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 2017

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2017:

- revenue was RMB7,058 million, representing an increase of 61.0% as compared with 2016
- profit before tax was RMB1,204 million, representing an increase of 61.8% as compared with 2016
- net profit attributable to shareholders of the Company was RMB940 million, representing an increase of 73.4% as compared with 2016
- earnings per share was RMB0.2529, representing an increase of 73.5% as compared with 2016

The Board recommends a final dividend distribution of RMB0.103 per share (tax inclusive) for 2017.

RESULTS HIGHLIGHTS

The board (the "**Board**") of directors (the "**Director(s)**") 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 2017. This announcement is complied 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 2017, the Group had consolidated assets of RMB34,288 million with a net gearing ratio of 67%; consolidated revenue of RMB7,058 million, representing an increase of 61.0% from 2016; and net profits attributable to shareholders of RMB940 million, representing an increase of 73.4% from 2016. Earnings per share was RMB0.2529.

The Board recommends the payment of a final dividend in cash of RMB0.103 per share (tax inclusive) (RMB383 million in total (tax inclusive)) to all shareholders subject to the approval at the Company's annual general meeting (the "**Annual General Meeting**") to be held on Friday, 8 June 2018.

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 2017

I. OPERATING ENVIRONMENT

In 2017, the global economy grew at a faster pace and staged a stable recovery. Adhering to the general principle of promoting progress while maintaining stability, China implemented new development concepts by focusing on the supply side structural reform for promoting structure optimization, energy conversion and quality enhancement, which led to the steady improvement of the national economy and continuous release of economic vitality, dynamics and potentials. The stability, coordinated growth and sustainability of the national economy were obviously enhanced, and a stable and healthy development was achieved with GDP for the year increasing by 6.9% as compared with last year.

With the continuous deepening of energy consumption revolution and further implementation of measures for managing the atmospheric environment and controlling the total consumption of coal by the state, the way of energy utilization within the country and its efficiency continued to improve and enhance, the replacement of coal with non-fossil energy was more popular, the efficiency of clean and effective energy utilization was more obvious, the energy consumption structure was further optimized and energy conservation and emission reduction made new achievements. In 2017, the total national energy consumption grew by approximately 2.9% as compared with last year. The proportion of clean energy consumption including natural gas, hydroelectricity, nuclear power and wind power to the total clean energy consumption increased by approximately 1.5 percentage points as compared with last year, while the proportion of coal dropped by approximatey 1.7 percentage points.

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

1. Stable growth of connected grid capacity and generation capacity of wind power

According to the statistics published by the National Energy Administration, the nationwide power consumption in 2017 amounted to 6,307.7 billion kWh, representing an increase of 6.6% as compared with 2016; the newly increased installed capacity of wind power nationwide amounted to 15.03 million kW and the accumulated installed capacity reached 164 million kW; the nationwide wind power generation amounted to 305.7 billion kWh, representing an increase of 26.3% as compared with 2016, with average utilization hours of 1,948 hours, representing an increase of 203 hours as compared with 2016.

In 2017, the accumulated capacity connected to grid in Hebei Province amounted to 11.81 million kW; the annual power generated of wind power amounted to 26.3 billion kWh; the curtailment rate of wind power was 7%; the utilization hours amounted to 2,250 hours, representing an increase of 173 hours as compared with 2016.

2. Promulgation of practical policies for solving wind curtailment in full efforts

In February 2017, the National Energy Administration issued the Results of Monitoring and Early Warning of Wind Power Investment in 2017 with an aim to solving the serious issues of wind power curtailment, and provinces (regions) including Inner Mongolia, Heilongjiang, Jilin, Ningxia, Gansu and Xinjiang (including Production and Construction Corps) were regarded as the red alert areas for development and construction of wind power. Various technological means were required to be applied to reduce the curtailment rate of wind power in the red alert areas.

In November 2017, the National Development and Reform Commission and the National Energy Administration issued the "Implementation Plan on Solving Problems of Water, Wind and PV Power Curtailment" (《解決棄水棄風棄光問題實施方案》). The plan required that the water, wind and PV power curtailment in areas with seriously inadequate transmission capacity of power generated by renewable energy be reduced significantly in 2017, that the curtailment rate of wind power in Gansu and Xinjiang be reduced to about 30%, and that the curtailment rate of wind power in Jilin, Heilongjiang and Inner Mongolia be reduced to about 20%. The annual utilization hours of wind power and PV power in other regions shall reach the local minimum annual utilisation hours secured to be acquired (or a curtailment rate of wind power of less than 10%, and the curtailment rate of PV power of less than 5%) as issued by the National Energy Administration in 2016, so as to effectively solve the nationwide problems of water, wind and PV power curtailment by 2020.

In 2017, the wind power curtailment and wind curtailment rate achieved a "double-decrease" as 41.9 billion kWh of wind power was curtailed over the country for the year, representing a decrease of 7.8 billion kWh as compared with 2016, and the wind curtailment rate dropped by 5.2 percentage points as compared with 2016.

3. Promulgation of the "13th Five-Year Plan" on power development in Hebei Province

On 26 September 2017, the "13th Five-Year Plan on Power Development in Hebei Province" (《河北省「十三五」電力發展規劃》) was issued by the Development and Reform Commission in Hebei. It was planned that by 2020, the installed capacity of gas power generation will reach 4 million kW. The installed capacity of new energy power generation will exceed 36.80 million kW, accounting for more than 35% of the total installed capacity. The coordination and development of large scale wind power generation will be further enhanced based on the principle of "paying equal attention to concentrated and dispersed development, promoting both exports and domestic consumption". Constructions of wind power base with ten-million level kW capacity will be promoted in full efforts and coastal wind power constructions will be carried out in an orderly manner, so as to fill the gap of offshore wind power and encourage the low-speed wind power development and construction in areas rich in resources for heat supply based on the domestic conditions. By 2020, the national installed capacity of wind power generation will be more than 21.00 million kW.

4. Official launch of a national carbon emissions trading market

On 18 December 2017, the National Development and Reform Commission published the "Plan on Construction of National Carbon Emissions Trading Market (Power Generation Industry)" (《全國碳排放權交易市場建設方案（發電行業）》), and announced the establishment of a national carbon emissions trading system on 19 December, with an aim to utilizing the market mechanism to control the emission of greenhouse gases so as to promote the transformation and upgrade of a green and low carbon economy. The renewable energy power generation will be more competitive with the construction of a carbon trading market in the long run.

(II) Operating environment for the natural gas industry

1. Rapid growth in the overall demand for natural gas

In 2017, with the implementation of substitution policy of coal consumption reduction and the promotion of "replacing coal by gas" and "replacing oil by gas", the domestic consumption demand for natural gas kept rising.

According to the statistics of a news update, in 2017, the production capacity of natural gas in China amounted to 148.7 billion cubic meters, representing an increase of 8.5% as compared with 2016; the import of natural gas amounted to 92.0 billion cubic meters, representing an increase of 27.6% as compared with 2016; and the consumption of natural gas amounted to 237.3 billion cubic meters, representing an increase of 15.3% as compared with 2016.

2. *Reduction of natural gas price for non-residential usage*

China lowered the price of pipeline transportation in accordance with the national general requirement on promotion of structural reform of the supply side and based on the supervision results of costs of natural gas pipeline transportation, and determined to reduce the primary station price of natural gas for non-residents based on the adjustment of the rate of value added tax of natural gas. The National Development and Reform Commission issued the "Circular on Reducing the Primary Station Benchmark Prices of Natural Gas Used for Non-residential Purposes" (《關於降低非居民用天然氣基準門站價格的通知》) in August 2017, requiring that effective from 1 September 2017, the primary station benchmark price of natural gas for non-residential use be reduced by RMB100 per 1,000 cubic meters, and that gas producers and operators shall simultaneously cut the price of natural gas supplied to primary stations in each province (autonomous region or municipality) by the same amount in principle after the adjustment of the primary station benchmark price.

3. *Issue of the Clean Winter Heating Plan for Regions in Northern China (2017-2021)*

In December 2017, eight ministries and commissions including the National Development and Reform Commission and the National Energy Administration jointly issued the Clean Winter Heating Plan for Regions in Northern China (2017-2021) (《北方地區冬季清潔取暖規劃（2017-2021年）》), with an aim to improving the level of clean heating in regions in Northen China and reducing the emission of air pollutants. It is planned that by 2019, the clean heating rate in regions in Northen China will reach 50%, which will replace coal (including coal used in small inefficient boilers) of 74.00 million tonnes. By 2021, the clean heating rate in regions in Northen China will reach 70%, which will replace coal (including coal used in small inefficient boilers) of 150 million tonnes. The work will focus on the "2+26" cities and promote the replacement of coal by natural gas for heat supply in full efforts. It will accelerate the construction of supporting facilities for urban natural gas pipeline network in cities, regions and counties in Northern China so as to give priority to the development of gas heating. The new heat supply area and newly added areas in the use of natural gas of the "2+26" cities accumulated during 2017 to 2021 will be 1.8 billion square meters and 23.0 billion square meters respectively.

4. *Promulgation of the "Medium to Long Term Oil and Gas Pipeline Network Planning"*

The National Development and Reform Commission and the National Energy Administration issued the "Medium to Long Term Oil and Gas Pipeline Network Planning" in May 2017, which is the layout and planning of the country's oil and gas pipeline network in the medium to long term and an important basis for promoting the infrastructural construction such as oil and gas pipeline network. Under the planning, the scale of national oil and gas pipeline network will reach 169,000 km by 2020, of which the total length of pipelines for crude oil, refined petroleum and natural gas will be 32,000 km, 33,000 km and 104,000 km respectively.

II. BUSINESS REVIEW

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

1. Business review of wind power

(1) Stable growth of installed capacity

In 2017, the Group newly increased 552.2 MW of consolidated installed capacity of wind power, and the accumulative consolidated installed capacity was 3,348.35 MW; the newly increased attributable installed capacity of wind power was 452.30 MW, and the accumulated attributable installed capacity was 3,023.90 MW. The newly increased commercial operation project capacity during the year was 483.05 MW, and the accumulated commercial operation project capacity was 2,878.35 MW.

As at 31 December 2017, the total designed capacity of the onshore wind power projects under construction of the Group was 506.6 MW, and the total designed capacity of the offshore wind power projects under construction of the Group was 264 MW.

(2) Increase in the utilization hours of wind farms

In 2017, the average utilization hours of the Group's controlled wind farms were 2,392 hours, representing an increase of 197 hours as compared with 2016, 142 hours more than the average utilization hours in Hebei Province, mainly due to a higher level of utilization hours of newly operated wind farms of the Group. The Group's controlled wind farms realized a power generation of 6.737 billion kWh, representing an increase of 46.95% as compared with 2016. The average availability factor of the wind power generation units was 97.98%, representing an increase of 0.1 percentage point as compared with 2016.

(3) Speed up the promotion of wind resources reserves

In 2017, the Group acquired 832.1 MW newly approved capacity, and the total approved unstarted project capacity amounted to 2,434.6 MW.

During the reporting period, wind power projects with 1,147 MW of the Group were listed as national approved plans and the accumulative capacity of the Group's national approved plans has reached 6,398.8 MW and its wind power projects are located in more than 10 provinces across China.

During the reporting period, the Group acquired 5,800 MW of new wind power agreed capacity, spreading among 14 regions including Shandong, Henan, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan and Hebei, etc.

(4) Active establishment of a transformation system for scientific research achievements

The Group accelerated the pace of scientific research and innovation through the building of a technological innovation system with the enterprise as the center combining production, education, research and application where various kinds of key resources will be gathered. During the reporting period, the Group was granted 8 utility model patents for new energy sector, and the "Intelligent Warehouse" of wind power based on the big data technology had completed the building of hardware system and entered the stage of debugging of software.

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 RMB3,101 million, representing an increase of 56.3% as compared with 2016 and accounting for 43.9% of the Group's sales revenue. The increase of revenue was mainly due to an increase of operational installed capacity of the wind farms of the Group and better wind resources as compared with last year, which resulted in an increase in sales volume of electricity and revenue of electricity sales as compared with 2016.

(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 RMB1,506 million, representing an increase of 52.0% as compared with 2016. This was mainly due to an increase in operating cost resulting from the wind power and photovoltaic projects gradually being put into operation.

(3) Profit from operations

During the reporting period, the profit from operations of the wind power business was RMB1,653 million, representing an increase of 59.7% as compared with 2016. The increase was mainly due to an increase in wind power revenue, which resulted in the increase in profit. The gross margin was 59.6%, which was 1.9 percentage points higher, as compared with 2016. This was mainly due to the better wind resources in the areas where the wind farms operated by the Group were located, which resulted in an increase in revenue of electricity sales and an increase in gross profit margin.

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

1. *Business review of natural gas*

(1) Significant increase in sales volume of natural gas as compared with 2016

During the reporting period, the Group recorded an increase in its sales volume of natural gas as affected by the recovery of real economy and the policy of "replacing coal by gas", and realized a sales volume of 1,879 million cubic meters for the year, representing an increase of 69.08% as compared with 2016, of which the wholesales volume amounted to 1,092 million cubic meters, representing an increase of 38.97% as compared with 2016 and accounting for 58.13% of total sales volume; the retail sales volume amounted to 699 million cubic meters, representing an increase of 175.01% as compared with 2016 and accounting for 37.21% of total sales volume; the sales volume of CNG amounted to 88 million cubic meters, representing an increase of 23.08% as compared with 2016 and accounting for 4.65% of total sales volume.

(2) Actively promoting the construction of infrastructural projects

The Group increased 903.97 kilometers of natural gas pipeline in 2017. As of 31 December 2017, the Group operated a total of 3,087.67 kilometers of pipeline, including 846.29 kilometers of long-distance transmission pipeline and 2,241.38 kilometers of city gas pipeline; and operated a total of 16 distribution stations and 10 gate stations.

During the reporting period, Shanxi Licheng-Hebei Shahe coalbed methane pipeline network project was put into operation. The pipework for ten counties in middle Hebei Province (Phase II) was put into trial operation. The construction of Xiaoxinzhuang branch (小辛莊支線) was basically completed, while the construction of Xinji branch (辛集支線), Xiaoxinzhuang terminal (小辛莊末站) and Xincheng terminal (新城末站) was completed by 35%, 65% and 20% respectively. Shahe LNG liquefaction plant completed inter-connection and trial operation was in progress.

(3) Continuous 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 654 (including 352 small business users) to a total of 2,668 users (including 1,673 small business users). New residential users increased by 61,263 (including 51,810 new cards users) to a total of 234,212 users (including 177,690 existing cards users).

During the reporting period, the Group steadily promoted the expansion of large business users, and set up branch companies in Luancheng District and Luquan District, Shijiazhuang, Hebei Province so as to focus on the expansion of gas-fired power project in Hebei Province.

(4) Developing CNG and LNG businesses in a prudent manner

During the reporting period, the Group developed its CNG and LNG businesses in a prudent manner, and Anping CNG primary filling station was put into operation. As of 31 December 2017, the Group operated a total of 7 CNG primary filling stations and 7 CNG secondary filling stations.

(5) Management of an innovative and effective operation

During the reporting period, Hebei Natural Gas, the subsidiary of the Group, continued to adopt the innovative management model, and three management innovation achievements including "The building and implementation of construction model for gas industry team", "The innovation and practice of production and management platform for natural gas based on GIS" and "The innovation research on the management system for the Group's human resources" won the second prize in the Enterprise Management Innovation Achievement Award of Hebei Province.

2. *Key financial indicators of natural gas*

(1) Revenue

During the reporting period, the Group recorded a natural gas sales revenue of RMB3,957 million, representing an increase of 64.8% as compared with 2016, and accounting for 56.1% of the Group's sales revenue. The increase of revenue was mainly attributable to a substantial increase in sales volume of the Group's natural gas as compared with last year. In particular, the pipe wholesale business recorded sales revenue of RMB2,127 million, accounting for 53.7% of the Group's sales revenue from natural gas; retail business, such as city natural gas, recorded sales revenue of RMB1,453 million, accounting for 36.7% of the Group's sales revenue from natural gas; CNG business recorded sales revenue of RMB208 million, accounting for 5.3% of the Group's sales revenue from natural gas. Other revenue was RMB169 million, accounting for 4.3% 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 RMB3,780 million, representing an increase by 71.4% from the amount of RMB2,206 million last year. This was mainly due to a substantial increase in corresponding cost of sales as a result of the substantial increase in 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 RMB191 million, representing a decrease by 4.7% from last year, mainly due to the decrease in profits as a result of a provision for bad debts in the year 2017. Gross profit margin was 11.6%, which was 0.8 percentage point lower than that of 2016, mainly due to the decrease in gross profit margin of pipeline network connection and construction business of Hebei Natural Gas.

(III) Other clean energy business

During the reporting period, the Group not only put efforts on the development of wind power and natural gas businesses, but also proactively and steadily developed and established other new energy projects.

In 2017, the Group steadily developed the photovoltaic power generation projects. The newly approved capacity of photovoltaic projects amounted to 20 MW and the accumulative approved uncommenced project capacity was 139 MW.

During the reporting period, there were 2 photovoltaic projects in progress, which were the photovoltaic power station project of 10 MWp in Lizhi Village, Tailai County, Heilongjiang and the photovoltaic power station project of 10 MWp in Ningjiang Town, Tailai County, Heilongjiang, and they were all connected to grid for power generation.

By the end of 2017, the Group developed photovoltaic power generation projects with accumulated operating capacity of 81 MW.

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

(i) Overview

According to the audited consolidated financial statements for 2017, the Group's net profit for the year was RMB1,105 million, representing an increase of 70.7% as compared with 2016, of which the profit attributable to the equity holders of the Group was RMB940 million, representing an increase of 73.4% as compared with 2016, mainly due to a significant increase in realized revenue from the wind power business of the Group as compared with last year.

(ii) Revenue

In 2017, the Group recorded revenue of RMB7,058 million, representing an increase of 61.0% as compared with 2016, of which:

1. Natural gas business recorded revenue of RMB3,957 million, representing an increase of 64.8% as compared with 2016. This was mainly attributable to the increase in revenue as a result of the increase in sales volume of natural gas in the year 2017.

2. Wind power business achieved revenue of RMB3,101 million, representing an increase of 56.4% as compared with 2016. This was mainly due to an increase in installed capacity and utilization hours of operational equipment, which resulted in an increase in sales volume of electricity and revenue of electricity sales.

(iii) Other income and net gains

During the reporting period, the Group recorded other income and net gains of RMB81 million, representing a decrease of 16.5% as compared with 2016. This was mainly due to the substantial decrease in the foreign exchange gains resulting from fluctuations of exchange rates denominated in Hong Kong Dollar.

(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 RMB5,374 million, representing an increase of 65.2% as compared with 2016, of which:

1. Cost of sales was RMB4,750 million, representing an increase of 61.4% as compared with 2016. This was mainly because the cost of purchase of natural gas, which constituted major sales costs of the Group, increased substantially as a result of a substantial increase in sales volume of natural gas.

2. Administrative expenses were RMB453 million, representing an increase of 50.0% as compared with 2016. 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 RMB171 million, representing an increase of 2,160.3% as compared with 2016. This was mainly due to a provision of RMB156 million for bad debts for the year.

(v) Finance costs

During the reporting period, the Group's finance costs were RMB774 million, representing an increase of 41.0% as compared with RMB549 million in 2016. This was mainly because 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 RMB215 million, representing an increase of RMB150 million as compared with RMB65 million of last year. This was mainly due to a substantial increase 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 RMB99 million, representing an increase of RMB2 million as compared with RMB97 million last year. This was mainly due to the substantial increase in profit before tax of the Group during the reporting period. However, as the large-scale wind farms put into operation lately were still enjoying the Tax Holiday, this led to a rather mild increase in income tax expenses for the year as compared with last year.

(viii) Net profit

During the reporting period, the Group recorded a net profit of RMB1,105 million, representing an increase of 70.7% as compared with 2016. During the reporting period, the substantial increase in the sales of electricity and rise in gross profit margin of the wind power segment led to net profit of RMB984 million, representing an increase of 83.6% as compared with 2016; the natural gas business segment realized a net profit of RMB208 million, representing an increase of 75.2% as compared with 2016, mainly due to the increase in sales volume of natural gas during the reporting period.

(ix) Profit attributable to owners of the Company

During the reporting period, the profit attributable to owners of the Company was RMB940 million, representing an increase of RMB398 million as compared with RMB542 million last year. This was primarily attributable to the increase in net profits of the Group as compared with last year.

The basic earnings per share attributable to shareholders of the Company was RMB0.2529.

(x) Profit attributable to non-controlling interests

During the reporting period, the profit attributable to non-controlling interests of the Company was RMB165 million, representing an increase of RMB59 million as compared with RMB106 million last year. This was primarily attributable to the increase in net profits of the Group as compared with last year.

(xi) Trade and bills receivables

As of 31 December 2017, the Group's trade and bills receivables amounted to RMB2,747 million, representing an increase of RMB971 million, which was mainly attributable to the increase in the outstanding subsidy funds for tariff premium of renewable energy to be received for the wind power business.

(xii) Bank and other borrowings

As of 31 December 2017, the Group's long-term and short-term borrowings totaled RMB18,925 million, representing an increase of RMB1,880 million as compared with the end of 2016. Among all borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB5,708 million and long-term borrowings amounted to RMB13,217 million.

During the reporting period, the Group actively expanded financing channels and strengthened capital management to guarantee the smooth operation of capital chain and to reduce finance cost. Firstly, the Group replaced high-interest-rate existing loans, and managed to get the prime rate for new loans. Secondly, the Group strengthened the capital management to improve efficiency of the use of funds and to reduce the chance of fund precipitation.

(xiii) Liquidity and capital resources

As of 31 December 2017, the Group's net current liabilities was RMB3,940 million, and the net increase in cash and cash equivalents was RMB619 million. The Group has obtained credit facilities of a total amount of RMB44,106 million from various domestic banks, of which an amount of RMB18,434 million 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 properties, plants 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 RMB3,922 million, representing a decrease of 7.1% as compared with RMB4,223 million last year. A breakdown of capital expenditure is as follows:

	2017	2016	Change
	(RMB'000)	*(RMB'000)*	*(%)*
Natural gas	**443,506**	427,300	3.8%
Wind power and solar energy	**3,477,966**	3,793,855	-8.3%
Unallocated capital expenditures	**279**	1,799	-84.5%
Total	**3,921,751**	4,222,954	-7.1%

(xv) Net gearing ratio

As at 31 December 2017, the net gearing ratio (net debt divided by the sum of net debt and equity) of the Group was 67%, representing an increase of 1 percentage point as compared with 66% as at 31 December 2016, which was mainly due to an increase in external financing in the wind power sector of the Group.

(xvi) Material investments

The Group had no material investments during the year.

(xvii) Material acquisitions and disposals

On 12 April 2017, Shenzhen Suntien Green Energy Investment Company Limited ("**Suntien Shenzhen**") and Suntien Green Energy (Hong Kong) Corporation Limited ("**Suntien HK**"), both of which are wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreement with Jointo Energy Investment Co., Ltd. ("**JEI**") and Yanshan International Investment Company Limited ("**Yanshan International**") respectively for the disposal of an aggregate of 35% equity interest in Huihai Financial Leasing Co., Ltd. (formerly known as Shenzhen Suntien Huihai Financial Leasing Co., Ltd., "**Shenzhen Huihai**"). Upon completion of the equity transfer, JEI, Yanshan International, Suntien Shenzhen, Maotian Capital Co., Ltd. ("**Maotian Capital**"), Hebei Construction & Investment Group Co., Ltd. ("**HECIC**") and Suntien HK entered into the Capital Contribution Agreement, pursuant to which JEI, Yanshan International, Maotian Capital and HECIC subscribed for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million of the increased registered capital of Shenzhen Huihai, respectively. Such capital contribution was completed and the registered capital of Shenzhen Huihai would increase from RMB300 million to RMB650 million and the shareholding of Shenzhen Huihai held by the Company through Suntien Shenzhen and Suntien HK was decreased to 30%. As such, according to Rules 14.04 and 14.29 of the Listing Rules, the above transactions constituted the disposal of equity interest in Shenzhen Huihai. For the further details of the equity transfer and capital contribution to Shenzhen Huihai, please refer to the announcement dated 12 April 2017 and the circular dated 18 May 2017 of the Company.

(xviii) Material charge on assets

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

(xix) Contingent liabilities

As at 31 December 2017, RMB180 million was used as the guarantee provided by the Group to a joint venture for its application to a bank for credit line.

As at 31 December 2017, RMB500 million was used as the guarantee provided by the Group to an associate for its application to a bank for credit line.

IV. PROSPECTS FOR 2018

As stated in the report of the 19th CPC National Congress, China has entered a new age. The future development will be the acceleration of the reform of an ecologically-civilized system, building of a beautiful China and establishment of a market-oriented system for green technological innovation, so as to develop green finance and strengthen the energy-saving and environmental protection industry, clean production industry and clean energy industry. The promotion of energy production and consumption revolution and establishement of a low carbon, safe and efficient system for clean energy are encouraged. Against such background, each business segment of the Group will meet with new development opportunities with promising prospects.

(I) Prospect for the wind power business

With the entering of a new age, China will implement green development principles, strengthen the building of an ecologically-civilized society and persistently promote green energy consumption. The new energy industry will be developed in the direction of higher efficiency, lower costs, broader scope of use and higher degree in market-oriented application. The Group will further overcome conceptual obstacles, explore cooperation mechanism in depth and extend the development platform of the Group on this basis for striking a balance and driving for more rapid development of each business segment so as to continuously optimize and improve the business structure of the Company.

1. More efforts shall be placed on the development of new energy business, to accelerate the promotion of wind power development in low-speed wind regions, properly follow up the development of distributed wind power, diligently undertake the detection and analysis of wind power forecast data of existing resources and promptly implement the construction and conditions for access so that the projects can be approved as soon as possible.

2. Revise and improve the management system for infrastructure based on the actual project situation, regulate the project management procedures, supervise and give direction to project companies to establish a sound management system for project construction in a timely manner according to the overall system construction of the Group, so as to ensure that the safety, quality, progress and investments of the construction projects are under control and that each key project can commence production on schedule.

3. Strengthen the production management, continuously consolidate the establishment of the "double control" system for safe production and set up production safety standards. Raise the awareness on intellectual property with development driven by innovation, and actively promote the transformation and upgrade of industrial technologies so as to maintain its leading position in production. The Group shall actively apply for various national patents, enhance the technological level, strengthen the capability of expansion of external markets and its influence towards the industry.

(II) Prospects for the natural gas business

The year 2018 is a crucial year for the implementation of the "13th Five-Year Plan". Leveraging on the advantages of clean energy development, the Group will continue to uphold the strategic position of "actively strive for participation in the upstream business, control the midstream business in full efforts, and selectively develop the downstream business", and focus will be on attaining new achievements in deepening the supply side reform of energy and resource allocation, achieving new breakthroughs in gas volume enhancement and making new progress in the construction of main pipelines.

1. Cooperation with upstream partners

The Group will continue to actively deepen the cooperation with the upstream gas suppliers and strive to explore move sources of gas with the adoption of various measures, so as to achieve mutual complementation and support between PetroChina, Sinopec Corp. and CNOOC, so that the stability and reliability of the gas protection system of the Group can be assured.

2. Long-distance transmission pipeline business

The Group will accelerate the construction progress of the major long-distance transmission projects such as the pipeline network for ten counties in the middle of Hebei Province (Phase II) and transmission pipeline from Zhuozhou to Yongqing, and strive for the commencement of operation as early as possible in order to lend support to the expansion of the Company in the downstream market. The Group aims to commence the operation of pipeline projects for gas supply to major users as early as possible and comprehensively improve the operating efficiency of the Group.

The Group will explore the development potential in surrounding markets of the existing long-distance pipeline, penetrate into the market of downstream distributors and direct users with high gas consumption aiming to deepen the cooperation with them through initiatives of guaranteeing supply and offering sales incentives to retain the existing transmission volume and develop new customers, so as to boost the long-distance gas business.

3. City gas business

By grasping the opportunity of green energy development and "replacing coal by gas" in Hebei Province, while guaranteeing stable supply to existing users, the Group will take advantage of the Company's pipeline network within the province to continue to explore in great depth the potential gas market and quality customers in the province, and 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.

(III) Innovative financing means

In 2018, the Group will continue to put more efforts on the widening of channels for financing and innovative financing means and obtain greater amount of capital at low cost for projects from various aspects.

1. By deepening the communication and interaction with different financial institutions and bringing the geographical advantages of Suntien HK and Suntien Shenzhen into full play as well as continuously paying attention to the changes of various policies, the Group could keep abreast of market development, select financial products on a preferentially basis, reasonably adjust the proportion of direct and indirect debt financing and further optimize the debt structure so as to minimize capital costs.

2. By actively analyzing the government policy, macro-economic situation and trend of market interest rates and exploring new financing channels in the capital market, the Group will issue financing instruments such as corporate bonds and super short term debentures and obtain funds through multiple channels.

V. RISK FACTORS AND RISK MANAGEMENT

(I) Wind power business

1. Uncertainties in wind resources

The primary climate risk faced by the wind power industry is the volatility of the wind resources, which expresses in a way that the amount of wind power generation is higher than the normal annual level in big wind years and lower in little wind years. In 2017, the overall wind speed was good; however, due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2018. 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 climate.

2. *Risk of decrease in tariff rate*

In accordance with the revelant government policies, "wind power to become cost competitive with thermal power" will be achieved by 2020. In this regard, 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 connected to grid and put into operation as early as possible. At the same time, the Group will continue to strengthen the operation, maintenance and management, enhance the safety and reliability of equipment and improve the level of production and operation maintenance, so as to lay a solid foundation for the commencement of subsequent projects.

3. *Continuation of wind curtailment and power constraints*

As the construction of power grids is lagging behind the construction of wind power projects, the development of wind power projects is limited by wind power output. In 2017, power constraints in the projects of the Group in Zhangjiakou and Xinjiang were much severe. As the new wind power projects in Zhangjiakou and Chengde put into operation, it is expected that power constraints are likely to further intensify in the next few years.

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, the Group will explore and develop innovative consumption methods for wind power. 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. *Increase in management difficulty of construction*

Uncontrollable factors such as project obstacles, slow land approval and complicated formalities of forest land for projects located at pasture and natural reserves 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 that the projects will commence operation as scheduled.

(II) Natural Gas Business

1. Shortage of upstream resources leads to tightening supply of gas in winter

In 2017, with the recovery of real economy and promotion of the policy of "replacing coal by gas", the gas volume consumed in the regions operated by Group increased gradually, leading to a tightening of supply in winter, which created considerable pressure on resource allocation and safe operation of pipelines. Rapid growth of demand for natural gas resulted in shortage of natural gas resources, and there was increasing pressure on supply.

The Group will actively coordinate with PetroChina and Sinopec Corp. for implementation of volume indicators. At the same time, the Group will make demand forecast in respect of bad weather and peak season of natural gas consumption, formulate and optimize plans for supply of piped gas from multiple sources so as to make the best allocation in terms of resource deployment and economic consideration.

2. Increase in gas costs results in adverse impact on operating profits and market expansion

The implementation of the policy of "replacing coal by gas" led to a significant increase in the natural gas volume used, and with the continuous promotion of market-oriented price of natural gas, the price of additional gas resources in winter increased considerably, which caused an increase in the overall gas costs of the Group.

To cope with the situation, the Group will complete the sales price adjustment as soon as possible, and adopt measures based on local conditions as well as carry out reasonable allocation of resources so as to mitigate the possible impact.

3. Risk of accounts receivable is effectively controlled, yet it is still difficult in recovering trade receivables

Through repeated efforts of the Group, the downstream debtors repaid their debts according to plans. The amount in arrears was decreasing and the situation is under control. The demand for gas in glass industry has a significant improvement, nonetheless additional time is needed to recover all debts.

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.

(III) Interest rate risk

The Group is principally engaged in investment in domestic wind farms, which requires certain amount of capital expenditure. The demand for borrowing funds is high and fluctuation in interest rate will have certain influence on the capital cost of the Group. The Group will keep an eye on the trend of the national monetary policies, strengthen its communications with financial institutions to bargain for prime interest rate loans; expand financing channels in various aspects to achieve financial innovation, by means of issue of debentures, finance lease, foreign financing and trade receivable factoring to ensure the smooth operation of capital chain and a low cost for project construction.

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 purchased or sold any of the Company's securities that listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure and set up shareholders meeting, the Board, the board of supervisors, 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 set out in Appendix 14 to the Listing Rules. During the reporting period, the Company has complied with all provisions set out in the Corporate Governance Code.

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 the Model Code regarding securities transactions by all Directors and supervisors of the Company, and no breaches were found.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.103 per share (tax inclusive) (RMB383 million in total (tax inclusive)) for the year ended 31 December 2017 to all shareholders subject to the approval of the shareholders at the Company's Annual General Meeting to be held on 8 June 2018.

The Board hereby further announces that the expected dividend payment date is Wednesday, 18 July 2018 and the dividend will be paid to the H shareholders whose names appear on the register of H Shares of the Company on Tuesday, 19 June 2018, subject to the approval by the shareholders on the final dividend payment arrangement. Details of the dividend payment will be announced after the Annual General Meeting in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining H shareholders' entitlement to attend the Annual General Meeting, the H share register of members of the Company will be closed from Wednesday, 9 May 2018 to Friday, 8 June 2018 (both days inclusive), during which no transfer of shares will be registered. In order to attend the Annual General Meeting, H shareholders 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 8 May 2018.

In order to determine the shareholders who are entitled to receive the above-mentioned final dividend, the register of members of the Company will be closed from Thursday, 14 June 2018 to Tuesday, 19 June 2018 (both days inclusive). To be eligible to receive the final dividend for the year ended 31 December 2017 (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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 June 2018.

REVIEW OF ACCOUNTS

The Audit Committee of the Board of the Company has reviewed the 2017 annual results of the Group and the financial statements for the year ended 31 December 2017 prepared in accordance with the International Financial Reporting Standards.

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) as and when appropriate.

By order of the Board of
China Suntien Green Energy Corporation Limited
Mei Chun Xiao
Executive Director/President

Shijiazhuang, Hebei Province, the PRC, 19 March 2018

As at the date of this announcement, the non-executive Directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang; the executive Directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; 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*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	4	**7,057,582**	4,383,825
Cost of sales	5	**(4,749,677)**	(2,942,570)
Gross profit		**2,307,905**	1,441,255
Other income and gains, net	4	**80,605**	96,925
Selling and distribution expenses		**(478)**	(368)
Administrative expenses		**(452,935)**	(301,868)
Other expenses		**(170,853)**	(7,559)
PROFIT FROM OPERATIONS		**1,764,244**	1,228,385
Finance costs	6	**(774,096)**	(549,382)
Share of profits and losses of:			
Joint ventures		**(1,445)**	(18)
Associates		**215,171**	64,896
PROFIT BEFORE TAX	5	**1,203,874**	743,881
Income tax expense	7	**(99,147)**	(96,709)
PROFIT FOR THE YEAR		**1,104,727**	647,172
Attributable to:			
Owners of the Company		**939,616**	541,574
Non-controlling interests		**165,111**	105,598
		1,104,727	647,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,104,727**	647,172
Total comprehensive income attributable to:			
Owners of the Company		**939,616**	541,574
Non-controlling interests		**165,111**	105,598
		1,104,727	647,172
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	9	**RMB25.29 cents**	RMB14.58 cents
Diluted	9	**RMB25.29 cents**	RMB14.58 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**22,466,159**	19,668,018
Investment properties		**30,739**	32,273
Prepaid land lease payments		**421,512**	373,664
Goodwill		**47,666**	47,666
Intangible assets		**1,870,014**	1,973,044
Investments in associates		**1,625,815**	1,153,766
Investments in joint ventures		**61,495**	75,582
Available-for-sale investments		**103,400**	103,400
Deferred tax assets		**126,304**	77,090
Trade receivables	*10*	**182,943**	179,102
Prepayments and other receivables		**1,819,259**	1,821,288
Total non-current assets		**28,755,306**	25,504,893
CURRENT ASSETS			
Prepaid land lease payments		**11,768**	10,686
Inventories		**40,230**	45,393
Trade and bills receivables	*10*	**2,563,641**	1,596,579
Prepayments, deposits and other receivables		**789,249**	725,250
Pledged deposits		**17,860**	65
Cash and cash equivalents		**2,110,035**	1,491,173
Total current assets		**5,532,783**	3,869,146
CURRENT LIABILITIES			
Trade and bills payables	*11*	**575,744**	464,885
Other payables and accruals		**3,084,086**	2,213,395
Finance lease payables		**56,439**	–
Interest-bearing bank and other borrowings		**5,707,549**	5,112,741
Tax payable		**49,167**	26,724
Total current liabilities		**9,472,985**	7,817,745
NET CURRENT LIABILITIES		**(3,940,202)**	(3,948,599)
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,815,104**	21,556,294

	31 December 2017 *RMB'000*	31 December 2016 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**24,815,104**	21,556,294
NON-CURRENT LIABILITIES		
Finance lease payables	**1,027,469**	–
Interest-bearing bank and other borrowings	**13,217,189**	11,932,724
Other payables and accruals	**69,356**	89,636
Total non-current liabilities	**14,314,014**	12,022,360
Net assets	**10,501,090**	9,533,934
EQUITY		
Equity attributable to owners of the Company		
Issued share capital	**3,715,160**	3,715,160
Reserves	**4,889,674**	4,185,246
	8,604,834	7,900,406
Non-controlling interests	**1,896,256**	1,633,528
Total equity	**10,501,090**	9,533,934

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 2010.

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. (河北建設投資集團有限責任公司, "HECIC"), a state-owned enterprise in the PRC.

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. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB3,940 million. The directors of the Company have considered the Group's available sources of funds as follows:

- the Group's expected net cash inflows from operating activities in 2018
- unutilised banking and other financial institution facilities aggregating to the extent of approximately RMB25,672 million as at 31 December 2017
- other available sources of financing from banks and other financial institutions given the Group's credit history

The directors of the Company believe that the Group has adequate resources to continue operations for the foreseeable future, which is at least twelve months from 31 December 2017. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2017. 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.

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 above. 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.

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

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as there is no disposal group held for sale as at 31 December 2017.

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 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 resource 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 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 2017 and 2016.

Year ended 31 December 2017

	Natural gas *RMB'000*	Wind power and solar energy *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	**3,957,244**	**3,100,338**	**7,057,582**
Intersegment sales	**–**	**–**	**–**
Total revenue	**3,957,244**	**3,100,338**	**7,057,582**
Segment results	**350,943**	**1,694,128**	**2,045,071**
Interest income	**3,303**	**6,576**	**9,879**
Finance costs	**(108,589)**	**(655,870)**	**(764,459)**
Income tax expense	**(37,774)**	**(60,896)**	**(98,670)**
Profit of segments for the year	**207,883**	**983,938**	**1,191,821**
Unallocated interest income			**1,937**
Corporate and other unallocated expenses			**(81,471)**
Unallocated income tax expense			**(477)**
Unallocated finance costs			**(9,637)**
Unallocated share of profits and losses of an associate			**2,554**
Profit for the year			**1,104,727**
Segment assets	**5,979,557**	**27,693,270**	**33,672,827**
Corporate and other unallocated assets			**615,262**
Total assets			**34,288,089**
Segment liabilities	**4,171,293**	**19,264,699**	**23,435,992**
Corporate and other unallocated liabilities			**351,007**
Total liabilities			**23,786,999**
Other segment information:			
Impairment of trade receivables	**(127,256)**	**(1,012)**	**(128,268)**
Reversal of impairment of trade receivables	**5,024**	**–**	**5,024**
Impairment of prepayments, deposits and other receivables	**(10,295)**	**(22,170)**	**(32,465)**
Unallocated impairment of prepayments, deposits and other receivables			**(8)**
Depreciation and amortisation	**(97,005)**	**(1,024,004)**	**(1,121,009)**
Unallocated depreciation and amortisation			**(3,887)**
			(1,124,896)
Share of profits and losses of joint ventures	**(1,445)**	**–**	**(1,445)**
Share of profits and losses of associates	**164,452**	**48,165**	**212,617**
Unallocated share of profits and losses of an associate			**2,554**
Investments in associates	**777,386**	**649,618**	**1,427,004**
Investments in joint ventures	**58,554**	**2,941**	**61,495**
Unallocated investments in an associate			**198,811**
Capital expenditure *	**443,506**	**3,477,966**	**3,921,472**
Unallocated capital expenditure *			**279**
			3,921,751

Year ended 31 December 2016

	Natural gas *RMB'000*	Wind power and solar energy *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	2,400,757	1,983,068	4,383,825
Intersegment sales	–	–	–
Total revenue	2,400,757	1,983,068	4,383,825
Segment results	231,371	1,052,894	1,284,265
Interest income	2,401	13,375	15,776
Finance costs	(76,951)	(472,431)	(549,382)
Income tax expense	(38,148)	(57,928)	(96,076)
Profit of segments for the year	118,673	535,910	654,583
Unallocated interest income			7,788
Corporate and other unallocated expenses			(14,566)
Unallocated income tax expense			(633)
Profit for the year			647,172
Segment assets	5,066,137	23,733,657	28,799,794
Corporate and other unallocated assets			574,245
Total assets			29,374,039
Segment liabilities	3,340,810	16,468,120	19,808,930
Corporate and other unallocated liabilities			31,175
Total liabilities			19,840,105
Other segment information:			
Impairment of trade receivables	(40)	–	(40)
Reversal of impairment of trade receivables	131	–	131
Depreciation and amortisation	(88,093)	(684,403)	(772,496)
Unallocated depreciation and amortisation			(3,881)
			(776,377)
Share of profits and losses of joint ventures	(18)	–	(18)
Share of profits and losses of associates	33,209	31,687	64,896
Investments in associates	602,431	551,335	1,153,766
Investments in joint ventures	75,582	–	75,582
Capital expenditure *	427,300	3,793,855	4,221,155
Unallocated capital expenditure *			1,799
			4,222,954

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 non-current assets are located in Mainland China.

Information about major customers

For the year ended 31 December 2017, revenue generated from sales to one of the Group's customers in the wind power and solar energy segment amounting to RMB1,966,947,000 (2016: RMB1,164,134,000) individually accounted for over 10% of the Group's total revenue.

4. 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:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of natural gas	**3,788,066**	2,252,507
Sale of electricity	**3,094,252**	1,976,497
Construction and connection of natural gas pipelines	**135,261**	121,301
Natural gas transportation revenue	**22,606**	18,243
Wind power services	**1,910**	6,571
Others	**15,487**	8,706
	7,057,582	4,383,825
Other income and gains, net		
Value-added tax refunds	**52,337**	28,652
Gain from available-for-sale investments	**2,619**	26,418
Bank interest income	**11,816**	23,564
Foreign exchange gain, net	**–**	15,361
Gain on disposal of items of property, plant and equipment	**971**	–
Certified Emission Reductions ("CERs") income, net	**544**	–
Government grants	**4,067**	1,014
Others	**8,251**	1,916
	80,605	96,925

5. PROFIT BEFORE TAX

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

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Cost of goods sold		**4,656,471**	2,868,895
Cost of services rendered		**93,206**	73,675
Total cost of sales		**4,749,677**	2,942,570
Depreciation of items of property, plant and equipment *(note a)*		**1,003,454**	659,389
Depreciation of investment properties		**1,534**	1,518
Amortisation of prepaid land lease payments		**12,375**	10,169
Amortisation of intangible assets		**107,533**	105,301
Total depreciation and amortisation		**1,124,896**	776,377
Minimum lease payments under operating leases of land and buildings		**17,269**	9,722
Auditor's remuneration		**5,118**	3,700
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		**253,876**	173,313
Pension scheme contributions (defined contribution schemes) *(note b)*		**24,342**	20,425
Welfare and other expenses		**75,071**	68,778
		353,289	262,516
(Gain)/loss on disposal of items of property, plant and equipment, net		**(971)**	7,650
Foreign exchange loss/(gain), net		**15,135**	(15,361)
Reversal of impairment of trade receivables	*10*	**(5,024)**	(131)
Impairment of trade receivables	*10*	**128,268**	40
Impairment of prepayments, deposits and other receivables		**32,473**	–
Rental income on investment properties		**(1,953)**	(1,619)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**1,534**	1,518

Notes:

(a) Depreciation of approximately RMB979,493,000 (2016: RMB639,690,000) 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 2017.

(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 2017 and 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

6. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings wholly repayable within five years	**617,075**	513,647
Interest on bank loans and other borrowings wholly repayable beyond five years	**302,066**	243,423
Total interest expense	**919,141**	757,070
Less: Interest capitalised to items of property, plant and equipment	**(154,958)**	(207,688)
	764,183	549,382
Other finance costs:		
Discounted amounts of non-current portion of trade receivables	**9,913**	–
	774,096	549,382

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

	2017	2016
Capitalisation rates	**3.1%-5.6%**	3.0%-5.9%

7. 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、國家税務總局關於執行公共基礎設施項目企業所得税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 2017, 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.

Under the relevant PRC Corporate Income Tax Law and respective regulations, except for certain preferential treatments 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 2017 and 2016.

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 2017 and 2016.

	2017	2016
	RMB'000	*RMB'000*
Current income tax – Mainland China	**148,361**	95,106
Deferred income tax	**(49,214)**	1,603
Tax charge for the year	**99,147**	96,709

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:

	2017	2016
	RMB'000	*RMB'000*
Profit before tax	**1,203,874**	743,881
Income tax charge at the statutory income tax rate of 25%	**300,969**	185,970
Effect of tax exemption for specific locations or enacted by local authorities	**(190,209)**	(101,157)
Deductible temporary differences not recognised	**6,452**	–
Tax effect of share of profits and losses of associates	**(53,792)**	(16,224)
Tax effect of share of profits and losses of joint ventures	**361**	4
Non-taxable income	**(654)**	(2,165)
Expenses not deductible for tax	**5,117**	5,274
Tax losses not recognised	**34,323**	28,439
Tax losses utilised from previous periods	**(3,420)**	(3,432)
Tax charge for the year at the effective rate	**99,147**	96,709

8. DIVIDENDS

The dividends for the year are set out below:

	2017	2016
	RMB'000	*RMB'000*
Proposed final dividend – RMB10.3 cents (2016: RMB6.3 cents) per share	**382,662**	234,055

The board of directors of the Company proposed, on 19 March 2018, the payment of a final dividend of RMB0.103 per share in respect of the year ended 31 December 2017, based on the 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 8 June 2017, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2016 of RMB0.063 per share, which amounted to RMB234,055,000 and was settled in full in July 2017.

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 the shareholders who are not individuals with names appearing on the Company's register of members, who are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting the 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 implementation 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.

9. 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 2017 and 2016 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.

	2017	2016
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**939,616**	541,574

	Number of shares	
	2017	2016
Shares:		
Weighted average number of ordinary shares in issue during the years used in the basic earnings per share calculation	**3,715,160,396**	3,715,160,396

The Company did not have any dilutive potential ordinary shares during the years ended 31 December 2017 and 2016.

10. Trade and bills receivables

The majority of the Group's revenues are generated through the sale of natural gas and electricity. The credit periods offered by the Group to customers of natural gas and electricity generally range 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 2017	31 December 2016
	RMB'000	*RMB'000*
Trade and bills receivables	**3,105,576**	2,018,242
Impairment	**(358,992)**	(242,561)
	2,746,584	1,775,681
Portion classified as non-current assets	**(182,943)**	(179,102)
Current portion	**2,563,641**	1,596,579

Included in the trade receivables as at 31 December 2017 were receivables under two service concession arrangements in the aggregate amount of RMB133,320,000 (31 December 2016: RMB99,790,000).

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

	31 December 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 3 months	**1,126,973**	845,992
3 to 6 months	**389,249**	175,294
6 months to 1 year	**628,023**	113,453
1 to 2 years	**259,059**	426,450
2 to 3 years	**259,795**	212,146
Over 3 years	**83,485**	2,346
	2,746,584	1,775,681

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

	2017 *RMB'000*	2016 *RMB'000*
At 1 January	**242,561**	268,183
Impairment losses recognised *(note 5)*	**128,268**	40
Reversal *(note 5)*	**(5,024)**	(131)
Write-off	**(6,813)**	(25,531)
At 31 December	**358,992**	242,561

The above trade receivables includes individually impaired trade receivables of RMB358,992,000 (31 December 2016: RMB242,561,000) with an aggregate carrying amount before provision for impairment of RMB682,052,000 (31 December 2016: RMB866,397,000).

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.

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

	31 December 2017 *RMB'000*	31 December 2016 *RMB'000*
Neither past due nor impaired	**1,977,481**	1,041,356
Less than 3 months past due	**281,764**	73,119
3 to 6 months past due	**164,279**	24,111
6 months to 1 year past due	–	11,919
1 to 2 years past due	–	147
More than 3 years past due	–	1,193
	2,423,524	1,151,845

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 the non-current trade receivables is as follows:

	31 December 2017	31 December 2016
Effective interest rate	**4.75%**	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 amount of the current trade and bills receivables approximates to their fair value. As the non-current trade receivables have been discounted based on the effective interest rate, the carrying amount of the non-current trade receivables approximates to their fair value.

11. Trade and bills payables

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

	31 December 2017	31 December 2016
	RMB'000	*RMB'000*
Bills payable	**126,644**	–
Trade payables	**449,100**	464,885
	575,744	464,885

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 2017	31 December 2016
	RMB'000	*RMB'000*
Within 6 months	**397,528**	305,323
6 months to 1 year	**64,709**	74,029
1 to 2 years	**68,910**	55,426
2 to 3 years	**20,275**	16,974
More than 3 years	**24,322**	13,133
	575,744	464,885