新天绿色能源股份有限公司

China Suntien Green Energy Corporation Limited *

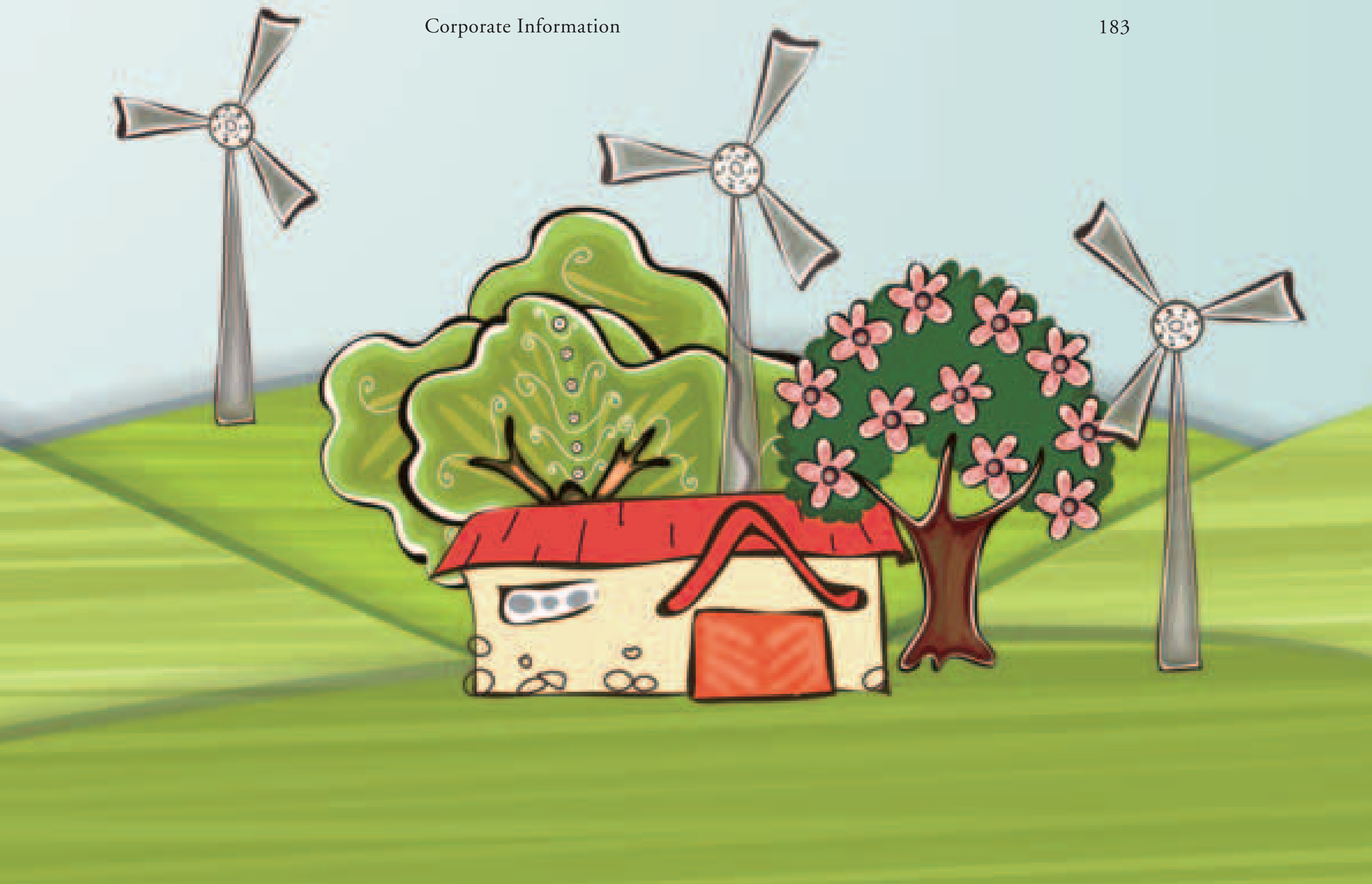
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 00956

ANNUAL REPORT 2015

*For identification purpose only

Contents



Chairman's Statement

Chairman's Statement

Dear Shareholders,

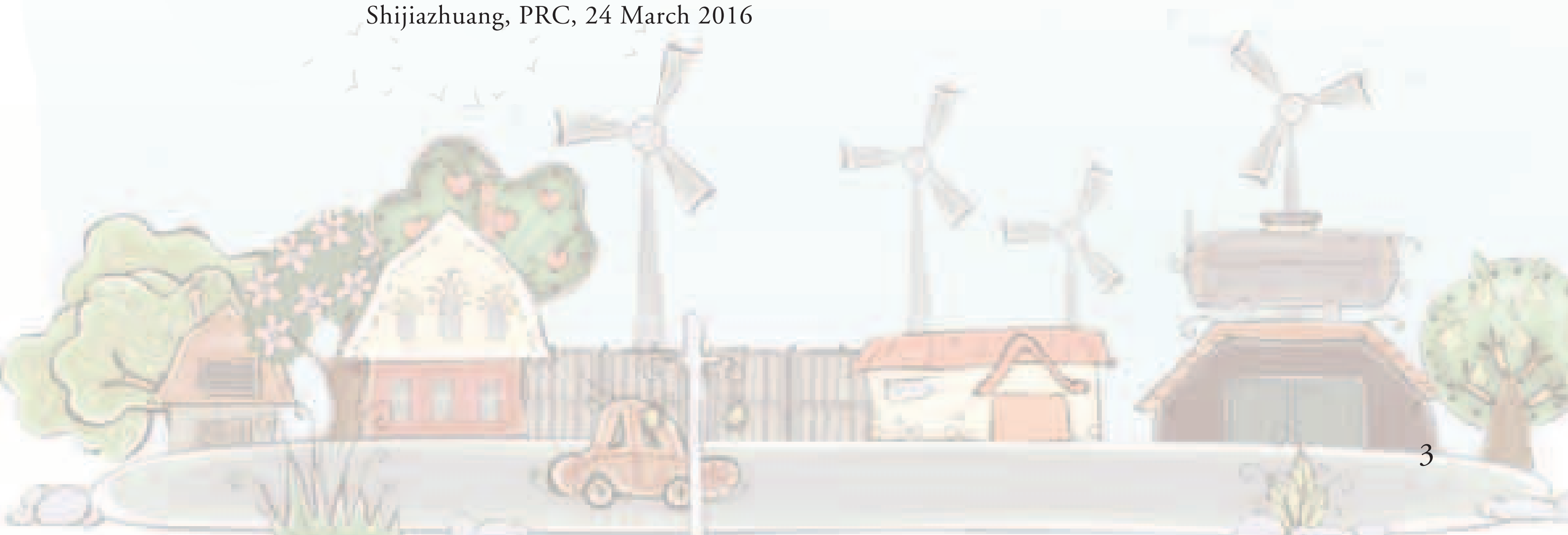
In 2015, due to the continual weakening of the global economic recovery and complicated economic situation, international trade contracted and financial risks increased. China's economy was also at an unfavourable stage of "triple transition", during which the economic growth decelerated with mounting downward pressure. In the meantime, the Company also faced with complicated and severe situations such as price reduction in wind power, declining demand of natural gas and difficulties encountered by infrastructure projects. The Board of Directors of the Company strived for making progress while maintaining stability, proactively responding to market changes and making preparations and plans so as to direct all employees to unite together and forge ahead. We also continued to speed up the process to seize market resources inside and outside the province, accelerated the progress of project construction and expanded the domestic and overseas financing channels, which greatly enhanced internal management and steadily optimized the business structure of the Company.

In 2015, the Group realized total sales of wind and photovoltaic power generation of 2,974 million kWh; sold 1,127 million cubic meters of natural gas; realized revenue of RMB4,224 million, total profit of RMB200 million and net profit of RMB189 million, of which the net profit attributable to the owners of the Group amounted to RMB168 million.

Looking forward to 2016, the Group will continue to vigorously develop clean energy businesses such as gas, wind power and solar energy so as to consolidate and expand its market structure of diversified business; speed up the professional management of project construction and promote the production and operation of Approved Projects as soon as possible; expand the domestic and overseas financing channels and attract low-cost capital to be used for project construction; continue to optimize internal management and promote the construction of "informative and standardized" operation and maintenance; strive to become a listed company with more solid foundation in basic management, more reasonable business structure, more diversified sources of profit growth and healthier and more sustainable development capacity to create greater values for shareholders and partner.

Cao Xin
Chairman

Shijiazhuang, PRC, 24 March 2016



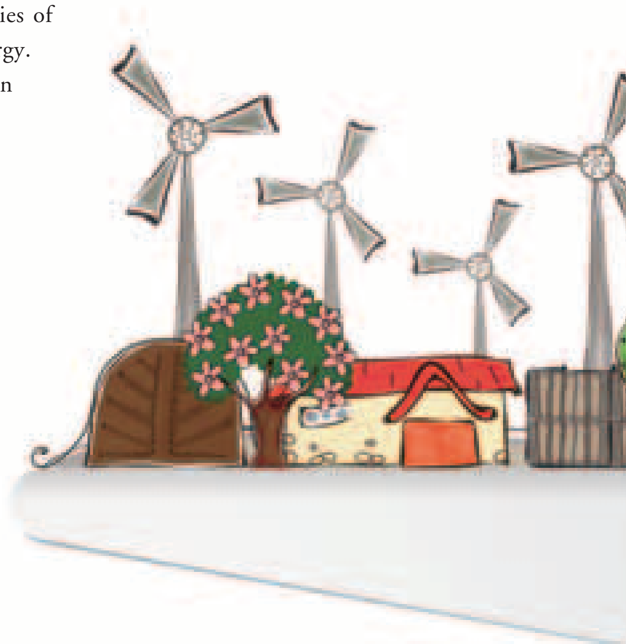
Corporate Profile

China Suntien Green Energy Corporation Limited was established on 9 February 2010 with contribution made by the promoter shareholders HECIC and HECIC Water. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010. The Group is a leading company in the development and utilization of clean energy in northern China and is the largest natural gas distributor in Hebei Province, as well as the largest wind power operator in the province.

The Group is primarily engaged in the exploration and utilization of clean energy and new energy, with two major business segments: the natural gas business and the wind power business. The Group possesses natural gas transmission and ancillary facilities in Hebei Province, and sells natural gas through natural gas distribution channels. As at 31 December 2015, the Group owned 3 long-distance natural gas transmission pipelines, 8 high-pressure branch pipelines, 27 urban gas projects, 14 distribution stations, 8 gate stations, 7 CNG refilling stations, 5 CNG primary filling stations. In 2015, the sales volume of natural gas of the Group was 1,127 million cubic meters.

Engaged in the planning, development and operation of wind farms as well as the sale of electricity, the Group owns wind power projects in the regions of Hebei, Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, etc. Based in Hebei, the Group has invested and developed wind power projects across the country, and actively seeks suitable investment projects overseas. As at 31 December 2015, the Group had wind power consolidated installed capacity of 2,093.6 MW as well as interests in installed capacity of 1,922 MW. In 2015, the gross wind power generation of the Group was 3,161 million kWh with 1,887 utilization hours.

In 2015, China has experienced a slowdown in economic growth and was under downward pressure. However, the government constantly promulgated a series of measures to actively support the development of clean energy and new energy. In the critical period that requires for the urgent need for air pollution control, structural upgrade of domestic industries and energy structure adjustment, the Group will be in line with the direction of government policies at the right time to actively develop its business, expand the industrial scale, focus on the development of natural gas and wind power, and to explore any other clean energy and new energy, with a view to constantly improving the profitability of the Group.

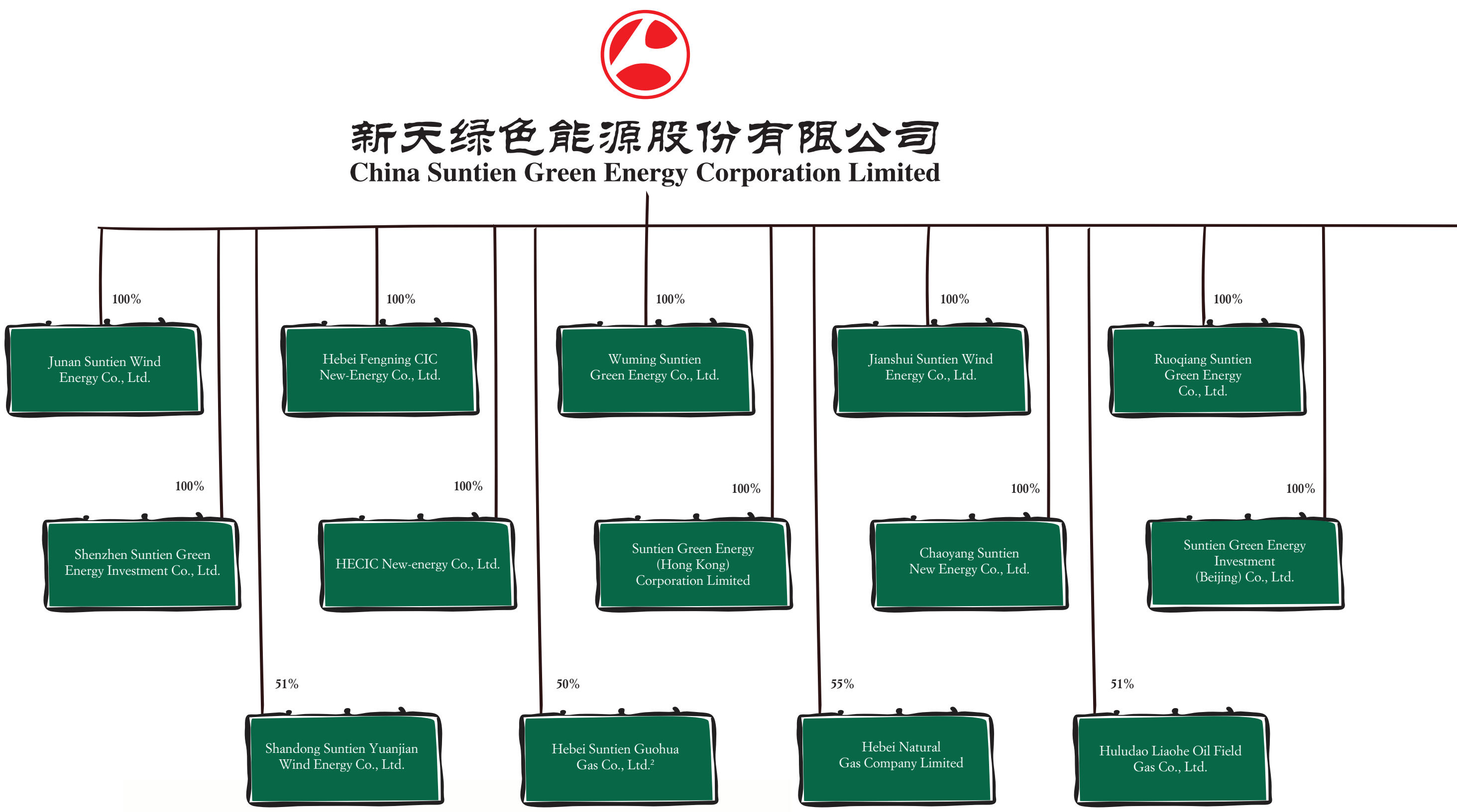


Corporate Profile

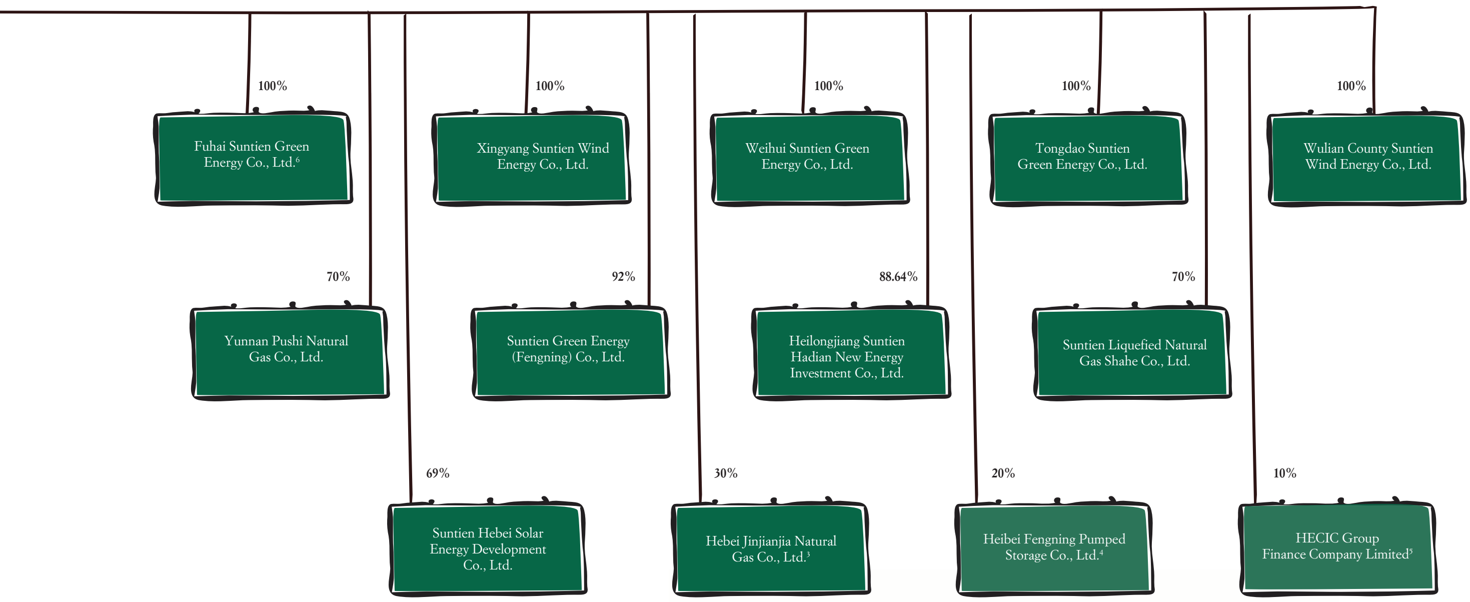
Corporate Profile

1. CORPORATE STRUCTURE

As at 31 December 2015, the corporate structure of the Group was as follows[1]:



Corporate Profile



Notes:

(1) Please note that the corporate structure chart covers first-tier subsidiaries of the Company only. Subsidiaries on second-tier and below are not listed. Details of subsidiaries of the Company and material associates and material joint ventures of the Group are set out in Notes 1, 17 and 18 of the Financial Statements.

(2) Hebei Suntien Guohua Gas Co., Ltd. is a joint venture of the Company

(3) Hebei Jinjianjia Natural Gas Co., Ltd. is a joint venture of the Company

(4) Hebei Fengning Pumped Storage Co., Ltd. is an associated company of the Company

(5) HECIC Group Finance Company Limited is a long-term investment company of the Company

(6) Fuhai Suntien Green Energy Co., Ltd. was incorporated in Fuhai County, Altay Prefecture, Xinjiang on 1 June 2015, with a registered capital of RMB1,000,000, which mainly operates the new energy projects of wind power, solar power and nuclear energy and is not financed by the Company

Corporate Profile

2. NATURAL GAS AND WIND POWER PROJECTS OF THE GROUP

(1) Summary of the major natural gas projects of the Group

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
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 County to Qinghe County and surrounding cities
	Suning County to Shenzhou City [3]	100%	Supplies natural gas by our natural gas supplier to pipelines from Suning County to Shenzhou City and surrounding cities
City gas project	Shahe City	100%	Distributes natural gas to retail customers of Shahe City and surrounding areas
	Qinghe County	80%	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
	Baoding City	100%	Distributes natural gas in Baoding City
	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	90%	Distributes natural gas to retail customers of the area under the administration of Luanping County
	Feixiang County	52.5%	Distributes natural gas to retail customers of the area under the administration of Feixiang County

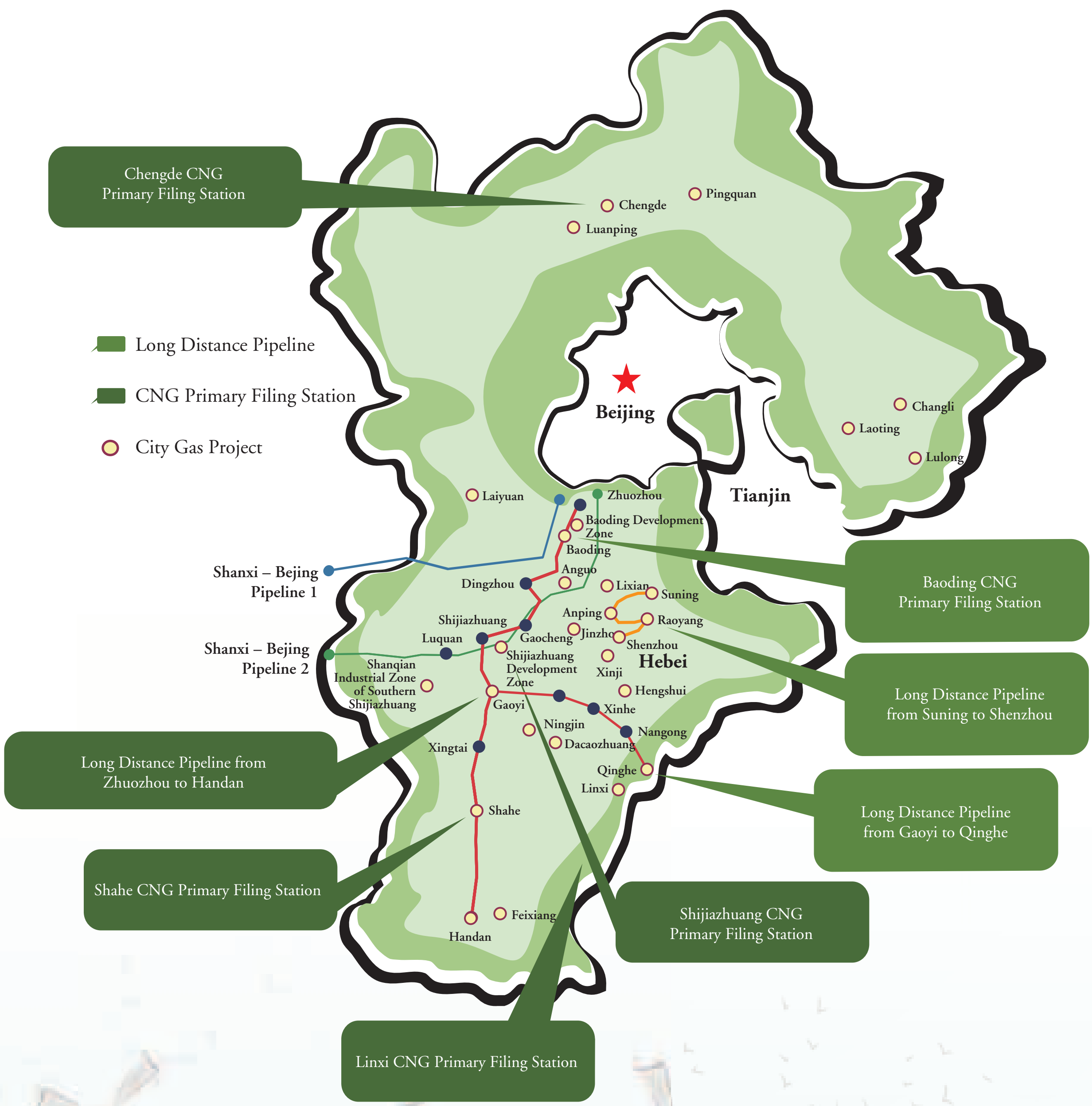
Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
	Dacaozhuang Management District	51%	Distributes natural gas to retail customers of the area under the administration of Dacaozhuang Management District
	Handan Development Zone	52.5%	Distributes natural gas to retail customers of Handan Economic and Technological Development Zone
	Shanqian Industrial Zone of Southern Shijiazhuang	55%	Distributes natural gas to retail customers of the Industrial Park 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
	Lulong County	100%	Distributes natural gas to retail customers of Qinhuangdao Western Industrial Area Lu long Park
	Anping County	100%	Distributes natural gas to retail customers within the area of Anping County
	Gaoyi County	100%	Distributes natural gas to retail customers within the area of Gaoyi County
	Anguo City	51%	Distributes the natural gas to retail customers within Anguo City
	Hengshui City	51%	Distributes the natural gas to retail customers within Hengshui City
	Li County	60%	Distributes the natural gas to retail customers within Li County
	Linxi County	60%	Distributes the natural gas to retail customers within Linxi County
	Raoyang County	60%	Distributes the natural gas to retail customers within Raoyang County
CNG primary filling station	Shijiazhuang [4]	100%	Shijiazhuang Development Zone
	Shahe [5]	100%	Eastern Ring Road, Shahe City
	Linxi County [6]	60%	Linxi County
	Chengde City [7]	90%	Shuangluan District, Chengde City
	Baoding City [8]	100%	Xinshi District, Baoding

Notes:

1. Specification of the long-distance transmission pipeline from Zhuozhou City to Handan City: 6.3 MPa standard pipeline of 361 km in length.
2. Specification of the long-distance transmission pipeline from Gaoyi County to Qinghe County: 6.3 MPa standard pipeline of 116 km in length.
3. Specification of the long-distance transmission pipelines from Suning County to Shenzhou City: 6.3 MPa standard pipeline of 122.5 km in total designed length, of which 63 km were put into operation and 59.5 km will be put into operation.
4. Total designed capacity of Shijiazhuang CNG primary filling station is 0.20 million m^3 per day.
5. Total designed capacity of Shahe CNG primary filling station is 0.08 million m^3 per day.
6. Total designed capacity of Linxi CNG primary filling station is 0.16 million m^3 per day.
7. Total designed capacity of Chengde CNG primary filling station is 0.10 million m^3 per day.
8. Total designed capacity of Baoding CNG primary filling station is 0.20 million m^3 per day.

Corporate Profile

(2) Distribution of the natural gas projects of the Group



(3) Summary of the wind and photovoltaic power generation projects of the Group

Project name (by regional)	Installed capacity (MW)
Zhangjiakou Regional Wind Farm	1,229.6
Chengde Regional Wind Farm	442.5
Shanxi Regional Wind Farm	125
Cangzhou Regional Wind Farm	49.5
Baoding Regional Wind Farm	99
Qinhuangdao Regional Wind Farm	48
Xinjiang Regional Wind Farm	100
Baoding Regional Photovoltaic Power Generation Project	11
Qinhuangdao Regional Photovoltaic Power Generation Project	7
Xinjiang Regional Photovoltaic Power Generation Project	20
Liaoning Regional Photovoltaic Power Generation Project	9

Note: Wind farms in which the Group has participating interests, including Zhangjiawan Wind Farm, Weichang Guangfayong Wind Farm, Weichang Shanwanzi Wind Farm, Weichang Zhuzixia Wind Farm and Weichang Dishuihu Wind Farm, with an average installed capacity of 49.5 MW respectively.

Corporate Profile

(4) Distribution of the wind and photovoltaic power projects of the Group

Financial Highlights and Major Operational Data

1. CONSOLIDATED COMPREHENSIVE INCOME

(Unit: RMB'000)

	2011	2012	2013	2014	**2015**
Revenue	3,169,831	3,702,079	4,660,919	5,149,432	**4,224,207**
Profit before tax	700,785	803,438	832,304	674,611	**200,367**
Income tax	(81,797)	(7,415)	(157,502)	(176,281)	**(11,424)**
Profit for the year	618,988	796,023	674,802	498,330	**188,943**
Total comprehensive income					
for the year, net of tax	618,988	796,023	674,802	498,330	**188,943**
Attributable to:					
Owners of the Company	448,908	549,701	459,516	335,053	**168,353**
Non-controlling interests	170,080	246,322	215,286	163,277	**20,590**
Earnings per share	13.86 cents	16.97 cents	14.19 cents	9.11 cents	**4.53 cents**
Diluted	13.86 cents	16.97 cents	14.19 cents	9.11 cents	**4.53 cents**

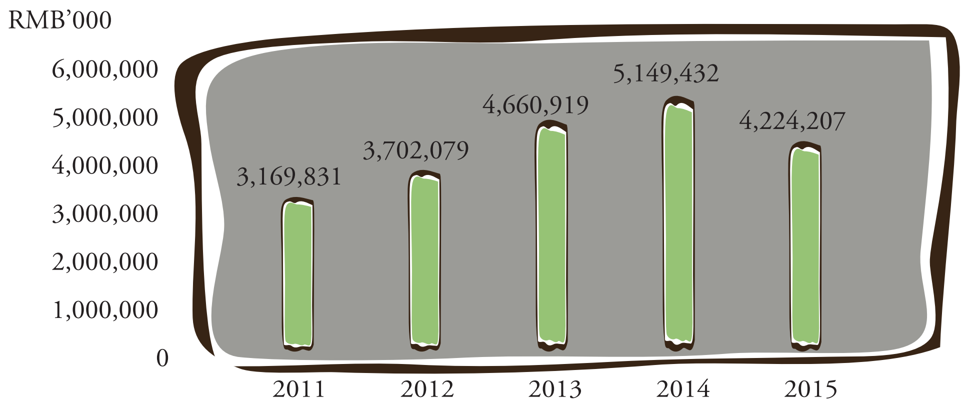
2. CONSOLIDATED FINANCIAL POSITION (AS AT 31 DECEMBER)

(Unit: RMB'000)

	2011	2012	2013	2014	**2015**
Total non-current assets	12,096,646	13,031,304	14,291,244	16,279,075	**21,691,475**
Total current assets	1,962,490	2,231,307	3,122,743	5,331,280	**5,232,034**
TOTAL ASSETS	14,059,136	15,262,611	17,413,987	21,610,355	**26,923,509**
Total current liabilities	1,823,692	2,096,288	2,744,283	3,530,901	**4,554,787**
Total non-current liabilities	6,140,469	6,543,635	7,563,139	9,317,062	**13,468,202**
TOTAL LIABILITIES	7,964,161	8,639,923	10,307,422	12,847,963	**18,022,989**
NET ASSETS	6,094,975	6,622,688	7,106,565	8,762,392	**8,900,520**
Equity					
Equity attributable to					
the owners of the Company	5,205,785	5,567,657	5,965,580	7,359,574	**7,413,216**
Non-controlling interests	889,190	1,055,031	1,140,985	1,402,818	**1,487,304**
TOTAL EQUITY	6,094,975	6,622,688	7,106,565	8,762,392	**8,900,520**

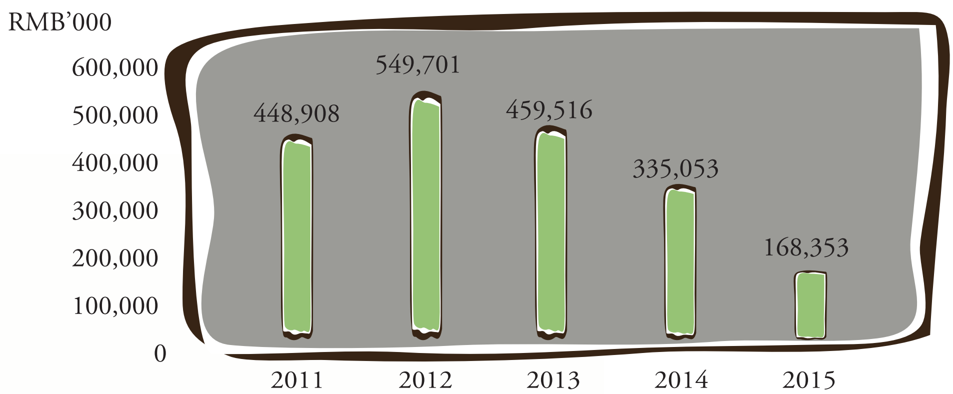
Financial Highlights and Major Operational Data

3. CONSOLIDATED REVENUE



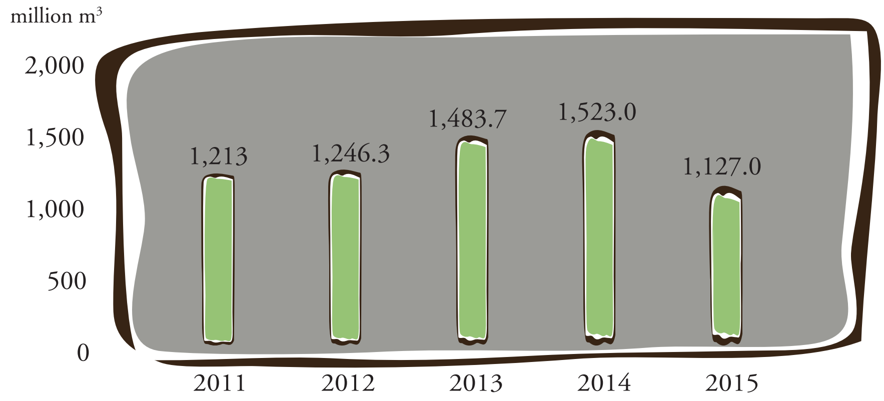
Consolidated Revenue

4. CONSOLIDATED NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



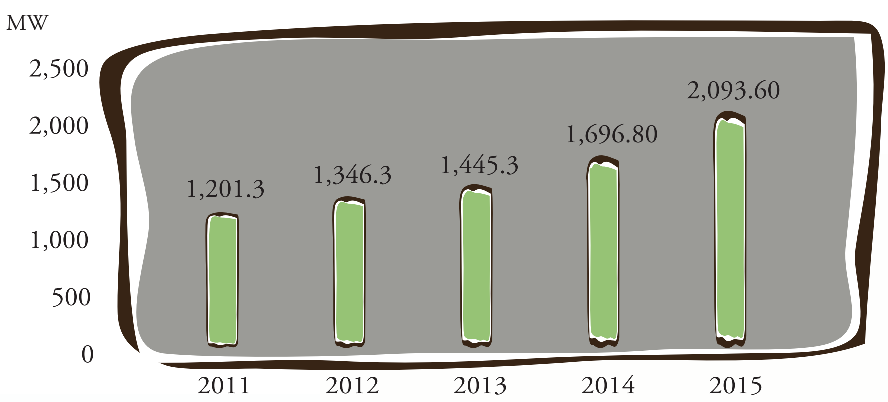
Consolidated Net Profit Attributable to Owners of the Company

5. NATURAL GAS SALES VOLUME



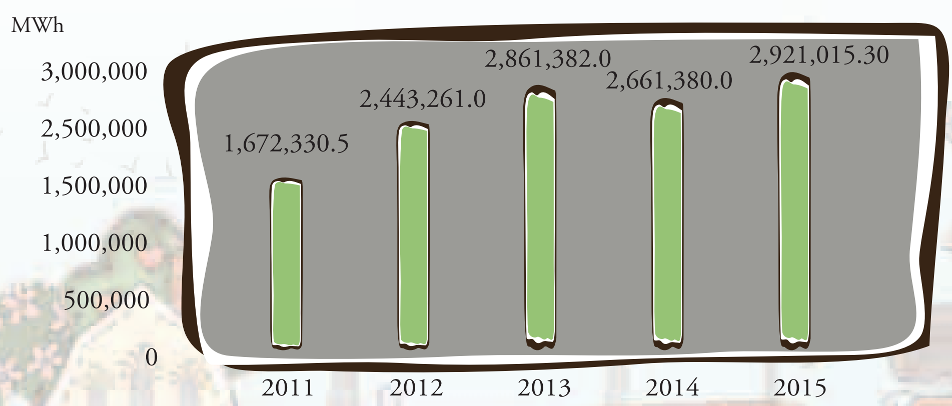
Natural Gas Sales Volume

6. WIND POWER CONSOLIDATED INSTALLED CAPACITY



Wind Power Consolidated Installed Capacity

7. WIND POWER CONSOLIDATED NET POWER DELIVERED TO GRID



Wind Power Consolidated Net Power Delivered to Grid

Management Discussion and Analysis

I. OPERATING ENVIRONMENT

Since 2015, the issues of overcapacity in China still existed whereas the slowdown in investment growth and the pressure for economic downturn remained great. Facing the complicated situation, the PRC government promulgated a series of policies to stabilize economic growth, adjust economic structure, promote reformation, benefit the society and prevent risks. National economy remained in a reasonable level with a new progress in structure adjustment and continuous improvement of people's livelihood.

(i) Operating environment for the natural gas industry

1. Slowdown in the consumption growth of natural gas

In 2015, the government continued to step up its effort in air pollution control and vigorously promoted the clean energy such as natural gas. Affected by macro-economic downturn and price decrease in coal and oil, although the price of natural gas decreased during the year, natural gas was still lack of competitive advantages as compared to other alternative energy, resulting in a slowdown of natural gas consumption.

In 2015, the production capacity of natural gas in China amounted to 135 billion cubic meters, representing an increase of 5.6% as compared with 2014; the import of natural gas amounted to 61.4 billion cubic meters, representing an increase of 6.3% as compared with 2014; the consumption of natural gas amounted to 193.2 billion cubic meters, representing an increase of 5.7% as compared with 2014.

2. Continuously pushing forward the price reform of natural gas

In order to increase the supply capacity of natural gas, improve the utilization efficiency of natural gas, and further promote the market reform of natural gas price, on 28 February 2015, the NDRC promulgated the Notice on Rationalizing the Prices of Natural Gas for Non-residents (《關於理順非居民用天然氣價格的通知》) (NDRC Price No. [2015] 351). According to the "Three-Step" principle, the prices of stock gas and increment gas has been unified since 1 April, the highest city-gate price of natural gas in Hebei Province was RMB2.68/m^3, and the natural gas price for the residents remained unchanged.

On 18 November 2015, the NDRC promulgated the Notice on Reduction of City-gate Prices of Natural Gas for Non-residents and Further Promote the Price Market Reform (《關於降低非居民用天然氣門站價格并進一步推進價格市場化改革的通知》) (NDRC Price No. [2015] 2688), the highest city-gate price of natural gas for non-residents decreased by RMB700 per thousand cubic meters and instead of highest city-gate prices, natural gas prices for non-residents was regulated by basic city-gate prices. The reduced highest city-gate price of natural gas shall be the basic city-gate price. The supply and demand parties negotiated the specific city-gate price based on the basic city-gate price within the range of 20% increase and unlimited decrease. The city-gate price remained unchanged when the aforesaid measures were implemented and will be allowed to increase with effect from 20 November 2016. The basic city-gate price of natural gas in Hebei Province for non-residents was RMB1.98/m^3. The relevant measure was implemented on 20 November 2015.

(ii) Operating environment for the wind and photovoltaic power industry

1. *Stable growth of connected grid capacity and on-grid capacity of wind power*

According to the statistics of the National Energy Administration, the newly increased capacity of wind power connected to grid in China amounted to 32,970 MW and the accumulated capacity connected to grid reached 129,340 MW in 2015, with average utilization hours of 1,728 hours, representing a decrease of 172 hours as compared with 2014, and average wind curtailment rate of 15%.

In 2015, the newly increased capacity of wind power connected to grid in Hebei Province amounted to 1,090 MW and the accumulated capacity connected to grid amounted to 10,220 MW, representing an increase of 11.94% as compared with 2014; the annual power generated of wind power amounted to 16.8 billion kWh; the curtailment rate of wind power was 10%; the utilization hours amounted to 1,808 hours, representing a decrease of 88 hours as compared with 2014.

2. *Promulgation of price adjustment plan of onshore wind and photovoltaic power generation*

In order to introduce new energy investment and facilitate the healthy development of new energy businesses such as onshore wind and photovoltaic power generation, on 22 December 2015, the NDRC promulgated the Notice on Policy of Improving the Benchmark On-grid Tariff of Electricity Generated by the Onshore Wind Power and Photovoltaic Power (《關於完善陸上風電光伏發電上網標桿電價政策的通知》) to implement pricing policy of the gradual reduction of the benchmark on-grid tariff of electricity generated from onshore wind and photovoltaic power in line with the development scale, of which (1) in 2016 and 2018, the benchmark on-grid tariff of onshore wind power of class I, II and III resources areas and of class IV resources area reduces RMB2 cents and RMB1 cent, respectively; onshore wind power projects approved after 1 January 2016 and 2018 should adopt the benchmark tariff of the corresponding year. Projects which have not yet commenced within the approved period of two years shall not adopt the corresponding benchmark tariff. Onshore wind power projects approved before 2016 but have not yet commenced construction by the end of 2017 shall adopt the 2016 benchmark on-grid tariff. (2) in 2016, the benchmark on-grid tariff of photovoltaic power generation in class I, II and III resources areas reduces RMB10 cents, RMB7 cents and RMB2 cents, respectively. Photovoltaic power generation projects which obtained preliminary approval after 1 January 2016 and are included in the annual scale management shall adopt the 2016 benchmark on-grid tariff. Photovoltaic power generation projects which had obtained preliminary approvals prior to 2016 and are included in the annual scale management but have not put into full operation by 30 June 2016 shall adopt the 2016 benchmark on-grid tariff. The aforesaid policy was implemented on 1 January 2016.

3. *Promulgation of the levy policy of industrial enterprise restructuring project*

On 19 January 2016, Ministry of Finance promulgated the Notice on the Relevant Matters regarding to Levy on Industrial Enterprise Restructuring Project (《關於徵收工業企業結構調整專項資金有關問題的通知》) to support the industrial enterprise restructuring by imposing a levy according to the power delivered to grid generated from renewable energy and the requisite standard. This notice was implemented on 1 January 2016.

4. *Promulgation of various protection measures on renewable energy development*

In 2015, as the problems of curtailment and reduction of wind power generation over the country was getting worse, the NDRC promulgated the Advice on the Pilot Project of Consumption of Local Renewable Energy (Provisional) (《關於可再生能源就近消納試點的意見(暫行)》) in October 2015 to further establish the systems such as priority power generation rights of renewable energy and protective buyouts of renewable energy.

On 28 December 2015, the National Energy Administration promulgated the Administrative Measures on Protection of Purchasing All Electricity Generated from of Renewable Energy (Draft Version) (《可再生能源發電全額保障性收購管理辦法》(徵求意見稿)) to solve the situation regarding to the curtailment of wind and photovoltaic power generation and formulate the specific measures on priority grid connection of and protection of purchasing all electricity generated from renewable energy. After the formal promulgation and implementation of the advice, it is expected that it would be the main driving force of solving the problem regarding to curtailment of wind and photovoltaic power generation and facilitating the effective development of renewable energy such as wind and photovoltaic power generation.

On 3 March 2016, the National Energy Administration released the Guidance on the Establishment of Renewable Energy Development and Utilization Objective Guidance System (《關於建立可再生能源開發利用目標引導制度的指導意見》), which is established for procuring the development and utilization of renewable energy and ensuring the achievement of energy development strategic objectives of 15% and 20% in the ration of non-fossil fuels to primary energy consumption in 2020 and 2030. The guidance requires set up development and utilization objectives of renewable energy of each province. The implementation of Objective Guidance System helped form a strategic position of renewable energy and maintained a sustainable development of renewable energy industry.

II. BUSINESS REVIEW

(i) Business review and major financial indicators of natural gas

1. *Business review of natural gas*

(1) Decrease in sales volume of natural gas as compared with 2014

During the reporting period, the Group recorded a decrease in the growth of its sales volume of natural gas under the double pressure of the decline of the macro-economic and the decrease in the prices of coal and petroleum, and realized a sales volume of 1,127 million cubic meters for the year, representing a decrease of 26.0% as compared with 2014, of which the wholesales volume amounted to 787 million cubic meters, representing a decrease of 6.1% as compared with 2014 and accounting for 69.84% of total sales volume; the retail sales volume amounted to 273 million cubic meters, representing a decrease of 55.7% as compared with 2014 and accounting for 24.22% of total sales volume; the sales volume of CNG amounted to 67 million cubic meters, representing a decrease of 2.9% as compared with 2014 and accounting for 5.94% of total sales volume.

(2) Actively promoting the construction of infrastructural projects

The Group increased 259.9 kilometers of natural gas pipeline in 2015. As of 31 December 2015, the Group accumulatively operated 1,973.4 kilometers of pipeline, including 602.8 kilometers of long-distance transmission pipeline and 1,370.6 kilometers of city gas pipeline; accumulatively operated 14 distribution stations and 8 gate stations.

During the year, the pipework for ten countries in middle Hebei Province (Phase I) and Chengde natural gas utilization project (Phase I) of the Group were put into operation. The pipework for ten countries in middle Hebei Province (Phase I) successfully connected to the gas source of Sinopec.

During the reporting period, the pipework for ten counties in middle Hebei Province (Phase II) obtained the final approval and commenced the construction, and Gaoyi-Zanhuang gas pipeline project also obtained the final approval. Shanxi Licheng-Hebei Shahe coalbed methane pipeline network project has completed pipeline welding of 100 kilometers, and the Licheng station had completed 100%. The contructions of Shexian distribution station and Wuan distribution station have commenced, and the construction Yongnian terminal was 90% completed.

(3) Further exploration of downstream markets of natural gas

During the reporting period, the Group actively explored the natural gas market. In particular, new non-residential users increased by 306 (including 154 small business users) to a total of 1,620 users (including 1,093 small business users). New residential users increased by 32,860 (new cards increased by 23,347 users) to a total of 116,412 users (new cards increased to 87,155 users).

During the reporting period, the Group vigorously developed the city gas projects. The Group completed several equity cooperation projects in Raoyang and Qinghe and formed a joint venture to develop the local gas market, which has accumulatively established its market presence in 27 city gas markets in the province.

(4) Vigorously developing CNG and LNG businesses

During the reporting period, the Group rapidly developed CNG and LNG businesses. During the year of 2015, the Group has developed a total of 18 CNG and LNG projects. Of these projects, two CNG primary filling stations in Baoding and Chengde, three CNG refilling stations in Laiyuan, Chengde and Jinju and one LNG refilling station in Shahe were newly put into operation; Qinghe CNG primary filling station and Huang Liang Meng L-CNG refilling station obtained the completion acceptance; the main construction of Ningjin CNG primary filling station, two LNG refilling stations in Shahe and Chengde, Zhaoxian Anda L-CNG refilling station and Yuanshi CNG refilling station were completed; two CNG secondary filling stations in Chengde, two LNG refilling stations in Neiqiu and Gaoyi L-CNG refilling station were under construction. As of 31 December 2015, the Group accumulatively operated five CNG primary filling stations, seven CNG secondary filling stations and one LNG refilling station.

By the end of 2015, Shahe LNG liquefaction plant has completed the installation of its process units and auxiliary system as well as the LNG transportation facilities.

(5) Formation of multi gas resources supply pattern

During the reporting period, the pipework for ten countries in middle Hebei Province (Phase I) successfully connected to the gas source of Sinopec and Chengde natural gas utilization project (Phase I) connected the coal-made gas source of Datang. In the same time, the Group entered into long-term contract with Sinopec and obtained the right of pipeline tapping of the Shanxi-Beijing Pipeline II in Anping. By entering letter of intent for supply of natural gas with Sinopec and Shanxi Guohua, the Group will connect the gas source of Sinopec to Shahe through the coal gas pipeline from Shanxi Licheng to Hebei Shahe.

(6) Safe operation safeguarded by advanced technology

During the year, Hebei Natural Gas, a subsidiary of the Group, took a proactive approach to solve the technical problems and obtained two utility model patent certificates, namely "wedges gripping tool" and "new wedges", respectively. Those two patents will enhance the Company's safe operation capability of the gas-fired power plant and provide a more reliable safety measure to handle the gas leakage incident.

2. *Key financial indicators of natural gas*

(1) Revenue

During the reporting period, the Group recorded a natural gas sales revenue of RMB2,796 million, representing a decrease of 28% as compared with 2014, and accounting for 66% of the Group's sales revenue. The decrease of revenue was mainly attributable to (1) the continued slowdown in macro economy and the significant decrease in gas sales resulting from certain users of the Group used the alternative energy with lower cost; and (2) the decrease in sales price of natural gas in 2015. In particular, the pipe wholesale business recorded sales revenue of RMB1,660 million, representing 59% of the Group's sales revenue from natural gas; retail business, such as city natural gas, recorded sales revenue of RMB753 million, representing 27% of the Group's sales revenue from natural gas; CNG business recorded sales revenue of RMB199 million, representing 7% of the Group's sales revenue from natural gas. Other revenue was RMB184 million, representing 7% of the Group's sales revenue from natural gas.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's natural gas business amounted to RMB2,707 million, representing a decrease by 20% from the amount of RMB3,366 million last year. This was mainly due to a decrease in average purchasing unit price and purchase volume of natural gas as compared with last year.

(3) Profit from operations

During the reporting period, the profit from operations of the natural gas business was RMB103 million, representing a decrease by 81% from last year, mainly due to the provision for bad debts of RMB214 million and a decrease in gas sales. Gross profit margin was 14.7%, which was 1.8 percentage point lower than that of 2014, mainly due to the adjustment of prices of gas for the year and the decrease in gross profit margin as compared with last year.

(ii) Business review and major financial indicators of wind power

1. *Business review of wind power*

(1) Stable growth of installed capacity

In 2015, the Group newly increased 396.8 MW of consolidated installed capacity of wind power, and the accumulative consolidated installed capacity was 2,093.6 MW; the newly increased interest in installed capacity was 391.3 MW, and the accumulated interest in installed capacity was 1,922 MW.

As at 31 December 2015, the total designed capacity of the projects under construction of the Group was 704.9 MW.

(2) Decrease in the utilization hours of wind farms

In 2015, the average utilization hours of the Group's consolidated wind farm were 1,887 hours, representing a decrease of 109 hours as compared with 2014, yet still 79 hours more than the average utilization hours in Hebei Province, mainly due to the significantly dropped of wind speed in November and December. The Group's controlled wind farms realized a power generation of 3.161 billion kWh, representing an increase of 15.36% as compared with 2014. The average availability factor of the wind power generation units was 95.25%, representing a decrease of 2.53 percentage points as compared with 2014, mainly due to the faults in transmission line caused by the wires and iron towers in the wind farm covered with ice under the bad weather in the located areas.

(3) Continued to seek approvals for wind power projects

In 2015, the Group acquired 722.5 MW newly approved reserve capacity, in which class II resources area and class IV resources area were allocated with 432.5 MW and 290 MW, respectively, and the total approved reserve capacity amounted to 1,595.4 MW.

During the reporting period, wind power projects with 561 MW of the Group were listed as national approved plans and the accumulative capacity of the Group's national approved plans has reached to 4,650.8 MW and the wind power project are located in 13 provinces across China.

(4) Enhancement of professional management level of construction

During the reporting period, the Group focused on enhancing the professional management level of construction and completed "the typical design of wind farm booster station" to standardize the outlook and function of the booster station. Chongli Jiaocheshan 49.3 MW wind farm project won the 2014-2015 Annual National Quality Investment Projects Award. Zhangjiakou Centralized Control Center was the first batch of "Hebei Province Management Innovation Business Model Corporations" awarded the "Honorary Title" by the Industry and Information Technology Department of Hebei Province.

2. *Key financial indicators of wind power business (including photovoltaic power)*

(1) Revenue

During the reporting period, the Group realized wind power sales revenue of RMB1,428 million, representing an increase of 14.6% as compared with 2014 and accounting for 34% of the Group's sales revenue. The increase of revenue was mainly due to two wind farms and one photovoltaic project were put into operation during the year, despite of the wind resources this year were less than last year.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's wind power business was RMB811 million, representing an increase of 17.7% as compared with 2014. This was mainly due to an increase in operating cost resulting from the wind farms and photovoltaic project gradually put into operation.

(3) Profit from operations

During the reporting period, the profit from operations of the wind power business was RMB617 million, representing an increase of 9.1% as compared with 2014. The increase was mainly due to an increase in wind power revenue, which resulted in the increase of profit. The gross margin was 49.8%, which was 2.4 percentage points lower than that in 2014. This was mainly due to the weaker wind resources and the reduction of utilization hours of wind power during the year, which resulted in a decrease in the gross margin.

(iii) Other clean energy business

During the reporting period, the Group put efforts on the development of natural gas and wind power businesses, also proactively and steadily developed and established other new energy projects.

1. *Photovoltaic projects*

In 2015, the Group proactively developed the photovoltaic power generation projects. The agreed capacity of the new photovoltaic projects amounted to 630 MW, and the accumulated agreed capacity amounted to 3,899 MW; the newly approved capacity of photovoltaic projects amounted to 80 MW and the accumulative approved capacity was 160 MW.

During the reporting period, the project of Hebei Lulong Shimen 20 MW Photovoltaic Power Station connected to the grid and generated 7 MW; the project of Liaoning Zhaoyang Nanshuangmiao 10 MW Photovoltaic Power Station completed the installation of 9 MW photovoltaic modules. By the end of 2015, the Group developed photovoltaic power generation projects with accumulated operating capacity of 31 MW.

2. *Hydropower projects*

During the year, the Company participated in an equity investment for the construction of Hebei Fengning pumped storage power station, the designed total installed capacity of which amounted to 3,600 MW, which will be developed in two phases with installed capacity of 1,800 MW for pumping and water retention functions such as peak load regulation and valley filling. Phase I is currently under construction and it is expected to complete in 2019. Phase II has obtained approval from the Development and Reform Commission in Hebei in July 2015 and commenced the construction in September 2015.

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION AND OPERATING RESULTS

(i) Overview

According to the audited consolidated financial statements for 2015, the Group's net profit for the year was RMB189 million, representing a decrease of 62.1% as compared with 2014, of which, the profit attributable to the equity holders of the Group was RMB168 million, representing a decrease of 49.8% as compared with 2014, mainly due to (1) a significant drop in sales of natural gas affected by a decline in the national macro-economic situation and a decrease in coal and oil prices; (2) the provision for impairment resulting from the significant overdue trade receivable of Hebei Natural Gas due to the outstanding amount due from certain users of Hebei Natural Gas, (3) a decrease in annual utilization hours of the Group caused by the poor wind resources in the areas where the wind farms operated by the Group were located during the year as compared with 2014.

(ii) Revenue

In 2015, the Group recorded revenue of RMB4,224 million, representing a decrease of 18.0% as compared with 2014, of which:

1. Natural gas business recorded revenue of RMB2,796 million, representing a decrease of 28.4% as compared with 2014. This was mainly attributable to a decrease in gas sales and gas sales unit price during the reporting period.

2. Wind power business achieved revenue of RMB1,428 million, representing an increase of 14.6% as compared with 2014. This was mainly due to an increase in sales of electricity as compared to last year resulting from two wind farms and one photovoltaic project being gradually put into operation during the year, despite of the wind resources in 2015 were less than 2014.

(iii) Other income and net gains

During the reporting period, the Group recorded other income and net gains of RMB77 million, representing an increase of 38.0% as compared with 2014. This was mainly due to an increase in foreign exchange gains arising from the unused portion of the proceeds from the 2014 placing of H shares during the reporting period.

(iv) Operating costs

During the reporting period, the Group's operating costs (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) aggregated to RMB3,592 million, representing a decrease of 12.7% as compared with 2014, of which:

1. Cost of sales was RMB3,103 million, representing a decrease of 19.5% as compared with 2014. This was mainly because the purchase of natural gas represented the major sales costs of the Group, and the gas purchase volume and unit price decreased.

2. Administrative expenses was RMB272 million, representing an increase of 6.7% as compared with 2014. This was mainly due to the corresponding increase in staff costs and administrative costs as a result of the expansion of the Group's production scale.

3. Other expenses were RMB216 million, representing an increase of 5,859.6% as compared with 2014. This was mainly due to a provision of RMB214 million for bad debts made by Hebei Natural Gas as compared with 2014.

(v) Finance cost

During the reporting period, the Group's finance costs were RMB572 million, representing an increase of 17.5% as compared with RMB487 million in 2014. This was mainly due to the fact that following the expansion of production capacity of the Company, the increase of borrowings contributed to the rise of interest expenses, and interests from the projects being put into operation were expensed.

(vi) Share of profit of associates

During the reporting period, the Group's share of profit of associates was RMB63 million, representing a decrease of RMB6 million as compared with RMB69 million last year. This was mainly due to a decrease in profitability of the enterprises in which the Group has non-controlling interest.

(vii) Income tax expenses

During the reporting period, the Group's net income tax expense was RMB11 million, representing a decrease of RMB165 million as compared with RMB176 million last year. The main reasons for this decrease were as follows: (1) a decrease in profit before tax of Hebei Natural Gas as compared with last year, which resulted in a decrease in income tax expenses of approximately RMB122 million; (2) the Group has paid RMB32 million as the one-off income tax of CDM for previous years at the request of the State Administration of Taxation, Hebei Branch in 2014 and there was no such matter in 2015.

(viii) Net profit

During the reporting period, the Group recorded a net profit of RMB189 million, representing a decrease of 62.1% as compared with 2014. Among others, the natural gas segment realized a net profit of RMB38 million, representing a decrease of 89.8% as compared with 2014, which was mainly due to a decrease in natural gas sales and the provisions for impairment; the wind power segment recorded a net profit of RMB161 million, representing an increase of 8.7% as compared with 2014, which was mainly due to an increase in sales revenue of wind power sector.

(ix) Profit attributable to owners of the Company

During the reporting period, the profit attributable to owners of the Company was RMB168 million, representing a decrease of RMB167 million as compared with RMB335 million last year. This was primarily attributable to a decrease in net profit of the Group as compared with the same period last year.

The basic earnings per share attributable to shareholders of the Company was RMB0.0453.

(x) Profit attributable to non-controlling interests

During the reporting period, the profit attributable to non-controlling interests of the Company was RMB21 million, representing a decrease of RMB142 million as compared with RMB163 million last year. This was primarily attributable to a decrease in net profit of the Group as compared with last year.

(xi) Trade and bills receivables

As of 31 December 2015, the Group's trade and bills receivables amounted to RMB1,384 million, representing a decrease of RMB18 million, which was mainly attributable to a decrease in the sale of gas of Hebei Natural Gas and a significant increase in provisions for impairment of Hebei Natural Gas.

(xii) Bank and other borrowings

As of 31 December 2015, the Group's long-term and short-term borrowings totaled RMB15,826 million, representing an increase of RMB4,800 million as compared with the end of 2014. Among all borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB2,440 million and long-term borrowings amounted to RMB13,386 million.

During the reporting period, the Group actively expanded finance channels and maintained close relationship with financial institutions effectively reduced financing costs by obtaining domestic and overseas bank loans at a low interest rate and guarantee the smooth operation of capital chain. Firstly, with its good banking credit in the PRC, the Group seized the opportunities of decrease in domestic rate and obtained RMB-denominated loans at favorable lending rates. Secondly, the Group established an issuance of short-term debenture project, amounting to RMB1 billion and successfully issued the first tranche short-term debenture, amounting to RMB500 million with bond interest of 4% and integrated costs of 4.22%. It broke the lowest rate among comparable companies within Hebei Province since 2011, representing a decrease by 8.3% in the benchmark interest rate for loans as compared with last year. Thirdly, Hebei Natural Gas and Shenzhen Suntien obtained a cross-border loan of RMB660 million in total, the interest rate of which was 5-15% lower than the benchmark interest rate for domestic loans in the corresponding period. Fourthly, as the Group has a relatively large number of wind power projects under construction and the capital paid increased, the Group actively promoted the capital settlement of bank electronic exchange of bills project, which effectively decreased expenses on loan interests and reduced fund precipitation.

(xiii) Liquidity and capital resources

As of 31 December 2015, the Group's net current assets was RMB677 million, and the net decrease in cash and cash equivalents was RMB29 million. The Group has obtained total credit facilities of RMB42.992 billion from various domestic banks, of which RMB15.483 billion was utilized.

(xiv) Capital expenditure

During the reporting period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to property, plant and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flow from the Group's operating activities. During the reporting period, the Group's capital expenditure was RMB5,687 million, representing an increase of 132.3% as compared with RMB2,448 million last year. A breakdown of capital expenditure is as follows:

	2015 (RMB'000)	2014 (RMB'000)	Change (%)
Natural gas	**487,053**	477,211	2.1%
Wind power and solar energy	**5,199,528**	1,968,788	164.1%
Unallocated capital expenditures	**0**	1,579	-100%
Total	**5,686,581**	2,447,578	132.3%

(xv) Net Gearing ratio

As at 31 December 2015, the net gearing ratio (net debt divided by the sum of net debt and equity) of the Group was 63%, representing an increase of 11 percentage points as compared with 52% as at 31 December 2014, which was mainly due to the increase in debts as a result of the increase in external financing of the Group to meet the capital needs in the increase in wind power projects and natural gas projects of the Group.

(xvi) Material investments

The Group had no material investments during the year.

(xvii) Material acquisitions and disposals

The Group did not have material acquisitions and disposals during the year.

(xviii) Material charge on assets

During the year, the Group had no material charges on its assets.

(xix) Contingent liabilities

As at 31 December 2015, the banking facility granted to a joint venture subject to guarantee given to a bank by the Group was utilized to the extent of RMB200 million.

IV. PROSPECTS FOR 2016

(i) Prospects for the natural gas business

As the first year of the "13th Five Year Plan", the long-term economic development of China will remain positive in 2016. However, due to the combined effect of structural and cyclical factors, the economic development will still be subject to greater downward pressure in 2016 and the economy of Hebei Province will continue to be under enormous pressure as a result of the industrial structure adjustment. The Group will implement flexible measures to strengthen its efforts on marketing and market development and to expand its transmission pipeline, city gas, as well as CNG and LNG business segment in order to ensure the healthy and sound development trend of natural gas business.

1. *Long-distance transmission pipeline business*

The Group will accelerate the construction progress of the pipework for ten counties in middle Hebei Province (Phase II) and strive to complete 80% of pipework during the year. Upon Phase II being put into operation, it will be connected to Phase I so as to greatly support the expansion of the Company in the downstream market of middle Hebei Province.

The Group will actively push forward the construction of Gaoyi-Zanhuang transmission pipeline, kick off the approved the preliminary work of Beijing-Handan double pipeline project, and plan to commence the Tianjin-Hebei-Shanxi pipeline connection project.

The Group will accelerate and push forward the construction of Shanxi Licheng-Hebei Shahe coalbed methane pipeline project and strive to put it into operation during the year.

2. *City gas business*

   By grasping the opportunity of green energy development in Hebei Province, guaranteeing the stability of the existing users and based on the principle of "capturing every opportunity, whether big or small", the Group will take advantage of the Company's pipleline network within the province to continue to explore in great depth the potential gas market and quality customers in the province, profoundly develop the city gas markets in the surrounding areas of the city pipeline network to improve the structure of retail users, thus boosting the gas sales volume of the Company. In the meanwhile, the Group will step up its effort to develop the gas market in other provinces with a view to realizing the diversified profit growth of the gas business as soon as possible.

3. *CNG and LNG business*

   The Group will accelerate the construction progress of the projects of CNG and LNG refilling stations, and strive to put into operation the projects of Ningjing CNG primary and secondary filling stations and Qinghe CNG primary and secondary filling stations, to complete the construction of the project of Anping CNG primary filling stations during the year and to commence the trial operation of the projects of CNG/LNG refilling stations in places such as Neiqiu, Zhao County, Huangliangmeng and Chengde. The Group will carefully develop new projects and seek for quality projects and resources while implementing stringent risk control in a bid to improve the layout of CNG/LNG segment.

(ii) Prospects for the wind power and solar energy businesses

In 2016, on the backdrop of addressing climate change, economic downturn and haze governance, the energy segment is stepping into a new normal era. Problems such as the overcapacity of traditional energies, unreasonable energy structure and abandonment of wind and photovoltaic power generation are serious and a series of conflicts are developing. As such, the Group will reasonably allocate resources to accelerate the infrastructure of the wind power generation projects approved prior to 2016 so as to facilitate the projects to be put into operation as soon as possible. Taking into account the existing government policies, the Group will also continue to develop new onshore wind resources areas and keep a close watch on any offshore wind power generation projects with good quality and actively explore the photovoltaic resources with an aim to further enrich the Group's resources reserves.

1. The Group will accelerate the construction progress of the projects in Guyuan and Chongli in Zhangjiakou, Fengning in Chengde and Lingqiu in Shanxi and strive to connect them to the grid for power generation at the end of the year. The Group will also actively facilitate the construction of the approved wind power generation projects in areas such as Jianshui in Yunnan and Junan in Shandong so as to realize the grid connection for power generation as soon as possible.

2. The Group will continue to promote the approval of wind power projects in Hebei Province while vigorously developing wind power projects in the areas outside Hebei Province with favorable resources such as Yunan, Guangxi, and Jiangxi.

3. The Group will continue to keep track of the development trend in domestic and international carbon markets, actively seize the market opportunities and make plans in advance for gaining first-mover advantage and obtaining the profits of reducing carbon emissions as soon as possible.

4. The Group will proactively follow the relevant government policies by focusing on diversified development of clean energy and exploring new methods to utilize the power generated by solar thermal and wind energy.

5. The Group will explore the photovoltaic resources in different ways, accelerate the progress of filing of developed projects and facilitate the photovoltaic projects under construction to be put into operation as soon as possible.

(iii) Diversification of financing channels

In 2016, the Group will endeavor to formulate a better financing plan and strive to establish the best capital structure in order to effectively reduce the capital costs.

1. By analyzing the government policy, macro-economic situation and trend of market interest rates, the Group will issue financing instruments such as bonds and obtains funds through multiple channels in order to further optimize its debt structure and reduce capital costs.

2. The Group will continue to strengthen its cooperation with financial institutions such as domestic and foreign banks for the purpose of obtaining bank credit facility and low-interest funds for the use of project construction and replacement of high interest rate loans.

3. Leveraging on the advantage of Suntien Hong Kong and Shenzhen Suntien as the platform, the Group will strive to obtain greater amount of domestic and overseas at a low cost capital.

V. RISK FACTORS AND RISK MANAGEMENT

(i) Natural gas business

1. *The slowdown of economic growth affects the sales volume of gas*

In 2016, an in-depth adjustment to the national macro economy will continue. The negative impacts of continuous downward pressure on economy and the deep-rooted conflicts accumulated for long time may possibly become more obvious. There will be multiple constrains on the changes and connection of economic growth momentum, which will result in a severe and complicated economic situation. Due to the special issues such as the prominent structural contradiction in the industry and severe air pollution in Hebei Province, the Hebei government will continue to reduce the backward production capacity of the industries such as iron and steel, cement and glass. As a result, certain period of time will be required for the recovery of production of industrial customers in the Group's retail segment, which will restrict the growth of gas volume.

As such, the Group will grasp the opportunity in the enhancement of the industrial structure in Hebei province to explore new market and quality customers, optimize the customer structure, enhance the market coverage and facilitate the growth of gas sales volume of the Group.

2. *Reduction of price of alternative energy restricts the gas sales volume*

   In 2015, affected by the drop in international oil price and the downward pressure of the national macro-economic situation, the prices of alternative energy such as oil and coal continued to decrease. The competitive advantages of natural gas were also affected. It is expected that the price reduction will restrict the gas sales volume of the Group in 2016. In this regard, the Group will actively explore quality resources and develop downstream users in order to increase the gas sales volume.

3. *Difficult in recovering trade receivables*

   In the last two years, along with the adjustment of the national economic structure, overcapacity in glass and construction materials industries and the long term market downturn, the arrears amount of the users from the glass industry in Shahe area increased. Through the joint effort of the Group, arrears amount has stopped increasing and the situation is under control. The glass industry has a slight improvement since the beginning of this year, nonetheless it is expected that the market will need some time to recover.

   In respect of the above problems, the Group will actively adopt effective measures and use different techniques to accelerate the recovery of trade receivables so as to protect the interest of the Group.

(ii) Wind power business

1. *Decrease in tariff rate*

   On 22 December 2015, the NDRC promulgated the Notice on Improvement of the Policy Regarding the Benchmark On-grid Tariff of Electricity Generated by the Onshore Wind and Photovoltaic Power (《關於完善陸上風電光伏發電上網標桿電價政策的通知》) stated that the benchmark on-grid tariff of electricity generated by onshore wind power would implement policies which will be in line with the reduction in the scale of development. Such policies will to certain extent affect the construction progress arrangement of certain projects under construction and the expected economic benefits of the subsequent projects pending development of the Group.

   The Group will fully study the relevant government policies and understand the actual situations of the projects pending development and under construction as well as arrange the project development and construction progress proactively and reasonably to ensure the projects are running smoothly as scheduled.

2. *Wind resources are uncertain*

   The power generation of wind farm largely depends, on climatic conditions, especially the wind conditions. All these conditions will vary significantly with the changes in seasons and geographic locations, which might reduce the operating efficiency and power generation of the Group and would have adverse impact on the business, financial position and operating results of the Group. During the phase of project planning and before the construction of wind farms, the Group will comprehensively analyse the wind resources to evaluate the potential installed capacity of such locations in order to reduce the risks relating to climates.

Management Discussion and Analysis

3. *The problem of wind curtailment and power constraints are getting worse*

   As the construction of power grids is lagging behind the construction of wind power projects, and the development of wind power projects is limited by wind power output, especially in the region of Zhangjiakou and Chengde with concentrated wind resources. As the installed capacity of wind farms in the region continues to expand the power constraints are likely to further intensify.

   The Group will, based on the construction of power grids in the place where each wind power project is located, prioritize the development and construction of wind power projects in the regions with great availability of power grid facilities and grid connection. At the same time, along with the advancement of power grid restructuring by power grid companies and investment in and construction of extra-high voltage power distribution network, the power grid output issue is expected to be improved.

4. *Increased construction difficulties*

   Uncontrollable factors such as project obstacles and slow land approval during the construction of the wind power projects affect the overall progress of the construction. The Group will arrange reasonable schedule and coordinate and communicate with the wind power equipment manufacturers and local governments to effectively control the unfavorable factors in the construction of the wind power project, to ensure the projects will commence operation as scheduled and to avoid the adverse effects on the profitability of the project.

5. *Decrease in utilization of the wind power equipment*

   In recent years, transmission line failures in wind farms are usually caused by severe weather conditions such as extreme cold, hail and snow storms. Such unexpected natural disasters cause failures in the wind farms' output transmission, decrease in utilization of the wind power equipment, and to certain extent affects the power generation of the wind farms. The Group will actively implement protection measures to enhance the maintenance level and the ability to handle contingent situation, reduce the equipment failure rate and increase the utilization of the wind power equipment.

(iii) Impacts of exchange rate

The Group still retains some capital in foreign currency, which are mainly HK dollars that have not been settled and are derived from the proceeds of share issue. Fluctuations in exchange rate have certain impacts on retained capitals in foreign currency. The Company has adopted measures to prevent exchange rate risk. Firstly, the Company settles foreign currency in a timely manner for project construction; secondly, the Company actively follows the national policies relating to foreign exchange, analyses the exchange rate trend and adopts hedging measures in advance; thirdly, the Company adoptes forward foreign exchange settlement to lock up exchange rates so as to prevent exchange rate risk, and to ensure the increasing value of capital.

Human Resources

1. SUMMARY OF HUMAN RESOURCES

As of 31 December 2015, the Group had a total of 1,820 employees with labor contracts signed, including 1,520 male employees and 300 female employees. The average age of employees was 30.89. 48.6% of them had the academic qualifications of bachelor degree or above.

The staff structure is as follows:

By business segments	No. of Staff
The Group's headquarters	65
Wind Power and Solar Energy Segment	684
Natural Gas Segment	1,065
Others	6

By academic qualifications	No. of Staff
Master's degree or above	126
Bachelor's degree	759
College diploma or below	935

By titles	No. of Staff
Specialist level	3
Senior level	73
Middle level	164
Junior level	407
Others	1,173

2. MANAGEMENT OF HUMAN RESOURCES

(1) Human resources strategy

The human resources strategies of the Group are prepared based on the development strategies of the Group and changes in cooperate environment for strengthening the correspondence between the human resources strategies and the Group's development strategies, improving the system and procedures of recruitment, human resources, training, salary, performance and labor relationship management and establishing an efficient operating procedure in order to provide a platform supported by human resources to implement the Group's strategies.

(2) Remuneration and performance management

During the reporting period, the Group adhered to the principle of "Performance oriented with objective management in a fair, just and open manner" and further improved the performance evaluation and optimized the salary system in order to fully utilize the incentives of performance evaluation. The Group formulated its business development, followed the trend of market changes and set an incentive target to further improve the salary system. Guiding by the Group's strategies, the Group improves the incentive system and assessment indicators, concerns the assessment procedure and results and continue to conduct performance evaluation for all staff.

(3) Recruitment management

In order to realize the strategic development target of the Group, optimize the allocation of human resources and make the recruitment more systematic and process-oriented. During the reporting period, the Group continued to adopt internal and external recruitment methods and expanded its recruitment channels with implementing localized recruitment model and leveraging on the advantages of internal recruitment and diversified measures so as to attract high quality and skillful talents.

(4) Human resources development and management

Adhering to the principle of combination of talent development and business and organization core capability of the Group, the Group optimize its employee training model. Combining the job skills assessment with internal, external and online courses can effectively enhance the professional skills of the employees. The Group emphasizes on the talent training in different levels including middle to senior management and professional technicians in order to enhance the core competitiveness of the Group and satisfy the needs of existing and emerging business development.

(5) Staff relations management

The Group regulates the labor usage and social insurance management in strict compliance with relevant laws and regulations, including the "Labor Law" and the "Labor Contract Law", to maximize the protection of legitimate rights and interests of employees. During the reporting period, the Group arranged negotiations for the execution of a collective wage agreement and standardized the staff profile management to clarify its approach towards labor relations and to enable the continued maintenance of stable and harmonious labor relations.

Biographies of Directors, Supervisors and Senior Management

1. NON-EXECUTIVE DIRECTORS

Dr. Cao Xin (曹欣), aged 44, is currently a non-executive Director and the chairman of the Board of the Company. He obtained a doctorate in economics from Renmin University of China (中國人民大學) and he is a chief senior economist. Dr. Cao has served as Director of the Company since 9 February 2010 and chairman of the Board of the Company since 28 March 2013. He has been a deputy general manager of HECIC since January 2014. In addition, since July 2013, Dr. Cao has been a non-executive director of Datang International Power Generation Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 00991) and the Shanghai Stock Exchange (stock code: 601991). Mr. Cao successively served as president of the Company, general manager of HECIC New-energy, an assistant to the general manager of HECIC and manager of the second public utilities department of Hebei Construction Investment Company (the predecessor of HECIC).

Dr. Liu Zheng (劉錚), aged 41. Dr. Liu tendered his resignation of the non-executive Directors, member of the Nomination Committee and the Strategic and Investment Committee of the Company on 13 October 2015. The resignation of Dr. Liu becomes effective after the formal appointment of a new non-executive Director by the Company to fill the vacancy. Dr. Liu was appointed as non-executive Director of the second session of the Board of Directors of the Company on 17 October 2014. He obtained a doctorate in management science and engineering from the School of Civil Engineering of Tsinghua University. Dr. Liu successively served as the chairman, general manager, vice chairman, chief legal counsel, director, deputy general manager and chief legal counsel of HECIC, chief economist and chief legal counsel of Hebei Construction Investment Company (the predecessor of HECIC), chief economist of Hebei Securities Company Limited, director of Jointo Energy (a company listed on Shenzhen Stock Exchange, stock code: 000600), deputy general manager of Hong Kong China Pharmacy Investment Company Limited (香港中國製藥投資有限公司), researcher of Cradle, a financial research institute in Canada, and division manager of China Insurance Trust Investment Company (中國保險信託投資公司).

Mr. Zhao Hui (趙輝), aged 43. Mr. Zhao resigned as the non-executive Director of the Company on 17 March 2015. He obtained a master's degree in business administration from Nankai University (南開大學). From February 2014 to March 2015, Mr. Zhao was the non-executive Director of the Company. Mr. Zhao was an executive Director, vice president, secretary to the Board and the joint company secretary of the Company. He has been the general manager of the investment development department of HECIC. He successively served as secretary to the board and manager of investment development department of Jointo Energy and 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).

Mr. Qin Gang (秦剛), aged 41, is currently a non-executive Director of the Company. He obtained a master's degree in corporate management from Nankai University (南開大學) and is a senior economist. Mr. Qin was appointed as a non-executive Director of the Company on 17 October 2014. Mr. Qin has been the assistant to general manager of the capital operation department of HECIC and executive deputy general manager of Yanshan Development (Yanshan International Investment) Company Limited (燕山發展(燕山國際投資)有限公司) since April 2015. Mr. Qin successively served as deputy departmental manager of the capital operation department of HECIC, deputy manager of the financial management department and an assistant to the manager of Hebei Construction Investment Company (the predecessor of HECIC).

Biographies of Directors, Supervisors and Senior Management

Ms. Sun Min (孫敏), aged 48, is currently a non-executive Director of the Company. She obtained a master's degree in business administration from Nankai University (南開大學), and is a chief senior engineer. Ms. Sun was appointed as a non-executive Director of the Company on 27 January 2015. She has been the general manager of the appraisal and assessment department of HECIC since 2013. Ms. Sun successively served as deputy manager of the investment and development department of HECIC, deputy manager of the investment and development department, assistant to the manager of the Energy Branch Office, and project manager of Energy Project Office, Energy and Transport Project Division and Energy Branch of Hebei Construction Investment Company (the predecessor of HECIC).

Mr. Wu Hui Jiang (吳會江), aged 36, is currently the non-executive Director of the Company. He obtained a master's degree in political economy from Zhejiang University, and is a senior engineer. Mr. Wu appointed as the non-executive Director of the Company on 5 June 2015. He has been a general manager of the Investment Development Department of HECIC since June 2015. Mr. Wu has also served as the deputy general manager of the Investment Development Department of HECIC, manager of the Investment Development Department of HECIC Water and project manager of the Public Utilities Department I of Hebei Province Construction & Investment Company (the predecessor of HECIC).

2. EXECUTIVE DIRECTORS

Mr. Gao Qing Yu (高慶余), aged 52, is an executive Director and the 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), and is a senior engineer. Mr. Gao served as executive Director and president of the Company since March 2013. Mr. Gao successively served as executive Director and vice president of the Company, general manager and chairman of the labour union and deputy general manager and chairman of the labour union of Hebei Natural Gas.

Mr. Wang Hong Jun (王紅軍), aged 51, is an executive Director of the Company. He obtained a master's degree in business administration from Tianjin University (天津大學). Mr. Wang was appointed as executive Director of the Company on 6 June 2013. Mr. Wang successively served as director of the general office of HECIC, director and deputy director of the general manager office as well as the deputy director of the general office of Hebei Construction Investment Company (the predecessor of HECIC).

3. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qin Hai Yan (秦海岩), aged 45, is an independent non-executive Director of the Company. He obtained a master's degree in business administration from Renmin University of China (中國人民大學). Mr. Qin has been an independent non-executive Director of the Company since March 2010. Mr. Qin also serves as an independent non-executive director of Huaneng Renewables Corporation Limited (華能新能源股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 00958)), the standing director of the China Renewable Energy Society (中國可再生能源學會), the secretary-general to the Wind Power Committee of the China Renewable Energy Society (中國可再生能源學會風能專業委員會), the vice chairman of the Renewable Energy Committee of the 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 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. Ding Jun (丁軍), aged 53, is an independent non-executive Director of the Company. He graduated from the graduate school of the China Academy of Social Sciences (中國社會科學院) with a master's degree in economics. Mr. Ding has been an independent non-executive Director of the Company since March 2010. Mr. Ding is an associate researcher of the 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. In addition, Mr. Ding was also appointed as standing director and vice secretary-general of the China Association for Studying the Construction of Well-off Society (中國小康建設研究會).

Mr. Wang Xiang Jun (王相君), aged 51, is an independent non-executive Director of the Company. He obtained a bachelor's degree in economics from the Central University of Finance and Economics (中央金融學院). Mr. Wang has been an independent non-executive Director of the Company since March 2010. Since November 2005, Mr. Wang has acted as associate professor of Hebei University of Economics and Business (河北經貿大學). In addition, he is a part-time teacher of the Accountant Service Centre of Hebei Finance Office (河北省財政廳會計人員服務中心), a standing director of the Hebei Information Industry and Accounting Association (河北省資訊產業會計學會) and a financial consultant of Hebei Grain Group Co., Ltd. (河北省糧食產業集團有限公司), China Construction Bank Hebei Branch (中國建設銀行河北省分行), the finance department of Hebei Publishing Group (河北省出版集團財務部) and Hebei Products (Group) Co., Ltd. (河北物產企業(集團)公司).

Mr. Yue Man Yiu Matthew (余文耀), aged 54, 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. Mr. Yue has been an independent non-executive Director of the Company since June 2010. Since 2009, Mr. Yue has acted as chief financial officer of Ko Shi Wai Holdings Limited (高士威控股有限公司), and is an independent non-executive director of Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司) (stock code: 00841) and Royale Furniture Holdings Limited (皇朝家私控股有限公司) (stock code: 01198). Mr. Yue is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Securities Institute.

4. SUPERVISORS

Mr. Yang Hong Chi (楊洪池), aged 59, is the chairman of the Board of Supervisors of the Company. He graduated from Tianjin University (天津大學). Mr. Yang was appointed as chairman of the second session of the Board of Supervisors of the Company on 6 June 2013. Mr. Yang successively served as chairman of the labour union of HECIC, and 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 (喬國杰), aged 53, is an employee representative supervisor of the Company. He obtained a master's degree in business administration from Tianjin University (天津大學). Mr. Qiao was elected as an employee representative supervisor at the second session of the Board of Supervisors of the Company on 6 June 2013. Since April 2013, Mr. Qiao successively served as deputy secretary of the party committee and the disciplinary committee, chairman of the labour union of the Company; from September 2011 to April 2013, served as deputy secretary of the party committee and the disciplinary committee of the Company and deputy secretary of the party committee and the disciplinary committee, chairman of the labour union of HECIC New-energy. He previously served as deputy secretary of the party committee and the disciplinary committee, chairman of the labour union of HECIC New-energy.

Mr. Liu Jin Hai (劉金海), aged 43, is a supervisor of the Company. He received a master's degree in business administration from the Hebei University of Technology (河北工業大學) and is a senior accountant in China. Mr. Liu was appointed as supervisor of the second session of the Board of Supervisors of the Company in June 2013. Mr. Liu has been the assistant general manager and general manager of financial management department of HECIC since April 2015. Mr. Liu successively served as general manager of HECIC Water, head of the financial management department of HECIC, deputy chief accountant, financial controller and manager of the financial department of Jointo Energy and manager of the financial department of Shijiazhuang International Building (Group) Ltd.

Ms. Ma Hui (馬惠), aged 53, is an employee representative supervisor and manager of the audit and regulation department of the Company. She obtained a college diploma in production process automation from Hebei Institute of Chemical Technology and Light Industry (河北輕化工學院) and a college diploma in finance and accounting from Hebei University of Economics and Business (河北經貿大學). Ms. Ma has been an employee representative supervisor since 6 June 2014 and the manager of the audit and regulation department of the Company since January 2011. She successively served as manager of the audit department of Hebei Natural Gas and a leader of the auditing and inspection team (計檢組組長) of North China Pharmaceutical Co., Ltd. (華北製藥股份有限公司).

Mr. Xiao Yan Zhao (肖延昭), aged 42, is an independent supervisor of the Company. He obtained a bachelor of laws degree from China University of Political Science and Law (中國政法大學), and is a qualified lawyer and Chinese registered senior planner. Mr. Xiao is a senior partner of C&I Partners, Beijing (北京市信利律師事務所) and a member of the criminal professional committee of Beijing Lawyers Association. He has served for a long time as deputy secretary-general of the Association of Cross-Strait Legal Exchange (海峽兩岸法學交流促進會), general legal advisor of the People's Government of Chongwen District, Beijing, executive director and deputy secretary-general of the Law and Trading Seminar (Shenzhen) of WTO and China – Asean Free Trade Area (世界貿易組織及中國東盟自由貿易區法律貿易研究會), and director of China Association of Small and Medium Business Enterprises (中國中小商業企業協會). He successively served as a partner and chief lawyer of Beijing Delvheng Law Firm (北京市德律珩律師事務所), associate of Beijing Zhide Law Firm (北京市至德律師事務所) and Jia Hua Law Firm, Beijing (北京市嘉華律師事務所).

Dr. Liang Yong Chun (梁永春), aged 44, is currently the independent supervisor of the Company. He obtained a doctorate in high voltage and insulation technology from Xi'an Jiaotong University. Dr. Liang appointed as the independent supervisor of the second session of the Board of Supervisors of the Company on 5 June 2015.He has been a teacher at the Electrical Engineering College, Hebei Science and Technology University since 1998. He was an ECS visiting scholar at the University of Southampton in the United Kingdom from 2012 to 2013.

5. SENIOR MANAGEMENT

For details of Mr. Gao Qing Yu, president of the Company, please refer to the second section of this chapter headed "Executive Directors".

Mr. Sun Xin Tian (孫新田), aged 51, is a vice president of the Company, and served as an executive Director and vice president of the Company from February 2010 to June 2013. He obtained a master's degree in power engineering from Huabei Electricity University (華北電力大學) and is a senior engineer certified by the Senior Engineer Assessment Committee of Hebei Provincial Electricity Industry Bureau (河北電力工業局高級工程師評審委員會). Mr. Sun successively served as deputy general manager and chief engineer of HECIC New-energy, deputy general manager of HECIC Zhangjiakou Wind Energy Co., Ltd., as well as deputy chief engineer, deputy director and deputy chief engineer of the equipment and technology department, engineer and deputy factory manager of a power engineering branch factory 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)).

Mr. Mei Chun Xiao (梅春曉), aged 47, obtained a master's degree in electrical engineering from Beijing Jiaotong University (北京交通大學). He was appointed as vice president of the Company on 6 June 2013, and is also the general manager of HECIC New-energy. Mr. Mei successively served as deputy general manager and chief engineer, an assistant to the general manager and chief engineer of HECIC New-energy.

Ms. Ding Peng (丁鵬), aged 45, obtained a master's degree in senior business administration from Renmin University of China (中國人民大學). Ms. Ding was appointed as vice president of the Company on 24 March 2014, and is also the general manager of Hebei Natural Gas. Ms. Ding successively served as deputy general manager and chief accountant, then chief accountant and financial manager of Hebei Natural Gas.

Mr. Lu Yang (陸陽), aged 46, obtained a master's degree in senior business administration from Renmin University of China (中國人民大學). Mr. Lu was appointed as vice president of the Company on 24 March 2014. From January 2008 to March 2014, he served as deputy general manager of Hebei Natural Gas. Mr. Lu successively served as manager for engineering technical support of Hong Kong & China Gas Investment Limited, and then as deputy general manager and chief engineer as well as chief engineer of Handan City Gas Company.

Ms. Fan Wei Hong (范維紅), aged 45, obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學). Ms. Fan was appointed as financial controller of the Company on 16 August 2013 and resigned from the position on 24 March 2014 and was appointed as chief accountant of the Company on the same day. Ms Fan successively served as deputy manager and manager of the financial planning department of HECIC Communications, financial controller and deputy general manager of Shijiazhuang Construction and Investment Company (石家莊市建設投資公司), accountant of Shijiazhuang Committee of Planned Economy (石家莊市計劃經濟委員會) and accountant of Shijiazhuang Sixth Cotton Mill Factory (石家莊市第六棉紡織廠).

Mr. Ban Ze Feng (班澤鋒), aged 38, obtained a master's degree in business administration from Nankai University (南開大學). Mr. Ban was appointed as secretary of the Board of the Company on 6 June 2013 and joint company secretary of the Company on 24 March 2014. Mr. Ban successively served as assistant to the director of the general office, head of the secretarial confidential documents department and general office secretary of HECIC, as well as deputy director of the general manager's office of Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司), and secretary of the general office of Hebei Construction Investment Company (the predecessor of HECIC).

6. JOINT COMPANY SECRETARIES

For details of Mr. Ban Ze Feng, a joint company secretary, please refer to the fifth section of this chapter headed "Senior Management".

Ms. Lam Yuen Ling Eva (林婉玲), aged 49, appointed as the joint company secretary of the Company on 1 April 2010. She has over 20 years of experience in company secretarial services and commercial solutions. She is currently a director of BMI Listed Corporate Services Limited and is responsible for supervising the company secretarial teams to provide full range of listed and private company secretarial services to clients. Ms. Lam obtained a Higher Certificate in Company Secretaryship and Administration from the Hong Kong Polytechnic University and was awarded a degree of Master of Science in Corporate Governance and Directorship by the Hong Kong Baptist University. Ms. Lam is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Lam is currently the company secretary of several companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Report of the Board of Directors

The Board of the Group hereby presents to the Shareholders the annual report and the audited Financial Statements for the year ended 31 December 2015.

1. BUSINESS REVIEW

(i) Operating environment

The Company is principally engaged in the investment of projects involving the exploration and utilization of natural gas, LNG, CNG, coal gas and coalbed methane, as well as projects of new energy sources including wind power and solar power, etc. Details of major subsidiaries of the Company are set out in Note 1 to the Financial Statements. During the reporting period, the Company was facing a complicated and severe situation caused by price deduction in wind power business, lower demand of natural gas and difficulties in infrastructure projects. The Board of Directors of the Company insisted on achieving stable growth, proactively responding to market situations and lead all our staff to forge ahead in unity so as to seize the market resources within and outside of the province, facilitating construction projects and vigorously expanding the domestic and foreign financing channels. By enhancing internal management, the operation structure of the Company was steadily improved. Details of the business environment policy of the Company are set out in operating environment on page 16 to page 18 of this annual report.

(ii) Key financial indicators

In 2015, the Group realized a total sale of wind and photovoltaic power generation of 2,974 million kWh, representing an increase of 8.5% as compared with 2014; sold 1,127 million cubic meters of natural gas, representing a decrease of 26% as compared with 2014; realized revenue of RMB4,224 million, representing a decrease of 18.0% as compared with 2014; a total profit of RMB200 million, representing a decrease of 70.3% as compared with 2014; and a net profit of RMB189 million, representing a decrease of 62.1% as compared with 2014; of which the net profit attributable to the owners of the Group amounted to RMB168 million, representing a decrease of 49.8% as compared with 2014. The main reasons are (1) the significant decrease in sales of natural gas as a result of the double pressures of decline of macro-economics in China and the decrease in prices of coal and oil; (2) the relatively large amount of receivables of Hebei Natural Gas and impairment provisions; (3) the wind resources of the regionals where our wind farms operates for the year were less than that of 2014, leading to a decrease in utilization hours of the Group for the whole year.

As at 31 December 2015, the total share capital of the Company was 3,715,160,396 shares, comprising of 1,876,156,000 domestic shares and 1,839,004,396 H shares. Details of liquidity of the Company are set out in Liquidity and capital resources and Capital expenditure on page 27 of this annual report.

Report of the Board of Directors

(iii) Compliance with laws and regulations and Performance

In 2015, the Company complied with relevant laws and regulations which involved material effects in the establishment, production and operation of wind power, photovoltaic power and natural gas projects, including relevant laws and regulations, management ordinances and environmental protection standards such as "The Environmental Protection Law of the PRC (amended in 2014)", "The Recycling Economy Promotion Law of the PRC" and "The Renewable Energy Law of the PRC". Pursuant to the above regulations, and along with the national ecological civilization construction related strategies and the setting of the target of energy saving and emission reduction for the community as a whole, the Company, building on its operational production characteristics, set up a leading group for energy saving and emission reduction with the President as the team leader. The Safety Production Department set up an energy saving and emission reduction office with the manager of Safe Production Department as the officer. The Company also formulated "energy management measures", "environmental protection measures" and "management measures for disposal of production wastes", so as to strictly control the consumption of various energy and resources by the Group, promoted new technology, skills, facilities and materials for energy saving, encouraged reasonable consumption of energy, enhanced utilization and economic efficiency of energy, water and ecological resources, actively reduced the wastage of resources and protected the ecological environment. In 2015, there were neither incidents nor legal complaints relating to environmental pollution.

(iv) Major risk factors

Details of the major risks an uncertain factors of the Company (including the slowdown of the growth of macro-economy, competition of alternative energy, collection of account receivables, decrease in price of electricity, uncertainty of wind resources and grid curtailment) are set out in the risk factor and risk management sections on page 30 to page 32 of this annual report.

(v) Business development expectation in the future

At the end of the reporting period, no significant event occurred which would affect the Company.

It is expected that in 2016, while the long-term strong fundamentals of the PRC economic development have not changed, under the background of climate change, economic downturn and opaque governance, and the joint effects of structural and cyclical factors, the economy will continue to face significant downward pressure, and the energy field will enter a new equilibrium. Severe problems such as over-supply of traditional energy and incomparable energy structures, and other issues are harming. As such, the Group will grasp the historical opportunity of integration of Beijing, Tianjin and Hebei, and continue to put much effort to develop clean energy business such as gas, wind power, solar power, and consolidate and develop market structure of diversified business. Details are as follows:

(1) adopt flexible measures and continue to put greater efforts in marketing and market development, expand the three major business segments including gas transmission by pipelines, city gas and CNG, and LNG, and ensure a sound and healthy development of the natural gas business;

(2) accelerate the infrastructural construction of wind power projects that have been approved prior to 2016, to push forward the commencement of operations of the projects as soon as possible. Also, in combining with the current national policies, to continue to develop new onshore wind resources districts, and closely monitor high quality offshore wind power projects, and to actively expand the photovoltaic resources so as to further enrich the Group's resource reserves;

(3) actively expand the financing channels, both domestically and overseas, so as to lower the cost of project construction; continue to enhance and improve the internal management mechanisms, accelerate information construction, and enhance the professional management levels; strive to make the Group a listed company with more solid foundation in basic management, more reasonable business structure, more diversified sources of profit growth and healthier and more sustainable development capacity, and to create greater values for shareholders and business partners.

(vi) Relationship with staff

The staff not only provides services and maintains operations, they are also the power source of innovation and development of the Company. In order to create a united and harmonious team, the Group actively protects the basic rights of staff, and has clear regulations in respect of recruitment, employment, labor relations, and has standardized the employment of the Company, social security management and code of conduct of the staff, so as to maximize the protection of the staff's legal rights; prepared a comprehensive management system from two aspects, occupational health and production safety so as to create a safe production foundation; pays attention to the staff's demands, to ensure the staff are healthy and happy. At the same time, it will setup a scientific and staff promotion system, and supplement with specific trainings, to train and encourage outstanding talent, so as to build up a professional human resource for the Group.

(vii) Relationship with clients and suppliers

The Group takes on the responsibility of supplying natural gases to urban residents in provinces and industrial enterprises. Hebei Natural Gas has implemented specific management measures in respect of stable gas supply and enhancement of client services. It continues to carry out the construction of natural gas pipeline projects and pipeline networks of Hebei Province, to further enhances gas supply capacity to customers. Following the service philosophy of "value customers, service comes first", the Group issued "Standardization of Customer Service Management Measures", and enhanced the proactive communications with customers through effective handling of complaints. We also performed satisfaction surveys, and conducted assessment on each subsidiary based on the surveys. We also implemented administrative measures such as "Administrative Rules of Customers Files", to prevent any leakage of clients' information.

Since the Group is in a business expansion stage, since 2015 and for a long time in the future, suppliers of project construction and related materials will be the main acquisition targets of the Group. The Group implements management process in respect of suppliers of each product and service, and in compliance with the national and local regulations, to ensure the purchase process is legal, and guarantee the suppliers selected are highly efficient in managing different aspects of their business, such as quality, environment and safety.

(viii) Environmental protection policies and performance

As a green energy company, the Group aligns closely with the adjusted national energy strategic direction and endeavors to develop natural gas, wind power and solar energy business as well as to deliver clean energy to various industries. Apart from creating economic value, the Group also reduces the impact to the environment through its products and services. Meanwhile, the Group has actively considered the impact towards the environment during project construction and operations to further improve the environment. During project construction, the Group allocated a large amount of capital on protection measures for minimizing the impact to the environment during the construction, including sewage treatment, oil spill collection, shock absorption and noise reduction, dust reduction, ecological rehabilitation and poison waste treatment; during operations, the Group also allocated capital to energy saving and consumption reduction and technology improvement, so as to reduce the harmful effects caused to the environment during operation.

2. RESULTS

The audited results of the Company and its subsidiaries for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 77. The financial position of the Company and its subsidiaries as of 31 December 2015 is set out in the consolidated statement of financial position on page 78. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2015 are set out in the consolidated statement of cash flows on page 81.

Discussion and analysis of the Group's performance and financial position for the year is set out in the Management Discussion and Analysis on pages 18 to 28 of this annual report.

3. SHARE CAPITAL

As of 31 December 2015, the total issued share capital of the Company was RMB3,715,160,396, divided into 3,715,160,396 shares of RMB1 each.

On 28 January 2014, the Company successfully placed 476,725,396 H Shares, thereby increasing its registered capital by RMB476,725,396 and raising total funds of approximately HK$1,597,030,077. After the completion of the placing, the total issued share capital of the Company amounted to RMB3,715,160,396, divided into 3,715,160,396 shares of RMB1 each.

On 9 July 2015, HECIC Water transferred, for nil consideration, 375,231,200 domestic shares of the Company to HECIC by way of allocation. After the completion of equity transfer, HECIC directly holds 1,876,156,000 domestic shares of the Company, representing 50.5% issued share capital of the Company.

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

During the reporting period, the Company did not redeem any of its securities, and neither the Company nor any of its subsidiaries sold or purchased any of the Company's securities listed on the Hong Kong Stock Exchange.

On 28 January, 2014, an aggregate of 476,725,396 H Shares were successfully allotted and issued by the Company at the placing price of HK$3.35 per H Share to no less than six and no more than ten placees. The aggregate gross proceeds from the placing amounted to approximately HK$1,597,030,077 and the aggregate net proceeds received by the Company (after deducting all applicable costs and expenses) amounted to approximately HK$1,564,044,356. For further details, please refer to the announcements titled "Placing of H Shares" and "Completion of the Placing of H Shares" published on the websites of the Hong Kong Stock Exchange and the Company on 22 January 2014 and 28 January 2014, respectively.

HECIC New-energy, a subsidiary of the Company, has completed the issuance of the first tranche short-term debenture in 2015 on 22 October 2015. The issuance of the First Tranche Short-term Debentures amounted to RMB500 million with a term of one year, at a par value of RMB100 each and bearing interest at 4%. The proceeds of the First Tranche Short-term Debentures are mainly used as the additional working capital of HECIC New-energy. Details are set out in the announcement issued by the Company dated 23 October 2015 headed "Voluntary Announcement-Issue of Short-term Debenture by a Subsidiary" on the websites of the Hong Kong Stock Exchange and the Company.

5. PRE-EMPTIVE RIGHTS

Shareholders of the Company have no pre-emptive rights under laws and regulations, such as the PRC Company Law, and the Articles of Association of the Company.

6. USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING AND PLACING OF H SHARES IN 2014

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 31 December 2015, RMB110 million was used for investment in the Group's natural gas projects, representing 4.1% of the net proceeds, RMB2,298 million was used for investment in the Group's wind power projects, representing 86.5% of the net proceeds.

On 28 January 2014, the Company completed its placing of 476,725,396 H shares with the net proceeds raised of HK$1,564 million. As of 31 December 2015, HK$260 million was used for investment in the Group's natural gas projects, representing 16.62% of the net proceeds; HK$719 million was used for investment in the Group's wind power projects, representing 45.97% of the net proceeds; HK$164 million was used for replenishment of the Company's working capital, representing 10.49% of the net proceeds. The remaining net proceeds from the placing (including accrued interests thereof) of HK$421 million are currently deposited in an bank account of the Company.

7. RESERVES

Details of the movement in reserves of the Company for the year are set out in Note 43 to the Financial Statements, and details of reserves distributable to shareholders are set out in Note 43 to the Financial Statements.

8. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired property, plant and equipment with a total cost of RMB5,621 million. The property, plant and equipment disposed or of which bad debts were written off by the Group had a carrying value of RMB2,243 million, resulting in net profit on asset disposal of RMB573 million.

Details of the movement in property, plant and equipment of the Group during the reporting period are set out in Note 12 to the Financial Statements.

9. PROFIT DISTRIBUTION

The Board recommends the distribution of a final dividend of RMB0.015 per share (tax included) (RMB56 million in total (tax included)) for the year ended 31 December 2015 to all shareholders, details of which are set out in Note 10 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) (Guo Shui Han [2008] No.897) issued by the State Administration of Taxation (國家稅務總局), an 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 to 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 23 June 2016.

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 effective rate stipulated in the relevant tax treaties. In the case that the individual holders of 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 23 June 2016 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.

10. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the purchase amount from the Group's five largest suppliers in aggregate contributed 90.55% of the Group's total purchase amount for the year, among which, the total purchase amount from the largest supplier contributed 83.15% of the Group's total purchase amount for the year.

For the year ended 31 December 2015, the sales to the Group's five largest customers in aggregate contributed 47.78% of the Group's total sales for the year, among which, the sales to the largest customer contributed 17.86% of the Group's total sales for the year.

As far as the Directors are aware, none of the substantial shareholders of the Company (shareholders who own more than 5% of the Company's share capital) or associates of the Directors and supervisors had any interest in the Company's five largest suppliers or five largest customers.

11. BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2015 are set out in Note 28 to the Financial Statements.

12. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Currently, our Board consists of eleven Directors, of whom five are non-executive Directors, two are executive Directors and four are independent non-executive Directors. Mr. Zhao Hui resigned as the non-executive Director on 17 March 2015. Dr. Liu Zheng tendered his resignation of non-executive Director on 13 October 2015. The resignation of Dr. Liu Zheng becomes effective after the formal appointment of a new non-executive director by the Company to fill the vacancy.

Information on the Directors, supervisors and senior management of the Company are as follows:

Name	Age	Position	Date of Appointment
Cao Xin	44	Non-executive Director, chairman of the Board	6 June 2013 (Re-designated as non-executive Director on 24 March 2014)
Liu Zheng	41	Non-executive Director	17 October 2014
Gao Qing Yu	52	Executive director, president	6 June 2013
Wang Hong Jun	51	Executive director	6 June 2013
Zhao Hui	43	Non-executive Director	6 June 2013 to 17 March 2015 (Re-designated as non-executive Director on 24 March 2014)
Qin Gang	41	Non-executive Director	17 October 2014
Sun Min	48	Non-executive Director	27 January 2015
Wu Hui Jiang	36	Non-executive Director	5 June 2015
Qin Hai Yan	45	Independent non-executive Director	6 June 2013
Ding Jun	53	Independent non-executive Director	6 June 2013
Wang Xiang Jun	51	Independent non-executive Director	6 June 2013
Yue Man Yiu Matthew	54	Independent non-executive Director	6 June 2013
Yang Hong Chi	59	Chairman of the Board of Supervisors	6 June 2013
Liu Jin Hai	43	Supervisor	6 June 2013
Qiao Guo Jie	53	Employee representative supervisor	6 June 2013
Ma Hui	53	Employee representative supervisor	6 June 2014
Xiao Yan Zhao	42	Independent supervisor	6 June 2014
Liang Yong Chun	44	Independent supervisor	5 June 2015
Sun Xin Tian	51	Vice president	6 June 2013
Mei Chun Xiao	47	Vice president	6 June 2013
Ding Peng	45	Vice president	24 March 2014
Lu Yang	46	Vice president	24 March 2014
Fan Wei Hong	45	Chief accountant	6 June 2013
Ban Ze Feng	38	Secretary to the Board, joint company secretary	6 June 2013 (Secretary to the Board) and 24 March 2014 (joint company secretary)

The Company has accepted the annual confirmation of independence issued by the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange, and is of the opinion that all independent non-executive Directors are independent of the Company.

13. CHANGES IN DIRECTORS AND SUPERVISORS

1. Ms. Sun Min appointed as the non-executive Director of the second session of the Board of the Company at the 2015 first extraordinary general meeting held on 27 January 2015.

2. Mr. Zhao Hui resigned as the non-executive Director of the Board of the Company on 17 March 2015 due to change of work allocation.

3. Mr. Wu Hui Jiang appointed as the non-executive Director of the second session of the Board of the Company in the 2014 annual general meeting held on 5 June 2015.

4. Dr. Liu Zheng tendered his resignation of the non-executive Directors, member of the Nomination Committee and the Strategic and Investment Committee of the second session of the Board of the Company on 13 October 2015 due to change of work allocation. The resignation of Dr. Liu Zheng becomes effective after the formal appointment of a new non-executive director by the Company to fill the vacancy.

5. Mr. Liang Yong Chun appointed as the independent supervisor of the Company in the 2014 annual general meeting held on 5 June 2015.

Biographical details of Directors, supervisors and senior management of the Company are set out on pages 35 to 40 of this annual report.

14. 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).

15. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

Details of the remuneration of the Company's Directors and supervisors are set out in Note 8 to the Financial Statements and the range of remuneration of senior management members is as follows:

Range of remuneration (RMB'000)	No. of senior management members
0-500	6
500-1,000	0

16. INTERESTS OF DIRECTORS AND SUPERVISORS (AND ITS ASSOCIATED ENTITIES) IN CONTRACTS OF SIGNIFICANCE

At the end of the year 2015 or at any time during the year 2015, none of the Directors and supervisors (and its associated entities) of the Company had any personal interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party.

17. INTEREST OF DIRECTORS AND SUPERVIORS IN COMPETING BUSINESS

Save as disclosed in the annual report, none of the Directors and supervisors 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 during the reporting period.

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

As at 31 December 2015, 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 (the "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.

19. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, 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 need 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/ underlying shares held	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
HECIC	Domestic Shares	Beneficial Owner	1,876,156,000 (Long position)	100%	50.5%
GIC Private Limited	H Shares	Investment Manager	293,802,000 (Long position)	15.98%	7.91%
Hillhouse Capital Management, Ltd[(1)]	H Shares	Investment Manager	131,103,000 (Long position)	7.13%	3.53%
Gaoling Fund, L.P.	H Shares	Investment Manager	129,074,000 (Long position)	7.02%	3.47%
National Social Security Council	H Shares	Beneficial Owner	127,940,334 (Long position)	6.96%	3.44%
FMR LLC[(2)]	H Shares	Investment Manager	111,904,200 (Long position)	6.09%	3.01%
Citigroup Inc.[(3)]	H Shares	Investment Manager	99,183,511 (Long position)	5.39%	2.67%
			88,079,313 (Lending pool)	4.78%	2.37%

Notes:

(1) Hillhouse Capital Management Ltd. owned the equity interests of Gaoling Fund, L.P and YHG Investment, LP. As such, Hillhouse Capital Management Ltd. was deemed to own the interest of Gaoling Fund, L.P and YHG Investment, LP in the Company.

(2) FMR LLC owned 100% equity interests of FMR CO., INC1. As such, FMR LLC was deemed to own the interest of FMR CO., INC in the Company.

(3) Citigroup Inc. indirectly owned 100% equity interests of Citicorp Holdings Inc., Citicorp Holdings Inc. directly owned 100% equity interests of Citibank N.A.; Citigroup Inc. indirectly owned 100% equity interests of Citigroup Global Markets Holdings Inc., Citigroup Global Markets Holdings Inc. indirectly owned 100% equity interests of Citigroup Financial Products Inc.; Citigroup Financial Products Inc. indirectly owned 100% equity interests of Citigroup Global Markets International LLC and Citigroup Global Markets (International) Finance AG; Citigroup Global Markets (International) Finance AG, Citigroup Financial Products Inc. and Citigroup Global Markets International LLC indirectly owned 50.16%, 30.83% and 18.74% equity interests of Citigroup Global Markets Europe Limited, respectively; Citigroup Global Markets Europe Limited directly owned 100% equity interests of Citigroup Global Markets Inc.; Citigroup Financial Products Inc. directly owned 100% equity interests of Citigroup Global Markets Hong Kong Limited. As such, Citigroup Inc. was deemed to own the interests of Citicorp Holdings Inc., Citibank N.A., Citigroup Financial Products Inc., Citigroup Global Markets Holdings Inc., Citigroup Global Markets International LLC, Citigroup Global Markets (International) Finance AG, Citigroup Global Markets Europe Limited, Citigroup Global Markets Limited and Citigroup Global Markets Hong Kong Limited in the Company.

20. 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 did any such contract subsist at any time during the reporting period (save for the service contracts with Directors, supervisors and all employees of the Group).

21. CONNECTED TRANSACTIONS

(1) Connected transactions

As at the date of this report, the Group carried out the following connected transactions that were subject to reporting and announcement requirements but exempt from independent shareholders' approval pursuant to Rule 14A.76 of the Listing Rules. The specific details are as follows:

1. In order to satisfy the regulatory requirements, enhance the capital adequacy ratio of the Group Finance Company, and further expand its business scope, each shareholder of the Group Finance Company decided to make capital injection to the Group Finance Company. On 8 January 2015, the Company has entered into the "Capital Increase Agreement" with HECIC, HECIC Water, HECIC Communications and Jointo Energy. Subject to the approval from the CBRC, the registered capital of the Group Finance Company will be increased from RMB500 million to RMB1 billion in two phases. For the first phase of capital increase, the Company, HECIC, HECIC Water and HECIC Communications shall contribute RMB50 million, RMB300 million, RMB50 million and RMB50 million, respectively, to increase the registered capital of the Group Finance Company after the Capital Increase Agreement takes effect; for the second phase of capital increase, Jointo Energy shall contribute RMB50 million to increase the registered capital of the Group Finance Company before the end of 2015. During the reporting period, all shareholders have completed the capital increase towards the Group Finance Company.

HECIC is the controlling shareholder of the Company. HECIC Water, Jointo Energy and HECIC Communications are subsidiaries of HECIC, and therefore, associates of HECIC. Pursuant to the Listing Rules, HECIC, HECIC Water, HECIC Communications and Jointo Energy are connected persons of the Company, and the transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details are set out in the announcement entitled "Connected Transaction – Capital Increase Agreement" on 8 January 2015 issued by the Company on the websites of the Hong Kong Stock Exchange and the Company.

2. In order to facilitate the consumption and utilization of wind power generated by its wind farms in Chengde area, the Company decided to invest in Hebei Fengning. On 22 January 2015, the Company entered into the "Equity Transfer Agreement" with HECIC to acquire 20% equity interest in Hebei Fengning held by HECIC. The transfer price was RMB100,672,768.60, which was determined by reference to the appraised value of the 20% equity interest in Hebei Fengning of RMB100,672,768.60 as at 31 August 2014, being the benchmark date on which an independent third party valuation institution jointly appointed by both parties carried out the asset valuation. The company has paid the transfer price and Hebei Fengning has completed the business registration regarding the transfer of equity interest. HECIC is the controlling shareholder of the Company and is a connected person of the Company. The transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

   Details are set out in the announcement entitled "Connected Transaction - Acquisition of 20% Equity Interest in Hebei Fengning" on 22 January 2015 issued by the Company on the websites of the Hong Kong Stock Exchange and the Company.

(2) Continuing Connected transactions exempt from the independent shareholders' approval requirement

During the reporting period, the Group carried out the following continuing connected transactions that were subject to reporting and announcement requirements but exempt from independent shareholders' approval pursuant to Rule 14A.34 of the Listing Rules. The specific details are as follows:

1. As disclosed in the announcement dated 9 June 2013, on 9 June 2013, the Company and its controlling shareholder HECIC entered into the "Tenancy Master Agreement", pursuant to which HECIC leased the office space at Yu Yuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC to the Group and provided the Group with certain ancillary office support services for the three years ended 31 December 2015.

After the aforementioned "Tenancy Master Agreement" expired on 31 December 2015, the Company continued to rent such property from HECIC and its subsidiaries. On 17 December 2015, the Company and HECIC entered into a new master tenancy agreement for a term from 1 January 2016 to 31 December 2018. Under the new master tenancy agreement, the Group agreed to lease the properties from HECIC and/or its subsidiaries for the three years ended 31 December 2018. Members of the Group will enter into individual lease agreements for the lease of relevant properties with HECIC and/or its subsidiaries according to the terms and conditions set out in the new master tenancy agreement. During the reporting period, the 2015 annual cap of this continuing connected transaction was RMB15,000,000 and the actual transaction amount was RMB4,462,000.

HECIC is a controlling shareholder of the Company, directly holds approximately 50.5% shares of the Company and is a connected person of the Company. This transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details are set out in the announcements entitled "Renewal of Continuing Connected Transaction – New Master Tenancy Agreement" dated 17 December 2015 and "Renewal of Continuing Connected Transactions – Further Announcement on The New Master Tenancy Agreement" dated 23 December 2015 as published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

2. As disclosed in the announcements of the Company on 23 June 2015 and on 25 June 2015, on 23 June 2015, the Hebei Natural Gas, a subsidiary of the Company, and the Group Finance Company entered into the Notes Pool Service Agreement, with a term from 23 June 2015 to 31 December 2015.

   In order to enable the Company to meet the capital needs of the natural gas business development with flexible resources, on 23 June 2015, Hebei Natural Gas, a subsidiary of the Company, and the Group Finance Company entered into the Notes Pool Service Agreement, pursuant to which, during the agreement period, Hebei Natural Gas and its subsidiaries will deposit part of their undue Notes received in the ordinary course of business into the notes pool account opened by the Group Finance Company with a commercial bank which is independent from both parties, and the Group Finance Company will grant the Credit Line to Hebei Natural Gas and its subsidiaries based on the total amount of Notes deposited by Hebei Natural Gas and its subsidiaries at a ratio of 1:0.9 (total amount of Notes: Credit Line). The Credit Line is a revolving line of credit with a maximum credit limit of RMB200 million in aggregate. The corresponding maximum total amount of notes deposited in notes pool is RMB222.3 million and the annual cap of interest of the notes pool financing is RMB15 million. The Group Finance Company will provide the Credit Financing Services to Hebei Natural Gas and its subsidiaries under such Credit Line (including the provision of RMB/foreign currency loans, acceptance of commercial drafts and issuance of letters of guarantee) and will charge handling fees in respect of certain notes pool services with an annual cap of RMB10 million. After taking into account their actual business needs, Hebei Natural Gas and its subsidiaries had no transaction with the Group Finance Company during the year of 2015.

The fees and charges payable by Hebei Natural Gas to the Group Finance Company in respect of the financial services under the Renewed Notes Pool Service Agreement are determined on the following basis:

(1) the operation management of the notes pool is free of charge.

(2) the rate of loan financing charges shall be the benchmark interest rate for loans as published by the PBOC from time to time, and shall not be higher than the interest rates offered by the Group Finance Company to other members of HECIC for the same category of loans, nor the interest rates offered to the Group by commercial banks for the same category of loans.

(3) acceptance of commercial drafts and issuance of letters of guarantee: the Group Finance Company will collect handling fees, and the applicable rate standards for such fees will be determined by reference to and shall not be higher than the standards adopted by state-owned commercial banks in the PRC. Meanwhile, the rate so charged shall not be higher than the rates offered to the Debtor by other domestic financial institutions for the same category of services, nor the rates offered to other members of the Group by the Group Finance Company for the same type of services.

HECIC is the controlling shareholder of the Company, directly holding approximately 50.5% shares of the Company, and is therefore a connected person of the Company. The Group Finance Company is a subsidiary of HECIC and is also a connected person of the Company. Entering into the Service Agreement, the deposit of Notes into the notes pool of the Group Finance Company and the execution of the transactions contemplated under the Service Agreement constitute financial assistance under Rule 14A.24(4) of the Listing Rules, and therefore constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Hebei Natural Gas and the Group Finance Company have renewed the Notes Pool Service Agreement on 17 December 2015 with a valid term from 1 January 2016 to 31 December 2016. Details are set out in the announcement entitled "Renewal of Continuing Connected Transactions Renewed Notes Pool Service Agreement" published on the websites of the Hong Kong Stock Exchange and the Company on 17 December 2015.

(3) Non-exempt continuing connected transactions

During the reporting period, the Company carried out a non-exempt continuing connected transaction pursuant to Rule 14A.35 of the Listing Rules, the details of which are as follows:

As disclosed in the announcement of the Company on 16 August 2013, on 16 August 2013, the Company and the Group Finance Company entered into the Financial Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the financial services provided by Group Finance Company, including (i) the Deposit Service, (ii) the Loan Service and (iii) Other Financial Services. This agreement expired on 31 December 2015.

In order to allocate assets between each member of the Group in a more effective way, and to promote the liquidity of the Group's capital, and to enhance its overall solvency, on 11 November 2015, the Company entered into the Renewed Financial Services Framework Agreement with the Group Finance Company. Pursuant to the Renewed Financial Services Framework Agreement, the Group will, on a voluntary and non-compulsory basis, utilize the financial services provided by the Group Finance Company, including (i) the deposit service, (ii) the loan service and (iii) other financial services. Under the Renewed Financial Services Framework Agreement, the Group Finance Company has undertaken to the Company that whenever it provides financial services to the Group, the terms thereof shall not be less favorable than those offered to other members of HECIC, nor less favorable than those of comparable services offered to the Group by any commercial banks or other financial institutions. The Group will utilize the financial services of the Group Finance Company on a voluntary and non-compulsory basis and is not obliged to engage the Group Finance Company for any particular service. The term of the financial services framework agreement is from 1 January 2016 to 31 December 2018. During the reporting period, the proposed maximum daily balance under the deposit service under the agreement was RMB1,350 million and the actual maximum daily balance under the deposit service was RMB1,330 million.

The fees and charges payable by the Group to the Group Finance Company under the Renewed Financial Services Framework Agreement are determined on the following basis:

(1) Deposit Service: the interest rates shall not be lower than (i) the lower limits of the interest rates promulgated by the PBOC from time to time for the same category of deposits; (ii) the interest rates offered to other members of HECIC by the Group Finance Company for the same category of deposits; and (iii) the interest rates offered to the Group by commercial banks for the same category of deposits, whichever is higher.

(2) Loan Service: the interest rates shall not be higher than (i) the upper limits of the interest rates promulgated by the PBOC from time to time for the same category of loans; (ii) the interest rates offered to other members of HECIC by the Group Finance Company for the same category of loans; and (iii) the interest rates offered to the Group by commercial banks for the same category of loans, whichever is lower.

(3) Other Financial Services: the interest rates or service fees charged for Other Financial Services shall (i) comply with the standard rates as promulgated by the PBOC or the CBRC from time to time (if applicable); (ii) not be higher than the interests or service fees charged by commercial banks for comparable services; and (iii) not be higher than the interest rates or service fees charged by the Group Finance Company for comparable services to other members of HECIC.

The Group Finance Company is a non-wholly owned subsidiary of HECIC and HECIC is the controlling shareholder of the Company directly holding approximately 50.5% equity interest in the Company in total and is therefore a connected person of the Company. The Group Finance Company is also a connected person of the Company. Accordingly, the provision of financial services by the Group Finance Company to the Company pursuant to the Renewed Financial Services Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details are set out in the announcements on 11 November 2015, and shareholders' circular on 11 December 2015, issued by the Company in relation to this continuing connected transaction. The transaction was approved by the extraordinary general meeting of the shareholders of the Company on 28 December 2015. On the same day, the Company released the announcement regarding the poll results of the extraordinary general meeting of the shareholders on the websites of the Hong Kong Stock Exchange and the Company.

(4) Confirmation by the independent non-executive Directors

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

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as case may be) independent third parties; and

3. in accordance with relevant agreement 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 by the auditor

The auditors of the Company, Ernst & Young have provided a letter to the Board, confirming that for the year ended 31 December 2015, in respect of the aforementioned continuing connected transactions:

1. nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board of Directors;

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

3. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements; and

4. nothing has come to their attention that causes them to believe that the amount of each of the transactions has exceeded its annual cap mentioned above.

22. COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into the "Non-Competition Agreement" with its controlling shareholder, HECIC, on 19 September 2010. Pursuant to the Non-competition Agreement, HECIC shall not and shall procure its subsidiaries not to compete with the Group in the relevant businesses, and HECIC granted the Company the option to take up new business opportunity, option to acquire any retained business and new business opportunities and pre-emptive rights.

Independent non-executive Directors of the Company will be responsible for the review, consideration and determination in relation to the acceptance of new business opportunities referred by HECIC or its subsidiaries, and the exercise of its acquisition option and pre-emptive rights.

HECIC has confirmed that it has complied with its undertakings in the "Non-Competition Agreement" during 2015. The independent non-executive Directors of the Company have reviewed the implementation of the "Non-Competition Agreement" during 2015 and confirmed that HECIC has been in full compliance with such agreement and that there were no breaches.

23. RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the Group's retirement and employee benefit plans are set out in Note 8 to the Financial Statements.

24. 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 and Corporate Governance Report" to Appendix 14 of the Listing Rules. During the reporting period, the Company complied with all of the code provisions set out in the Code.

25. 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.

26. MATERIAL LITIGATION

During the Reporting Period, the Group was involved in the following material litigation: as Hebei Yuanhua Glass Co., Ltd. (河北元華玻璃股份有限公司) ("Yuanhua Company") failed to make payment to a bank for a commercial acceptance note it issued upon expiry, the bank made a deduction of RMB140 million in total directly from the account of Hebei Natural Gas pursuant to a discounting agreement therewith. Thereafter, Hebei Natural Gas entered into an enforceable notarized debt instrument with Yuanhua Company stipulating Yuanhua Company to pledge certain assets for the said amount. As Yuanhua Company failed to repay the said amount to Hebei Natural Gas upon expiry, Hebei Natural Gas applied to the court to enforce the instrument, which was accepted by the Court on 13 May 2015. On 8 July 2015, the parties reached a settlement agreement, pursuant to which Yuanhua Company agreed to repay the debt by installment. On 29 January 2016, Hebei Natural Gas has reached a new agreement with Yuanhua Company, pursuant to which Yuanhua Company agreed to perform the debt repayment obligation.

27. AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the 2015 annual results of the Group and the Financial Statements for the year ended 31 December 2015 prepared in accordance with the "International Financial Reporting Standards".

28. AUDITORS

Ernst & Young was appointed as auditors for the Financial Statements prepared in accordance with the IFRS for the year ended 31 December 2015. The enclosed Financial Statements prepared in accordance with the IFRS have been audited by Ernst & Young.

Zhonglei Certified Public Accountants (中磊會計師事務所) resigned as the PRC auditor of the Company in August 2013. At the extraordinary general meeting of the Company held on 23 October 2013, Reanda Certified Public Accountants (利安達會計師事務所) was approved to be appointed as the PRC auditor of the Company by way of voting. Reanda Certified Public Accountants has prepared the Financial Statements in accordance with the PRC Financial Accounting Standards.

By order of the Board
Cao Xin
Chairman/Non-executive Director

Shijiazhuang, PRC, 24 March 2016

Corporate Governance Report

The Board of the Company hereby presents to shareholders the corporate governance report for 2015.

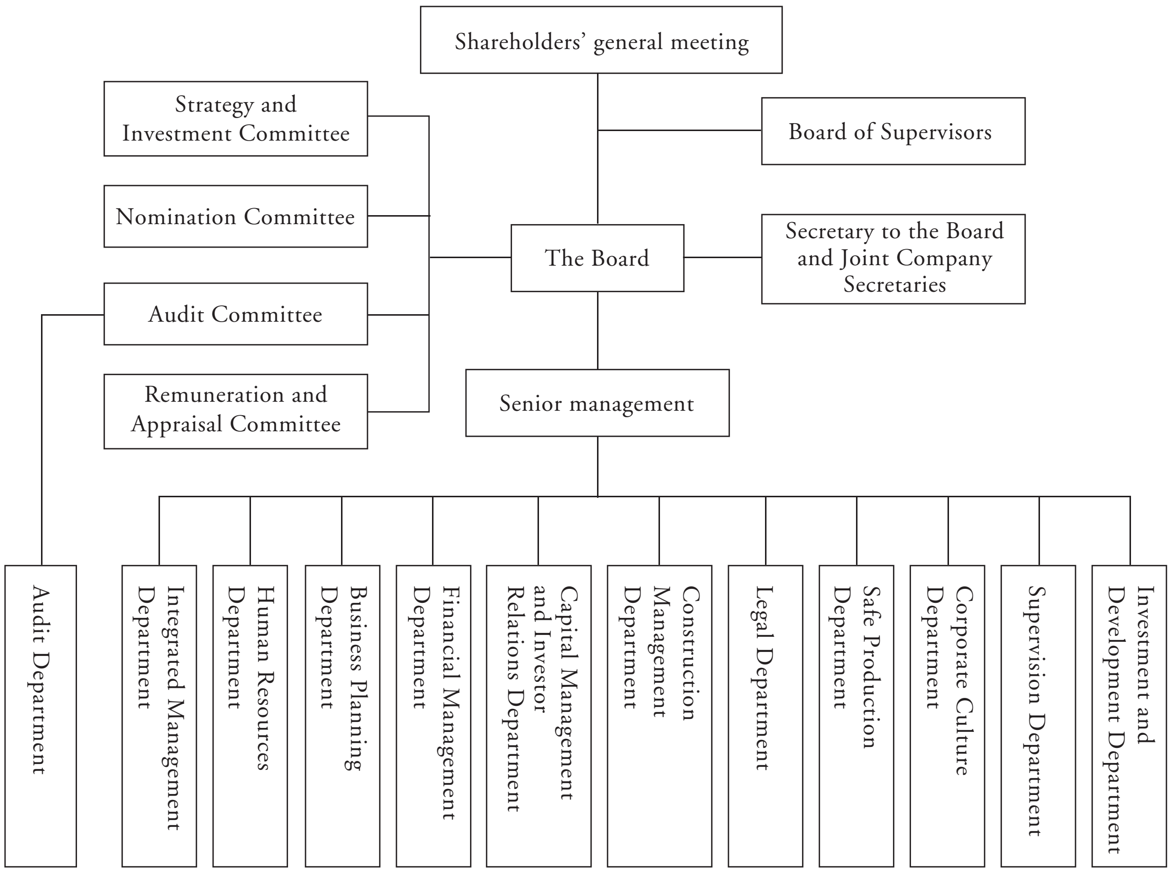
The Company has always been focused on maintaining a high level of corporate governance so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure which comprises of the shareholders' general meeting, the Board, the Board of Supervisors, specialised Board committees 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") set out in the Listing Rules. During the reporting period, the Company has complied with all provisions set out in the Corporate Governance Code.

The Company has adopted the "Model Code" set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by all Directors and supervisors. 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 standards set out in the "Model Code".

The Board will review from time to time the corporate governance practices and operations of the Company so as to meet the requirements under the Listing Rules and to protect the interests of shareholders.

1. CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



2. THE BOARD

(1) Composition of the Board

The Board of the Company comprises 11 Directors, which includes 5 non-executive Directors, 2 executive Directors and 4 independent non-executive Directors.

During the reporting period, each appointed Director has entered into a service contract with the Company. The duration of each service contract is from the relevant date of appointment up to the end of term of the second session of the Board.

In 2015, the Board has consistently complied with the Listing Rules with respect to the requirement for the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise, and the requirement for the independent non-executive Directors representing at least one-third of the total number of members on the Board. Moreover, the Company has received from each independent non-executive Director an annual confirmation of independence, and considers that all the independent non-executive Directors are independent from the Company.

Regarding the diversity of the Board members, Directors of the Company have different professional backgrounds. Each Director provides professional advice in their respective areas of expertise to the Company, and a new female Director was brought on board during the year.

The composition of the second session of the Board is as follows:

Name	Age	Gender	Position	Date of Appointment	Term of office
Cao Xin	44	Male	Chairman of the Board, non-executive Director	6 June 2013	3 years
Liu Zheng	41	Male	Non-executive Director	17 October 2014	Until the expiration of the second session of the Board
Qin Gang	41	Male	Non-executive Director	17 October 2014	Until the expiration of the second session of the Board
Sun Min	48	Female	Non-executive Director	27 January 2015	Until the expiration of the second session of the Board
Wu Hui Jiang	36	Male	Non-executive Director	6 June 2013	Until the expiration of the second session of the Board
Gao Qing Yu	52	Male	Executive Director, President	6 June 2013	3 years
Wang Hong Jun	51	Male	Executive Director	6 June 2013	3 years
Zhao Hui	43	Male	Non-executive Director	6 June 2013	Resigned on 5 June 2015
Qin Hai Yan	45	Male	Independent non-executive Director	6 June 2013	3 years
Ding Jun	53	Male	Independent non-executive Director	6 June 2013	3 years
Wang Xiang Jun	51	Male	Independent non-executive Director	6 June 2013	3 years
Yue Man Yiu Matthew	54	Male	Independent non-executive Director	6 June 2013	3 years

(2) Role and responsibilities of the Board

The Board is accountable to and reports its work to the shareholders' general meetings and is responsible for implementing the resolutions of the shareholders' general meetings. The responsibilities of the Board are defined in the Articles of Association, which stipulated that it has the following responsibilities: convening the shareholders' general meetings, implementing the resolutions of the shareholders' general meetings, making decisions on operational planning and investment projects of the Company, preparing the accounts, preparing the annual financial budget, final accounts, profit distribution plan, capital increase or reduction plan, determining the set up of the Company's management bodies, electing the chairman and vice chairman of the Board, deciding whether to appoint or dismiss the president, vice presidents and other senior management, developing the basic management system of the Company and making decisions on the establishment of specialized board committees.

(3) Role and responsibilities of management

The management is responsible for the specific implementation of the Board resolutions and the Company's daily operation and management. According to the Company's Articles of Association, the management's primary responsibilities are as follows: formulating the operational planning, investment and financing plan of the Company, formulating the plan for the establishment of internal management bodies, and formulating the basic management system and specific regulations of the Company, etc.

(4) Board meetings

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, which shall be convened by the chairman of the Board. To ensure the good 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.

In accordance with the Listing Rules, the Board is required to notify the Hong Kong Stock Exchange and issue an announcement at least seven clear business days prior to Board meetings in relation to decisions regarding the declaration, proposal or payment of dividends, or resolutions regarding the approval of profits or losses of any year, half-year or other periods.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is the presence 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 2015, nine meetings were held by the Board. Details of Directors' attendance to Board meetings are as follows:

Name	Position	Number of Meetings attended/ required to attend	Attendance Rate
Cao Xin	Non-executive Director, chairman of the Board	9/9	100%
Liu Zheng	Non-executive Director	7/9	77.8%
Zhao Hui	Non-executive Director	2/2	100%
Qin Gang	Non-executive Director	9/9	100%
Sun Min	Non-executive Director	8/8	100%
Wu Hui Jiang	Non-executive Director	7/7	100%
Gao Qing Yu	Executive Director, president	9/9	100%
Wang Hong Jun	Executive Director	9/9	100%
Qin Hai Yan	Independent non-executive Director	9/9	100%
Ding Jun	Independent non-executive Director	9/9	100%
Wang Xiang Jun	Independent non-executive Director	9/9	100%
Yue Man Yiu Matthew	Independent non-executive Director	9/9	100%

(5) Chairman and president

During the reporting period, Dr. Cao Xin served as chairman of the Board of the Company, and Mr. Gao Qing Yu served as president of the Company. The roles of the chairman of the Board and president of the Company are separated and served by different people to ensure the independence of each role.

Dr. Cao Xin, chairman of the Board, is responsible for governing and leading the Board, as well as developing the Company's development strategy and corporate control mechanism to ensure the effective functioning of the Board and its independent committees, and to ensure the actions of the Board are in the best interests of the Company and its shareholders.

(6) Appointment of Directors

According to the Articles of Association of the Company, Directors shall be elected at a shareholders' general meeting with a term of three years and may be re-elected. The Company has developed procedures for the appointment of Directors. The Nomination Committee is responsible for nominating new Director, and submitting the list to the Board for consideration. All newly nominated Directors are subject to election and approval at the shareholders' general meeting.

(7) Directors' remuneration

Independent non-executive Directors of the Company will receive remuneration from the Company. The Company will pay each independent non-executive Director HKD100,000 or the Renminbi equivalent annually (tax inclusive, paid on a quarterly basis, and the Company is responsible for withholding personal income tax). Travel expenses incurred by attending Board meetings and shareholders' general meetings of the Company and relevant activities organised by the Board will be borne by the Company. Non-executive Directors without management roles in the Company will not receive any remuneration from the Company. Executive Directors holding management roles in the Company will receive remuneration from the Company. The remuneration of all executive Directors will be determined in accordance with the criteria specified in the "Remuneration Management Measures" of the Company, which includes a basic salary, performance bonuses and other benefits. The amount of basic salary is determined in accordance with the position of the executive Director in the Company, the performance bonus is determined with reference to the Company's business performance and other benefits include the statutory pension, medical and housing funds. Details of the Directors' remuneration are set out in Note 8 to the Financial Statements.

(8) Directors' training

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

Directors receive updates to the Company's business and operations and to the relevant laws and regulations every month to facilitate their discharge of duties. In addition, all Directors are also encouraged to attend relevant training courses and any costs in connection therewith are paid by the Company.

During the reporting period, most of the Directors of the Company participated in the training programs organized by The Hong Kong Institute of Chartered Secretaries. Cao Xin, Wang Hong Jun and Ding Jun participated in the training program in relation to the annual financial audit and results report; Gao Qing Yu, Qin Gang and Wu Hui Jiang participated in the training in relation to effective corporate governance and control in the period of Shanghai-Hong Kong Stock Connect; and Sun Min and Wang Xiang Jun participated in the training in relation to connected transactions and management and control of insider trading.

(9) Joint company secretaries and their trainings

During the reporting period, Mr. Ban Ze Feng and Ms. Lam Yuen Ling, Eva served as the joint company secretaries, who are responsible for facilitating the Board procedures as well as communication among the Directors and communication between the Directors and shareholders and management. The primary contact person of Ms. Lam Yuen Ling, Eva with the Company is Mr. Ban Ze Feng, and significant issues will be reported by him to the chairman of the Board.

The joint 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.

(10) Directors' liability insurance

The Company has arranged suitable insurance for prospective legal proceedings against the Directors and senior management, and will review the insurance policy annually.

3. BOARD COMMITTEES

During the reporting period, the Board exercised the function of the corporate governance by regularly reviewing the corporate governance policies and practices, reviewing the compliance with the Corporate Governance Code and the disclosure of Corporate Governance Report, 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 implement good corporate governance, the Board has established four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and Investment Committee. The Company has formulated the terms of reference for each Board committee.

(1) Audit Committee

During the reporting period, the Audit Committee of the Company consisted of three Directors, with Mr. Wang Xiang Jun (independent non-executive Director) as chairman of the Audit Committee, Mr. Yue Man Yiu Matthew (independent non-executive Director) and Mr. Qin Gang (non-executive Director) serving as its members.

Pursuant to the amended "Work Rules of the Audit Committee" of the Company, the major responsibilities of the Audit Committee are as follows: to review the principal financial control objectives, to supervise the implementation of financial and accounting regulations, to consider and review financial control, risk management and internal control system as well as the aims of such control measures, to consider the Company's annual internal audit plan, to communicate and coordinate between the Company's internal audit department and the external auditors, to review the Company's financial information and its disclosure, and to conduct independent audit and provide advice as to the integrity of the financial statements, annual reports, semi-annual reports, etc. as well as significant opinions made towards any relevant financial information. For details of the terms of reference of the Audit Committee of the Company, please see the Company's announcement on the websites of the Hong Kong Stock Exchange.

The Board and the Audit Committee have reached consensus on the selection, appointment or dismissal of external auditors or the resignation of auditors.

During the reporting period, the Audit Committee convened three meetings, at which the following resolutions were respectively reviewed and approved:

1. In March 2015, the Company reviewed and approved the resolution regarding "Communication of the Audit Results for the Year 2014" at an Audit Committee meeting convened through on-site and remote communications.

2. In August 2015, the Company reviewed and approved the resolution regarding the "2015 interim results report reviewed based on agreed upon procedures" at an Audit Committee meeting convened through on-site and remote communications.

3. In December 2015, the Company reviewed and approved the resolution regarding the "2016 Audit Plan" at an Audit Committee meeting convened through on-site and remote communications.

Mr. Wang Xiang Jun, Mr. Qin Gang and Mr. Yue Man Yiu Matthew, members of the Audit Committee, attended all the above meetings. At these meetings, they discussed and passed the relevant resolutions.

The Audit Committee has reviewed the effectiveness of the internal control policy of the Company on 31 December 2015 and the risk management and internal control system of the Company. During the reporting period, the Audit Committee considered that the internal review and risk management functions of the Company were reasonable, effective and sufficient.

The Audit Committee is responsible for supervising the Audit Department to perform the audit and risk management functions and is responsible for the independent review of the adequacy and effectiveness of the Group's internal control and risk management system.

(2) Remuneration and Appraisal Committee

During the reporting period, the Remuneration and Appraisal Committee of the Company consisted of three Directors, with Mr. Qin Hai Yan (independent non-executive Director) as chairman of the Remuneration and Appraisal Committee, and Dr. Cao Xin (non-executive Director) and Mr. Ding Jun (independent non-executive Director) as its members.

Pursuant to "Work Rules of the Remuneration and Appraisal Committee" of the Company, the major responsibilities of the Remuneration and Appraisal Committee are as follows: to develop the assessment standards for Directors and senior management, to develop formal and transparent remuneration policy and structure as well as remuneration and performance appraisal plans for Directors and senior management, and to study the Company's incentive plans, remuneration system and option plans. For details of the terms of reference of the Remuneration and Appraisal Committee of the Company, please see the Company's announcement on the websites of the Hong Kong Stock Exchange.

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

During the reporting period, the Remuneration and Appraisal Committee convened three meetings, at which the following resolutions were respectively reviewed and approved:

1. In March 2015, the Company considered and approved the Resolution on remuneration of the new non-executive Director Ms. Sun Min at a Remuneration and Appraisal Committee meeting convened through on-site and remote communications.

2. In June 2015, the Company considered and approved the Resolution on remuneration of the new non-executive Director Mr. Wu Hui Jiang at a Remuneration and Appraisal Committee meeting convened through on-site and remote communications.

All members of the Remuneration and Appraisal Committee attended the above meetings. In addition to attending meetings, members maintain close and effective communication amongst themselves through channels such as e-mail and electronic communications to ensure the discharge of their duties.

(3) Nomination Committee

During the reporting period, the Nomination Committee consisted of five directors, with Dr. Cao Xin (non-executive director) served as chairman of the Nomination Committee, Dr. Liu Zheng (independent non-executive Director, who tendered his resignation on 13 October 2015) Mr. Qin Hai Yan (independent non-executive Director), Mr. Ding Jun (independent non-executive Director) and Mr. Yue Man Yiu Matthew (independent non-executive Director) as its members.

Pursuant to the "Work Rules of the Nomination Committee" of the Company, the major responsibilities of the Nomination Committee are as follows: to develop the standards, procedures and method for selecting Directors and senior management of the Company, to give recommendations to the Board in respect of the appointment, reappointment of Directors and succession for Directors (especially the chairman of the Board and the president), to assess the independence of independent non-executive Directors, to monitor the implementation of the Board diversity policy and review such policy as appropriate, and to make recommendations to the Board on quantifiable objectives for achieving better diversity of the Board. For details of the terms of reference of the Nomination Committee of the Company, please see the Company's announcement on the websites of the Hong Kong Stock Exchange.

During the reporting period, the Nomination Committee convened one meeting and all members attended, at which the following resolutions were respectively reviewed and approved: In March 2015, the Company reviewed and approved the "Resolution Regarding the Nomination of Non-executive Director of the Company" at a Nomination Committee meeting convened through on-site and remote communications.

(4) Strategy and Investment Committee

During the reporting period, the Strategy and Investment Committee of the Company consisted of three Directors, with Dr. Cao Xin (non-executive director) serving as chairman of the Strategy and Investment Committee, Dr. Liu Zheng (independent non-executive Director, who tendered his resignation on 13 October 2015) Mr. Gao Qing Yu (executive Director) as its member.

Pursuant to the "Work Rules of the Strategy and Investment Committee" of the Company, the major responsibilities of the Strategy and Investment Committee are as follows: to study and make recommendations on the development strategy and major investment decisions of the Company, to review annual business plans and investment proposals of the Company, to study and make recommendation on significant investments, financing and capital operations proposals that require the approval from the Board.

During the reporting period, no meeting was convened by the Strategy and Investment Committee. Members maintain close and effective communication amongst themselves through channels such as e-mails and electronic communications to ensure the discharge of their duties.

4. THE BOARD DIVERSITY POLICY

The Company formulated the "Board Diversity Policy", which set out the requirements for diversity in Board members and the principles for the selection of Directors.

(1) Policy summary

To achieve sustainable and balanced development, the Company sees increased diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In planning the Board's composition, board diversity needs to be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

(2) Quantifiable measurers and the progress of the Board Diversity Policy

Selection of candidates of the Company will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the reporting period, the Nomination Committee reviewed the composition of the second session of the Board of the Company and concluded that the Company had met the diversification requirements with regard to age, cultural and educational background, professional experience, skills and knowledge. When making the appointment and re-appointment of Directors in the future, the Nomination Committee will nominate new Directors pursuant to the requirements of the "Board Diversity Policy" to achieve the objective of diversity in Board members.

5. 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 2015.

6. RISK MANAGEMENT AND INTERNAL CONTROLS

The Company's Audit Department is specifically responsible for the establishment, improvement and review of the internal control system of the Company. During the reporting period, the Audit Department organized and completed an analysis of the internal control of the Company and strengthened the construction of an internal control system. The Company has prepared the "Internal Control Manual of China Suntien Green Energy Corporation Limited"(《新天綠色能源股份有限公司內部控制手冊》), which identifies all business risks associated with the Company's operations and the relevant internal measures and control procedures, establishing the method and specifications for building a systematic and scientific system of internal controls. The internal control system of the Company has comprehensive coverage on the following aspects: (1) at the Company level, including organizational structure, development strategy, social responsibility, corporate culture, risk assessment, information and communication and internal supervision; (2) at business operation level, including investment management, construction projects, fixed asset management, intangible asset management, inventory management, procurement and payment management, distribution management and production operations management; and (3) at security management level, including human resources management, capital management, tax administration, financial reporting and information disclosure, comprehensive budget management, contract management and information systems management.

During the reporting period, the Audit Department organized and completed the analysis on the Company's internal control, which included procuring relevant departments to make adjustments in respect of the disadvantages of internal control found in the analysis within a time limit, following-up the adjustments effectively and improving the Company's internal control system. Meanwhile, the Audit Department promoted the internal control system to HECIC New-energy and Hebei Natural Gas, in order to encourage each of them to set up an internal control system and internal control manual. As a result, it strengthened the internal control system of the Group and improved the management standard of internal control.

In 2015, in accordance with comprehensive requirements of risk management, by combining the operating facts and integrating the original risks and internal control, the Company made adjustments on the risk issues. Through information collection, risks recognizing, analysis and evaluation, with risk maps as the displaying tools, the Company has found the top-ten risks which are the most important ones for the Company to achieve developing strategies and which the Company should continuously focus on and allocate management resources to them on priority basis. These top-ten risks include debt management risk, price fluctuation risk, financing risk, macro environment risk, policy and regulation risk, investment and mergers risk, tendering risk, assets management risk, capital management risk and safety risk. In particular, the debt management risk is on top priority and the Company would have precaution and prevention against it. Those group companies which may be exposed to the debt management risk were required to provide remedial solutions and follow-up measures for improvement. The Audit Department would continuously follow up and supervise the implementation. Meanwhile, in order to ensure that the Company could develop continually, the Company also approved to set up and improve a risk monitoring and precaution system and a scientifically reasonable risk precaution indicator, so as to improve the risk management standard to strive for the effective improvement in our risk supervision and achieve our strategic goals.

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The risk management and internal control system of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board reviews the risk management and internal controls annually. The statement of the Board has included the examination and review of the Company's risk management and internal control systems as at 31 December 2015. The Board has confirmed that it has reviewed the effectiveness of the risk management and internal control systems and the Board considers that the risk management and internal control systems are effective and sufficient and they can effectively prevent against the existing risks in our operation.

7. REMUNERATION OF AUDITORS

In 2015, international auditor Ernst & Young was appointed to provide audit services in accordance with the IFRS. The fees payable to Ernst & Young was RMB2.9 million. The responsibilities of Ernst & Young as to the Financial Statements are set out on pages 75 to 76 of this annual report.

In 2015, Reanda Certified Public Accountants was appointed as the successor PRC auditor for the year of 2015 for providing audit services in accordance with the Accounting Standards for Business Enterprises of PRC. The fees payable to Reanda Certified Public Accountants was RMB0.9 million.

8. SHAREHOLDERS' RIGHTS

(1) Shareholders are entitled to propose the convening of an extraordinary general meeting

Pursuant to the Articles of Association of the Company, shareholders are entitled to the following right: one or several shareholders holding more than 10% (including 10%) of voting shares of the Company can make written request to the Board to convene an extraordinary general meeting of shareholders.

(2) Shareholders are entitled to put forward provisional proposals in a shareholders' general meeting

Pursuant to the Articles of Association of the Company, shareholder(s) holding more than 3% (including 3%) of voting shares of the Company shall be entitled to put forward written provisional proposals to the Company when a shareholders' general meeting is convened. The Board office of the Company located at its registered office and headquater in the PRC is responsible for dealing with any proposals put forward by shareholders. The Company shall add any matters in the provisional proposals that fall within the scope of deliberation by the shareholders' general meeting to the agenda of the meeting.

(3) Shareholders are entitled to make enquiries

Shareholders are entitled to make enquiries of which the Board should pay attention, 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 of the Company's office in Hong Kong is as follows:

Address: Suite 2103, 21st Floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong
Fax: (852) 21530925

9. 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 appreciates shareholders' opinions and advice, and actively organises various investor relations activities to maintain its communication with shareholders and to meet the reasonable demands of shareholders in a timely manner.

The Company publishes financial information, annual reports, interim reports and other latest information to ensure that its shareholders can keep abreast of the Company's operational position. The Company has also organized a number of on-site visits for shareholders to understand our business operations, as well as meeting with shareholders frequently at roadshows and summits to report on our latest operational position.

The annual general meeting of the Company is also the best way for the exchange of opinions between the Board and the shareholders. Shareholders are encouraged to attend the annual general meetings or appoint proxy(ies) to attend and vote at the annual general meetings. Pursuant to company laws and the Articles of Association of the Company, Shareholders shall have legal rights to require that the chairman of the Board, chairmen of specific Board committees and auditors of the Company to answer shareholders' inquiries at the annual general meetings.

During the reporting period, the Company convened the annual general meeting 2014 on 5 June 2015, in which various resolutions were voted upon by poll respectively. Dr. Cao Xin, chairman of the Company, attended the annual general meeting and Directors of the Company answered enquiries raised by shareholders on the operation of the Company. The Company also convened two extraordinary general meetings on 27 January 2015 and 28 December 2015 in respect of the voting by poll on the resolutions of election of non-executive Director and independent supervisors of the Company, and the continuing connected transaction and major transaction under the Renewed Financial Services Framework Agreement, respectively. All resolutions were duly passed.

During the reporting period, details of Directors of the Company that attended the shareholders' general meetings are as follows:

Name	**Position**	**No. of shareholders' general meetings attended/ required to attend**
Cao Xin	Non-executive Director/Chairman of the Board	2/3
Liu Zheng	Non-executive Director	0/3
Zhao Hui	Non-executive Director	0/1
Qin Gang	Non-executive Director	1/3
Sun Min	Non-executive Director	1/2
Wu Hui Jiang	Non-executive Director	0/1
Gao Qing Yu	Executive Director/President	3/3
Wang Hong Jun	Executive Director	2/3
Qin Hai Yan	Independent non-executive Director	0/3
Ding Jun	Independent non-executive Director	0/3
Wang Xiang Jun	Independent non-executive Director	1/3
Yue Man Yiu Matthew	Independent non-executive Director	0/3

10. INVESTOR RELATIONS

As at 31 December 2015, the total number of shares in issue of the Company was 3,715,160,396, comprising of 1,876,156,000 domestic shares and 1,839,004,396 H shares.

The Company believes that good 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 information disclosure obligations of listed companies in compliance with the Listing Rules.

During the reporting period, the Company strengthened its communication with investors through annual and interim results roadshows, approximately 100 investor summits in Hong Kong and the PRC, and voluntary information disclosure so as to enable the shareholders to understand the corporate strategy and business operations of the Company.

The Company will continue to maintain an open and effective investor communication policy and provide investors with the latest information of our business in a timely manner in accordance with the relevant regulatory requirements.

11. ARTICLES OF ASSOCIATION OF THE COMPANY

During the reporting period, the Articles of Association of the Company has not been revised.

Report of the Board of Supervisors

1. COMPOSITION OF THE BOARD OF SUPERVISORS

During the reporting period, the Company appointed Mr. Liang Yong Chun as an Independent Supervisor of the Company at the 2014 annual general meeting held on 5 June 2015. The second session of the Board of Supervisors was then formed by these six supervisors.

For the year ended 31 December 2015, the composition of the second session of the Board of Supervisors was as follows:

Name	Age	Position	Date of Appointment	Term of office
Yang Hong Chi	59	Chairman of the Board of Supervisors	6 June 2013	3 years
Liu Jin Hai	43	Supervisor	6 June 2013	3 years
Qiao Guo Jie	53	Employee representative supervisor	6 June 2013	3 years
Ma Hui	53	Employee representative supervisor	6 June 2014	Until expiration of the term of the second session of the Board of Supervisors
Xiao Yan Zhao	42	Independent supervisor	6 June 2014	Until expiration of the term of the second session of the Board of Supervisors
Liang Yong Chun	44	Independent supervisor	5 June 2015	Until expiration of the term of the second session of the Board of Supervisors

2. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

During the reporting period, the Board of Supervisors of the Company convened two meetings and all supervisors attended the meetings, the details of which were as follows:

1. The fourth meeting of the second session of the Board of Supervisors was held on 24 March 2015, at which the “Report on the Final Accounts of the Company for 2014”, the “Financial Budget for 2015”, the “Resolution Regarding the Profit Distribution Plan for 2014”, the “Resolution Regarding the Audited Financial Statements for 2014”, the “Resolution Regarding the Consideration and Approval of the 2014 Annual Report and Results Announcement”, and the “Resolution Regarding the Appointment of Supervisors of the Company” were considered and approved.

2. The fifth meeting of the second session of the Board of Supervisors was held on 18 August 2015, at which the “Interim Work Report of the President for 2015”, and the “Resolution Regarding the Consideration and Approval of the Interim Results Announcement and Report as at 30 June 2015” were considered and approved.

3. MAJOR INSPECTION AND SUPERVISION WORK OF THE BOARD UNDERTAKEN BY SUPERVISORS

During the reporting period, the major inspection and supervision work of the Board undertaken by Supervisors of the Company was as follows:

(1) Monitoring the Company’s Operation

During the reporting period, members of the Board of Supervisors of the Company attended all Board meetings and shareholders’ general meetings to review each resolution submitted to those meetings and supervised the business activities of the Company. The Board of Supervisors is of the opinion that the Company strictly complied with all laws and regulations and the Articles of Association of the Company when conducting its business activities, and that the Company has not involved in business activities which violate laws and regulations or fall beyond its legally approved scope of business.

(2) Monitoring the Performance of the Company’s Directors and Senior Management

During the reporting period, members of the Board of Supervisors of the Company attended Board meetings to review each resolution of the Board and supervised the performance of the Company’s Directors and senior management by inspecting the Company’s routine management of operations. The Board of Supervisors is of the opinion that the Company’s Directors and senior management have diligently and dutifully fulfilled their duties, and have not found any illegal, non-compliant behavior or behavior which harms the interests of the Company and its shareholders in the course of discharging their duties.

(3) Monitoring the Company's Financial Condition

During the reporting period, the Board of Supervisors carefully reviewed the relevant financial information and auditors' report of the Company. The Board of Supervisors is of the opinion that the preparation of the financial statements has been in conformity with the financial reporting standards, and were consistent, thus accurately, completely, truthfully and fairly reflecting the Company's financial condition and operating results.

(4) Monitoring the Company's connected transactions

During the reporting period, the Board of Supervisors reviewed the information of the connected transactions between the Company and the controlling shareholders. The Board of Supervisors is of the opinion that such connected transactions, are conducted on normal commercial terms, are fair, justified and reasonable and have not caused any harm to the interests of the Company and its shareholders.

(5) Monitoring the Company's Disclosure of Information

During the reporting period, the Board of Supervisors reviewed the relevant documents publicly disclosed by the Company. The Board of Supervisors is of the opinion that the Company has conducted information disclosure strictly in accordance with laws, regulations and the requirements of the Hong Kong Stock Exchange, such as the Listing Rules, and the information publicly disclosed is true, accurate and complete without false or misleading statements.

Yang Hong Chi
Chairman of the Board of Supervisors

Shijiazhuang, PRC, 24 March 2016

Independent Auditors' Report

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

安永會計師事務所
香港中環添美道1號
中信大廈22樓

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

To the shareholders of China Suntien Green Energy Corporation Limited
(Established 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 set out on pages 77 to 179, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other 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.

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.

Independent Auditors' Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
24 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	4,224,207	5,149,432
Cost of sales	6	(3,102,880)	(3,853,539)
Gross profit		1,121,327	1,295,893
Other income and gains, net	5	77,457	56,118
Selling and distribution expenses		(302)	(388)
Administrative expenses		(272,435)	(255,441)
Other expenses		(216,393)	(3,631)
PROFIT FROM OPERATIONS		709,654	1,092,551
Finance costs	7	(572,268)	(486,643)
Share of profits of associates		62,981	68,703
PROFIT BEFORE TAX	6	200,367	674,611
Income tax expense	9	(11,424)	(176,281)
PROFIT FOR THE YEAR		188,943	498,330
Attributable to:			
Owners of the Company		168,353	335,053
Non-controlling interests		20,590	163,277
		188,943	498,330
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		188,943	498,330
Total comprehensive income attributable to:			
Owners of the Company		168,353	335,053
Non-controlling interests		20,590	163,277
		188,943	498,330
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	11	RMB4.53 cents	RMB9.11 cents
Diluted	11	RMB4.53 cents	RMB9.11 cents

Consolidated Statement of Financial Position

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	12	14,970,566	11,731,130
Investment properties	13	32,620	16,769
Prepaid land lease payments	14	253,449	255,517
Goodwill	15	38,198	34,846
Intangible assets	16	2,062,660	2,162,757
Investments in associates	17	1,073,985	923,868
Investments in joint ventures	18	75,600	60,000
Held-to-maturity investments	19	7,500	7,500
Available-for-sale investments	20	103,400	103,400
Deferred tax assets	21	78,693	4,432
Trade receivables	23	142,848	–
Prepayments and other receivables	24	2,851,956	978,856
Total non-current assets		21,691,475	16,279,075
CURRENT ASSETS			
Prepaid land lease payments	14	7,900	7,657
Inventories	22	48,342	43,108
Trade and bills receivables	23	1,240,806	1,401,705
Prepayments, deposits and other receivables	24	566,315	450,994
Available-for-sale investments	20	230,000	230,000
Pledged deposits	25	65	30,397
Cash and cash equivalents	25	3,138,606	3,167,419
Total current assets		5,232,034	5,331,280
CURRENT LIABILITIES			
Trade and bills payables	26	553,362	437,247
Other payables and accruals	27	1,540,440	1,310,888
Interest-bearing bank and other borrowings	28	2,440,313	1,729,938
Tax payable		20,672	52,464
Derivative financial instrument		–	364
Total current liabilities		4,554,787	3,530,901
NET CURRENT ASSETS		677,247	1,800,379
TOTAL ASSETS LESS CURRENT LIABILITIES		22,368,722	18,079,454

continued/...

Consolidated Statement of Financial Position

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,368,722**	18,079,454
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*28*	**13,385,805**	9,296,055
Other payables and accruals	*27*	**82,397**	21,007
Total non-current liabilities		**13,468,202**	9,317,062
Net assets		**8,900,520**	8,762,392
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	*29*	**3,715,160**	3,715,160
Reserves	*30*	**3,698,056**	3,644,414
		7,413,216	7,359,574
Non-controlling interests		**1,487,304**	1,402,818
Total equity		**8,900,520**	8,762,392

Cao Xin
Director

Gao Qing Yu
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company						
	Share capital RMB'000 (note 29)	Capital reserve RMB'000	Reserve funds RMB'000 (note 30)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2015	3,715,160	2,134,395	137,627	1,372,392	7,359,574	1,402,818	8,762,392
Profit for the year	–	–	–	168,353	168,353	20,590	188,943
Total comprehensive income for the year	–	–	–	168,353	168,353	20,590	188,943
Final 2014 dividend declared	–	–	–	(115,170)	(115,170)	–	(115,170)
Dividends declared to non-controlling shareholders	–	–	–	–	–	(83,871)	(83,871)
Contributions by non-controlling shareholders	–	459	–	–	459	139,203	139,662
Acquisition of subsidiaries (note 32)	–	–	–	–	–	8,564	8,564
Transfer from retained profits	–	–	27,234	(27,234)	–	–	–
As at 31 December 2015	3,715,160	2,134,854*	164,861*	1,398,341*	7,413,216	1,487,304	8,900,520
As at 1 January 2014	3,238,435	1,381,282	99,657	1,246,206	5,965,580	1,140,985	7,106,565
Profit for the year	–	–	–	335,053	335,053	163,277	498,330
Total comprehensive income for the year	–	–	–	335,053	335,053	163,277	498,330
Final 2013 dividend declared	–	–	–	(170,897)	(170,897)	–	(170,897)
Dividends declared to non-controlling shareholders	–	–	–	–	–	(195,319)	(195,319)
Issue of new H shares	476,725	752,555	–	–	1,229,280	–	1,229,280
Contributions by non-controlling shareholders	–	558	–	–	558	257,207	257,765
Acquisition of subsidiaries (note 32)	–	–	–	–	–	36,668	36,668
Transfer from retained profits	–	–	37,970	(37,970)	–	–	–
As at 31 December 2014	3,715,160	2,134,395*	137,627*	1,372,392*#	7,359,574	1,402,818	8,762,392

* These reserve accounts comprise the consolidated reserves of RMB3,698,056,000 (31 December 2014: RMB3,644,414,000) in the consolidated statement of financial position as at 31 December 2015.

\# Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.2 to the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		200,367	674,611
Adjustments for:			
Finance costs	*7*	564,886	486,643
Discounted amounts of non-current portion of trade receivables	*7*	7,382	–
Foreign exchange gain, net	*5*	(26,295)	(7,161)
Interest income	*5*	(25,678)	(31,045)
Fair value differences, net			
Derivative instrument – transactions not qualifying as hedges		(364)	364
Share of profits of associates		(62,981)	(68,703)
Gain from held-to-maturity investments	*5*	(417)	(492)
Gain from available-for-sale investments	*5*	(4,115)	(3,061)
Loss/(gain) from a derivative instrument		2,071	(4,610)
Depreciation of items of property, plant and equipment	*6*	579,873	486,879
Depreciation of investment properties	*6*	1,415	61
Amortisation of prepaid land lease payments	*6*	7,872	6,958
Amortisation of intangible assets	*6*	104,546	103,631
(Gain)/loss on disposal of items of property, plant and equipment, net	*6*	(5,734)	4
Impairment of trade receivables	*6*	214,322	2,807
		1,557,150	1,646,886
Increase in inventories		(5,234)	(132)
Increase in trade and bills receivables		(367,287)	(770,631)
Decrease in prepayments, deposits and other receivables		81,870	93,112
Increase in trade and bills payables		190,895	80,068
(Decrease)/increase in other payables and accruals		(1,349)	52
Cash generated from operations		1,456,045	1,049,355
Income tax paid		(117,477)	(163,870)
Net cash flows from operating activities		1,338,568	885,485

continued/...

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		(5,439,327)	(1,845,018)
Payments for acquisition of prepaid land lease payments		(2,631)	(3,358)
Payments for acquisition of intangible assets		(3,360)	(2,807)
Proceeds from disposal of items of property, plant and equipment		18,536	1,067
Proceeds from disposal of intangible assets		36	–
Capital contributions to joint ventures		(15,600)	–
Capital contribution to an associate		(102,068)	–
Payments for acquisition of subsidiaries		(5,935)	(21,345)
Payments for acquisition of available-for-sale investments		–	(230,000)
Prepayment for long term investment		–	(51,945)
Proceeds from disposal of available-for-sale investments		–	100,000
Gain from held-to-maturity investments	5	417	492
Gain from available-for-sale investments	5	4,115	3,061
(Loss)/gain from a derivative financial instrument		(2,071)	4,610
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		216,724	(328,390)
Decrease/(increase) in restricted bank balances and time deposits		30,332	(30,333)
Dividends received from associates		46,711	39,643
Interest received	5	25,678	31,045
Net cash flows used in investing activities		(5,228,443)	(2,333,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new H shares		–	1,255,584
New H shares issuance expenses		–	(26,304)
Capital contributions by non-controlling shareholders		170,174	110,840
New bank and other borrowings		7,503,677	3,829,796
Repayment of bank and other borrowings		(2,706,316)	(1,762,606)
Interest paid		(717,099)	(565,560)
Dividends paid to non-controlling shareholders		(83,871)	(60,622)
Dividend paid to owners of the Company		(115,170)	(170,897)
Net cash flows from financing activities		4,051,395	2,610,231
NET INCREASE IN CASH AND CASH EQUIVALENTS		161,520	1,162,438
Cash and cash equivalents at beginning of year		2,839,029	1,669,590
Effect of exchange rate changes on cash and cash equivalents		26,391	7,001
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	3,026,940	2,839,029

1. CORPORATE AND GROUP INFORMATION

China Suntien Green Energy Corporation Limited (the "Company") was established as a joint stock company with limited liability on 9 February 2010 in the PRC. 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's H shares were issued and listed on the main board of The Stock Exchange of Hong Kong Limited ("The Hong Kong Stock Exchange") in the last quarter of 2010.

On 28 January 2014, the Company issued additional 476,725,396 H shares, which were listed on The Hong Kong Stock Exchange on the same day. The issue price of these H shares was HK$3.35 per share. The net proceeds from the issuance amounted to RMB1,229,280,000. The registered capital of the Company increased from RMB3,238,435,000 to RMB3,715,160,000 accordingly upon completion of the issue of the new shares.

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 and solar energy generation, sale of natural gas and gas appliances, and the connection and construction of natural gas pipelines.

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is Hebei Construction & Investment Group Co., Ltd. (河北建设投資集團有限責任公司, "HECIC"), a state-owned enterprise in the PRC.

Information about subsidiaries

Particulars of the subsidiaries of the Company are as follows:

Company name**	*Note*	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. ("HECIC New-energy") (河北建投新能源有限公司)		The PRC/ Mainland China 17 July 2006	RMB3,567,300,000	100	–	Wind power generation, wind farm investment 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

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	Note	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 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
HECIC 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
CIC Yanshan (Guyuan) Wind Power Co., Ltd. (建投燕山(沽源)風能有限公司)		The PRC/ Mainland China 3 March 2009	RMB723,000,000	–	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	RMB261,500,000	–	55	Wind power generation
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	RMB108,800,000	–	100	Provision of maintenance and consultancy 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	RMB160,000,000	–	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	RMB140,000,000	–	100*	Wind power generation

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	Note	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Laiyuan Suntien Wind Energy Co., Ltd. (淶源新天風能有限公司)		The PRC/ Mainland China 25 March 2011	RMB204,600,000	–	100	Wind power and solar energy generation
Zhangbei CIC Huashi Wind Energy Co., Ltd. (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
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	RMB42,200,000	–	100	Wind power generation
Yuxian Suntien Wind Energy Co., Ltd. (蔚縣新天風能有限公司)		The PRC/ Mainland China 27 January 2011	RMB506,000,000	–	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	RMB96,000,000	–	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	RMB28,000,000	–	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	RMB17,000,000	–	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	RMB12,000,000	–	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

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Chongli Suntien Wind Energy Co., Ltd. (崇禮新天風能有限公司)		The PRC/ Mainland China 16 September 2013	RMB150,000,000	–	100	Wind power generation
ChengdeYujing New Energy Co., Ltd. (承德御景新能源有限公司)		The PRC/ Mainland China 30 April 2014	RMB112,500,000	–	60	Wind power generation
HECIC New-energy (Tangshan) Co., Ltd. (建投新能源(唐山)有限公司)		The PRC/ Mainland China 19 June 2014	RMB48,000,000	–	100	Wind power and solar energy generation
Suntien Green Energy Weichang Co., Ltd. (新天綠色能源圍場有限公司)		The PRC/ Mainland China 30 March 2011	RMB413,000,000	–	95.16	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
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	RMB17,600,000	88.64	–	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	RMB148,000,000	100	–	Wind power generation
Suntien Green Energy (Hong Kong) Corporation Limited. ("Suntien Hong Kong") (新天綠色能源(香港)有限公司)		The PRC/ Hong Kong 29 June 2012	RMB106,296,700	100	–	Project investment and investment management

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Xingyang Suntien Wind Energy Co., Ltd. (滎陽新天風能有限公司)		The PRC/ Mainland China 1 July 2013	RMB90,000,000	100	–	Wind power generation
Hejing Suntien Green Energy Co., Ltd. (和靜新天綠色能源有限公司)		The PRC/ Mainland China 24 July 2013	RMB32,000,000	–	100	Wind power and solar energy generation
Ruoqiang Suntien Green Energy Co., Ltd. (若羌新天綠色能源有限公司)		The PRC/ Mainland China 30 May 2013	RMB143,000,000	100	–	Wind power generation
Wulian County Suntien Wind Energy Co., Ltd. (五蓮縣新天風能有限公司)		The PRC/ Mainland China 1 July 2013	RMB6,000,000	100	–	Wind power generation
Shandong Suntien Yuanjian Wind Energy Co., Ltd. (山東新天遠見風能有限公司)	*(i)*	The PRC/ Mainland China 16 September 2013	RMB6,000,000	51	–	Wind power generation
Shenzhen Suntien Green Energy Investment Co., Ltd. (深圳新天綠色能源投資有限公司)		The PRC/ Mainland China 30 October 2013	RMB82,000,000	100	–	Project investment and investment management
Junan Suntien Wind Energy Co., Ltd. (莒南新天風能有限公司)		The PRC/ Mainland China 30 September 2013	RMB83,000,000	100	–	Wind power generation
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)		The PRC/ Mainland China 4 July 2013	RMB193,000,000	100	–	Wind power generation
Suntien Liquefied Natural Gas Shahe Co., Ltd. (新天液化天然氣沙河有限公司)		The PRC/ Mainland China 2 April 2014	RMB50,000,000	70	–	Sale of natural gas and gas appliances, connection and construction of natural gas pipelines

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Suntien Hebei Solar Energy Development Co., Ltd. ("Suntien Solar Energy Development") (新天河北太阳能開發有限公司)		The PRC/ Mainland China 24 April 2014	RMB47,914,400	69	–	Investment and sale of solar energy appliances and service consultancy
Shijiazhuang Suntien Shenyu Photovoltaic Power Co., Ltd. ("Suntien Shenyu") (石家莊新天神喻光伏電力有限公司)		The PRC/ Mainland China 28 October 2014	RMB7,000,000	–	59.34*	Investment and sale of solar energy appliances and service consultancy
Lulong County Liuyin Photovoltaic Power Co., Ltd. ("Lulong Liuyin") (盧龍縣六音光伏電力有限公司)		The PRC/ Mainland China 19 November 2014	RMB30,000,000	–	69*	Investment and sale of solar energy appliances and service consultancy
Wuming Suntien Green Energy Co., Ltd. (武鳴新天綠色能源有限公司)		The PRC/ Mainland China 18 December 2014	RMB20,000,000	100	–	Wind power generation
Huludao Liaohe Oil Field Gas Co., Ltd. ("Huludao Gas") (葫蘆島遼河油田燃氣有限公司)		The PRC/ Mainland China 11 July 2011	RMB20,408,200	51	–	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Suizhong Suntien Liaohe Gas Co., Ltd. ("Suizhong Liaohe") (綏中新天遼河燃氣有限公司)		The PRC/ Mainland China 14 May 2014	RMB100,000	–	51*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Huludao Liaohe Gas Transport Co., Ltd. ("Huludao Liaohe Gas Transport") (葫蘆島遼河燃氣運輸有限公司)		The PRC/ Mainland China 28 May 2014	RMB5,000,000	–	40.8*	Sale of natural gas and gas appliances and gas utilisation technology development and services
Shenzhen Suntien Huihai Financial Leasing Co., Ltd. ("Huihai Leasing") (深圳新天匯海融資租賃有限公司)		The PRC/ Mainland China 27 August 2015	RMB45,000,000	–	100*	Financial leasing, purchase and maintenance of leased properties

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Yunnan Pushi Natural Gas Co., Ltd. ("Yunnan Pushi") (雲南普適天然氣有限公司)		The PRC/ Mainland China 6 March 2009	RMB33,333,300	70	–	Research and development of natural gas, investment and technical development
Weihui Suntien Green Energy Co., Ltd. (衛輝新天綠色能源有限公司)		The PRC/ Mainland China 21 July 2015	RMB6,000,000	100	–	Technical consultation for solar energy and wind power generation
Tongdao Suntien Green Energy Co., Ltd. (通道新天綠色能源有限公司)		The PRC/ Mainland China 21 July 2015	RMB6,000,000	100	–	Wind power and solar energy generation, relevant technical consultation
Chaoyang Suntien New Energy Co., Ltd. ("Chaoyang Suntien") (朝陽新天新能源有限公司)		The PRC/ Mainland China 14 September 2015	RMB20,000,000	100	–	Solar energy generation
Hebei Natural Gas Company Limited ("Hebei Natural Gas") (河北省天然氣有限責任公司)	*(ii)*	The PRC/ Mainland China 27 April 2001	RMB920,000,000	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
Zhao County Anda Gas Co., Ltd. ("Zhao County Anda") (趙縣安達燃氣有限公司)		The PRC/ Mainland China 9 May 2014	RMB5,000,000	–	55*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Pingshan County Huajian Gas Co., Ltd. ("Pingshan Huajian") (平山縣華建燃氣有限公司)		The PRC/ Mainland China 28 October 2013	RMB6,150,000	–	55*	Sale of natural gas to gas vehicles

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	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	–	28.88*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Handan Langtuo Natural Gas Sale Co., Ltd. ("Handan Langtuo") (邯鄲縣郎拓天然氣銷售有限公司)		The PRC/ Mainland China 5 March 2014	RMB4,000,000	–	28.88*	Sale of natural gas and gas appliances
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 County CIC Natural Gas Co., Ltd. ("Ningjin CIC") (寧晉縣建投天然氣有限責任公司)		The PRC/ Mainland China 17 May 2010	RMB20,000,000	–	28.05*	Connection and construction of gas pipelines and sale of natural gas appliances
Shijiazhuang Huabo Gas Co., Ltd. ("Huabo") (石家莊華博燃氣有限公司)		The PRC/ Mainland China 21 December 2010	RMB19,000,000	–	30.25*	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Jinzhou CIC Gas Co., Ltd. ("Jinzhou CIC") (晉州市建投燃氣有限公司)		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
Shenzhou CIC Gas Co., Ltd. ("Shenzhou CIC") (深州市建投燃氣有限公司)		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

continued/...

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name**	*Note*	Place and date of establishment/ place of operations	Fully paid-up capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Xinji CIC Gas Co., Ltd. ("Xinji CIC") (辛集市建投燃氣有限公司)		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 Jiran Pipeline Engineering Co., Ltd. ("Shijiazhuang Jiran") (石家莊冀燃管道工程有限公司)		The PRC/ Mainland China 20 December 2013	RMB63,750,000	–	33*	Connection and construction of natural gas pipelines
Xingtai Jiran Auto Gas Co., Ltd. ("Xingtai Jiran") (邢臺冀燃車用燃氣有限公司)		The PRC/ Mainland China 24 December 2013	RMB50,000,000	–	30.25*	Sale of natural gas to gas vehicles and gas appliances
Baoding CIC Natural Gas Co., Ltd. ("Baoding CIC") (保定建投天然氣有限公司)		The PRC/ Mainland China 5 March 2014	RMB20,000,000	–	55*	Sale of natural gas to gas vehicles and gas appliances
Anguo Huagang Gas Co., Ltd. ("Anguo Huagang") (安國市華港燃氣有限公司)		The PRC/ Mainland China 9 March 2011	RMB20,000,000	–	28.05*	Sale of natural gas to gas vehicles and gas appliances
Li County CIC Natural Gas Co., Ltd. ("Li County CIC") (蠡縣建投天然氣有限公司)		The PRC/ Mainland China 26 December 2014	RMB10,000,000	–	33*	Connection and construction of gas pipelines
Hebei Jiran Liquefied Natural Gas Co., Ltd. ("Hebei Jiran") (河北冀燃液化天然氣有限公司)		The PRC/ Mainland China 6 January 2015	RMB7,500,000	–	30.25*	Development and investment of liquefied natural gas

1. CORPORATE AND GROUP INFORMATION (continued)

* Shijiazhuang CIC, Hebei Zhaodu, Chengde CIC, Ningjin CIC, Huabo, Jinzhou CIC, Shenzhou CIC, Xinji CIC, Shijiazhuang Jiran, Xingtai Jiran, Baoding CIC, Anguo Huagang, Li County CIC, and Hebei Jiran are respectively 100%-owned, 52.5%-owned, 90%-owned, 51%-owned, 55%-owned, 100%-owned, 100%-owned, 100%-owned, 60%-owned, 55%-owned, 100%-owned, 51%-owned, 60%-owned, and 55%-owned subsidiaries of Hebei Natural Gas, a 55%-owned subsidiary of the Company. Zhao County Anda and Pingshan Huajian are both 100%-owned subsidiaries of Shijiazhuang CIC. Handan Langtuo is a 100%-owned subsidiary of Hebei Zhaodu.

Besides, Suntien Shenyu and Lulong Liuyin are respectively 86%-owned and 100%-owned subsidiaries of Suntien Solar Energy Development, a 69%-owned subsidiary of the Company. Suizhong Liaohe and Huludao Liaohe Gas Transport are respectively 100%-owned and 80%-owned subsidiaries of Huludao Gas, a 51%-owned subsidiary of the Company.

Huihai Leasing and Changli Suntien are respectively 75%-owned subsidiaries of Shenzhen Suntien and HECIC New-energy, and a 25%-owned subsidiary of Suntien Hong Kong.

** Except for Suntien 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, having an English company name, the companies registered in the PRC do not have registered English names and the English names shown above represent the best efforts of the management of the Company in directly translating the Chinese names of the companies.

All the above subsidiaries are limited liability companies.

Notes:

(i) A subsidiary of the Company (the "Subsidiary") and the Company indirectly either owns half or less than half of the equity interests in certain companies or owns more than half of equity interests but the voting power attached to the equity interests does not allow the Subsidiary or 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 Subsidiary or 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. The Subsidiary or the Company signed shareholders' voting agreements with other equity owners of these companies, whereby such equity owners have committed to attend shareholders' meeting together with, and to vote in shareholders' meeting in the same manner as, the representatives of the Subsidiary or the Company. Such equity owners have also confirmed that the above-mentioned attendance and voting arrangements with the Subsidiary or the Company existed since the establishment of these companies or the Subsidiary or the Company becoming the biggest equity owner of these companies. 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 Subsidiary or the Company controlled the operation of these companies 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 Group has rights to variable returns from its involvement with these companies and that it has the ability to direct the relevant activities of these companies during the years ended 31 December 2015 and 2014. Therefore, the financial statements of these companies are consolidated by the Company during the years ended 31 December 2015 and 2014.

1. CORPORATE AND GROUP INFORMATION (continued)

Notes: (continued)

(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 allows 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 has been 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.

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 certain available-for-sale investments and derivative financial instruments which have been measured at fair value. 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 Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 BASIS OF PRESENTATION (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to IFRSs 2011-2013 Cycle issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

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 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 January 2018

4 Effective for annual periods beginning on or after 1 January 2019

5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

6 No mandatory effective date yet determined but is available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (continued)

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

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group excepts to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (continued)

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint venture is included as part of the Group's investments in associates or joint ventures and is not individually tested for impairment.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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 of 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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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.

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 of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and certain available-for-sale investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 and financial assets), 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 of disposal, 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 statement of profit or loss 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 statement of profit or loss in the period in which it arises.

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);

(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); and

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

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 statement of profit or loss 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 statement of profit or loss 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 is stated at cost less any impairment losses, and is 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. The estimated useful lives are 30 years. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

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.

Exclusive rights of natural gas operations

Exclusive rights of natural gas operations represent the right to sell and distribute piped gas in certain cities and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the exclusive rights of natural gas operations granted to the Group of 28-30 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss 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.

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 are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as 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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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 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 an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

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 statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments and other financial assets. 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 statement of profit or loss 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 statement of profit or loss in other gains or losses. 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 statement of profit or loss 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, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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 statement of profit or loss.

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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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. An impairment exists if one or more events that occurred after the initial recognition of the asset have 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually 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.

The amount of any impairment loss identified 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).

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 statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount 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 and all collateral has been realised or has been transferred to the Group.

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 other expenses in the statement of profit or loss.

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 statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

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. "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 statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, 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.

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 and bills payables, other payables, derivative financial instruments 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 repurchasing 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 statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as 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.

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 statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss.

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.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of profit or loss.

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 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.

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- 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.

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 statement of profit or loss 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 statement of profit or loss by way of a reduced depreciation charge.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(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.

(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) Voluntary emission reductions ("VERs") income

The Group sells VERs which is attributable to electricity generation from Clean Development Mechanism (the "CDM") projects before being registered with the CDM Executive Board. 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.

(e) 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.

(f) 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were 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. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends (continued)

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 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 translated 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 statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 statement of profit or loss 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.

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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Consolidation of entities in which the Group does not hold controlling voting power

A subsidiary of the Company (the "Subsidiary") and the Company indirectly either owns half or less than half of the equity interests in certain companies or owns more than half of equity interests but the voting power attached to the equity interests does not allow the Subsidiary or 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 Subsidiary or 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. The Subsidiary or the Company signed, shareholders' voting agreements with other equity owners of these companies, whereby such equity owners have committed to attend shareholders' meeting together with, and to vote in shareholders' meeting in the same manner as, the representatives of the Subsidiary or the Company. Such equity owners have also confirmed that the above-mentioned attendance and voting arrangements with the Subsidiary or the Company existed since the establishment of these companies or the Subsidiary or the Company becoming the biggest equity owner of these companies. 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 Subsidiary or the Company controlled the operation of these companies 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 Group has rights to variable returns from its involvement with these companies and that it has the ability to direct the relevant activities of these companies during the years ended 31 December 2015 and 2014. Therefore, the financial statements of these companies are consolidated by the Company during the years ended 31 December 2015 and 2014.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 2015 was RMB38,198,000 (31 December 2014: RMB34,846,000). 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 2015 was approximately RMB14,970,566,000 (31 December 2014: RMB11,731,130,000). More details are given in note 12.

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 2015 was RMB20,672,000 (31 December 2014: RMB52,464,000).

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 profit or loss and other comprehensive income in the period in which such a reversal takes place.

The carrying amount of deferred tax assets as at 31 December 2015 was RMB78,693,000 (31 December 2014: RMB4,432,000). 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 2015 was RMB1,383,654,000 (31 December 2014: RMB1,401,705,000). 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 would require the Group to estimate the expected future cash outflows 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 2015 was approximately RMB40,125,000 (31 December 2014: RMB40,125,000).

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 and solar energy – this segment develops, manages and operates wind power and solar energy plants and generates electric power for sales 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.

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 2015 and 2014.

Year ended 31 December 2015

	Natural gas RMB'000	Wind power and solar energy RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	2,795,727	1,428,480	4,224,207
Intersegment sales	–	–	–
Total revenue	2,795,727	1,428,480	4,224,207
Segment results	123,656	643,855	767,511
Interest income	5,914	9,485	15,399
Finance costs	(86,795)	(485,473)	(572,268)
Income tax expense	(4,741)	(6,676)	(11,417)
Profit of segments for the year	38,034	161,191	199,225
Unallocated interest income			10,279
Corporate and other unallocated expenses			(20,554)
Unallocated income tax expense			(7)
Profit for the year			188,943
Segment assets	4,812,547	20,755,011	25,567,558
Corporate and other unallocated assets			1,355,951
Total assets			26,923,509
Segment liabilities	3,115,815	14,871,699	17,987,514
Corporate and other unallocated liabilities			35,475
Total liabilities			18,022,989
Other segment information:			
Impairment of trade receivables	(214,322)	–	(214,322)
Depreciation and amortisation	(82,378)	(607,061)	(689,439)
Unallocated depreciation and amortisation			(4,267)
			(693,706)
Share of profits of associates	26,310	36,671	62,981
Investments in associates	568,447	505,538	1,073,985
Investments in joint ventures	75,600	–	75,600
Capital expenditure *	487,053	5,199,528	5,686,581
Unallocated capital expenditure *			2,020
			5,688,601

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014

	Natural gas RMB'000	Wind power and solar energy RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	3,903,393	1,246,039	5,149,432
Intersegment sales	–	–	–
Total revenue	3,903,393	1,246,039	5,149,432
Segment results	574,692	599,666	1,174,358
Interest income	2,613	5,079	7,692
Finance costs	(77,253)	(409,262)	(486,515)
Income tax expense	(127,025)	(47,134)	(174,159)
Profit of segments for the year	373,027	148,349	521,376
Unallocated interest income			23,353
Unallocated interest expense			(128)
Corporate and other unallocated expenses			(44,149)
Unallocated income tax expense			(2,122)
Profit for the year			498,330
Segment assets	4,277,644	15,595,609	19,873,253
Corporate and other unallocated assets			1,737,102
Total assets			21,610,355
Segment liabilities	2,535,531	10,274,113	12,809,644
Corporate and other unallocated liabilities			38,319
Total liabilities			12,847,963
Other segment information:			
Impairment of trade receivables	(2,807)	–	(2,807)
Depreciation and amortisation	(76,256)	(517,744)	(594,000)
Unallocated depreciation and amortisation			(3,529)
			(597,529)
Share of profits of associates	29,009	39,694	68,703
Investments in associates	553,303	370,565	923,868
Investment in a joint venture	60,000	–	60,000
Capital expenditure *	477,211	1,968,788	2,445,999
Unallocated capital expenditure *			1,579
			2,447,578

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.

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 non-current assets are located in Mainland China.

Information about major customers

For the year ended 31 December 2015, revenue generated from sales to one of the Group's customers in the wind power segment amounting to RMB769,569,000 (2014: RMB643,781,000) individually accounted for over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue 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:

	2015 RMB'000	2014 RMB'000
Revenue		
Sale of natural gas	2,611,930	3,718,367
Sale of electricity	1,412,995	1,239,892
Construction and connection of natural gas pipelines	153,069	127,383
Natural gas transportation revenue	26,630	57,643
Wind power services	13,994	6,147
Others	5,589	–
	4,224,207	5,149,432
Other income and gains, net		
Foreign exchange gain, net	26,295	7,161
Bank interest income	25,678	31,045
Value-added tax refunds	8,851	7,071
Gain on disposal of items of property, plant and equipment	5,734	–
Gain from available-for-sale investments	4,115	3,061
Certified Emission Reductions ("CERs") income, net	2,224	–
Gain from held-to-maturity investments	417	492
Fair value gain on a derivative instruments, net	364	–
Gain from a derivative instrument	–	4,610
Others	3,779	2,678
	77,457	56,118

6. PROFIT BEFORE TAX

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

	Notes	2015 RMB'000	2014 RMB'000
Cost of goods sold		3,022,313	3,783,516
Cost of services rendered		80,567	70,023
Total cost of sales		3,102,880	3,853,539
Depreciation of items of property, plant and equipment (note a)	*12*	579,873	486,879
Depreciation of investment properties	*13*	1,415	61
Amortisation of prepaid land lease payments	*14*	7,872	6,958
Amortisation of intangible assets	*16*	104,546	103,631
Total depreciation and amortisation		693,706	597,529
Minimum lease payments under operating leases of land and buildings		9,292	8,023
Auditors' remuneration		3,873	3,675
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		148,640	143,539
Pension scheme contributions (defined contribution schemes) (note b)		18,387	14,268
Welfare and other expenses		64,077	57,260
		231,104	215,067
Fair value differences, net			
Derivative instrument – transactions not qualifying as hedges		(364)	364
Gain from held-to-maturity investments		(417)	(492)
Gain from available-for-sale investments		(4,115)	(3,061)
Loss/(gain) from a derivative instrument		2,071	(4,610)
(Gain)/loss on disposal of items of property, plant and equipment, net		(5,734)	4
Foreign exchange gain, net		(26,295)	(7,161)
Impairment of trade receivables	*23*	214,322	2,807
Rental income on investment properties		(1,491)	(67)
Direct operating expenses (include repairs and maintenance) arising from rental – earning investment properties		1,415	61

Notes:

(a) Depreciation of approximately RMB552,245,000 (2014: RMB458,481,000) is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

(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 2015 and 2014, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank loans and other borrowings wholly repayable within five years	514,623	422,771
Interest on bank loans and other borrowings wholly repayable beyond five years	200,745	163,634
Total interest expense	715,368	586,405
Less: Interest capitalised to items of property, plant and equipment (note 12)	(150,482)	(99,762)
	564,886	486,643
Other finance costs:		
Discounted amounts of non-current portion of trade receivables	7,382	–
	572,268	486,643

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

	2015	2014
Capitalisation rates	3.2%-6.0%	5.6%-6.7%

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'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, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 RMB'000	2014 RMB'000
Fees	385	336
Other emoluments:		
– Salaries, allowances and benefits in kind	862	1,436
– Performance-related bonuses	201	1,288
– Pension scheme contributions (defined contribution scheme)	538	370
	1,986	3,430

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'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 and their remuneration for the years ended 31 December 2015 and 2014 are as follows:

2015

	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					
Mr. Gao Qing Yu (Chief executive)	–	194	53	120	367
Mr. Wang Hong Jun	–	229	33	195	457
	–	423	86	315	824
Non-executive directors					
Dr. Cao Xin (Chairman)	–	–	–	–	–
Mr. Zhao Hui (i)	–	–	–	–	–
Dr. Liu Zheng	–	–	–	–	–
Mr. Qin Gang	–	–	–	–	–
Ms. Sun Min (ii)	–	–	–	–	–
Mr. Wu Hui Jiang (ii)	–	–	–	–	–
	–	–	–	–	–
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

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

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

2015 (continued)

	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
Supervisors					
Mr. Yang Hong Chi	–	–	–	–	–
Mr. Qiao Guo Jie	–	216	42	168	426
Mr. Liu Jin Hai	–	–	–	–	–
Ms. Ma Hui	–	223	73	55	351
	–	439	115	223	777
Independent supervisors					
Mr. Liang Yong Chun (iii)	21				21
Mr. Xiao Yan Zhao	40	–	–	–	40
	61	–	–	–	61
	385	862	201	538	1,986

(i) Mr. Zhao Hui resigned as a non-executive director of the Company with effect from 5 June 2015.

(ii) Ms. Sun Min and Mr. Wu Hui Jiang were designated as non-executive directors of the Company, with effect from 27 January 2015 and 5 June 2015, respectively.

(iii) Mr. Liang Yong Chun was designated as an independent supervisor of the Company with effect from 5 June 2015.

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

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

2014

	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 (Chairman)	–	–	–	–	–
Mr. Zhao Hui	–	–	–	–	–
Mr. Gao Qing Yu (Chief executive)	–	404	305	55	764
Mr. Wang Hong Jun	–	467	255	159	881
	–	871	560	214	1,645
Non-executive directors					
Dr. Cao Xin (Chairman)	–	–	176	–	176
Mr. Zhao Hui	–	–	214	–	214
Mr. Zhao Hui Ning	–	–	–	–	–
Mr. Xiao Gang	–	–	–	–	–
Mr. Ma Guo Qing	–	–	–	–	–
Dr. Liu Zheng	–	–	–	–	–
Mr. Qin Gang	–	–	–	–	–
	–	–	390	–	390
Independent non-executive directors					
Mr. Qin Hai Yan	79	–	–	–	79
Mr. Ding Jun	79	–	–	–	79
Mr. Wang Xiang Jun	79	–	–	–	79
Mr. Yue Man Yiu, Matthew	79	–	–	–	79
	316	–	–	–	316
Supervisors					
Mr. Yang Hong Chi	–	–	–	–	–
Mr. Qiao Guo Jie	–	406	262	126	794
Mr. Liu Jin Hai	–	–	–	–	–
Ms. Ma Hui	–	159	76	30	265
	–	565	338	156	1,059
Independent supervisors					
Prof. Yao Chang Hui	–	–	–	–	–
Mr. Xiao Yan Zhao	20	–	–	–	20
	336	1,436	1,288	370	3,430

Directors and supervisors who received no emoluments for the years ended 31 December 2015 and 2014 did not receive any remuneration for their services in the respective capacities as Directors and supervisors during those years.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'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 years is as follows:

	2015	2014
Directors	1	2
Supervisor	–	1
Non-director and non-supervisor employees	4	2
	5	5

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

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	1,389	711
Performance-related bonuses	466	545
Pension scheme contributions	349	106
	2,204	1,362

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

	2015	2014
Nil to HK$1,000,000	4	2

During the years ended 31 December 2015 and 2014, 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.

9. INCOME TAX EXPENSE

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 entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first years generating operating income (the "3+3 tax holiday"). As at 31 December 2015, certain 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 engaged 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 PRC entities within the Group were subject to corporate income tax at a rate of 25% during the years ended 31 December 2015 and 2014.

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 2015 and 2014.

	2015 **RMB'000**	2014 RMB'000
Current income tax – Mainland China	**85,685**	176,983
Deferred income tax (note 21)	**(74,261)**	(702)
Tax charge for the year	**11,424**	176,281

9. INCOME TAX EXPENSE (continued)

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:

	2015 RMB'000	2014 RMB'000
Profit before tax	200,367	674,611
Income tax charge at the statutory income tax rate of 25%	50,092	168,653
Effect of tax exemption for specific locations or enacted by local authorities	(30,399)	(33,269)
Adjustment of current income tax of previous periods (note)	–	38,318
Deductible temporary differences not recognised in prior years	(11,870)	–
Tax effect of share of profits of associates	(15,745)	(17,176)
Non-taxable income	(1,028)	(205)
Expenses not deductible for tax	5,877	5,401
Tax losses not recognised	17,146	14,851
Tax losses utilised from previous periods	(2,649)	(292)
Tax charge for the year at the effective rate	11,424	176,281

Note: Pursuant to the Announcement on Corporate Income Tax Policies (河北省國家稅務局關於企業所得稅若干政策問題的公告) issued on 9 April 2014, CERs income shall be subject to income tax at a tax rate of 25%. Additionally, local tax bureaus clarified that value-added tax refunds shall also be subject to income tax at a tax rate of 25%. Consequently, certain entities in the Group, which were entitled to the 3+3 tax holiday, provided for income tax for CERs income and value-added tax refunds recognised in their respective 3+3 tax holidays in 2014.

10. DIVIDENDS

The dividends for the year are set out below:

	2015 RMB'000	2014 RMB'000
Dividends:		
Proposed:		
Proposed final dividend – RMB1.5 cents (2014: RMB3.1 cents) per share	55,727	115,170

10. DIVIDENDS (continued)

The Board of Directors of the Company proposed, on 24 March 2016, the payment of a final dividend of RMB0.015 per share in respect of the year ended 31 December 2015, based on the enlarged issued share capital of the Company of 3,715,160,396 shares. The proposed final dividend is subject the approval of the Company's shareholders at the forthcoming annual general meeting.

At the annual general meeting held on 5 June 2015, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2014 of RMB0.031 per share, which amounted to RMB115,170,000 and was settled in full in July 2015.

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 the 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 at the rate of 10%.

Due to the repeal of Guoshuifa [1993] No. 45 *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* (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)), the Company is required from 4 January 2011 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 at rates ranging from 10% to 20% when it distributes dividends to its non-PRC resident individual shareholders out of the profit earned in 2010 and beyond.

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

The calculation of the basic earnings per share amounts for the years ended 31 December 2015 and 2014 is based on the profit attributable to ordinary equity holders of the Company for those years, and the weighted average number of ordinary shares in issue during those years.

	2015	2014
	RMB'000	RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**168,353**	335,053

	Number of shares	
	2015	2014
Shares:		
Weighted average number of ordinary shares in issue during the years used in the basic earnings per share calculation	**3,715,160,396**	3,678,589,681

The Company did not have any dilutive potential ordinary shares during the years ended 31 December 2015 and 2014.

12. PROPERTY, PLANT AND EQUIPMENT

	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 improvements RMB'000	Construction in progress RMB'000	Total RMB'000
2015									
Cost:									
At 1 January 2015	558,704	8,303,432	1,043,434	262,435	96,688	53,852	33,183	3,529,851	13,881,579
Additions	5,323	8,665	651	14,506	18,387	8,679	10,258	3,796,522	3,862,991
Acquisition of subsidiaries (note 32)	–	–	–	–	–	61	–	514	575
Transfers to prepaid land lease payments (note 14)	–	–	–	–	–	–	–	(3,416)	(3,416)
Transfers to intangible assets (note 16)	–	–	–	–	–	–	–	(1,125)	(1,125)
Transfers to investment properties (note 13)	(18,317)	–	–	–	–	–	–	–	(18,317)
Transfers	72,934	1,721,763	48,636	33,986	–	2,528	75	(1,879,922)	–
Disposals	(205)	(24,616)	(1,218)	(2,269)	(4,376)	(933)	–	–	(33,617)
At 31 December 2015	618,439	10,009,244	1,091,503	308,658	110,699	64,187	43,516	5,442,424	17,688,670
Accumulated depreciation:									
At 1 January 2015	(77,421)	(1,491,353)	(384,078)	(86,271)	(53,284)	(32,266)	(25,776)	–	(2,150,449)
Depreciation provided during the year (note 6)	(27,598)	(452,647)	(53,617)	(23,571)	(11,741)	(6,687)	(4,012)	–	(579,873)
Acquisition of subsidiaries (note 32)	–	–	–	–	–	(16)	–	–	(16)
Transfers to investment properties (note 13)	1,051	–	–	–	–	–	–	–	1,051
Disposals	32	5,499	153	2,003	2,514	982	–	–	11,183
At 31 December 2015	(103,936)	(1,938,501)	(437,542)	(107,839)	(62,511)	(37,987)	(29,788)	–	(2,718,104)
Net carrying amount:									
At 31 December 2015	514,503	8,070,743	653,961	200,819	48,188	26,200	13,728	5,442,424	14,970,566
At 1 January 2015	481,283	6,812,079	659,356	176,164	43,404	21,586	7,407	3,529,851	11,731,130

12. PROPERTY, PLANT AND EQUIPMENT (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 improvements RMB'000	Construction in progress RMB'000	Total RMB'000
2014									
Cost:									
At 1 January 2014	449,429	7,748,991	982,422	221,260	79,525	46,185	39,382	2,285,686	11,852,880
Additions	13,202	3,036	786	4,912	21,550	8,522	4,570	2,018,874	2,075,452
Acquisition of subsidiaries (note 32)	1,421	–	10,448	6,637	2,118	280	–	16,098	37,002
Transfers to prepaid land lease payments (note 14)	–	–	–	–	–	–	(45,782)	(45,782)	
Transfers to investment properties (note 13)	(17,746)	–	–	–	–	–	–	–	(17,746)
Transfers	112,421	551,405	49,893	31,225	–	–	81	(745,025)	–
Disposals	(23)	–	(115)	(1,599)	(6,505)	(1,135)	(10,850)	–	(20,227)
At 31 December 2014	558,704	8,303,432	1,043,434	262,435	96,688	53,852	33,183	3,529,851	13,881,579
Accumulated depreciation:									
At 1 January 2014	(57,419)	(1,117,113)	(330,918)	(70,787)	(47,691)	(23,716)	(24,967)	–	(1,672,611)
Depreciation provided during the year (note 6)	(20,847)	(374,240)	(52,596)	(16,050)	(11,081)	(9,538)	(2,527)	–	(486,879)
Acquisition of subsidiaries (note 32)	(79)	–	(585)	(598)	(567)	(72)	–	–	(1,901)
Transfers to investment properties (note 13)	916	–	–	–	–	–	–	–	916
Disposals	8	–	21	1,164	6,055	1,060	1,718	–	10,026
At 31 December 2014	(77,421)	(1,491,353)	(384,078)	(86,271)	(53,284)	(32,266)	(25,776)	–	(2,150,449)
Net carrying amount:									
At 31 December 2014	481,283	6,812,079	659,356	176,164	43,404	21,586	7,407	3,529,851	11,731,130
At 1 January 2014	392,010	6,631,878	651,504	150,473	31,834	22,469	14,415	2,285,686	10,180,269

Interest of approximately RMB150,482,000 was capitalised to construction in progress for the year ended 31 December 2015 (2014: RMB99,762,000) prior to being transferred to buildings and machinery (note 7).

12. PROPERTY, PLANT AND EQUIPMENT (continued)

As at the date of approval of these financial statements, the Group was in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB71,022,000. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2015.

The Group's property, plant and equipment with a net carrying amount of RMB4,472,000 as at 31 December 2015 (2014: Nil) were pledged to secure a long-term bank loan of the Group (note 28).

13. INVESTMENT PROPERTIES

	2015 **RMB'000**	2014 RMB'000
Cost:		
At 1 January	**17,746**	–
Transfer from property, plant and equipment (note 12)	**18,317**	17,746
At 31 December	**36,063**	17,746
Accumulated depreciation:		
At 1 January	**(977)**	–
Transfer from property, plant and equipment (note 12)	**(1,051)**	(916)
Charge for the year (note 6)	**(1,415)**	(61)
At 31 December	**(3,443)**	(977)
Carrying amount at end of the year	**32,620**	16,769

The Group's investment properties are several commercial properties in Beijing. The investment properties were valued by management based on the market approach with reference to market transaction prices of similar properties, taking into account of other factors, i.e., characteristics of the properties, locations, etc. The fair value of investment properties are estimated to be approximately RMB39,646,000 as at 31 December 2015.

The investment properties are leased to third parties under operating leases, further details of which are included in note 33.

13. INVESTMENT PROPERTIES

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Fair value measurement for:				
Commercial properties	–	39,646	–	39,646

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Fair value measurement for:				
Commercial properties	–	18,033	–	18,033

14. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January	263,174	220,992
Additions	2,631	3,358
Transfer from construction in progress (note 12)	3,416	45,782
Amortisation for the year (note 6)	(7,872)	(6,958)
Carrying amount at 31 December	261,349	263,174
Portion classified as current assets	(7,900)	(7,657)
Non-current portion	253,449	255,517

14. PREPAID LAND LEASE PAYMENTS (continued)

As at the date of approval of these financial statements, the Group was in the process of applying for the title certificates of certain of its land use rights with an aggregate net carrying amount of approximately RMB3,226,000. 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 did not have any significant impact on the Group's financial position as at 31 December 2015.

15. GOODWILL

	2015	2014
	RMB'000	RMB'000
Cost and carrying amount at 1 January	**34,846**	9,215
Acquisition of subsidiaries (note 32)	**3,352**	25,631
Cost and carrying amount at 31 December	**38,198**	34,846

Goodwill acquired through three significant business combinations in 2015, 2014 and 2011 in the amounts of RMB3,352,000, RMB14,883,000 and RMB6,843,000, respectively, have been allocated to three natural gas cash-generating units for impairment testing.

The recoverable amounts of these three cash-generating units have been determined based on a value in use calculation using cash flow projections based on a financial budget covering a 5-year period approved by senior management. The discount rates applied to the cash flow projections were 12%, 12% and 11%, respectively.

Assumptions were used in the value in use calculation of these three cash-generating units for 31 December 2015. 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.

16. INTANGIBLE ASSETS

	Office software RMB'000	Operating concession RMB'000 (note a)	Exclusive rights of natural gas operations RMB'000 (note b)	Patent RMB'000	Total RMB'000
2015					
Cost:					
At 1 January	13,860	2,535,704	16,547	–	2,566,111
Additions	3,260	–	–	100	3,360
Transfer from construction in progress (note 12)	1,125	–	–	–	1,125
Disposals	(154)	–	–	–	(154)
At 31 December	18,091	2,535,704	16,547	100	2,570,442
Accumulated amortisation:					
At 1 January	(8,134)	(395,220)	–	–	(403,354)
Amortisation for the year (note 6)	(2,381)	(101,428)	(735)	(2)	(104,546)
Disposals	118	–	–	–	118
At 31 December	(10,397)	(496,648)	(735)	(2)	(507,782)
Net carrying amount:					
At 31 December 2015	7,694	2,039,056	15,812	98	2,062,660
At 1 January 2015	5,726	2,140,484	16,547	–	2,162,757

16. INTANGIBLE ASSETS (continued)

	Office software RMB'000	Operating concession RMB'000 (note a)	Exclusive rights of natural gas operations RMB'000 (note b)	Total RMB'000
2014				
Cost:				
At 1 January	11,053	2,535,704	–	2,546,757
Additions	2,807	–	–	2,807
Acquisition of subsidiaries (note 32)	–	–	16,547	16,547
At 31 December	13,860	2,535,704	16,547	2,566,111
Accumulated amortisation:				
At 1 January	(5,930)	(293,793)	–	(299,723)
Amortisation for the year (note 6)	(2,204)	(101,427)	–	(103,631)
At 31 December	(8,134)	(395,220)	–	(403,354)
Net carrying amount:				
At 31 December 2014	5,726	2,140,484	16,547	2,162,757
At 1 January 2014	5,123	2,241,911	–	2,247,034

Notes:

(a) In 2010 and 2011, the Group respectively entered into two service concession arrangements with a governmental authority concerning the operation of two of its self-constructed wind power plants. Pursuant to these service concession arrangements, the Group transferred the carrying amounts of the related property, plant and equipment and the prepaid land lease payments to operating concession to 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.

(b) In 2014, the Group acquired four exclusive rights of natural gas operations through acquisitions of subsidiaries. Further details of these acquisitions are included in note 32. The exclusive rights of natural gas operations are amortised on a straight-line method over the period from 28 years to 30 years.

17. INVESTMENTS IN ASSOCIATES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Share of net assets	**1,049,943**	923,868
Goodwill on acquisition	**24,042**	–
	1,073,985	923,868

Particulars of the material 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 CIC Wind Energy Generation Co., Ltd. ("Longyuan CIC") (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 CIC (Chengde) Wind Energy Generation Co., Ltd. ("Chengde Wind Energy") (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 CIC (Chengde Weichang) Wind Energy Generation Co., Ltd. ("Weichang Wind Energy") (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
PetroChina Jingtang Liquefied Natural Gas Co., Ltd. ("Jingtang LNG") (中石油京唐液化天然氣有限公司)	The PRC/ Mainland China 28 September 2012	RMB2,600,000,000	–	11**	Natural gas storage and production
Hebei Fengning Pumped Storage Co., Ltd. ("Hebei Fengning") (河北豐寧抽水蓄能有限公司)	The PRC/ Mainland China 2 September 2010	RMB316,425,000	20	–	Pumped storage

* The English names of the companies registered in the PRC 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.

** Jingtang LNG is a 20%-owned associate of Hebei Natural Gas, which is a 55%-owned subsidiary of Company.

All the above associates are considered material associates of the Group, and they are strategic partners of the Group engaged in wind power generation or natural gas business. They are accounted for using the equity method.

17. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the summarised financial information of the above associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Longyuan CIC

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	116,520	215,179
Non-current assets	695,229	733,940
Current liabilities	(312,249)	(233,810)
Non-current financial liabilities, excluding trade and other payables and provisions	(228,539)	(449,506)
Net assets	270,961	265,803
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets	135,480	132,901
Carrying amount of the investment	135,480	132,901

	2015 RMB'000	2014 RMB'000
Revenue	117,896	133,477
Profit for the year	35,914	34,173
Total comprehensive income for the year	35,914	34,173
Dividend received	15,378	20,925

Chengde Wind Energy

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	94,641	115,124
Non-current assets	531,679	559,010
Current liabilities	(66,177)	(135,011)
Non-current financial liabilities, excluding trade and other payables and provisions	(202,750)	(176,716)
Net assets	357,393	362,407
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	45%	45%
Group's share of net assets	160,827	163,083
Carrying amount of the investment	160,827	163,083

17. INVESTMENTS IN ASSOCIATES (continued)

Chengde Wind Energy (continued)

	2015 RMB'000	2014 RMB'000
Revenue	89,902	107,342
Profit for the year	25,688	34,113
Total comprehensive income for the year	25,688	34,113
Dividend received	13,816	13,791

Weichang Wind Energy

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	24,928	73,864
Non-current assets	300,255	311,150
Current liabilities	(132,177)	(162,280)
Non-current financial liabilities, excluding trade and other payables and provisions	(24,000)	(57,000)
Net assets	169,006	165,734
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	45%	45%
Group's share of net assets	76,053	74,581
Carrying amount of the investment	76,053	74,581

	2015 RMB'000	2014 RMB'000
Revenue	54,314	61,728
Profit for the year	15,532	16,126
Total comprehensive income for the year	15,532	16,126
Dividend received	5,517	4,927

17. INVESTMENTS IN ASSOCIATES (continued)

Jingtang LNG

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	45,713	46,079
Non-current assets	5,152,338	5,404,273
Current liabilities	(2,372,216)	(640,239)
Non-current financial liabilities, excluding trade and other payables and provisions	–	(2,060,000)
Net assets	2,825,835	2,750,113
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	20%	20%
Group's share of net assets	565,167	550,023
Carrying amount of the investment	565,167	550,023

	2015 RMB'000	2014 RMB'000
Revenue	729,002	674,098
Profit for the year	131,552	125,353
Total comprehensive income for the year	135,722	130,422
Dividend received	12,000	–

Hebei Fengning

	31 December 2015 RMB'000
Current assets	829,212
Non-current assets	2,257,297
Current liabilities	(590,829)
Non-current financial liabilities, excluding trade and other payables and provisions	(1,950,000)
Net assets	545,680
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	20%
Group's share of net assets, excluding goodwill	109,136
Goodwill on acquisition	24,042
	133,178
Carrying amount of the investment	133,178

17. INVESTMENTS IN ASSOCIATES (continued)

Jingtang LNG

	2015 RMB'000
Revenue	13,556
Profit for the year	825
Total comprehensive income for the year	825
Dividend received	–

The following table illustrates the financial information of the Group's associate that is not individually material:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Carrying amount of the Group's investment in the associate	3,280	3,280

	2015 RMB'000	2014 RMB'000
Share of the associate's profit for the year	–	–
Share of the associate's total comprehensive income for the year	–	–
Dividend received	–	–

18. INVESTMENTS IN JOINT VENTURES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Share of net assets	**75,600**	60,000

Particulars of the Group's material joint ventures 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 Suntien Guohua Gas Co., Ltd. ("Suntien Guohua") (河北新天國化燃氣有限責任公司)	The PRC/ Mainland China 26 September 2013	RMB120,000,000	50	–	Construction of natural gas pipelines
Hengshui CIC Natural Gas Co., Ltd. ("Hengshui CIC") (衡水建投天然氣有限公司)	The PRC/ Mainland China 18 December 2014	RMB10,000,000	50	28.05**	Construction of natural gas pipelines
Hebei Jinjianjia Natural Gas Co., Ltd. ("Hebei Jinjianjia") (河北金建佳天然氣有限公司)	The PRC/ Mainland China 25 November 2014	RMB11,250,000	30	–	Storage and evaporation of clean energy

* The English names of the companies registered in the PRC 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.

** Hengshui CIC is a 51%-owned joint venture of Hebei Natural Gas, which is a 55%-owned subsidiary of Company.

18. INVESTMENTS IN JOINT VENTURES (continued)

The Group's investments in joint ventures are accounted for using the equity method.

The following table illustrates the summarised financial information of Suntien Guohua, which is considered a material joint venture of the Group, and reconciled to the carrying amount in the financial statements:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and cash equivalents	**141,830**	104,490
Other current assets	**27,145**	7,807
Non-current assets	**218,901**	142,510
Other current liabilities	**(37,876)**	(54,807)
Non-current financial liabilities, excluding trade and other payables and provisions	**(230,000)**	(80,000)
Net assets	**120,000**	120,000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**60,000**	60,000
Carrying amount of the investment	**60,000**	60,000

	2015 RMB'000	2014 RMB'000
Profit for the year	**–**	–
Total comprehensive income for the year	**–**	–
Dividend received	**–**	–

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	31 December 2015 RMB'000
Carrying amount of the Group's investment in the joint ventures	**15,600**

	2015 RMB'000
Share of the joint ventures' profit for the year	**–**
Share of the joint ventures' total comprehensive income for the year	**–**
Dividend received	**–**

19. HELD-TO-MATURITY INVESTMENTS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Unlisted debt investments	7,500	7,500

Held-to-maturity investments are analysed as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Corporate entity	7,500	7,500

As at 31 December 2015, the effective interest rate of the held-to-maturity investments was 4.9% per annum (31 December 2014: 6.15% per annum). The carrying amounts of the held-to-maturity investments approximate to their fair values.

20. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Unlisted equity investments, at cost (i)	103,400	103,400
Other financial assets (ii)	230,000	230,000
	333,400	333,400
Portion classified as non-current assets	(103,400)	(103,400)
Current portion	230,000	230,000

(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 terms.

No other comprehensive income or loss was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 because the aggregate changes of fair value of such financial assets were immaterial since their respective acquisition dates (2014: Nil).

21. DEFERRED TAX ASSETS

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

	2015 RMB'000	2014 RMB'000
Deferred tax assets:		
At 1 January	**4,432**	3,730
Deferred tax credited to the statement of profit or loss and other comprehensive income during the year (note 9)	**74,261**	702
At 31 December	**78,693**	4,432

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Deferred tax assets:		
Impairment of trade receivables	**58,012**	4,432
Unrealised gains arising from intra-group transactions	**11,870**	–
Losses available for offsetting against future taxable income	**6,965**	–
Others	**1,846**	–
	78,693	4,432

As at 31 December 2015, tax losses of the Group arising in the PRC were RMB192,424,000 (31 December 2014: RMB106,576,000), 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.

22. INVENTORIES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Natural gas	**8,095**	10,736
Spare parts and others	**39,795**	32,014
Low-value consumables	**452**	358
	48,342	43,108

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 holds collateral or other credit enhancements over certain receivable balances. Trade and bills receivables are non-interest-bearing.

	31 December 2015 RMB'000	31 December 2014 RMB'000
Trade and bills receivables	**1,651,837**	1,457,073
Impairment	**(268,183)**	(55,368)
	1,383,654	1,401,705
Portion classified as non-current assets	**(142,848)**	–
Current portion	**1,240,806**	1,401,705

Included in the trade receivables as at 31 December 2015 were receivables under two service concession arrangements in an aggregate amount of RMB47,860,000 (31 December 2014: RMB61,409,000).

23. TRADE AND BILLS RECEIVABLES (continued)

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within 3 months	577,397	865,511
3 to 6 months	261,364	454,973
6 months to 1 year	209,957	69,118
1 to 2 years	330,225	10,690
2 to 3 years	3,775	1,088
Over 3 years	936	325
	1,383,654	1,401,705

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

	2015 RMB'000	2014 RMB'000
At 1 January	55,368	77,881
Impairment losses recognised (note 6)	214,421	7,263
Reversal (note 6)	(99)	(4,456)
Write-off	(1,507)	(25,320)
At 31 December	268,183	55,368

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB268,183,000 (31 December 2014: RMB55,368,000) with an aggregate carrying amount before provision of RMB1,030,844,000 (31 December 2014: RMB112,875,000).

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.

23. TRADE AND BILLS RECEIVABLES (continued)

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Neither past due nor impaired	**430,396**	442,098
Less than 3 months past due	**110,027**	507,686
3 to 6 months past due	**68,001**	357,341
6 months to 1 year past due	**11,345**	26,502
1 to 2 years past due	**–**	9,347
2 to 3 years past due	**–**	919
More than 3 years past due	**1,224**	305
	620,993	1,344,198

Receivables that were neither past due nor impaired primarily relate to local power grid companies and certain long-term customers 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 weighted average effective interest rate on non-current trade receivables is as follows:

	31 December 2015
Effective interest rate	**4.75%**

The weighted average effective interest rate is determined by reference to the prevailing commercial bank borrowing interest rate for bank loans with similar maturity.

The carrying amounts of the current trade and bills receivables approximate to their fair value. As the non-current trade receivables have been discounted based on the effective interest rate, the carrying amounts of the non-current trade receivables approximate to their fair values.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Prepayments to suppliers	2,383,783	542,209
Deductible VAT	948,900	748,218
Deposits and other receivables	87,023	140,858
	3,419,706	1,431,285
Less: Impairment	(1,435)	(1,435)
	3,418,271	1,429,850
Portion classified as non-current assets	(2,851,956)	(978,856)
Current portion	566,315	450,994

The movements in provision for impairment of prepayments, deposits and other receivables are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	1,435	8,749
Write-off	–	(7,314)
At 31 December	1,435	1,435

Included in the above provision for impairment of prepayments, deposits and other receivables is a provision for individually impaired other receivables of RMB1,435,000 (31 December 2014: RMB1,435,000) with an aggregate carrying amount before provision of RMB14,085,000 (31 December 2014: RMB14,085,000).

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Fellow subsidiaries	9,739	31,951

The above amounts are unsecured, non-interest-bearing and have no fixed terms of repayment.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and bank balances	2,973,205	2,667,484
Time deposits	165,466	530,332
	3,138,671	3,197,816
Less: Pledged time deposit for letters of guarantee	(65)	(30,397)
Cash and cash equivalents in the consolidated statement of financial position	3,138,606	3,167,419
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(111,666)	(328,390)
Cash and cash equivalents in the consolidated statement of cash flows	3,026,940	2,839,029
Cash and bank balances and time deposits denominated in:		
– RMB	2,812,284	2,614,148
– Hong Kong dollar	326,387	583,668
	3,138,671	3,197,816

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 AND BILLS PAYABLES

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Bills payable	**49,220**	124,000
Trade payables	**504,142**	313,247
	553,362	437,247

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within 6 months	**431,453**	325,788
6 months to 1 year	**41,073**	46,072
1 to 2 years	**61,218**	47,980
2 to 3 years	**7,569**	9,216
More than 3 years	**12,049**	8,191
	553,362	437,247

27. OTHER PAYABLES AND ACCRUALS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Retention money payables	397,005	307,350
Wind turbine and related equipment payables	585,067	395,840
Advances from customers	167,599	183,282
Construction payables	180,409	191,740
Accrued salaries, wages and benefits	57,692	52,936
Other taxes payable	25,552	7,576
Interest payable	84,049	88,543
Others	125,464	104,628
	1,622,837	1,331,895
Portion classified as non-current liabilities	(82,397)	(21,007)
Current portion	1,540,440	1,310,888

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.

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
HECIC	40,733	6,733
Fellow subsidiaries	1,119	1,142
	41,852	7,875

The amount due to HECIC represented the prepaid capital injection by HECIC to one of the subsidiary of the Company and the fee charged by HECIC for the guarantee of the issue of corporate bonds of the Company, which should be repaid annually (note 36(a)).

Except for the amount due to HECIC and retention money payables which have fixed repayment terms, other payables and accruals are non–interest–bearing and have no fixed terms of repayment.

Notes to Financial Statements

31 December 2015

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2015			As at 31 December 2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	4.1-6.3	2016	1,370,000	5.0-6.3	2015	1,189,400
Current portion of long term bank loans:						
– Unsecured	1.2-5.9	2016	611,202	5.9-6.6	2015	216,648
– Secured	4.4-5.7	2016	459,111	5.5-6.6	2015	323,890
			1,070,313			540,538
Total current portion			2,440,313			1,729,938
Non-current						
Long term bank loans:						
– Unsecured	1.2-6.2	2017-2030	5,058,857	4.8-6.8	2016-2028	2,595,248
– Secured	4.4-6.2	2017-2030	5,030,148	5.5-6.6	2016-2029	3,406,772
			10,089,005			6,002,020
Long term other borrowing:						
– Unsecured	5.7	2017	1,298,286	5.7	2017	1,297,143
Corporate bonds (i):						
– Unsecured	5.3-5.4	2017-2018	1,998,514	5.3-5.4	2017-2018	1,996,892
Total non-current portion			13,385,805			9,296,055
			15,826,118			11,025,993

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

(i) In 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. On 23 December 2011, the corporate bonds were listed on the Shanghai Stock Exchange.

The corporate bonds are separated into two types of bonds amounting to RMB1 billion each, namely 6-Year and 7-Year bonds, which are repayable respectively on 18 November 2017 and 2018, and their respective applicable interest rates are 5.3% and 5.4% per annum. At the end of the third year and the fifth year, 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.

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**2,440,313**	1,729,938
In the second year	**1,406,862**	1,074,955
In the third to fifth years, inclusive	**3,403,120**	1,938,251
Beyond five years	**5,279,023**	2,988,814
	12,529,318	7,731,958
Other borrowings repayable:		
In the second year	**1,298,286**	–
In the third to fifth years, inclusive	**–**	1,297,143
	1,298,286	1,297,143
Corporate bonds repayable:		
In the second year	**1,000,000**	–
In the third to fifth years, inclusive	**998,514**	1,996,892
	1,998,514	1,996,892
	15,826,118	11,025,993

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

Certain interest-bearing bank loans of the Group in an aggregate amount of RMB5,487,354,000 were secured by the right of future electricity fees collection as at 31 December 2015 (31 December 2014: RMB3,730,662,000).

A long term other borrowing of the Group of RMB1,298,286,000 was guaranteed by HECIC, the ultimate holding company as at 31 December 2015 (31 December 2014: of RMB1,297,143,000) (note 36(a)).

The corporate bonds of the Company of RMB1,998,514,000 were guaranteed by HECIC, the ultimate holding company as at 31 December 2015 (31 December 2014 RMB1,996,892,000) (note 36(a)).

A net carrying amount of RMB1,905,000 (2014: Nil) of the Group's long-term bank loan is secured by certain of the Group's property, plant and equipment (note 12).

29. ISSUED SHARE CAPITAL

	At 31 December 2015		At 31 December 2014	
	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	**1,876,156**	**1,876,156**	1,876,156	1,876,156
– H shares	**1,839,004**	**1,839,004**	1,839,004	1,839,004
	3,715,160	**3,715,160**	3,715,160	3,715,160

30. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2015 and 2014 are presented in the consolidated statement of changes in equity on page 6 of the financial statements.

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Hebei Natural Gas	45%	45%

	2015 RMB'000	2014 RMB'000
Profit for the year allocated to non-controlling interests:		
Hebei Natural Gas	18,328	172,348
Dividends paid to non-controlling interests:		
Hebei Natural Gas	71,920	145,912
Accumulated balances of non-controlling interests at the reporting dates		
Hebei Natural Gas	624,012	677,228

The following tables illustrate the summarised financial information of Hebei Natural Gas. The amounts disclosed are before any inter-company eliminations:

	2015 RMB'000	2014 RMB'000
Revenue	2,787,859	3,903,382
Total expenses	(2,749,962)	(3,528,199)
Profit for the year	37,897	375,183
Total comprehensive income for the year	37,897	375,183
Current assets	1,373,061	1,512,157
Non-current assets	3,151,983	2,584,960
Current liabilities	(1,575,562)	(1,211,335)
Non-current liabilities	(1,468,313)	(1,298,247)
Net cash flows from/(used in) operating activities	248,502	(48,043)
Net cash flows used in investing activities	(324,434)	(305,210)
Net cash flows from financing activities	152,807	234,218
Net increase/(decrease) in cash and cash equivalents	76,875	(119,035)

32. ACQUISITIONS OF SUBSIDIARIES

In July 2015, the Group acquired 70% interests in Yunnan Pushi from independent third parties at a cash consideration of RMB23,333,000.

The fair values of the identifiable assets and liabilities of Yunnan Pushi as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	12	559
Prepayments, deposits and other receivables		18,407
Cash and cash equivalents		9,990
Other payables and accruals		(411)
Total identifiable net assets at fair value		28,545
Non-controlling interest		(8,564)
Goodwill	15	3,352
Satisfied by cash		23,333

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	2015 RMB'000
Total cash consideration	(23,333)
Cash consideration not yet paid	13,333
Cash and bank balances acquired	9,990
	(10)
Cash paid for prior year's acquisition of subsidiaries	(5,925)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,935)

Since the acquisition, Yunnan Pushi did not contribute to the Group's revenue and profit or loss to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been RMB4,224,207,000 and RMB188,943,000, respectively.

32. ACQUISITIONS OF SUBSIDIARIES (continued)

In August, September and December 2014, the Group acquired 100%, 51% and 51% interests in Pingshan Huajian, Huludao Gas and Anguo Huagang from three independent third parties, respectively, with a cash consideration of RMB11,850,000, RMB35,000,000 and RMB22,950,000, respectively.

The fair values of the identifiable assets and liabilities of Pingshan Huajian, Huludao Gas and Anguo Huagang as at the acquisition dates were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	12	35,101
Intangible assets	16	16,547
Inventories		368
Interest in a subsidiary		71
Trade and bills receivables		3,228
Prepayments, deposits and other receivables		28,457
Cash and cash equivalents		14,317
Trade and bills payables		(9,490)
Other payables and accruals		(7,762)
Total identifiable net assets at fair value		80,837
Non-controlling interest		(36,668)
Goodwill	15	25,631
Satisfied by cash		69,800

An analysis of the cash flows in respect of the above acquisitions is as follows:

	RMB'000
Total cash consideration	(69,800)
Cash consideration not yet paid	34,138
Cash and bank balances acquired	14,317
Net outflow of cash and cash equivalents included in cash flows from investing activities	(21,345)

Since the acquisitions, these companies contributed RMB4,080,000 to the Group's turnover, and a loss of RMB1,552,000 against the consolidated profit for the year ended 31 December 2014.

Had the combination taken place at the beginning of 2014, the revenue and the profit of the Group for the year would have been RMB5,162,572,000 and RMB496,827,000, respectively.

33. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of three years or six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year	**1,988**	807
In the second to fifth years, inclusive	**4,538**	3,228
After five years	**–**	739
	6,526	4,774

As lessee

The Group leases certain of its properties and equipment under operating lease arrangements, with leases negotiated for terms ranging from two to twenty years.

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year	**3,873**	14
In the second to fifth years, inclusive	**4,619**	54
Beyond five years	**101**	104
	8,593	172

34. COMMITMENTS

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**5,760,083**	3,341,694
Capital contributions	**21,000**	124,866
	5,781,083	3,466,560

In addition, the Group's share of the joint venture's own capital commitments, which are not included in the above, is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**8,507**	17,225

35. CONTINGENT LIABILITIES

As at 31 December 2015, the banking facility granted to a joint venture subject to guarantee given to a bank by the Group was utilised to the extent of approximately RMB200,000,000 (31 December 2014: RMB80,000,000).

36. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014:

*(i) Transactions with HECIC**

On 31 March 2010, HECIC, China Pacific Asset Management Co., Ltd. (the "Insurance Lender") and 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 19 September 2010, the Company and HECIC entered into a master tenancy agreement, pursuant to which HECIC leased office space at Yu Yuan Plaza to the Group. On 9 June 2013, the Company and HECIC renewed the master tenancy agreement. In September and October 2014, the Company and two of its subsidiaries entered into individual lease agreements with HECIC according to the terms and conditions set out in the new master tenancy agreement. The total rental expense in 2015 was RMB4,462,000 (2014: RMB4,027,000).

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 RMB6,000,000 (2014: RMB6,000,000) was payable or charged by HECIC for the year ended 31 December 2015.

36. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014: (continued)

*(ii) Transactions with fellow subsidiaries**

Transactions with HECIC Group Finance Company Limited

The Company and HECIC Group Finance Company Limited (河北建投集團財務有限公司, "Group Finance Company"), a fellow subsidiary of the Company, entered into financial service framework agreements in 2013 and 2015, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilise the financial services provided by Group Finance Company, including (i) the deposit service, (ii) the loan service and (iii) other financial services.

The Company directly holds a 10% equity interest in Group Finance Company.

The Group had certain of its cash and time deposits and outstanding interest-bearing loans with Group Finance Company as summarised below:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and time deposits	**1,330,746**	1,134,301
Short-term loans	**487,000**	605,000
Long-term loans	**364,000**	45,000

	2015 RMB'000	2014 RMB'000
Interest income	**12,304**	8,366
Interest expense	**41,804**	24,202

As at 31 December 2015, the Group had total loan facilities of RMB1,663 million granted by Group Finance Company, of which RMB968 million was utilised.

Transactions with another fellow subsidiary

	2015 RMB'000	2014 RMB'000
Consulting fees	**–**	500

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

36. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014: (continued)

(iii) Transaction with the Company's joint venture

The Company has guaranteed a bank facility made to a joint venture of up to RMB200,000,000 in 2015 (2014: RMB80,000,000) (note 35).

(iv) 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, depositing and borrowing money and purchase of natural gas, and entering into service concession arrangement, in the normal course of business on terms comparable to those with other non-SOEs.

The individually significant transactions with SOEs are as follows:

	2015 RMB'000	2014 RMB'000
Continuing transactions		
Sales of electricity		
– Jibei Electric Power Company Limited (note)	846,288	643,781
– Hebei Electric Power Corporation (note)	487,715	505,244
– Shanxi Electric Power Corporation (note)	95,236	97,250
– Xinjiang Electric Power Corporation (note)	66,314	21,809
	1,513,553	1,268,084
Purchase of natural gas		
– PetroChina Company Limited	1,970,983	2,874,528
– China Petrochemical Corporation	115,910	45,781
– China National Offshore Oil Corporation	–	74,839
	2,086,893	2,995,148

Note: These transactions included the sales of electricity generated during the construction and testing period, which were not included in the revenue of electricity sales, but offset against the cost of property, plant and equipment.

36. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014: (continued)

(iv) 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 2015 and 2014 as summarised below:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and time deposits	1,756,893	2,001,225
Short-term bank loans	735,000	100,000
Current portion of long-term bank loans	988,207	499,083
Long-term bank loans	9,563,430	5,749,743
	11,286,637	6,348,826

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

(b) Outstanding balances with related parties

Except for the Group's cash and time deposit and outstanding interest–bearing loans with Group Finance Company set out in note 36 (a) (ii) above, details of the outstanding balances with related parties are set out in notes 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:

	2015 RMB'000	2014 RMB'000
Short term employee benefits	2,843	5,972
Pension scheme contributions	1,169	755
	4,012	6,727

37. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash transactions

During the year ended 31 December 2015, bills receivable amounting to RMB61,200,000 (2014: RMB77,400,000) were endorsed by the Group to the suppliers of the Group for the purchase of items of property, plant and equipment.

During the year ended 31 December 2014, a dividend payable of RMB145,912,000 to a non-controlling shareholder was reinvested by this non-controlling shareholder into a subsidiary of the Company in which it has interest as a further capital contribution by this non-controlling shareholder.

38. 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:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Financial assets		
Held-to-maturity investments	**7,500**	7,500
Available-for-sale investments	**333,400**	333,400
Loans and receivables:		
Trade and bills receivables	**1,383,654**	1,401,705
Financial assets included in prepayments, deposits and other receivables	**66,023**	58,333
Pledged deposits	**65**	30,397
Cash and cash equivalents	**3,138,606**	3,167,419
	4,929,248	4,998,754
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	**553,362**	437,247
Financial liabilities included in other payables and accruals	**1,371,994**	1,088,101
Interest-bearing bank and other borrowings	**15,826,118**	11,025,993
Financial liabilities at fair value through profit and loss:		
Derivative financial instrument	**–**	364
	17,751,474	12,551,705

39. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

In 2015, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “Endorsed Bills”) with a carrying amount of RMB30,338,000 (31 December 2014: RMB24,816,000) to certain of its suppliers in order to settle 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, and accordingly, the Group continued to recognise the full carrying amounts of such Endorsed Bills and the associated trade payables and other payables 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 was RMB30,338,000 as at 31 December 2015 (31 December 2014: RMB24,816,000).

In 2015, the Group discounted a commercial acceptance bill (“Discounted Bill”) with a carrying amount of RMB220,000,000 (31 December 2014: 304,400,000) to banks (“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 short term loans of RMB220,000,000 (31 December 2014: 304,400,000). 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 loans undertaken through the Discount to which the banks have recourse was RMB190,000,000 as at 31 December 2015 (31 December 2014: RMB304,400,000).

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	31 December 2015 RMB'000	31 December 2014 RMB'000	**31 December 2015 RMB'000**	31 December 2014 RMB'000
Financial assets				
Available-for-sale investments	**230,000**	230,000	**230,000**	230,000
Trade receivables	**142,848**	–	**142,848**	–
	372,848	230,000	**372,848**	230,000
Financial liabilities				
Financial liabilities included in other payables and accruals	**82,397**	21,007	**63,230**	18,694
Interest-bearing bank and other borrowings	**15,826,118**	11,025,993	**15,825,790**	11,025,574
Derivative financial instrument	**–**	364	**–**	364
	15,908,515	11,047,364	**15,889,020**	11,044,632

Management has assessed that the fair values of cash and cash equivalents, pledge deposits, financial assets included in prepayments, deposits and other receivables, current portion of trade and bills receivables, held-to-maturity investments, trade and bills payables and current portion of other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial controller and the audit committee. At each reporting date, the corporate finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following methods and assumptions were used to estimate the fair values:

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 with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings and financial liabilities included in other payables and accruals as at 31 December 2015 was assessed to be insignificant.

Fair value hierarchy:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015				
Available-for-sale investments	**–**	**230,000**	**–**	**230,000**
Trade receivables	**–**	**142,848**	**–**	**142,848**
	–	**372,848**	**–**	**372,848**
31 December 2014				
Available-for-sale investments	–	230,000	–	230,000

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2014				
Derivative instrument	–	364	–	364

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015				
Financial liabilities included in other payables and accruals	**–**	**63,230**	**–**	**63,230**
Interest-bearing bank and other borrowings	**–**	**15,825,790**	**–**	**15,825,790**
	–	**15,889,020**	**–**	**15,889,020**
31 December 2014				
Financial liabilities included in other payables and accruals	–	18,694	–	18,694
Interest-bearing bank and other borrowings	–	11,025,574	–	11,025,574
	–	11,044,268	–	11,044,268

41. 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.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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. 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 profit or loss 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 RMB113,186,000 (2014: RMB73,697,000) for the year, but there would have been 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 had been applied 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.

41. 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 cash balances which are derived from issue of new H shares in 2014 that are denominated in Hong Kong dollars. The Directors do not anticipate any significant impact resulting from the changes in foreign exchange rates because 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 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 2015 and 2014.

Effect on profit before tax

	Increase/ (decrease) in foreign exchange rate	**2015 RMB'000**	2014 RMB'000
If RMB weakens against Hong Kong dollar	5%	**16,319**	29,183
If RMB strengthens against Hong Kong dollar	(5%)	**(16,319)**	(29,183)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2015 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 was performed on the same basis for the years ended 31 December 2015 and 2014.

41. 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.

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. As at 31 December 2015, 24.1% (31 December 2014: 21.5%) of the Group's trade and bills receivables were due from the provincial power grid companies.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets 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 had already obtained banking facilities from several PRC banks and Group Finance Company of an amount up to RMB42,992 million as at 31 December 2015, of which approximately RMB15,483 million has been utilised as at 31 December 2015.

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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at 31 December 2015 and 2014, based on the contractual undiscounted payments, is as follows:

	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 2015					
Interest-bearing bank and other borrowings	**2,440,313**	**3,705,148**	**4,401,634**	**5,279,023**	**15,826,118**
Interest payments on financial liabilities	**713,982**	**584,705**	**1,027,495**	**1,675,211**	**4,001,393**
Trade and bills payables	**553,362**	**–**	**–**	**–**	**553,362**
Financial liabilities included in other payables and accruals	**1,290,887**	**7,767**	**29,694**	**44,336**	**1,372,684**
	4,998,544	**4,297,620**	**5,458,823**	**6,998,570**	**21,753,557**
31 December 2014					
Interest-bearing bank and other borrowings	1,729,938	1,074,955	5,232,286	2,988,814	11,025,993
Interest payments on financial liabilities	582,925	510,495	888,638	713,388	2,695,446
Trade payables	437,247	–	–	–	437,247
Financial liabilities included in other payables and accruals	1,071,568	6,591	9,942	–	1,088,101
	3,821,678	1,592,041	6,130,866	3,702,202	15,246,787

(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.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in 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 and bills 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.

41. 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 not 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 2015 RMB'000	31 December 2014 RMB'000
Trade and bills payables (note 26)	**553,362**	437,247
Other payables and accruals (note 27)	**1,622,837**	1,331,895
Interest-bearing bank and other borrowings (note 28)	**15,826,118**	11,025,993
Less: Cash and cash equivalents (note 25)	**(3,138,606)**	(3,167,419)
Less: Pledged deposits (note 25)	**(65)**	(30,397)
Net debt	**14,863,646**	9,597,319
Total equity	**8,900,520**	8,762,392
Capital and net debt	**23,764,166**	18,359,711
Gearing ratio	**63%**	52%

42. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of the financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**14,653**	20,754
Intangible assets	**456**	702
Investments in subsidiaries	**5,553,620**	4,943,326
Investment in a joint venture	**70,500**	60,000
Available-for-sale investments	**100,000**	100,000
Interests in associates	**133,178**	–
Other receivables	**4,302,511**	1,996,892
Total non-current assets	**10,174,918**	7,121,674
CURRENT ASSETS		
Prepayments, deposits and other receivables	**122,429**	1,581,176
Available-for-sale investments	**230,000**	230,000
Cash and cash equivalents	**784,349**	1,175,875
Total current assets	**1,136,778**	2,987,051
CURRENT LIABILITIES		
Other payables and accruals	**67,452**	54,320
Interest-bearing bank loans	**97,263**	125,600
Tax payable	**5,305**	7,894
Derivative financial instrument	**–**	364
Total current liabilities	**170,020**	188,178
NET CURRENT ASSETS	**966,758**	2,798,873
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,141,676**	9,920,547
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**4,205,251**	3,141,292
Total non-current liabilities	**4,205,251**	3,141,292
Net assets	**6,936,425**	6,779,255
EQUITY		
Issued share capital	**3,715,160**	3,715,160
Reserves	**3,221,265**	3,064,095
Total equity	**6,936,425**	6,779,255

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014	1,459,650	99,657	543,431	2,102,738
Profit for the year	–	–	379,699	379,699
Total comprehensive income for the year	–	–	379,699	379,699
Issue of new H shares	752,555	–	–	752,555
Declared final 2013 dividend	–	–	(170,897)	(170,897)
Transfer from retained profits	–	37,970	(37,970)	–
At 31 December 2014	2,212,205	137,627	714,263	3,064,095
Profit for the year	–	–	**272,340**	**272,340**
Total comprehensive income for the year	–	–	**272,340**	**272,340**
Declared final 2014 dividend	–	–	**(115,170)**	**(115,170)**
Transfer from retained profits	–	**27,234**	**(27,234)**	–
At 31 December 2015	**2,212,205**	**164,861**	**844,199**	**3,221,265**

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 24 March 2016.

Definitions

"Accounting Standards for Business Enterprises of PRC"	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006, and other related regulations and the amendments from time to time
"Approved Projects"	wind power projects which have obtained the "Approval for Fixed Assets Investment Project (固定資產投資專案核准證)" or Letter(s) for approved project in accordance with laws and regulations such as the "Interim Measures for Corporate Investment Project (企業投資專案核准暫行辦法)", but have not yet started 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)
"CNG"	compressed natural gas
"Company" or "we"	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"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 the project companies that the Group fully consolidates in its Financial Statements
"consolidated installed capacity" or "consolidated operating capacity"	the aggregate installed capacity or operating capacity (as the case may be) of the project companies that the Group fully consolidates in its consolidated Financial Statements. This is calculated by including 100% of the installed capacity or operating capacity of the project companies that the Group fully consolidates in its consolidated Financial Statements and are deemed as its subsidiaries. Consolidated installed capacity and consolidated operating capacity do not include the capacity of the Group's associated companies
"Financial Statements"	the audited financial statements for the year ended 31 December 2015
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, consisting of auxiliary electricity and electricity generated during the construction and testing period
"Group"	the Company and its subsidiaries

Definitions

“Group Finance Company”	HECIC Group Finance Company Limited(河北建投集團財務有限公司), a company in which the Company has shareholding, jointly set up by the Company, HECIC, Jointo Energy, HECIC Communications and HECIC Water
“GW”	unit of power, 1 GW = 1,000 MW
“GWh”	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used for measurement of an annual power production of large wind farm
“Hebei Fengning”	Hebei Fengning Pumped Storage Company Limited (河北豐寧抽水蓄能有限公司)
“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
“Hebei SASAC”	State-owned Assets Supervision and Administration Commission of Hebei Province (河北省人民政府國有資產監督管理委員會)
“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, which is primarily engaged in the investment in and development of projects in the foundation, infrastructures and provincial pillar industries, such as energy, transportation, water supply and commercial real estates
“HECIC Communications”	HECIC Communications Investment Co., Ltd. (河北建投交通投資有限責任公司)
“HECIC New-energy “	HECIC New-energy Co., Ltd., a wholly-owned subsidiary of the Company
“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
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards, including the standards and interpretation announcements approved by the International Accounting Standard Board and its predecessor, the International Accounting Standard Committee

Definitions

"installed capacity"	the capacity of the wind turbines that have been completely assembled and erected
"Jointo Energy"	Jointo Energy Investment Co., Ltd. Hebei (河北建投能源投資股份有限公司)
"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 Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LNG"	liquefied natural gas
"Ministry of Finance"	Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"MW"	unit of power, megawatt. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh=1,000 kWh
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"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 (i) auxiliary electricity and (ii) 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
"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 Hong Kong Stock Exchange (Stock code: 857)
"reporting period"	the fiscal year from 1 January 2015 to 31 December 2015
"RMB"	Renminbi, the lawful currency of the PRC
"Shenzhen Suntien"	Shenzhen Suntien Green Energy Investment Company Limited (深圳新天綠色能源投資有限公司), a wholly-owned subsidiary of the Company
"Suntien Hong Kong"	Suntien Green Energy (Hong Kong) Corporation Limited, a wholly-owned subsidiary of the Company
"Suntien Weichang"	Suntien Green Energy Weichang Co., Ltd. (新天綠色能源圍場有限公司), 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 HEADQUARTERS:
9th Floor
Block A
Yu Yuan Plaza
No. 9 Yuhua West Road
Shijiazhuang City
Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:
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. Cao Xin

JOINT COMPANY SECRETARIES:
Mr. Ban Ze Feng
Ms. Lam Yuen Ling, Eva

DIRECTORS OF THE COMPANY:

Non-executive Directors
Dr. Cao Xin
Dr. Liu Zheng
Mr. Qin Gang
Ms. Sun Min
Mr. Wu Hui Jiang

Executive Directors
Mr. Gao Qing Yu
Mr. Wang Hong Jun

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. Liu Jin Hai
Mr. Qiao Guo Jie
Mr. Xiao Yan Zhao
Mr. Liang Yong Chun
Ms. Ma Hui

AUTHORIZED REPRESENTATIVES:
Mr. Gao Qing Yu
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

Jia Yuan Law Offices, Beijing
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

Shijiazhuang Yuhua Sub-branch
No. 168 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

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

www.suntien.com