equivalents	**757,760**	919,502	**388,278**	691,897
	2,163,722	1,767,420	**3,846,818**	3,993,558
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	**197,248**	125,325	**–**	–
Financial liabilities included in other payables and accruals	**776,080**	945,295	**696,476**	618,175
Interest-bearing bank and other borrowings	**7,499,971**	6,750,574	**2,098,460**	2,190,551
	8,473,299	7,821,194	**2,794,936**	2,808,726

Notes to Financial Statements

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37. TRANSFERS OF FINANCIAL ASSETS

In 2012, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables and other payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to the undue Endorsed Bills with an aggregate carrying amount of RMB34,700,000 as at 31 December 2012, and accordingly, the Group continued to recognise the full carrying amounts of such Endorsed Bills and the associated trade payables and other payable settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills during the year to which the suppliers have recourse is RMB34,700,000 as at 31 December 2012.

In December 2012, the Group discounted a commercial acceptance bill ("Discounted Bill") with a carrying amount of RMB50,000,000 to a bank ("Discount"). The Discounted Bill has a maturity of six months. In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bill, and accordingly, it continued to recognise the full carrying amount of the Discounted Bill and recognised a short term loan of RMB50,000,000. Subsequent to the Discount, the Group does not retain any rights on the use of the Discounted Bill, including sale, transfer or pledge of the Discounted Bill to any other third parties. The carrying amount of the short term loan undertaken through the Discount to which the bank has recourse is RMB50,000,000 as at 31 December 2012.

Notes to Financial Statements

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38. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amount		Fair value	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Financial assets				
Held-to-maturity investments	**7,500**	5,000	**7,500**	5,000
Available-for-sale investments	**456,400**	331,590	**456,400**	331,590
Trade and bills receivables	**842,796**	396,445	**842,796**	396,445
Financial assets included in prepayments, deposits and other receivables	**99,202**	114,819	**99,202**	114,819
Pledged deposits	**64**	64	**64**	64
Cash and cash equivalents	**757,760**	919,502	**757,760**	919,502
	2,163,722	1,767,420	**2,163,722**	1,767,420
Financial liabilities				
Trade payables	**197,248**	125,325	**197,248**	125,325
Financial liabilities included in other payables and accruals	**776,080**	945,295	**774,881**	942,528
Interest-bearing bank and other borrowings	**7,499,971**	6,750,574	**7,498,713**	6,749,118
	8,473,299	7,821,194	**8,470,842**	7,816,971

Notes to Financial Statements

31 December 2012

38. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Company

	Carrying amount		Fair value	
	31 December 2012 RMB'000	31 December 2011 RMB'000	**31 December 2012 RMB'000**	31 December 2011 RMB'000
Financial assets				
Available-for-sale investments	**253,000**	328,190	**253,000**	328,190
Financial assets included in prepayments, deposits and other receivables	**3,205,540**	2,973,471	**3,205,540**	2,973,471
Cash and cash equivalents	**388,278**	691,897	**388,278**	691,897
	3,846,818	3,993,558	**3,846,818**	3,993,558
Financial liabilities				
Financial liabilities included in other payables and accruals	**696,476**	618,175	**696,476**	618,175
Interest-bearing bank and other borrowings	**2,098,460**	2,190,551	**2,098,957**	2,189,095
	2,794,936	2,808,726	**2,795,433**	2,807,270

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

The fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade payables, the current portion of interest-bearing bank and other borrowings and the current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of non-current portion of interest-bearing bank and other borrowings and the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

Notes to Financial Statements

31 December 2012

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the senior management of the Group holds meetings regularly to analyse and approve the proposals made by the management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group did not use any derivatives and other instruments for hedging purposes and the Group did not hold or issue derivative financial trading purposes for the year. The senior management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest expenses are charged to the statement of comprehensive income as incurred.

If there would be a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB50,619,000 (2011: RMB47,564,000) for the year, and there is no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at the end of the reporting period and has applied the exposure to interest rate risk to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

Notes to Financial Statements

31 December 2012

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on trade receivables and cash balances which are derived from sales that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the Euro, the United States dollar and the Hong Kong dollar. The Directors do not anticipate any significant impact resulting from the changes in foreign exchange rates because except for CERs which are denominated in foreign currencies, the majority of the Group's business is transacted in RMB, the Group's functional currency. RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. The Group has not entered into any hedging transactions in order to reduce the Group's exposure to foreign currency risk in this regard.

The following table indicates the appropriate change in the Group's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at 31 December 2012 and 2011. The sensitivity analysis includes bank deposits, trade receivables and other receivables in foreign currencies.

Effect on profit before tax

	Increase/ (decrease) in foreign exchange rate	**2012 RMB'000**	2011 RMB'000
If RMB weakens against Euro	5%	**6,099**	5,417
If RMB strengthens against Euro	5%	**(6,099)**	(5,417)
If RMB weakens against United States dollar	5%	**450**	500
If RMB strengthens against United States dollar	5%	**(450)**	(500)
If RMB weakens against Hong Kong dollar	5%	**757**	350
If RMB strengthens against Hong Kong dollar	5%	**(757)**	(350)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2012 and has applied the exposure to foreign currency risk to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the year until the next reporting date. The sensitivity analysis is performed on the same basis for the years ended 31 December 2012 and 2011.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

Credit risk is derived from the losses incurred if the holders of financial assets cannot fulfil their obligations.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The carrying amounts of cash and cash equivalents, pledged deposits, trade and bills receivables, other receivables, investments and other financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

As the Group's major customers are either long-standing or various local power grid companies, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As at 31 December 2012, 45.9% (31 December 2011: 45.8%) of the Group's trade and bills receivables were due from the provincial power grid companies. The Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

(d) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group has already obtained banking facilities from several PRC banks of amounts up to RMB13,838 million as at 31 December 2012 of which approximately RMB6,331 million has been utilised as at 31 December 2012.

In addition, the Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

After taking into account the above, the Directors are of the view that the Group is able to meet its debt obligations as they fall due in the normal course of business and to continue as a going concern.

Notes to Financial Statements

31 December 2012

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at 31 December 2012 and 2011, based on the contractual undiscounted payments, is as follows:

Group

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2012					
Interest-bearing bank and other borrowings	**971,347**	**363,316**	**3,649,479**	**2,515,829**	**7,499,971**
Interest payments on financial liabilities	**406,457**	**374,315**	**931,239**	**363,400**	**2,075,411**
Trade payables	**197,248**	**–**	**–**	**–**	**197,248**
Financial liabilities included in other payables and accruals	**761,069**	**10,298**	**4,713**	**–**	**776,080**
	2,336,121	**747,929**	**4,585,431**	**2,879,229**	**10,548,710**
31 December 2011					
Interest-bearing bank and other borrowings	636,075	303,747	3,158,374	2,652,378	6,750,574
Interest payments on financial liabilities	393,620	366,382	857,387	327,568	1,944,957
Trade payables	125,325	–	–	–	125,325
Financial liabilities included in other payables and accruals	919,325	15,711	10,259	–	945,295
	2,074,345	685,840	4,026,020	2,979,946	9,766,151

Notes to Financial Statements

31 December 2012

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Company

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 7 years RMB'000	Total RMB'000
31 December 2012				
Interest-bearing bank and other borrowings	**110,000**	**–**	**1,988,460**	**2,098,460**
Interest payments on financial liabilities	**114,367**	**112,348**	**380,605**	**607,320**
Financial liabilities included in other payables and accruals	**696,476**	**–**	**–**	**696,476**
	920,843	**112,348**	**2,369,065**	**3,402,256**
31 December 2011				
Interest-bearing bank and other borrowings	206,420	–	1,984,131	2,190,551
Interest payments on financial liabilities	118,836	112,103	212,117	443,056
Financial liabilities included in other payables and accruals	618,175	–	–	618,175
	943,431	112,103	2,196,248	3,251,782

(e) Capital management

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services and products commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings, less cash and cash equivalents and pledged deposits. Capital includes the equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position.

Notes to Financial Statements

31 December 2012

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management (continued)

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The Group's policy is to maintain the gearing ratio at no higher than 70%. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of the reporting periods were as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Trade payables (note 26)	**197,248**	125,325
Other payables and accruals (note 27)	**928,251**	1,074,103
Interest-bearing bank and other borrowings (note 28)	**7,499,971**	6,750,574
Less: Cash and cash equivalents (note 25)	**(757,760)**	(919,502)
Less: Pledged deposits (note 25)	**(64)**	(64)
Net debt	**7,867,646**	7,030,436
Total equity	**6,622,688**	6,094,975
Capital and net debt	**14,490,334**	13,125,411
Gearing ratio	**54%**	54%

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 28 March 2013.

Definitions

"Approved Wind Power Project"	wind power project which has obtained a reply from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission for their approval of commencing project construction
"availability factor"	the amount of time that a power plant is able to produce electricity after it starts commercial operations over a certain period divided by the amount of time in such period
"average utilization hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the consolidated installed capacity in the same period (in MW or GW)
"Beijing Enterprises Group"	Beijing Enterprises Group Company Ltd. (北京控股集團有限公司), a wholly state-owned company incorporated in PRC with limited liability and an independent third party not connected to the Company
"Beijing Hua Shi"	Beijing Hua Bei Power Industrial Company (北京華北電力實業總公司), a substantial shareholder of two of the Company's non-wholly owned subsidiaries, Chongli CIC Huashi and Zhangbei CIC Huashi
"Board"	the board of Directors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits

Definitions

"CER"	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol
"Chongli CIC Huashi"	Chongli CIC Huashi Wind Energy Co., Ltd. (崇禮建投華實風能有限公司), a non-wholly-owned subsidiary of the Company
" Company", "we" or "us"	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"consolidated installed capacity" or "consolidated operating capacity"	the aggregate installed capacity or operating capacity (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements. This is calculated by including 100% of the installed capacity or operating capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity and consolidated operating capacity do not include the capacity of our associated companies
"consolidated gross power generation" or "consolidated net power delivered to grid"	for a specified period, the aggregate gross power generation or net power delivered to grid (as the case may be) of our project companies that we fully consolidate in our financial statements.
"Director(s)"	the director(s) of the Company
"Financial Statement"	the audited financial statements for the year ended 31 December 2012
"GW"	unit of power, gigawatt. 1 GW = 1,000 MW

Definitions

"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measurement for the annual energy production of large power plants
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, consisting of net power delivered to grid, auxiliary electricity and electricity generated during the construction and testing period
"Group"	the Company and its subsidiaries
"Hebei Natural Gas"	Hebei Natural Gas Company Ltd.(河北省天然氣有限責任公司), a non-wholly-owned subsidiary of the Company
"HECIC New Energy"	HECIC New Energy Co., Ltd. (河北建投新能源有限公司), a wholly-owned subsidiary of the Company
"HECIC"	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company, primarily engages in the investment in and development of projects in the foundation, infrastructures and pillar industries of province, such as energy, transportation, water supply and commercial real estates
"HECIC Water"	HECIC Water Investment Co., Ltd. (河北建投水務投資有限公司), a wholly-owned subsidiary of HECIC and one of the promoters of the Company and its substantial shareholder
"HECIC Communication"	HECIC Communication Investment Co., Ltd. (河北建設交通投資有限責任公司) a subsidiary of HECIC incorporated in the PRC and a connected person of the Company

Definitions

"Hong Kong & China Gas (Hebei)"	Hong Kong & China Gas (Hebei) Limited (香港中華煤氣(河北)有限公司), an indirect wholly-owned subsidiary of the Hong Kong and China Gas Company Limited incorporated in British Virgin Islands and a connected person of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IAS"	International Accounting Standards
"IASB"	the International Accounting Standard Board
"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations approved by the IASB, and the IAS and interpretation issued by the international Accounting standards Committee
"installed capacity"	the capacity of the wind turbines that have been completely assembled and erected
"JEI"	Jointo Energy Investment Co., Ltd. (河北建投能源投資股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 000600) that is controlled by HECIC (formerly known as Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司)), a connected person of the Company, and primarily engaged in operation of coal-fire power plants
"kW"	unit of power, kilowatt, 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be consumed by a 1 kW electrical appliance in one hour
"Listing"	listing of the H Shares of the Company on the Main Board of the Hong Kong Stock Exchange on 13 October 2010

Definitions

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	unit of power, megawatt. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"net power delivered to grid"	for a specified period, the total amount of electricity sold to the relevant local grid companies by a power plant in that period, which equals to gross power generation less auxiliary electricity and the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment
"operating capacity"	the installed capacity of the wind turbines that have been connected to power grids and started generating electricity
"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in China with limited liability and listed on the Stock Exchange (Stock code: 857), and/or its subsidiaries, and an independent third party not connected with the Company
"Pipeline Projects"	wind power projects that have been indentified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with local governments, under which we are authorized to develop wind farms at specified sites with certain estimated total capacity
"Preliminary Approved Project"	wind power project which has obtained a reply from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission for their approval of commencing preliminary preparation for such wind power project

Definitions

"PRC Enterprises Accounting Standards"	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC of the PRC in 2006, and other related regulations issued by the MOF of the PRC
"projects under construction"	projects for which the construction work on the roads, foundations or electrical infrastructure has commenced but not been completed, and the project company has received the project approval from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission or local Development and Reform Commission and detailed engineering and construction blueprints have been completed
"Renminbi" or "RMB"	the lawful currency of the PRC
"Zhangbei CIC Huashi"	Zhangbei CIC Huashi Wind Energy Co., Ltd. (張北建投華實風能有限公司), a non-wholly-owned subsidiary of the Company

Corporate Information

REGISTERED NAME:

新天綠色能源股份有限公司

NAME IN ENGLISH:

China Suntien Green Energy Corporation Limited

REGISTERED OFFICE AND HEADQUARTER:

9th Floor
Block A
Yu Yuan Plaza
No.9 Yuhua West Road
Shijiazhuang City
Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONGKONG:

Suite 2103, 21st Floor
Prudential Tower
The Gateway
Harbour City
Kowloon, Hong Kong

COMPANY'S WEBSITE:

www.suntien.com

STOCK CODE:

00956

LEGAL REPRESENTATIVE OF THE COMPANY:

Dr. Li Lian Ping(Note)

Note: The Company are now applying for the change of Dr. Cao Xin as the legal representative of the Company to the local Administration for industry and Commerce.

JOINT COMPANY SECRETARIES:

Mr. Zhao hui
Ms. Lam Yuen Ling, Eva

DIRECTORS OF THE COMPANY

Non-executive Directors:

Dr. Cao Xin
Mr. Zhao Hui Ning
Mr. Xiao Gang

Executive Directors:

Mr. Gao Qing Yu
Mr. Zhao Hui
Mr. Sun Xin Tian

Independent non-executive Directors:

Mr. Qin Hai Yan
Mr. Ding Jun
Mr. Wang Xiang Jun
Mr. Yue Man Yiu Matthew

SUPERVISORS OF THE COMPANY:

Mr. Yang Hong Chi
Mr. Qiao Guo Jie
Mr. Mi Xian Wei

AUTHORIZED REPRESENTATIVES:

Mr. Zhao Hui
Ms. Lam Yuen Ling, Eva

Corporate Information

INDEPENDENT AUDITORS:

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

LEGAL ADVISERS:

As to Hong Kong law

Latham & Watkins
18th Floor
One Exchange Square
Central
Hong Kong

As to PRC law

Jiayuan Law Firm
F407-F408, Ocean Plaza
158 Fuxing Men Nei Avenue
Beijing
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

PRINCIPAL BANKS:

China Construction Bank
Shijiazhuang Ping'an Street Sub-branch
No.30 Ping'an South Street
Shijiazhuang City, Hebei province
PRC

Bank of China
Agricultural Bank of China
Shijiazhuang Xicheng Sub-branch
NO.85 Yuhua West Road
Shijiazhuang City, Hebei Province
PRC

Agricultural Bank of China
Shijiazhunang Xicheng Sub-branch
No. 85 Yuhua West Road
Shijiazhuang City, Hebei Province
PRC

Bank of Communications
Hebei Branch,
Shijiazhuang Yuhua West Road Sub-branch
2nd Floor Block A, Yu Yuan Plaza
No.9 Yuhua West Road
Shijiazhuang City, Hebei Province
PRC

新天绿色能源股份有限公司
China Suntien Green Energy Corporation Limited *