CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*
新天綠色能源股份有限公司
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00956)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2012:

- revenue was RMB3,702 million, representing an increase of 16.8% compared with 2011
- profit before tax was RMB803 million, representing an increase of 14.6% compared with 2011
- net profit attributable to shareholders of the Company was RMB550 million, representing an increase of 22.5% compared with 2011
- earnings per share was RMB0.1697, representing an increase of 22.5% compared with 2011

The Board recommends a final dividend distribution of RMB0.02 per share (tax inclusive) for 2012.

RESULTS HIGHLIGHTS

The board of directors (the "Board") of China Suntien Green Energy Corporation Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012. This announcement is compliant with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") regarding the information required to be included in the preliminary announcement of annual results.

As at 31 December 2012, the Group had consolidated assets of RMB15,263 million with a net gearing ratio of 54.1%; consolidated revenue of RMB3,702 million, representing an increase of 16.8% from 2011; net profits attributable to shareholders of RMB550 million, representing an increase of 22.5% from 2011. Earnings per share was RMB0.1697.

The Board recommended the payment of a final dividend in cash of RMB0.02 per share (tax inclusive) (RMB64,768,700 in total (tax inclusive)) to all shareholders subject to the shareholders' approval at the Company's annual general meeting to be held on Thursday, 6 June 2013.

Details of the Group's operating results are set out in the financial information contained in the appendix to this announcement.

REVIEW OF RESULTS OF 2012

1. INDUSTRY REVIEW

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

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

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

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

2. BUSINESS REVIEW

(1) NATURAL GAS

1 Steady growth in sales volume of natural gas

During the reporting period, the Group overcame unfavourable factors including reduction in production capacity of industrial users and intensified competition in mid-stream natural gas market resulted from the slowdown in macro-economy as well as tight natural gas supply in winter. We actively guaranteed natural gas sources and made a stable growth in gas sales with annual sales volume of 1,246 million cubic meters, representing an increase of 2.8% from last year, of which: the piped natural gas sold to wholesale customers was 694 million cubic meters, accounting for 55.7% of the total sales volume, representing a decrease of 6.2% from last year; the sales volume of gas in retail business, including city natural gas, was 492 million cubic meters, accounting for 39.5% of the total sales volume, representing an increase of 16.0% from last year; CNG sales amounted to 60 million cubic meters, accounting for 4.8% of the total sales volume, representing an increase of 27.7% from last year. The Group optimized its business structure by increased development in retails and sales of CNG that are more profitable.

2 Smooth progress in the development of pipeline network projects

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

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

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

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

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

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

4 Actively promoting the development of natural gas resource projects

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

During the reporting period, Caofeidian LNG project, in which the Group has non-controlling interest, proceeded as planned. 80% of the construction of phase I 350-ton LNG terminal has been completed and it is expected to be ready for operation by the end of 2013.

5 Exploration for new management model

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

(2) WIND POWER BUSINESS

1 Steady growth in the installed capacity of wind power

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

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

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

During the reporting period, benefited from higher operation, maintenance and management level, the average utilization hours of the consolidated wind farms of the Group was 2,290 hours, representing an increase of 242 hours or 11.8% as compared to the corresponding period last year. The average availability factor of consolidated wind farms amounted to 97.60%, representing an increase of 1.05 percentage points over the corresponding period last year. Average auxiliary electricity rate of wind farms was maintained at 2.39%, which is approximately the same as last year.

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

3 Actively promoting the construction of projects to ensure quality

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

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

4 Further expansion of wind resources reserve

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

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

5 Active promoting the development of CDM in wind power projects

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

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

6 Substantial progress in offshore wind power project

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

OBJECTIVES OF WORK FOR 2013

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

(1) Natural Gas Business

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

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

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

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

(2) Wind Power Business

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

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

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

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

OPERATING RESULTS AND ANALYSIS

Overview

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

Revenue

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

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

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

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

Other income and net gains

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

Operating costs

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

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

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

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

Finance costs

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

Share of profit of associates

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

Income tax expense

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

Net profit

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

Trade and bills receivables

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

Interest-bearing bank and other borrowings

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

Liquidity and capital resources

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

Net gearing ratio

As of 31 December 2012, the net gearing ratio (net liabilities divided by the sum of net liabilities and equity) of the Group was 54.1%, which basically remained unchanged as compared with 54.0% as at 31 December 2011.

Capital expenditures

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

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

OPERATIONAL RISKS

(1) Natural Gas business

Risks of competition in market

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

Risks of shortage of gas sources

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

Risks of market demand

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

Risks of macro economy

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

(2) Wind Power Business

Industry risks

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

Climatic risks

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

Risks of grid connection

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

CDM risks

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

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

Risks of higher construction costs

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

Other operational risks

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

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

(3) Financial risk

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

Material investments

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

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

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

MAJOR EVENTS

Due to change in work arrangement, Dr. Li Lian Ping resigned as the Chairman of the Board, non-executive Director, member of the Remuneration and Appraisal Committee, chairman and member of the Nomination Committee and member of the Strategic Development and Investment Committee of the Board with effect from 27 March 2013. Please refer to the announcement titled "Announcement – Resignation of Chairman and Non-Executive Director" dated 27 March 2013 of the Company for further details.

Dr. Cao Xin, an executive Director of the Company, has been re-designated as a non-executive Director of the Company with effect from 28 March 2013 and elected as the Chairman of the Board on the thirteenth meeting of the first session of the Board. His terms of office will expire upon the expiry of the term of the current session of the Board. Dr. Cao has also been appointed as a member of the Remuneration and Appraisal Committee and the chairman and member of the Nomination Committee and the chairman of the Strategic and Investment Committee. Please refer to the announcement titled "Announcement – Appointment of Chairman and Re-designation of Director, Change of Members of Nomination Committee, Remuneration and Apprasial Committee and Strategic and Investment Development Committee, Change of President" dated 28 March 2013 of the Company for further details.

Effective from 28 March 2013, Dr. Cao Xin has resigned as the president of the Company and Mr. Gao Qing Yu has been appointed as the president of the Company. Please refer to the announcement titled "Announcement – Appointment of Chairman and Re-designation of Director, Change of Members of Nomination Committee, Remuneration and Appraisal Committee and Strategic and Investment Committee, Change of President" dated 28 March 2013 of the Company for further details.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES CODE AND THE CORPORATE GOVERNANCE CODE

The Company has always been focused on improving its corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern and balanced corporate governance structure which comprises a number of independently operated bodies including shareholders meeting, the Board, the board of supervisors and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Corporate Governance Code (the Code on Corporate Governance Practices from 1 January 2012 to 31 March 2012) (the "Code") set out in Appendix 14 to the Listing Rules. In 2012, the Company complied with most of the principles and provisions set out in the Code, except for the following deviation. For the purpose of Code provisions A1.1, the Board held three meetings during 2012. The reason was that the resolutions considered in the convened board meetings fully fulfilled the needs of the Company management. Meanwhile, during the reporting period, Directors keep the effective communication among directors and between the management of the Company to ensure their discharge of duties through tools such as e-mail and electronic communications; for the purposes of Code provisions A6.7 and E1.2 in relation to the requirements on attendance of general meetings and other relevant matters, Mr. Xiao Gang (non-executive director and member of Audit Committee), Mr. Qin Hai Yan (independent non-executive director, chairman and member of the Remuneration and Appraisal Committee and member of the Nomination Committee), Mr. Ding Jun (independent non-executive director and member of the Remuneration and Appraisal Committee and Nomination Committee), Mr. Yue Man Yiu Matthew (independent non-executive director, member of the Audit Committee and Nomination Committee) did not attend the annual general meeting of the Company held on 4 June 2012 due to other work commitment.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.02 per share (tax inclusive) (RMB64,768,700 in total (tax inclusive)) for the year ended 31 December 2012 to all shareholders subject to the shareholders' approval at the Company's annual general meeting to be held on Thursday, 6 June 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining H share holders' entitlement to attend the Annual General Meeting, the H share register of members of the Company will be closed from Saturday, 4 May 2013 to Thursday, 6 June 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, H share holders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17 Floor, Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 3 May 2013.

In order to determine the holders of shares who are entitled to receive the above-mentioned final dividend, the register of members of the Company will be closed from Wednesday, 12 June 2013 to Monday, 17 June 2013 (both days inclusive). To be eligible to receive the final dividend for the year ended 31 December 2012 (subject to the approval of the Company's shareholders), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 June 2013.

REVIEW OF ACCOUNTS

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

PUBLICATION OF ANNUAL REPORT

The Company's annual report will be published on the Company's website (http://www.suntien.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) in due course.

By order of the Board of
China Suntien Green Energy Corporation Limited
Cao Xin
Chairman

Beijing, the PRC, 28 March 2013

As at the date of this announcement, the non-executive directors of the Company are Dr. Cao Xin, Mr. Zhao Hui Ning and Mr. Xiao Gang; the executive directors of the Company are Mr. Gao Qing Yu, Mr. Zhao Hui and Mr. Sun Xin Tian; and the independent non-executive directors of the Company are Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew.

* *for identification purpose only*

APPENDIX

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	**2012**	2011
		RMB'000	*RMB'000*
REVENUE	*4*	**3,702,079**	3,169,831
Cost of sales		**(2,463,732)**	(2,256,982)
Gross profit		**1,238,347**	912,849
Other income and gains, net	*4*	**77,942**	135,009
Selling and distribution expenses		**(505)**	(664)
Administrative expenses		**(194,523)**	(151,956)
Other expenses		**(54,137)**	(22,068)
PROFIT FROM OPERATIONS		**1,067,124**	873,170
Finance costs	*6*	**(353,623)**	(244,924)
Share of profits of associates		**89,937**	72,539
PROFIT BEFORE TAX	*5*	**803,438**	700,785
Income tax expense	*7*	**(7,415)**	(81,797)
PROFIT FOR THE YEAR		**796,023**	618,988
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**796,023**	618,988
Total comprehensive income for the year attributable to:			
Owners of the Company		**549,701**	448,908
Non-controlling interests		**246,322**	170,080
		796,023	618,988
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic (RMB)	*9*	**16.97 cents**	13.86 cents
Diluted (RMB)	*9*	**16.97 cents**	13.86 cents

Details of the dividends payable and proposed for the year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	**31 December 2012 RMB'000**	31 December 2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,602,374**	7,713,222
Prepaid land lease payments		**148,071**	113,115
Goodwill		**9,215**	9,215
Intangible assets		**2,347,909**	2,449,122
Investments in associates		**412,260**	383,172
Held-to-maturity investments		**7,500**	5,000
Available-for-sale investments		**253,400**	3,400
Deferred tax assets		**200**	93
Prepayments and other receivables		**1,250,375**	1,420,307
Total non-current assets		**13,031,304**	12,096,646
CURRENT ASSETS			
Prepaid land lease payments		**4,636**	3,437
Inventories		**29,959**	24,685
Trade and bills receivables	*10*	**842,796**	396,445
Prepayments, deposits and other receivables		**393,092**	290,167
Available-for-sale investments		**203,000**	328,190
Pledged deposits		**64**	64
Cash and cash equivalents		**757,760**	919,502
Total current assets		**2,231,307**	1,962,490
CURRENT LIABILITIES			
Trade payables	*11*	**197,248**	125,325
Other payables and accruals		**913,240**	1,048,133
Interest-bearing bank and other borrowings		**971,347**	636,075
Tax payable		**14,453**	14,159
Total current liabilities		**2,096,288**	1,823,692
NET CURRENT ASSETS		**135,019**	138,798
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,166,323**	12,235,444

	Notes	31 December 2012 RMB'000	31 December 2011 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**6,528,624**	6,114,499
Other payables and accruals		**15,011**	25,970
Total non-current liabilities		**6,543,635**	6,140,469
Net assets		**6,622,688**	6,094,975
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**3,238,435**	3,238,435
Reserves		**2,264,453**	1,779,521
Proposed final dividend	*8*	**64,769**	187,829
		5,567,657	5,205,785
Non-controlling interests		**1,055,031**	889,190
Total equity		**6,622,688**	6,094,975

NOTES:

1. CORPORATE INFORMATION

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

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

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

Clean Energy Business Operations

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

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

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

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

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

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

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

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

2.1 BASIS OF PRESENTATION

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

Basis of consolidation

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

Year ended 31 December 2012

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

Year ended 31 December 2011

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

Note:

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

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

5. PROFIT BEFORE TAX

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

	Notes	2012 RMB'000	2011 RMB'000
Cost of goods sold		**2,424,260**	2,238,272
Cost of services rendered		**39,472**	18,710
Total cost of sales		**2,463,732**	2,256,982
Depreciation of items of property, plant and equipment *(note (a))*		**361,271**	278,960
Amortisation of prepaid land lease payments		**4,212**	2,849
Amortisation of intangible assets		**102,534**	87,732
Total depreciation and amortisation		**468,017**	369,541
Minimum lease payments under operating leases of land and buildings		**6,676**	4,965
Auditors' remuneration		**3,059**	2,862
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		**102,586**	70,775
Pension scheme contributions (defined contribution schemes) *(note (b))*		**8,394**	5,887
Welfare and other expenses		**33,288**	25,524
Gain from acquisition of a subsidiary		**–**	(2,372)
Gain from held-to-maturity investments		**(1,290)**	(1,954)
Gain from available-for-sale investments		**(11,167)**	–
Loss/(gain) on disposal of items of property, plant and equipment, net		**1,108**	(161)
Foreign exchange loss, net		**63**	22,052
Impairment of trade and bills receivables	*10*	**39,825**	–
Impairment of other receivables		**13,029**	–

Notes:

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

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

6. FINANCE COSTS

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

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

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

7. INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

8. DIVIDENDS

The dividends for the year are set out below:

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

10. TRADE AND BILLS RECEIVABLES

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

Group

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

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

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

Group

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

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

Group

	2012 *RMB'000*	2011 *RMB'000*
At 1 January 2012	**–**	–
Impairment losses recognised *(note 5)*	**39,825**	–
At 31 December 2012	**39,825**	–

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

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

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

Group

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

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

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

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

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

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

11. TRADE PAYABLES

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

Group

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

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

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