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 2016

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2016:

- revenue was RMB4,384 million, representing an increase of 3.8% as compared with 2015
- profit before tax was RMB744 million, representing an increase of 272.0% as compared with 2015
- net profit attributable to owners of the Company was RMB542 million, representing an increase of 222.6% as compared with 2015
- earnings per share was RMB0.1458, representing an increase of 221.9% as compared with 2015

The Board recommends a final dividend distribution of RMB0.063 per share (tax inclusive) for 2016.

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 2016. 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 2016, the Group had consolidated assets of RMB29,374 million with a net gearing ratio of 66%; consolidated revenue of RMB4,384 million, representing an increase of 3.8% from 2015; and net profits attributable to owners of RMB542 million, representing an increase of 222.6% from 2015. Earning per share was RMB0.1458.

The Board recommends the payment of a final dividend in cash of RMB0.063 per share (tax inclusive) (RMB234 million in total (tax inclusive)) to all shareholders subject to the approval at the Company's annual general meeting to be held on Thursday, 8 June 2017 (the "**Annual General Meeting**").

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 2016

I. Operating Environment

In 2016, the recovery of the global economy was still slow and imbalanced. The global economy remained in a low-growth-rate trap. Facing such complicated economic environment, China insisted on deepening its comprehensive reforms and innovation-driven developments, accelerating the shift in the mode of economic development and adjustment of economic structure. China's economy was maintained at a reasonable range with GDP for the year increasing by 6.7% as compared with last year.

The growth rate of energy consumption in China has slowed down in recent years. The consumption of coal decreased for three consecutive years among various kinds of fossil energy, and the growth in the consumption of petroleum and natural gas weakened. Among various kinds of non-fossil energy, the growth in hydroelectricity experienced a decline while that for nuclear power, wind power, photovoltaic power, geothermal heat and other energy sources is kept at high growth rate and the energy structure was further enhanced. However, wind curtailment was still a severe issue. The amount of wind curtailment stood at a historical high in 2016.

In order to promote air pollution control and improve the environment and quality of living in cities, the government continuously made substantial effort on supervising environmental protection, therefore, regulations and policies in relation to environmental management were promulgated. In September 2016, in order to improve the ecological environment and enhance the quality of life, the Hebei provincial government issued "Guiding Opinion on Accelerating the Implementation of Substitution of Coal for Electricity and Coal for Gas in Baoding Langfang Coal-forbidden Area" (《關於加快實施保定廊坊禁煤區電代煤和氣代煤的指導意見》), which required that no more coal burning activities should be carried out in the coal-forbidden area after October 2017, except for the thermal coal, public heating system and raw coal, which will play a positive role in increasing the use of natural gas.

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

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

According to the statistics of the National Energy Administration, the nationwide power consumption in 2016 amounted to 5,919.8 billion kW, representing an increase of 5.0% as compared with 2015; the newly increased installed capacity of wind power nationwide amounted to 19.30 million kW and the accumulated installed capacity connected to grid reached 149 million kW with average utilization hours of 1,742 hours, representing an increase of 14 hours as compared with 2015, and 49.7 billion kWh of wind power was curtailed in 2016, representing an increase of 15.8 billion kW as compared with 2015.

In 2016, the newly increased capacity of wind power connected to grid in Hebei Province amounted to 1.66 million kW and the accumulated capacity connected to grid amounted to 11.88 million kW; the annual power generated of wind power amounted to 21.9 billion kWh; the curtailment rate of wind power was 9%; the utilization hours amounted to 2,077 hours, representing an increase of 269 hours as compared with 2015.

2. Promulgation of price adjustment plan of new energy

In December 2016, the new energy benchmarking tariff policy was adjusted according to the "Notice on Adjusting the Tariff Price of On-grid Wind Power Benchmarking for Photovoltaic Power Generation" (《關於調整光伏發電陸上風電標杆上網電價的通知》) issued by the NDRC. The Notice stipulates that the new benchmark on-grid tariff of onshore wind power of class I, II, III and IV resources areas in 2018 will be RMB 0.40, 0.45, 0.49 and 0.57/kW (tax inclusive) respectively and the new benchmark on-grid tariff of photovoltaic power of class I, II and III resources areas in 2017 will be RMB 0.65, 0.75 and 0.85/kW (tax inclusive) respectively; for the non-tender offshore wind power projects, the electricity tariffs are determined by distinguishing between offshore wind power and intertidal winds. The offshore wind power project benchmarking price will be RMB 0.85/kW while the intertidal wind power project benchmarking price will be RMB 0.75/kW.

3. *Announcement of the "13th Five-Year Plan" on wind power and photovoltaic power development*

In 2016, the NDRC and the National Energy Administration issued successively the "13th Five-Year Plan on Renewable Energy Development", "13th Five-Year Plan on Wind Power Development" and "13th Five-Year Plan on Solar Energy Development", which provided a clear guidance to the renewable energy industry development in China for the next five years and onwards. According to the Plan, by 2020, wind power project price can compete on the same platform with local coal fuel power generation, and electricity prices of the photovoltaic project will be equivalent to the grid sales price; water wastage in hydropower generation will be basically solved, and the curtailment areas of wind power and the annual utilization of solar power hours can fully meet the requirements of full protective buyout; speeding up the development of wind power in the eastern and southern regions and construction of large-scale "Three North" wind power base in an orderly manner, actively and steadily promoting the development of offshore wind power, and effectively improving the capacity of wind power. By 2020, the accumulated wind power grid installed capacity should reach a level of more than 210 million kW, of which, offshore wind power grid installed capacity will be more than 5 million kW; the annual power generated of wind power should reach 420 billion kW, representing approximately 6% of the total amount of national power output; the issue of wind curtailment will be effectively solved and the "Three North" regions can meet the requirements of minimum annual utilisation hours of protective buyout.

In October 2016, "13th Five-Year Plan on Development for Renewable Energy Development in Hebei Province" (《河北省可再生能源發展「十三五」規劃》) was issued by the Development and Reform Commission in Hebei. According to the Plan, by 2020, renewable energy will consume a total of approximately 23 million tonnes of contracted coal, doubling the 3.2% of total energy consumption in 2015 to 7%; the proportion of renewable energy power generation will increase substantially in the power structure with the installed capacity achieving more than 41% of all power sources; renewable energy power generation will account for 13% of total electricity consumption, representing a 100% increase compared with 2015.

4. *Setting out the minimum annual utilisation hours of protective buyout in renewable energy*

In March 2016, the NDRC issued the "Administrative Measures for Protective Buyouts of Renewable Energy Power Generation" (《可再生能源發電全額保障性收購管理辦法》) and related complementary policies, setting out the minimum annual utilisation hours of protective buyout in the wind power and photovoltaic power generation key areas, of which, the minimum annual utilisation hours of protective buyout in the "Three North" regions will range between 1,800 and 2,000 hours. If such objective can be achieved, it is expected wind curtailment in China can also be improved significantly.

(II) Operating environment for the natural gas industry

1. Slowdown in the overall growth in demand for natural gas

In 2016, as affected by the slowdown in GNP growth and the decrease in gas price competitiveness, the growth in demand for natural gas was not adequate and the national natural gas market entered into an adjustment period with the demand growth rate slowed to single digit for three consecutive years.

According to the statistics of a news update, in 2016, the production capacity of natural gas in China amounted to 137.1 billion cubic meters, representing an increase of 1.5% as compared with 2015; the import of natural gas amounted to 72.1 billion cubic meters, representing an increase of 17.4% as compared with 2015; the consumption of natural gas amounted to 205.8 billion cubic meters, representing an increase of 6.6% as compared with 2015.

2. Launch of the price reform of natural gas

In 2016, the NDRC successively issued a series of policies, such as the "Notice on the strengthening of local natural gas transmission and distribution price regulation for cost reduction of gas business" (《關於加強地方天然氣輸配價格監管降低企業用氣成本的通知》), the "Administrative Measures for the Price of Natural Gas Pipeline Transportation (Trial)" (《天然氣管道運輸價格管理辦法(試行)》), the "Administrative Measures for the Supervision of Costs of Natural Gas Pipeline Transportation (Trial)" (《天然氣管道運輸定價成本監審辦法(試行)》), the "Notice on the relevant price policy for clear storage facilities" (《關於明確儲氣設施相關價格政策的通知》) and the "Notice on Making Public Information on Open and Related Information of Oil and Gas Pipeline Network Facilities" (《關於做好油氣管網設施開放相關信息公開工作的通知》), which is expected to provide a basis for a comprehensive reform for oil and gas.

In December 2016, the National Energy Administration issued the "Opinions on accelerating the use of natural gas (Draft Version)" (《關於加快推進天然氣利用的意見(徵求意見稿)》)(the "Opinions"), which suggested the speeding up of large-scale scientific and efficient use of natural gas in the four major areas, namely town gas, industrial fuel, gas power generation and traffic fuel, and coordinated development in the upstream, midstream and downstream segments of the industry, so as to gradually make natural gas the main source of energy of China's modern energy system, to orderly support Chongqing, Jiangsu, Shanghai, Hebei and other provinces and cities to carry out natural gas system reform through pilot promotion and demonstration.

3. *Promulgation of the "13th Five-Year Plan on Natural Gas Development"*

In December 2016, the NDRC issued the "13th Five-Year Plan on Natural Gas Development" which aimed at raising the proportion of natural gas in the one-time energy consumption structure, vigorously developing the natural gas industry, gradually making natural gas as one of the main sources of energy and building a safe and reliable modern natural gas industry system with reasonable structure and balanced supply and demand; by the year 2020, the consolidated guaranteed capacity of the domestic natural gas will reach over 360 billion cubic meters.

In January 2017, "13th Five-Year Plan on Development for Natural Gas Development in Hebei Province" (《河北省天然氣發展「十三五」規劃》) was issued by the Development and Reform Commission in Hebei. According to the Plan, the total length of the main pipeline and the pipeline branch within the province will reach 8,087.6 km, and the consumption volume of the natural gas will reach 27.0 billion cubic meters by the year 2020, accounting for more than 10% of the total one-off energy consumption volume.

II. BUSINESS REVIEW

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

1. *Business review of wind power*

(1) Rapid growth of installed capacity

In 2016, the Group newly increased 702.55 MW of consolidated installed capacity of wind power, and the accumulative consolidated installed capacity was 2,796.15 MW; the newly increased interest in installed capacity was 649.6 MW, and the accumulated interest in installed capacity was 2,571.6 MW. The newly increased commercial operation project capacity during the year was 746.5 MW, and the accumulated commercial operation project capacity was 2,395.3 MW.

As at 31 December 2016, the total designed capacity of the projects under construction of the Group was 721 MW.

(2) Increase in the utilization hours of wind farms

In 2016, the average utilization hours of the Group's controlled wind farms were 2,195 hours, representing an increase of 308 hours as compared with 2015, 118 hours more than the average utilization hours in Hebei Province, mainly because there was better wind source at the wind farms of the Group as compared with 2015, leading to an increase of the utilization hours for the entire year. The Group's controlled wind farms realized a power generation of 4.585 billion kWh, representing an increase of 45.05% as compared with 2015. The average availability factor of the wind power generation units was 97.88%, representing an increase of 2.63 percentage points as compared with 2015, mainly due to the increase in wind farm capacity of the Group, and that in 2015, there were faults in transmission line as the wires and iron towers in the wind farms were covered with ice under bad weather in the located areas, leading to a decrease in availability factor. In 2016, there was no such hazards and the Group enhanced the maintenance of its wind farms in 2016.

(3) Speed up the promotion of wind resources reserves

In 2016, the Group acquired 956.5 MW newly approved capacity, and the total approved unstarted project capacity amounted to 2,260.5 MW.

During the reporting period, wind power projects with 649 MW of the Group were listed as national approved plans and the accumulative capacity of the Group's national approved plans has reached 5,251.8 MW and its wind power projects are located in 11 provinces across China.

During the reporting period, the Group acquired 2,600 MW of new wind power agreed capacity, spreading among 13 regions including Jiangsu, Jiangxi, Shaanxi, Shanxi and Hebei, etc.

(4) Enhancement of operation and management through science, technology and innovation

During the reporting period, the Group implemented a new "business unit" contracting system in some wind farms, and the operation and maintenance of wind farms was significantly improved. The Group won the first prize three times, the second price twice and the third prize once in North China in the CEC comprehensive evaluation, especially in the most competitive selection in Zhangjiakou region, and continued to rank first in the standard of wind farm production and operation and management indicators.

The Wind Power New Energy Engineering Technology Research Center in Hebei operated by the Group was brought into the provincial platform of construction management sequence. The wind power hydrogen integrated system technology research project was approved by the provincial level project, and the smart cabin cloud platform project was included in the secondary list for selection of the 2017 annual provincial science and technology program, and reported completion of Hebei Province industrial cloud of Industry and Information Technology Department of Hebei Province and industrial large pilot projects.

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

(1) Revenue

During the reporting period, the Group realized wind power sales revenue of RMB1,983 million, representing an increase of 38.9% as compared with 2015 and accounting for 45% 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.

(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 RMB991 million, representing an increase of 22.2% as compared with 2015. This was mainly due to an increase in operating cost resulting from the wind farms and photovoltaic project gradually being put into operation.

(3) Profit from operations

During the reporting period, the profit from operations of the wind power business was RMB1,035 million, representing an increase of 67.7% as compared with 2015. The increase was mainly due to an increase in wind power revenue, which resulted in the increase in profit. The gross margin was 57.7%, which was 7.9% higher, as compared with 2015. 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) Decrease in sales volume of natural gas as compared with 2015

During the reporting period, the Group recorded a decrease in the growth of its sales volume of natural gas under the continuous pressure of the decline of the macro-economic and the stagnant low prices of coal and petroleum, and realized a sales volume of 1,111 million cubic meters for the year, representing a decrease of 1.4% as compared with 2015, of which the wholesales volume amounted to 786 million cubic meters, representing a decrease of 0.1% as compared with 2015 and accounting for 70.75% of total sales volume; the retail sales volume amounted to 254 million cubic meters, representing a decrease of 7.0% as compared with 2015 and accounting for 22.87% of total sales volume; the sales volume of CNG amounted to 71 million cubic meters, representing an increase of 6.0% as compared with 2015 and accounting for 6.38% of total sales volume.

(2) Actively promoting the construction of infrastructural projects

The Group increased 210.3 kilometers of natural gas pipeline in 2016. As of 31 December 2016, the Group operated a total of 2,183.7 kilometers of pipeline, including 745.3 kilometers of long-distance transmission pipeline and 1,438.4 kilometers of city gas pipeline; and operated a total of 14 distribution stations and 8 gate stations.

During the reporting period, the pipework for ten counties in middle Hebei Province (Phase II) was basically completed. Anping Primary Compressed Station was completed. The main construction of the Shahe North Gate Station Integrated Control Center was completed. Shanxi Licheng-Hebei Shahe coalbed methane pipeline network project has completed pipeline welding of 130 kilometers, and the Licheng station was completed. Shexian station, Wu'an station, Yongnian station were basically completed.

(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 488 (including 228 small business users) to a total of 2,014 users (including 1,321 small business users). New residential users increased by 56,537 (including 38,725 new cards users) to a total of 172,949 users (including 125,880 existing cards users).

During the reporting period, the Group steadily developed the city gas projects, setting up branches in Suning, Hebei; successfully won the bid of PPP project in Fengning Manzu Autonomous county; Shijiazhuang Jiran Pipeline Engineering Co., Ltd., a subsidiary of the Group, has expanded its natural gas business on the basis of the original corridor business and started to supply gas to the users. As of 31 December 2016, the Group has accumulatively established its market presence in 29 city gas markets in the province.

(4) Developing CNG and LNG businesses in an orderly and prudent manner

During the reporting period, the Group continued to steadily develop its CNG and LNG businesses. In 2016, the Group has developed a total of 8 CNG and LNG projects. Of which, Ningjin CNG primary filling station was completed and put into operation; Anping CNG primary filling station, Zhaoxian Anda L-CNG refilling station, Qinghe CNG primary and secondary filling station, Huang Liang Meng Langtuo L-CNG refilling stations, Luanping standard refilling station, Yuan's CNG secondary gas station, Neiqiu 107 Guodao LNG refilling station obtained the completion acceptance. As of 31 December 2016, the Group operated a total of 6 CNG primary filling stations, 7 CNG secondary filling stations and 1 LNG refilling station.

By the end of 2016, construction of Shahe LNG liquefaction plant was completed and the relevant operation procedures was in progress.

(5) Proactively constructing multi gas resources supply system

After Chengde natural gas utilization project (Phase I) was connected to the coal-made gas source of Datang and the pipework for ten counties in middle Hebei Province (Phase I) was successfully connected to the gas source of Sinopec, during the reporting period, the Group introduced the Sinopec Urumqi line resources into the Beijing Handan pipeline, at the same time, the Group utilized its liquefaction plant and city network connection of Hebei Natural Gas Shahe Branch to replenish LNG resources.

(6) Safe operation safeguarded by advanced technology

During the reporting period, Hebei Natural Gas, a subsidiary of the Group, took a proactive approach to solve the technical problems and was granted three utility model patents, namely the natural gas pipeline production supervision system, the natural gas pipeline network equipment regulatory system and the natural gas pipeline partition inspection system, by the State Intellectual Property Office. Meanwhile, Hebei Natural Gas optimized the wedges gripping tool and obtained the invention patent.

2. *Key financial indicators of natural gas*

(1) Revenue

During the reporting period, the Group recorded a natural gas sales revenue of RMB2,401 million, representing a decrease of 14.1% as compared with 2015, and accounting for 55% of the Group's sales revenue. The decrease of revenue was mainly attributable to the lowered sales price of natural gas in 2016. In particular, the pipe wholesale business recorded sales revenue of RMB1,521 million, representing 63.35% of the Group's sales revenue from natural gas; retail business, such as city natural gas, recorded sales revenue of RMB560 million, representing 23.32% of the Group's sales revenue from natural gas; CNG business recorded sales revenue of RMB171 million, representing 7.12% of the Group's sales revenue from natural gas. Other revenue was RMB149 million, representing 6.21% of the Group's sales revenue from natural gas.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's natural gas business amounted to RMB2,206 million, representing a decrease by 18.5% from the amount of RMB2,707 million last year. This was mainly due to a decrease in average purchasing unit price 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 RMB201 million, representing an increase by 95.1% from last year, mainly due to the provision for bad debts in 2015. Gross profit margin was 12.4%, which was 2.3% lower than that of 2015, mainly due to a decrease in gross profit margin of the retail business of Hebei Natural Gas.

(III) Other clean energy business

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

In 2016, the Group steadily developed more photovoltaic power generation projects. The newly approved capacity of photovoltaic projects amounted to 40 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 proect in Hebei Lulong Shimen and the photovoltaic power station project in Liaoning Zhaoyang Nanshuangmiao, with an aggregate installed capacity of 30 MW and all of them have been connected to the grid. Construction of other photovoltaic projects was orderly progressed.

By the end of 2016, the Group developed photovoltaic power generation projects with accumulated operating capacity of 41 MW.

III. Management Discussion and Analysis on Financial Condition and Operating Results

(i) Overview

According to the audited consolidated financial statements for 2016, the Group's net profit for the year was RMB647 million, representing an increase of 242.3% as compared with 2015, of which, the profit attributable to the equity holders of the Group was RMB542 million, representing an increase of 222.6% as compared with 2015, mainly due to a significant increase in realized revenue from the wind power business as compared with last year.

(ii) Revenue

In 2016, the Group recorded revenue of RMB4,384 million, representing an increase of 3.8% as compared with 2015, of which:

1. Natural gas business recorded revenue of RMB2,401 million, representing a decrease of 14.1% as compared with 2015. This was mainly attributable to a decrease in gas sales unit price in 2016.

2. Wind power business achieved revenue of RMB1,983 million, representing an increase of 38.9% as compared with 2015. 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 RMB97 million, representing an increase of 26.0% as compared with 2015. This was mainly due to the redemption of financing capital of RMB230 million by the Company during the report period, which resulted in an increase in investment revenue and an increase of value-added tax refunds.

(iv) Operating costs

During the reporting period, the Group's operating costs (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) aggregated to RMB3,252 million, representing a decrease of 9.5% as compared with 2015, of which:

1. Cost of sales was RMB2,943 million, representing a decrease of 5.2% as compared with 2015. This was mainly because the purchase of natural gas represented the major sales costs of the Group, and the unit price decreased which lowered the cost of purchasing gas.

2. Administrative expenses was RMB302 million, representing an increase of 11.0% as compared with 2015. 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 RMB7 million, representing a decrease of 96.8% as compared with 2015. This was mainly due to a provision for bad debts made by Hebei Natural Gas last year.

(v) Finance cost

During the reporting period, the Group's finance costs were RMB549 million, representing a decrease of 4.0% as compared with RMB572 million in 2015. This was mainly due to the low-interest-rate external financing loan secured by the Company and an enhanced capital management which effectively lowered the interest expenses.

(vi) Share of profit of associates

During the reporting period, the Group's share of profit of associates was RMB65 million, representing an increase of RMB2 million as compared with RMB63 million last year. This was mainly due to a slight increase in the profitability of the associated entities.

(vii) Income tax expenses

During the reporting period, the Group's net income tax expense was RMB97 million, representing an increase of RMB86 million as compared with RMB11 million last year. This was mainly due to a significant increase in profit of the wind power business of the Group during the reporting period as compared with 2015, which in turn resulted in an increase in income tax expenses.

(viii) ***Net profit***

During the reporting period, the Group recorded a net profit of RMB647 million, representing an increase of 242.3% as compared with 2015. Among others, the natural gas segment realized a net profit of RMB119 million, representing an increase of 213.2% as compared with 2015, which was mainly due to a provision of RMB214 million for bad debts made by Hebei Natural Gas, which resulted in a significant decrease in profit last year; and the wind power segment recorded a net profit of RMB536 million, representing an increase of 232.9% as compared with 2015, which was mainly due to a significant increase in sales revenue of wind power sector and an increase in gross profit margin.

(ix) ***Profit attributable to owners of the Company***

During the reporting period, the profit attributable to owners of the Company was RMB542 million, representing an increase of RMB374 million as compared with RMB168 million last year. This was primarily attributable to an increase in net profit of the Group as compared with last year.

The basic earnings per share attributable to shareholders of the Company was RMB0.1458.

(x) ***Profit attributable to non-controlling interests***

During the reporting period, the profit attributable to non-controlling interests of the Company was RMB106 million, representing an increase of RMB85 million as compared with RMB21 million last year. This was primarily attributable to an increase in net profit of the Group as compared with last year.

(xi) ***Trade and bills receivables***

As of 31 December 2016, the Group's trade and bills receivables amounted to RMB1,776 million, representing an increase of RMB392 million, which was mainly attributable to an increase in unrecovered part of the renewable energy subsidies of electricity bills receivables in the wind power sector.

(xii) ***Bank and other borrowings***

As of 31 December 2016, the Group's long-term and short-term borrowings totaled RMB17.045 billion, representing an increase of RMB1,219 million as compared with the end of 2015. Among all borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB5,113 million and long-term borrowings amounted to RMB11.932 billion.

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 loan, and bargain for 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. Thirdly, the Group achieved financial innovation by adopting hire purchase through the Group's internal financial leasing platform which effectively reduced the project cost.

(xiii) Liquidity and capital resources

As of 31 December 2016, the Group's net current liabilities was RMB3,949 million, and the net decrease in cash and cash equivalents was RMB1,647 million. The Group has obtained total line of credit of RMB53.802 billion from various domestic banks, of which RMB14.646 billion was utilized.

(xiv) Capital expenditure

During the reporting period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to property, plant and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flow from the Group's operating activities. During the reporting period, the Group's capital expenditure was RMB4,223 million, representing a decrease of 25.8% as compared with RMB5,689 million last year. A breakdown of capital expenditure is as follows:

	2016	2015	Change
	(RMB'000)	*(RMB'000)*	*(%)*
Natural gas	**427,300**	487,053	-12.3%
Wind power and solar energy	**3,793,855**	5,199,528	-27.0%
Unallocated capital expenditures	**1,799**	2,020	-10.9%
Total	**4,222,954**	5,688,601	-25.8%

(xv) Net Gearing ratio

As at 31 December 2016, the net gearing ratio (net debt divided by the sum of net debt and equity) of the Group was 66%, representing an increase of 3% as compared with 63% as at 31 December 2015, 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 24 March 2016, the Company entered into the Laoting Capital Contribution Agreement with HECIC and JEI, whereby each of the Company, HECIC and JEI agreed to contribute capital into Laoting Wind Energy, renamed as "HECIC Offshore Wind Power Co., Ltd." since January 2017, which is a wholly-owned subsidiary of the Company. After the completion of the Laoting Capital Contribution, the registered capital of Laoting Wind Energy will increase from RMB96 million to approximately RMB1,111 million. The Company, HECIC and JEI will hold approximately 51.4%, 3.6% and 45% equity interests in Laoting Wind Energy, respectively. Laoting Wind Energy will remain a subsidiary of the Company after the completion of the Laoting Capital Contribution. After the completion of the Laoting Capital Contribution, the Company's total equity interests in Laoting Wind Energy will be reduced from 100% to approximately 51.4%. As such, according to Rule 14.29 of the Listing Rules, the Laoting Capital Contribution will be deemed as a disposal of the Company's equity interests in Laoting Wind Energy. For the further details of the Laoting Capital Contribution, please refer to the announcement dated 24 March 2016 and the circular dated 25 April 2016 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 2016, the banking facility granted to a joint venture subject to guarantee given to a bank by the Group was utilized to the extent of RMB200 million.

IV. Prospects for 2017

(I) Prospect for the wind power business

It is expected that in 2017, under the New Normal of economic growth transformation, structural adjustment and tightening of resources and environment, new challenges, new problems and new risks will continue to emerge, and the downward pressure on economic growth still exists. As such, the Group will fully allocate resources to put more efforts on developing new onshore wind resources areas and keep a close watch on any offshore wind power generation projects with good quality to further replenish its resource reserves. Also, the Group will comprehensively strengthen the professional management of project construction to facilitate the commencement of operation of its projects as early as possible.

1. Actively explore the possibility of cooperative development and acquisition and increase resource development efforts through multi-channels, especially on the low-speed wind resources, so as to reserve resources for the future development of the Group.

2. Actively target the offshore wind resources near the southeast coastal area; at the same time, identify and explore high-quality overseas projects.

3. Closely monitor policies in relation to the sale of electricity. Seize the opportunity by setting layout for the downstream sales in the electricity market as and when appropriate.

4. Adhere to the principle of "efficiency first" and give full play to the professional advantages of the engineering infrastructure team to ensure that "completion of an additional project will generate additional profit" so that the projects under construction will be put into operation as soon as possible. At the same time, further strengthen the production and operation and internal management of information technology to ensure safe production.

(II) Prospects for the natural gas business

The year of 2017 is an important year for the implementation of the "13th Five-Year Plan", and also for intensifying supply-side structural reform for the gas industry. The Central Government clearly stressed on seeking progress amidst stability, directing its effort on bolstering the real economy, adhering to initiative-driven development and supporting the transformation and upgrade of traditional industry while developing emerging economy. In 2017, the economy of Hebei Province continues to face enormous pressure arising from industrial restructuring. The Group will take flexible measures by focusing on market expansion, increasing sales volume, raising profit levels, reducing accounts receivables and ensuring safe production based on the principle of "capturing every opportunity, whether big or small" and grasp the existing market areas, while seizing the opportunity of replacing coal by gas, and actively develop new areas and new markets.

1. Long-distance transmission pipeline business

The Group will accelerate the construction progress of the pipework for ten counties in middle Hebei Province (Phase II) and strive to complete the main construction of the pipework during the year. Upon Phase II being put into operation, it will be connected to Phase I, and that the docking between Sinopec gas source and Beijing Handan pipeline will be achieved which will greatly support the expansion of the Company in the downstream market of middle Hebei Province.

The Group will explore development potential in surrounding markets of the existing long-distance pipeline, penetrate the exhaust base of the large number of downstream distribution and direct supply to the users, increase in in-depth cooperation, take initiative to plan for security and promotional measures, maintain the storage level and compete for volume increase, so as to boost the long-distance gas business again.

2. *City gas business*

By grasping the opportunity of green energy development and "replacing coal by gas" in Hebei Province, guaranteeing stable supply to existing users and based on the principle of "capturing every opportunity, whether big or small", 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, 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.

3. *CNG and LNG business*

The Group will strive to put into operation Qinghe CNG primary and secondary filling stations and Anping CNG primary filling stations during the year. With stringent risk control, the Group will carefully develop new projects and seek for quality projects and resources for the other CNG and LNG projects within the province in a bid to improve the layout of CNG/LNG segment. The Group will enhance its province-wide sales effort and make use of its size and geographical advantage to actively seize and control existing resources in order to steadily increase sales.

(III) Innovative Financing Means

In 2017, the Group will continue to engage in innovative financing means and strive to establish the best capital structure, further optimize and adjust its debt structure in order to effectively reduce capital costs.

1. By 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.

2. Leveraging on the advantage of Suntien Hong Kong, Shenzhen Suntien and Huihai as the platform to enhance communication with overseas financial institutions, widening channels for financing to obtain greater amount of capital at low cost for projects.

V. Risk Factors and Risk Management

(I) Wind power business

1. Climate risk

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 2016, the overall wind speed was good, however, due to the randomness and uncontrollability of wind resources, there will be a risk of decreasing wind speed in 2017. 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 December 2016, the NDRC issued the "Notice on Adjusting the Tariff Price of On-grid Wind Power Benchmarking for Photovoltaic Power Generation" (《關於調整光伏發電陸上風電標杆上網電價的通知》), which has decreased the 2018 tariff of the newly built onshore on-grid wind power benchmark. Such policy will have a certain degree of impact on the expected economic benefits of the Group's subsequent development projects.

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

3. Risk of wind curtailment and power constraints

As the construction of power grids is lagging behind the construction of wind power projects, and the development of wind power projects is limited by wind power output. In 2016, power constraints in the Group's projects in Xinjiang were much severe. Power constraints in Zhangjiakou has alleviated over these two years. As the new wind power projects in Zhangjiakou and Chengde put into operation, it is expected power constraints are likely to further intensify.

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

4. *Risk of Construction*

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

(II) Natural Gas Business

1. *The real economy remains weak, lacking momentum for the growth of natural gas sales volume*

In 2017, an in-depth adjustment to the national macro economy continues. Due to the special issues such as the prominent structural contradiction in the industry and severe air pollution in Hebei Province, the Hebei government will continue to reduce the backward production capacity of the industries such as iron and steel, cement and glass. As a result, certain period of time will be required for the recovery of production of industrial customers in the Group's retail segment, which will restrict the growth of natural gas volume.

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

2. *Low price in alternative energy restricts the growth of natural gas sales volume*

In 2016, affected by the drop in international oil price and the downward pressure of the national macro-economic situation, the prices of alternative energy such as oil and coal stayed at a low level. The competitive advantages of natural gas were therefore affected. It is expected that the price reduction will have an adverse effect on natural gas sales volume of the Group in 2017. In this regard, the Group will actively introduce new natural gas source and develop downstream users in order to increase the natural gas sales volume.

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 glass industry has a slight improvement, nonetheless it is expected that the market will need some time to recover.

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

(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 closely monitor 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 and foreign financing to ensure the smooth operation of capital chain and a low cost for project construction.

(IV) Exchange rate risk

The Group still retains some capital in foreign currency, which are mainly HK dollars that have not been settled and are derived from the proceeds of share issue. Fluctuations in exchange rate have certain impacts on retained capitals in foreign currency. The Group will keep close watch on exchange rate movement and adopt effective protective measures for foreign currency as well as reasonable plans on the use of foreign currency to strengthen its risk management of foreign exchange.

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 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 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 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 RMB0.063 per share (tax inclusive) (RMB234 million in total (tax inclusive)) for the year ended 31 December 2016 to all shareholders subject to the approval of the shareholders at the Company's annual general meeting to be held on Thursday, 8 June 2017.

The Company hereby further announces that profit distribution will be distributed by cash dividend to the H shareholders whose names appear on the register of H Shares of the Company on Wednesday, 21 June 2017 with two months after the Annual General Meeting, subject to the approval of the 2016 profit distribution plan at the Annual General Meeting. Further announcements will be made by the Company in due course regarding the details of the date of dividend distribution and other specific arrangement.

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 Tuesday, 9 May 2017 to Thursday, 8 June 2017 (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 Monday, 8 May 2017.

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 Friday, 16 June 2017 to Wednesday, 21 June 2017 (both days inclusive). To be eligible to receive the final dividend for the year ended 31 December 2016 (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 Thursday, 15 June 2017.

REVIEW OF ACCOUNTS

The Audit Committee of the Board has reviewed the 2016 annual results of the Group and the financial statements for the year ended 31 December 2016 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
Wang Hong Jun
Executive Director

Shijiazhuang City, Hebei Province, the PRC
21 March 2017

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 Director of the Company is 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.

APPENDIX – FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	4	**4,383,825**	4,224,207
Cost of sales	5	**(2,942,570)**	(3,102,880)
Gross profit		**1,441,255**	1,121,327
Other income and gains, net	4	**96,925**	77,457
Selling and distribution expenses		**(368)**	(302)
Administrative expenses		**(301,868)**	(272,435)
Other expenses		**(7,559)**	(216,393)
PROFIT FROM OPERATIONS		**1,228,385**	709,654
Finance costs	6	**(549,382)**	(572,268)
Share of profits and losses of:			
A joint venture		**(18)**	–
Associates		**64,896**	62,981
PROFIT BEFORE TAX	5	**743,881**	200,367
Income tax expense	7	**(96,709)**	(11,424)
PROFIT FOR THE YEAR		**647,172**	188,943
Attributable to:			
Owners of the Company		**541,574**	168,353
Non-controlling interests		**105,598**	20,590
		647,172	188,943
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**647,172**	188,943
Total comprehensive income attributable to:			
Owners of the Company		**541,574**	168,353
Non-controlling interests		**105,598**	20,590
		647,172	188,943
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	**RMB14.58 cents**	RMB4.53 cents
Diluted	8	**RMB14.58 cents**	RMB4.53 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**19,668,018**	14,970,566
Investment properties		**32,273**	32,620
Prepaid land lease payments		**373,664**	253,449
Goodwill		**47,666**	38,198
Intangible assets		**1,973,044**	2,062,660
Investments in associates		**1,153,766**	1,073,985
Investments in joint ventures		**75,582**	75,600
Held-to-maturity investments		**7,500**	7,500
Available-for-sale investments		**103,400**	103,400
Deferred tax assets		**77,090**	78,693
Trade receivables	*10*	**179,102**	142,848
Prepayments and other receivables		**1,813,788**	2,851,956
Total non-current assets		**25,504,893**	21,691,475
CURRENT ASSETS			
Prepaid land lease payments		**10,686**	7,900
Inventories		**45,393**	48,342
Trade and bills receivables	*10*	**1,596,579**	1,240,806
Prepayments, deposits and other receivables		**725,250**	566,315
Available-for-sale investments		**–**	230,000
Pledged deposits		**65**	65
Cash and cash equivalents		**1,491,173**	3,138,606
Total current assets		**3,869,146**	5,232,034
CURRENT LIABILITIES			
Trade and bills payables	*11*	**464,885**	553,362
Other payables and accruals		**2,213,395**	1,540,440
Interest-bearing bank and other borrowings		**5,112,741**	2,440,313
Tax payable		**26,724**	20,672
Total current liabilities		**7,817,745**	4,554,787
NET CURRENT ASSETS/(LIABILITIES)		**(3,948,599)**	677,247
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,556,294**	22,368,722

	31 December 2016 RMB'000	31 December 2015 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**21,556,294**	22,368,722
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**11,932,724**	13,385,805
Other payables and accruals	**89,636**	82,397
Total non-current liabilities	**12,022,360**	13,468,202
Net assets	**9,533,934**	8,900,520
EQUITY		
Equity attributable to owners of the Company		
Issued share capital	**3,715,160**	3,715,160
Reserves	**4,185,246**	3,698,056
	7,900,406	7,413,216
Non-controlling interests	**1,633,528**	1,487,304
Total equity	**9,533,934**	8,900,520

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. (河北建设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, except for certain available-for-sale investments and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RMB3,949 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 2017;

Unutilised banking and other financial institution facilities aggregating to the extent of approximately RMB39,156 million as at 31 December 2016;

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. 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 2016. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs

Except for the amendments to IFRS 10, IFRS 12 and IAS 28, amendments to IFRS 11, IFRS 14, amendments to IAS 16 and IAS 41, amendments to IAS 27, and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

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

(i) the materiality requirements in IAS 1;

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

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

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to IFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of IFRSs. Details of the amendments are as follows:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in IFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

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 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 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 2016 and 2015.

Year ended 31 December 2016

	Natural gas	Wind power and solar energy	Total
	RMB'000	*RMB'000*	*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 loss of a joint venture	**(18)**	–	**(18)**
Share of profits 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

Year ended 31 December 2015

	Natural gas *RMB'000*	Wind power and solar energy *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	2,795,727	1,428,480	4,224,207
Intersegment sales	–	–	–
Total revenue	2,795,727	1,428,480	4,224,207
Segment results	123,656	643,855	767,511
Interest income	5,914	9,485	15,399
Finance costs	(86,795)	(485,473)	(572,268)
Income tax expense	(4,741)	(6,676)	(11,417)
Profit of segments for the year	38,034	161,191	199,225
Unallocated interest income			10,279
Corporate and other unallocated expenses			(20,554)
Unallocated income tax expense			(7)
Profit for the year			188,943
Segment assets	4,812,547	20,755,011	25,567,558
Corporate and other unallocated assets			1,355,951
Total assets			26,923,509
Segment liabilities	3,115,815	14,871,699	17,987,514
Corporate and other unallocated liabilities			35,475
Total liabilities			18,022,989
Other segment information:			
Impairment of trade receivables	(214,421)	–	(214,421)
Reversal of impairment of trade receivables	99	–	99
Depreciation and amortisation	(82,378)	(607,061)	(689,439)
Unallocated depreciation and amortisation			(4,267)
			(693,706)
Share of profits of associates	26,310	36,671	62,981
Investments in associates	568,447	505,538	1,073,985
Investments in joint ventures	75,600	–	75,600
Capital expenditure *	487,053	5,199,528	5,686,581
Unallocated capital expenditure *			2,020
			5,688,601

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 2016, revenue generated from sale to one of the Group's customers in the wind power segment amounting to RMB1,164,134,000 (2015: RMB755,138,000) which 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:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of natural gas	**2,252,507**	2,611,930
Sale of electricity	**1,976,497**	1,412,995
Construction and connection of natural gas pipelines	**121,301**	153,069
Natural gas transportation revenue	**18,243**	26,630
Wind power services	**6,571**	13,994
Others	**8,706**	5,589
	4,383,825	4,224,207
Other income and gains, net		
Value-added tax refunds	**28,652**	8,851
Gain from available-for-sale investments	**26,418**	4,115
Bank interest income	**23,564**	25,678
Foreign exchange gain, net	**15,361**	26,295
Gain on disposal of items of property, plant and equipment	**–**	5,734
Certified Emission Reductions ("CERs") income, net	**–**	2,224
Gain from held-to-maturity investments	**349**	417
Fair value gain on a derivative instrument, net	**–**	364
Others	**2,581**	3,779
	96,925	77,457

5. PROFIT BEFORE TAX

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

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Cost of goods sold		**2,868,895**	3,022,313
Cost of services rendered		**73,675**	80,567
Total cost of sales		**2,942,570**	3,102,880
Depreciation of items of property, plant and equipment *(note a)*		**659,389**	579,873
Depreciation of investment properties		**1,518**	1,415
Amortisation of prepaid land lease payments		**10,169**	7,872
Amortisation of intangible assets		**105,301**	104,546
Total depreciation and amortisation		**776,377**	693,706
Minimum lease payments under operating leases of land and buildings		**9,722**	9,292
Auditor's remuneration		**3,700**	3,873
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		**173,313**	148,640
Pension scheme contributions (defined contribution schemes) *(note b)*		**20,425**	18,387
Welfare and other expenses		**68,778**	64,077
		262,516	231,104
Fair value differences, net:			
Derivative instrument – transactions not qualifying as hedges		**–**	(364)
Gain from held-to-maturity investments		**(349)**	(417)
Gain from available-for-sale investments		**(26,418)**	(4,115)
Loss from a derivative instrument		**–**	2,071
Loss/(gain) on disposal of items of property, plant and equipment, net		**7,650**	(5,734)
Foreign exchange gain, net		**(15,361)**	(26,295)
Reversal of impairment of trade receivables	*10*	**(131)**	(99)
Impairment of trade receivables	*10*	**40**	214,421
Rental income on investment properties		**(1,619)**	(1,491)
Direct operating expenses (include repairs and maintenance) arising from rental-earning investment properties		**1,518**	1,415

Notes:

(a) Depreciation of approximately RMB639,690,000 (2015: RMB552,245,000) 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 2016.

(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 2016 and 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

6. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings wholly repayable within five years	**513,647**	514,623
Interest on bank loans and other borrowings wholly repayable beyond five years	**243,423**	200,745
Total interest expense	**757,070**	715,368
Less: Interest capitalised to items of property, plant and equipment	**(207,688)**	(150,482)
	549,382	564,886
Other finance costs:		
Discounted amounts of non-current portion of trade receivables	**–**	7,382
	549,382	572,268

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

	2016	2015
Capitalisation rates	**3.0%-5.9%**	3.2%-6.0%

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、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain subsidiaries of the Company, which were set up after 1 January 2008 and are engaged in public infrastructure projects, are entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first years generating operating income (the "3+3 tax holiday"). As at 31 December 2016, 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 treatment available to certain subsidiaries of the Company as mentioned above, the PRC entities within the Group were subject to corporate income tax at a rate of 25% during the years ended 31 December 2016 and 2015.

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 2016 and 2015.

	2016	2015
	RMB'000	*RMB'000*
Current income tax – Mainland China	**95,106**	85,685
Deferred income tax	**1,603**	(74,261)
Tax charge for the year	**96,709**	11,424

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:

	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**743,881**	200,367
Income tax charge at the statutory income tax rate of 25%	**185,970**	50,092
Effect of tax exemption for specific locations or enacted by local authorities	**(101,157)**	(30,399)
Deductible temporary differences not recognised in prior years	**–**	(11,870)
Tax effect of share of profits of associates	**(16,224)**	(15,745)
Tax effect of share of loss of a joint venture	**4**	–
Non-taxable income	**(2,165)**	(1,028)
Expenses not deductible for tax	**5,274**	5,877
Tax losses not recognised	**28,439**	17,146
Tax losses utilised from previous periods	**(3,432)**	(2,649)
Tax charge for the year at the effective rate	**96,709**	11,424

8. DIVIDENDS

The dividends for the year are set out below:

	2016	2015
	RMB'000	*RMB'000*
Proposed final dividend – RMB6.3 cents (2015: RMB1.5 cents) per share	**234,055**	55,727

The Board of Directors of the Company proposed, on 21 March 2017, the payment of a final dividend of RMB0.063 per share in respect of the year ended 31 December 2016, 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 24 March 2016, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2015 of RMB0.015 per share, which amounted to RMB55,727,000 and was settled in full in July 2016.

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 individual 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 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 2016 and 2015 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.

	2016	2015
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**541,574**	168,353

	Number of shares	
	2016	2015
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 2016 and 2015.

10. TRADE AND BILLS RECEIVABLES

The majority of the Group's revenues are generated through sale of natural gas and electricity. The credit period offered by the Group to customers of natural gas and electricity generally ranges from one month to two months. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group holds collateral or other credit enhancements over certain receivable balances. Trade and bills receivables are non-interest-bearing.

	31 December 2016	31 December 2015
	RMB'000	*RMB'000*
Trade and bills receivables	**2,018,242**	1,651,837
Impairment	**(242,561)**	(268,183)
	1,775,681	1,383,654
Portion classified as non-current assets	**(179,102)**	(142,848)
Current portion	**1,596,579**	1,240,806

Included in the trade receivables as at 31 December 2016 were receivables under two service concession arrangements in an aggregate amount of RMB99,790,000 (31 December 2015: RMB47,860,000).

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

	31 December 2016	31 December 2015
	RMB'000	*RMB'000*
Within 3 months	**845,992**	577,397
3 to 6 months	**175,294**	261,364
6 months to 1 year	**113,453**	209,957
1 to 2 years	**426,450**	330,225
2 to 3 years	**212,146**	3,775
Over 3 years	**2,346**	936
	1,775,681	1,383,654

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

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**268,183**	55,368
Impairment losses recognised *(note 5)*	**40**	214,421
Reversal *(note 5)*	**(131)**	(99)
Write-off	**(25,531)**	(1,507)
At 31 December	**242,561**	268,183

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB242,561,000 (31 December 2015: RMB268,183,000) with an aggregate carrying amount before provision of RMB866,397,000 (31 December 2015: RMB1,030,844,000).

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 2016	31 December 2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,041,356**	430,396
Less than 3 months past due	**73,119**	110,027
3 to 6 months past due	**24,111**	68,001
6 months to 1 year past due	**11,919**	11,345
1 to 2 years past due	**147**	–
More than 3 years past due	**1,193**	1,224
	1,151,845	620,993

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 2016	31 December 2015
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 2016 *RMB'000*	31 December 2015 *RMB'000*
Bills payable	–	49,220
Trade payables	**464,885**	504,142
	464,885	553,362

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 2016 *RMB'000*	31 December 2015 *RMB'000*
Within 6 months	**305,323**	431,453
6 months to 1 year	**74,029**	41,073
1 to 2 years	**55,426**	61,218
2 to 3 years	**16,974**	7,569
More than 3 years	**13,133**	12,049
	464,885	553,362

12. ACQUISITION OF SUBSIDIARY

In December 2016, the Group acquired 60% interest in Linxi County New Energy Natural Gas Engineering Co., Ltd. ("Linxi Natural Gas") from an independent third party at a cash consideration of RMB42,000,000.

The fair values of the identifiable assets and liabilities of Linxi Natural Gas as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Property, plant and equipment	**42,949**
Prepaid land lease payments	**3,869**
Intangible assets	**9,000**
Inventory	**278**
Trade and bills receivables	**26,424**
Prepayments, deposits and other receivables	**3,587**
Cash and cash equivalents	**4,914**
Trade and bills payables	**(31,367)**
Other payables and accruals	**(5,431)**
Tax payable	**(3)**
Total identifiable net assets at fair value	**54,220**
Non-controlling interests	**(21,688)**
Goodwill	**9,468**
Satisfied by cash	**42,000**

An analysis of the cash flows in respect of the acquisition of Linxi Natural Gas is as follows:

	2016 *RMB'000*
Total cash consideration	**(42,000)**
Cash not yet paid	**21,000**
Cash paid in prior year	**21,000**
Cash and cash equivalents acquired	**4,914**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**4,914**

Since the acquisition, Linxi Natural Gas did not contribute to the Group's revenue and profit or loss for the year ended 31 December 2016.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been RMB4,425,101,000 and RMB647,251,000, respectively.