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 2018

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2018:

- revenue was RMB9,975 million, representing an increase of 41.3% as compared with 2017
- profit before tax was RMB1,743 million, representing an increase of 44.8% as compared with 2017
- net profit attributable to shareholders of the Company was RMB1,269 million, representing an increase of 35.0% as compared with 2017
- earnings per share was RMB0.3337 representing an increase of 31.9% as compared with 2017

The Board recommends a final dividend distribution of RMB0.125 per share (tax inclusive) for 2018.

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 2018. 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 2018, the Group had consolidated assets of RMB39,160 million with a net gearing ratio of 66%; consolidated revenue of RMB9,975 million, representing an increase of 41.3% from 2017; and net profits attributable to shareholders of RMB1,269 million, representing an increase of 35.0% from 2017. Earnings per share was RMB0.3337.

The Board recommends the payment of a final dividend in cash of RMB0.125 per share (tax inclusive) (RMB464 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 Tuesday, 11 June 2019.

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 2018

I. OPERATING ENVIRONMENT

In 2018, the global economy grew at a faster pace and the recovery was well-supported. Adhering to the general principle of promoting progress while maintaining stability, the economy of China was maintained within a reasonable range and on a steady upward trend in general. China's GDP amounted to approximately RMB90,030.9 billion, representing an increase of approximately 6.6% as compared with last year, exceeding the growth target of 6.5%.

With the continuous development of China's economic green low-carbon development strategy and energy supply-side structural reform, the energy production and consumption revolution has continued to deepen, and energy green development has made positive progress: energy supply and demand were stable, the energy consumption structure continued to optimize, and energy conservation and consumption reduction were in steady progress. In 2018, the total national energy consumption was increased by approximately 3.3% as compared with the previous year. The proportion of clean energy consumption including natural gas, hydroelectricity, nuclear power and wind power to the total energy consumption increased by approximately 1.3 percentage points as compared with the previous year, while the proportion of coal consumption dropped by approximately 1.4 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 2018 amounted to 6,844.9 billion kWh, representing an increase of approximately 8.5% as compared with 2017.

In 2018, the newly increased connected grid capacity of wind power in China amounted to 20.59 million KW and the accumulated capacity reached 184 million KW. Gross wind power generation for the year amounted to 366.0 billion kWh, with 2,095 utilization hours of wind power for the year, representing an increase of 147 hours as compared with 2017.

In 2018, the accumulated capacity connected to grid in Hebei Province amounted to 13.91 million kW; the annual power generated of wind power amounted to 28.3 billion kWh; the curtailment rate of wind power was 5.2%; the utilization hours amounted to 2,276 hours, representing an increase of 26 hours as compared with 2017.

2. Implementation of strong policy to solve the clean energy consumption problem

On 30 October 2018, the National Development and Reform Commission and the National Energy Administration jointly issued the "Action Plan on Clean Energy Consumption (2018-2020)" (《清潔能源消納行動計劃）》) (the "Plan"), aiming to establish clear targets for comprehensive improvement of clean energy consumption. The Plan clearly points out that the problem of clean energy consumption can basically be solved by 2020. During the period, the national average utilization rate of wind power should be maintained at the level above 88%, 90% and reaching the international advanced level in 2018, 2019 and 2020, respectively, and the wind curtailment rate should be kept at the level lower than 12%, 10% and controlled at a reasonable level in 2018, 2019 and 2020, respectively, utilization hours of photovoltaic power generation should be maintained at the level higher than 95% and a light curtailment rate below 5%.

In 2018, the wind power curtailment and wind curtailment rate both achieved a reduction as 27.7 billion kWh of wind power was curtailed across the country for the year, representing a decrease of 14.2 billion kWh as compared with 2017, and the average wind curtailment rate was 7%, representing a decrease of 5 percentage points from 2017.

3. Promulgation of wind power photovoltaic parity encouragement policy

On 10 January 2019, in order to promote grid parity of wind power and photovoltaic power without subsidies, the National Development and Reform Commission and the National Energy Administration jointly issued the "Notice of the National Development and Reform Commission and the National Energy Administration on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies" (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》(the "Notice"), which clearly encourages grid parity projects and low-price grid pilot projects. Such projects are excluded from the existing provincial annual scale indicators, and enjoy priority treatment from various supporting policies as stated in the Notice, resulting in the opening up of new markets. The issuance of the Notice is of great practical significance for wind power photovoltaic projects to stop relying on subsidies and to realize grid parity. It is also of strategic importance in promoting the transformation of wind power and photovoltaic power generation from supplementary energy to mainstream energy.

(II) Operating environment for the natural gas industry

1. Rapid growth in the overall demand for natural gas

In 2018, with the improving macroeconomic situation and the continuous promotion of "replacing coal by gas", the consumption demand for natural gas has been increasing.

In 2018, the construction of natural gas production, supply and marketing system had achieved good results, according to the statistics of a news update, the apparent consumption of natural gas amounted to 280.3 billion cubic meters, representing an increase of approximately 18.1% as compared with 2017.

2. Promulgation of policy to straighten the Gate Price of Natural Gas Used for Residential Purpose

In May 2018, the NDRC issued the Notice on Straightening out the Gate Price of Natural Gas Used for Residential Purpose (《國家發展改革委關於理順居民用氣門站價格的通知》), for the purpose to change residential-use gas from ceiling gate price management to benchmark gate price management (the "Gate Price Policy"). The price level was arranged according to the benchmark gate price level of non-residential-use gas, with value-added tax at a rate of 10%. The supply and demand sides could negotiate and determine the specific gate price, charging up to 20% more than the benchmark gate price with no downward limit for price fluctuations, based on the benchmark gate price, to dovetail with the non-residential-use gas price mechanism. No increase of the gate price is allowed until one year of implementation of the Gate Price Policy. The Gate Price Policy has been implemented since 10 June 2018.

3. Publication of natural gas industry heavyweight policy

On 30 August 2018, the State Council issued the "Certain Opinions of the State Council on Facilitating the Coordinated and Steady Development of Natural Gas" (《關於促進天然氣協調穩定發展的若干意見》) (the "Opinions"), the Opinions required to accelerate up the construction of capacity and major infrastructure projects of natural gas, devote more efforts to domestic exploration and development, fully implement the block competitive transfer, pay close attention to the introduction of oil and gas pipeline network reform plan, promote the fair opening of infrastructure such as natural gas pipeline network to third-party market entities, including tight gas into subsidies, and provide budget from central government to the construction of emergency gas storage facilities in key areas. Support will also be given to accelerate the establishment of a linkage mechanism for upstream and downstream natural gas prices.

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 2018, the Group's consolidated installed capacity of wind power was increased by 509.8 MW, and its accumulative consolidated installed capacity was 3,858.15 MW; its attributable installed capacity of wind power was increased by 458.85 MW, and its accumulated attributable installed capacity was 3,482.75 MW. The Group's commercial operation project capacity during the year was increased by 384.5 MW, and its accumulated commercial operation project capacity was 3,262.85 MW.

As at 31 December 2018, the total designed capacity of the onshore wind power projects under construction of the Group was 659.3 MW, and the total designed capacity of the offshore wind power projects under construction of the Group was 104 MW.

(2) Increase in the utilization hours of wind farms

In 2018, the average utilization hours of the Group's controlled wind farms were 2,482 hours, representing an increase of 90 hours as compared with 2017, and 206 hours more than the average utilization hours in Hebei Province, mainly due to the improvement on the restriction on the use of electricity of the Company in general. In 2018, the Company's wind curtailment rate was 5.43%, representing a decrease of 2.39 percentage points as compared with 2017. Newly operated wind farms of the Group had good performance, thus the wind energy conversion efficiency was improved, and resulted in a higher utilization hours. The Group's controlled wind farms realized a power generation of 7.676 billion kWh, representing an increase of 13.93% as compared with 2017. The average availability factor of the wind power generation units was 97.97%.

(3) Acceleration on the promotion of wind resources reserves

In 2018, the Group's approved capacity was increased by 663.5 MW and the total approved unstarted project capacity amounted to 2,473.6 MW.

During the reporting period, there were wind power projects with 234.5 MW of the Group listed as national approved plans. The accumulative capacity of the Group's national approved plans has reached 6,633.3 MW and its wind power projects are located in more than 10 provinces across China.

During the reporting period, the Group's new wind power agreed capacity was increased by 4,230 MW across 22 regions including Hebei, Henan, Shandong, Shanxi, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan, Guangxi, Qinghai, Heilongjiang, Zhejiang, Chongqing, Xinjiang and Inner Mongolia.

(4) Continuous improvement in operation and maintenance management

In the benchmarking of wind power industry in Northern China for the year 2017 by China Electricity Council, 2 wind farms owned by the Group were graded 5A, 1 wind farm was graded 4A and 3 wind farms were graded 3A. In addition, the Group won the Benchmarking First Prize in Zhangjiakou in Hebei Province for the second time.

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 RMB3,422 million, representing an increase of 10.35% as compared with 2017. The Group's wind power sales revenue accounted for 34.31% of the Group's total sales revenue. The increase of revenue was mainly due to an increase of operational installed capacity of the wind farms of the Group and higher utilization hours, which resulted in an increase in sales volume of electricity and revenue of electricity sales as compared with 2017.

(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 RMB1,592 million, representing an increase of 5.71% as compared with 2017. 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 RMB1,913 million, representing an increase of 15.73% as compared with 2017. The increase was mainly due to an increase in wind power revenue. The gross margin was 61.32%, representing an increase of 1.7 percentage points as compared with 2017. This was mainly due to the better generation capacity as compared with last year 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 2017

During the reporting period, the Group recorded an increase in its sales volume of natural gas as affected by the improvement of environmental protection policies and the policy of "replacing coal by gas", and realized a sales volume of 2,631 million cubic meters for the year, representing an increase of 40.0% as compared with 2017, of which the wholesales volume amounted to 1,620 million cubic meters, representing an increase of 48.3% as compared with 2017 and accounting for 61.6% of total sales volume; the retail sales volume amounted to 920 million cubic meters, representing an increase of 31.5% as compared with 2017 and accounting for 35.0% of total sales volume; the sales volume of CNG/LNG amounted to 92 million cubic meters, representing an increase of 4.8% as compared with 2017 and accounting for 3.5% of the total sales volume.

(2) Active promotion of the construction of infrastructural projects

The Group's natural gas pipeline was increased by 1,054.50 kilometers in 2018. As of 31 December 2018, the Group operated pipeline with a total of 4,142.17 kilometers, including 882.6 kilometers of long-distance transmission pipeline and 3,259.57 kilometers of city gas pipeline; and operated a total of 19 distribution stations and 11 gate stations.

During the reporting period, the main part of the project of pipelines for ten counties in central Hebei Province (Phase II) and Xiaoxinzhuang branch (小辛莊支線) were put into trial operation, and Xinji branch (辛集支線) and Xincheng branch (新城支線) were all connected, and the main work of civil engineering of stations was completed. The gas supply project of Shijiazhuang Yuhua Power Plant (石家莊裕華電廠供氣專線工程) was put into operation, part of the pipeline network of natural gas comprehensive utilization Project of Gaochun County (高邑縣環城管網天然氣綜合利用工程) was put into operation, and 4.5 km of the pipeline of the comprehensive utilization project of Zanhuang County Town Gas Pipeline (贊皇縣城鎮燃氣管線綜合利用工程) was completed.

(3) Continuous exploration of downstream markets of natural gas

During the reporting period, leveraging on its newly operating pipelines, the Group vigorously developed its terminal user base of natural gas and resulted in an increase of 44,033 customers from different categories. As of 31 December 2018, the Group had an aggregate of 280,913 customers.

During the reporting period, the Group steadily promoted the expansion of large regional markets and large business users, and set up branch companies in Zanhuang County, Shijiazhuang, Hebei Province; Huadian Shijiazhuang thermoelectric gas unit (華電石家莊熱電燃氣機組) and Yuhua thermoelectric heating gas boiler (裕華熱電供暖燃氣鍋爐) completed the trial operation.

(4) Gradual improvement on the transmission network at provincial level

During the reporting period, the Group actively participated in the construction of upstream transmission pipelines and further improved the transmission network at provincial level. Upon completion of the construction of the E-An-Cang pipeline and Beijing-Handan pipeline, pipelines connecting those were put into operation. CNOOC Mengxi Pipeline Project, one of our investments, was registered as a joint venture company. The Beijing-Handan dual pipeline, Zhuozhou-Yongqing pipeline and Qinfeng coastal pipeline have received approval letter issued by the Provincial Development and Reform Commission.

(5) Development of CNG and LNG businesses in a steady manner

During the reporting period, the Group developed its CNG and LNG businesses in a steady manner. As of 31 December 2018, the Group operated a total of 7 CNG primary filling stations and 7 CNG secondary filling stations.

(6) Implementation of the “Management Improvement Year” campaign and continuous development with a solid foundation

During the reporting period, Hebei Natural Gas, a subsidiary of the Group, continued to adopt the innovative management model which focused on management efficiency improvement, prevented and solved various potential risks, actively carried out cost reduction and efficiency enhancement measures, continuously improved production and operation management, stimulated motivation and vitality of the Group, and further solidified the foundation for development.

2. *Key financial indicators of natural gas*

(1) Revenue

During the reporting period, the Group recorded a natural gas business revenue of RMB6,551 million, representing an increase of 65.55% as compared with 2017, and accounting for 65.67% of the Group’s total 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 RMB3,835 million, accounting for 58.54% of the Group’s business revenue from natural gas; the Group’s retail business, such as city natural gas, recorded sales revenue of RMB2,270 million, accounting for 34.65% of the Group’s business revenue from natural gas; CNG business recorded sales revenue of RMB226 million, accounting for 3.45% of the Group's business revenue from natural gas. The remaining revenue was RMB220 million, accounting for 3.36% of the Group's business 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 RMB6,163 million, representing an increase of 63.04% from RMB3,780 million of 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 RMB399 million, representing an increase of 108.9% from last year, mainly due to the increase in profit caused by an increase in sales volume. Gross profit margin was 11.61%, representing an increase of 0.01 percentage point as compared to 2017.

(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 2018, the Group steadily developed the photovoltaic power generation projects. The Group's approved capacity of photovoltaic projects was increased by to 20 MW and the accumulative approved uncommenced project capacity was 40 MW.

During the reporting period, there was a new construction of photovoltaic power station project of 20 MWp in Shuangsheng, Tailai County, Heilongjiang, which was connected to grid for power generation during the year.

As at the end of 2018, the Group developed photovoltaic power generation projects with accumulated operating capacity of 101 MW.

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

(i) Overview

According to the audited consolidated financial statements for 2018, the Group's net profit for the year was RMB1,575 million, representing an increase of 42.58% as compared with 2017, of which the profit attributable to the equity holders of the Group was RMB1,269 million, representing an increase of 35.00% as compared with 2017, mainly due to a significant increase in realized revenue from the wind power and natural gas business of the Group as compared with last year.

(ii) Revenue

In 2018, the Group recorded revenue of RMB9,975 million, representing an increase of 41.33% as compared with 2017, of which:

1. Natural gas business recorded revenue of RMB6,551 million, representing an increase of 65.55% as compared with 2017. This was mainly attributable to the increase in revenue as a result of the increase in sales volume of natural gas in the year 2018.

2. Wind power business achieved revenue of RMB3,422 million, representing an increase of 10.35% as compared with 2017. 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 RMB100 million, representing an increase of 23.46% as compared with 2017. This was mainly due to the write down in trade payable of the Group caused by the quality issue.

(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 RMB7,837 million, representing an increase of 45.83% as compared with 2017, of which:

1. Cost of sales was RMB7,116 million, representing an increase of 49.80% as compared with 2017. 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 RMB502 million, representing an increase of 10.82% as compared with 2017. 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 RMB219 million, representing an increase of 28.07% as compared with 2017. This was mainly due to asset impairment provision loss of intangible assets, construction in progress and goodwill during the year.

(v) Finance costs

During the reporting period, the Group's finance costs were RMB785 million, representing an increase of 1.42% as compared with RMB774 million in 2017. This was mainly due to the expansion of production capacity of the Company, resulting in an increase of loan principal which led to an increase in interest expenses.

(vi) Share of profit of associates

During the reporting period, the Group's share of profit of associates was RMB296 million, representing an increase of RMB81 million as compared with RMB215 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 RMB168 million, representing an increase of RMB69 million as compared with RMB99 million in last year. This was mainly due to the substantial increase in profit before tax of the Group during the reporting period.

(viii) Net profit

During the reporting period, the Group recorded a net profit of RMB1,575 million, representing an increase of 42.53% as compared with 2017. 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 RMB1,190 million, representing an increase of 20.93% as compared with 2017; the natural gas business segment realized a net profit of RMB471 million, representing an increase of 126.44% as compared with 2017, 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 RMB1,269 million, representing an increase of RMB329 million as compared with RMB940 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 RMB0.3337.

(x) Profit attributable to non-controlling interests

During the reporting period, the profit attributable to non-controlling interests of the Company was RMB307 million, representing an increase of RMB142 million as compared with RMB165 million in 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 2018, the Group's trade and bills receivables amounted to RMB3,296 million, representing an increase of RMB549 million as compared with 2017, 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 2018, the Group's long-term and short-term borrowings totaled RMB21,327 million, representing an increase of RMB2,402 million as compared with the end of 2017. Among all borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB4,644 million, the long-term borrowings amounted to RMB16,683 million, and the borrowings with fixed interest rate was RMB1,014 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 existing high-interest-rate 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 2018, the Group's net current liabilities was RMB2,184 million, and the net increase in cash and cash equivalents was RMB130 million. The Group has obtained credit facilities of a total amount of RMB27.24 billion from various domestic banks, of which an amount of RMB11.56 billion was utilized.

The majority of the Group's revenue and expenses are denominated in Renminbi. The Group did not enter into any financial instrument for hedging purposes as it is expected that its foreign exchange exposure will not be material.

(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 RMB5,125 million, representing an increase of 30.68% as compared with RMB3,922 million last year. A breakdown of capital expenditure is as follows:

	2018	2017	Change
	(RMB'000)	*(RMB'000)*	*(%)*
Natural gas	**638,546**	443,506	43.98%
Wind power and solar energy	**4,484,152**	3,477,966	28.93%
Unallocated capital expenditures	**2,107**	279	655.20%
Total	**5,124,805**	3,921,751	30.68%

(xv) Net gearing ratio

As of 31 December 2018, the net gearing ratio (net debt divided by the sum of net debt and equity) of the Group was 66%, representing a decrease of 1 percentage point as compared with 67% as of 31 December 2017, which was mainly due to an increase in equity financing in the Group.

(xvi) Material investments

The Group had no material investments during the year.

(xvii) Material acquisitions and disposals

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

(xviii) Material charge on assets

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

(xix) Contingent liabilities

As of 31 December 2018, RMB127.5 million was used as the guarantee provided by the Group to a joint venture for its application to two banks for credit line.

IV. PROSPECTS FOR 2019

As stated in the report of the 19th CPC National Congress, China has entered into 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 establishment of a low carbon, safe and efficient system for clean energy are encouraged. Under such background, each business segment of the Group is expected to enjoy with new development opportunities with promising prospects.

(I) Prospect for the wind power business

By entering into a new age, China will implement green development principles, strengthen the building of an ecologically-civilized society and persistently promote green energy consumption. The development of the new energy industry will be focused on 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 our development platform on this basis in order to strike a balance and drive for a more rapid development of each business segment so as to continuously optimize and improve the business structure of the Company.

1. Continue to step up the development of new energy business, actively seize resources, focus on distribution network for supporting base projects in places including Yan'an, Xinjiang and Tibet in order to improve the economy of scale.

2. Utilize the comprehensive management and control of projects, connect upstream and downstream operation, adjust the infrastructure work flow, promote project construction in a planned and step-by-step manner to ensure the safety, quality, progress and investment in construction projects are under control, and promote all key projects to be put into operation on schedule.

3. Continue to consolidate the basic management of safe production, deepen the construction of the "dual control" system for safe production, further improve the construction of the "dual control" system, provide guidance and basis for the construction of the "dual control" system for new investment projects, and fully complete our safe production targets.

4. Strengthen the construction of informatization to adapt to the business development management requirements of the Group, explore a development model based on our own research and development, combine production, study and research, strengthen the research and development of wind turbine technology, and create an "ecological chain" for the after market service regarding the wind power segment.

(II) Prospects for the natural gas business

At present, the natural gas industry is under rapid development. With the gradual production of cross country pipelines, the probability of resource supply has turned from tight to loose. Based on the actual supply of resources, the Group will make overall plans to promote the orderly utilization of resources, and strive to build a natural gas production, supply and marketing system with diversified resource channels, perfect pipe network layout, gas storage and peaking matching, reasonable gas structure and safe and reliable operation.

1. On top of securing the existing market, the Group will deeply grasp its own advantages and the key trend of the natural gas industry, further strengthen our competitive awareness, expand the market share and scope, open up the natural gas downstream industrial chain, and actively develop the natural gas terminal market.

2. More efforts will be put in securing both the quality and quantity of the key construction projects, while monitoring the progress of various key projects with long distance pipeline projects such as pipework for ten counties in central Hebei Province (Phase III), Beijing-Handan dual line, Guantao station connection line of Beijing-Handan pipeline E'ancang Puyang branch and Zhuozhou-Yongqing pipeline, so as to ensure that all projects can be completed as soon as possible.

(III) Continuous expansion on financing methods

In 2019, the Group will continue to put more efforts on widening channels for financing and innovative financing means and to obtain greater amount of capital at low cost for projects from various aspects.

1. Deepen communications with various financial institutions continuously, pay continuous attention to changes of various policies, keep abreast of the market development, be prepared for overall capital arrangement, reasonable planning on upcoming matured bonds, strengthen the control of cash flow and liabilities, and maintain a reasonable capital structure, to ensure the steady development of the Group.

2. Further expand financing channels, timely adopt measures such as renewable energy subsidy asset securitization, financial leasing, insurance funds, and innovative financing products promoted by domestic and foreign financial institutions to meet with the funding needs of the Group in the future.

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 2018, 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 2019. 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, especially in Zhangjiakou region where wind resources are concentrated. With the new wind power projects in Zhangjiakou being 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 gradually 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. *Heavy responsibility for gas supply in winter*

At present, the clean heating plan in winter has become a major political task. The Company needs to ensure the supply of natural gas is stable and to ensure the gas is safe and can keep people warm in winter by all means. With the arrival of the heating season, the Company's gas transmission volume has gradually increased. Although the upstream resource pressure has been relieved, the gas supply in winter is still tight.

The Group will actively coordinate resources from different parties for the implementation of volume indicators, leverage the complementary strengths of Sinopec Corp, PetroChina, CNOOC, coalbed methane and LNG, and arrange planning of use of resources for the year; accelerate the construction of gas storage facilities and improve peaking capacity; promote the key projects such as the transmission improvement, transformation and maintenance of the distribution stations systematically, and deploy and operate the key equipment operation and maintenance work, and improve the gas supply guarantee capability of the existing pipeline network in a scientific way. 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. *Risk of accounts receivable is effectively controlled*

Through repeated efforts of the Group, the downstream debtors have been repaying their debts according to plans. The amount in arrears was decreasing and the situation is under control, 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 methods to accelerate the recovery of trade receivables, closely follow up the operation, claims and debts of the defaulted companies, 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, and explore 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.

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 RMB0.125 per share (tax inclusive) (RMB464 million in total (tax inclusive)) for the year ended 31 December 2018 to all shareholders subject to the approval of the shareholders at the Company's Annual General Meeting to be held on Tuesday, 11 June 2019.

The Board hereby further announces that the expected dividend payment date is Thursday, 25 July 2019 and the dividend will be paid to the H shareholders whose names appear on the register of H Shares of the Company on Thursday, 20 June 2019, 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 Saturday, 11 May 2019 to Tuesday, 11 June 2019 (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 Friday, 10 May 2019.

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 Saturday, 15 June 2019 to Thursday, 20 June 2019 (both days inclusive). To be eligible to receive the final dividend for the year ended 31 December 2018 (subject to the approval of the Company's shareholders), unregistered holders of H shares of the Company shall lodge all share transfer documents, accompanied by the relevant share certificates, 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 Friday, 14 June 2019.

REVIEW OF ACCOUNTS

The Audit Committee of the Board of the Company has reviewed the 2018 annual results of the Group and the financial statements for the year ended 31 December 2018 prepared in accordance with the International Financial Reporting Standards.

EVENTS AFTER THE REPORTING PERIOD

The Company made a public offering of first tranche of 2019 renewable green corporate bonds (the "**Bonds**") to qualified investors on 5 March 2019 with an aggregate issuance size of RMB910,000,000. Both the par value and the issue price of the Bonds were RMB100. The final coupon rate of the Bonds is 4.7%. The proceeds are intended to be used for construction, operation and acquisition of green projects and repayment of borrowings for green projects. Each term of the Bonds shall be 3 interest accruing years. At the end of each term, the Company is entitled to renew the Bonds for an additional term (i.e. 3 years), or repay and redeem the Bonds in full as they fall due at the end of the term.

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, 12 March 2019

As at the date of this announcement, the non-executive Directors are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang; the executive Directors are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive Directors 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 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	4	**9,975,409**	7,057,582
Cost of sales	5	**(7,115,564)**	(4,749,677)
Gross profit		**2,859,845**	2,307,905
Other income and gains, net	4	**100,275**	80,605
Selling and distribution expenses		**(473)**	(478)
Administrative expenses		**(501,684)**	(452,935)
Other expenses		**(219,421)**	(170,853)
PROFIT FROM OPERATIONS		**2,238,542**	1,764,244
Finance costs	6	**(785,249)**	(774,096)
Share of profits and losses of:			
Joint ventures		**(5,774)**	(1,445)
Associates		**295,639**	215,171
PROFIT BEFORE TAX	5	**1,743,158**	1,203,874
Income tax expense	7	**(167,994)**	(99,147)
PROFIT FOR THE YEAR		**1,575,164**	1,104,727
Attributable to:			
Owners of the Company		**1,268,506**	939,616
Non-controlling interests		**306,658**	165,111
		1,575,164	1,104,727
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,575,164**	1,104,727
Total comprehensive income attributable to:			
Owners of the Company		**1,268,506**	939,616
Non-controlling interests		**306,658**	165,111
		1,575,164	1,104,727
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	9	**RMB33.37 cents**	RMB25.29 cents
Diluted	9	**RMB33.37 cents**	RMB25.29 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**26,584,025**	22,466,159
Investment properties		**29,348**	30,739
Prepaid land lease payments		**457,070**	421,512
Goodwill		**39,412**	47,666
Intangible assets		**1,756,582**	1,870,014
Investments in associates		**1,831,205**	1,625,815
Investments in joint ventures		**86,476**	61,495
Available-for-sale investments		**–**	103,400
Equity investments designated at fair value through other comprehensive income		**115,206**	–
Deferred tax assets		**195,720**	126,304
Trade receivables	*10*	**–**	182,943
Prepayments and other receivables		**1,647,611**	1,819,259
Total non-current assets		**32,742,655**	28,755,306
CURRENT ASSETS			
Prepaid land lease payments		**11,162**	11,768
Inventories		**45,809**	40,230
Trade and bills receivables	*10*	**3,296,067**	2,563,641
Prepayments, deposits and other receivables		**811,925**	789,249
Pledged deposits		**12,885**	17,860
Cash and cash equivalents		**2,240,325**	2,110,035
Total current assets		**6,418,173**	5,532,783
CURRENT LIABILITIES			
Trade and bills payables	*11*	**148,445**	161,530
Other payables and accruals		**3,655,242**	3,498,300
Finance lease payables		**84,908**	56,439
Interest-bearing bank and other borrowings		**4,643,777**	5,707,549
Tax payable		**70,073**	49,167
Total current liabilities		**8,602,445**	9,472,985
NET CURRENT LIABILITIES		**(2,184,272)**	(3,940,202)
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,558,383**	24,815,104

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**30,558,383**	24,815,104
NON-CURRENT LIABILITIES		
Finance lease payables	**1,269,309**	1,027,469
Interest-bearing bank and other borrowings	**16,683,183**	13,217,189
Other payables and accruals	**183,954**	69,356
Deferred tax liabilities	**25,385**	–
Total non-current liabilities	**18,161,831**	14,314,014
Net assets	**12,396,552**	10,501,090
EQUITY		
Equity attributable to owners of the Company		
Issued share capital	**3,715,160**	3,715,160
Reserves	**6,321,197**	4,889,674
	10,036,357	8,604,834
Non-controlling interests	**2,360,195**	1,896,256
Total equity	**12,396,552**	10,501,090

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 equity investments 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 2018, the Group's current liabilities exceeded its current assets by approximately RMB2,184 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 2019
- unutilised banking and other financial institution facilities aggregating to the extent of approximately RMB15,682 million as at 31 December 2018
- 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 2018. 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 2018. 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 IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

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 2018 and 2017.

Year ended 31 December 2018

	Natural gas	Wind power and solar energy	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
Sales to external customers	**6,550,854**	**3,422,314**	**9,973,168**
Intersegment sales	**–**	**–**	**–**
Total revenue	**6,550,854**	**3,422,314**	**9,973,168**
Segment results	**646,046**	**1,941,738**	**2,587,784**
Interest income	**3,412**	**9,078**	**12,490**
Finance costs	**(82,508)**	**(688,762)**	**(771,270)**
Income tax expense	**(95,638)**	**(72,327)**	**(167,965)**
Profit of segments for the year	**471,312**	**1,189,727**	**1,661,039**
Unallocated revenue			**2,241**
Unallocated interest income			**2,038**
Corporate and other unallocated expenses			**(75,776)**
Unallocated income tax expense			**(29)**
Unallocated finance costs			**(13,979)**
Unallocated share of profits and losses of an associate			**7,263**
Unallocated share of profits and losses of a joint venture			**(5,774)**
Profit for the year			**1,575,164**
Segment assets	**6,335,983**	**31,986,944**	**38,322,927**
Corporate and other unallocated assets			**837,901**
Total assets			**39,160,828**
Segment liabilities	**4,085,424**	**22,373,664**	**26,459,088**
Corporate and other unallocated liabilities			**305,188**
Total liabilities			**26,764,276**
Other segment information			
Unallocated Impairment of other receivables			**(468)**
Impairment of prepayments, deposits and other receivables, net	**(1,714)**	**(4,424)**	**(6,138)**
Impairment/(reversal)of trade and bills receivables, net	**(167,894)**	**410**	**(167,484)**
Impairment of intangible assets	**(14,433)**		**(14,433)**
Impairment of property,plant and equipment	**(5,950)**		**(5,950)**
Impairment of goodwill	**(8,254)**		**(8,254)**
Depreciation and amortisation	**(120,759)**	**(1,057,366)**	**(1,178,125)**
Unallocated depreciation and amortisation			**(3,939)**
			(1,182,064)
Unallocated share of profits and losses of joint ventures			**(5,774)**
Share of profits and losses of associates	**250,363**	**38,013**	**288,376**
Unallocated share of profits and losses of an associate			**7,263**
Investments in associates	**944,632**	**644,281**	**1,588,913**
Investments in joint ventures	**58,555**	**27,921**	**86,476**
Unallocated investments in an associate			**242,292**
Capital expenditure *	**638,546**	**4,484,152**	**5,122,698**
Unallocated capital expenditure *			**2,107**
			5,124,805

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

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 2018, revenue generated from sales to one of the Group's customers in the wind power and solar energy segment amounting to RMB2,223,581,000 (2017: RMB1,966,947,000) individually accounted for over 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contrcts with customers	**9,965,463**	–
Sale of natural gas	–	3,788,066
Sale of electricity	–	3,094,252
Construction and connection of natural gas pipelines	–	135,261
Natural gas transportation revenue	–	22,606
Wind power services	–	1,910
Others	–	10,419
Revenue from other sources		
Gross rental income	**9,946**	5,068
	9,975,409	7,057,582

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	**Natural gas** *RMB'000*	**Wind power and solar energy** *RMB'000*	**Total** *RMB'000*
Type of goods or services			
Sale of natural gas	**6,330,787**	**–**	**6,330,787**
Sale of electricity	**–**	**3,413,579**	**3,413,579**
Construction and connection of natural gas pipelines	**172,348**	**–**	**172,348**
Natural gas transportation revenue	**36,242**	**–**	**36,242**
Wind power services	**–**	**2,722**	**2,722**
Others	**8,824**	**961**	**9,785**
Total revenue from contracts with customers*	**6,548,201**	**3,417,262**	**9,965,463**
Timing of revenue recognition			
Goods transferred at a point in time	**6,332,730**	**3,413,579**	**9,746,309**
Services transferred over time	**215,471**	**3,683**	**219,154**
Total revenue from contracts with customers	**6,548,201**	**3,417,262**	**9,965,463**

* Total revenue from contracts with customers are all generated from mainland China.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

	2018 *RMB'000*	2017 *RMB'000*
Other income and gains, net		
Value-added tax refunds	**38,821**	52,337
Gain from available-for-sale investments	**–**	2,619
Gain from equity investments designated at fair value through other comprehensive income	**4,694**	–
Bank interest income	**14,528**	11,816
Gain on disposal of items of property, plant and equipment	**–**	971
Certified Emission Reductions ("CERs") income, net	**1,102**	544
Government grants	**4,665**	4,067
Others	**36,465**	8,251
	100,275	80,605

5. PROFIT BEFORE TAX

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

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Cost of goods sold		**6,985,328**	4,656,471
Cost of services rendered		**130,236**	93,206
Total cost of sales		**7,115,564**	4,749,677
Depreciation of items of property, plant and equipment *(note a)*		**1,061,696**	1,003,454
Depreciation of investment properties		**1,391**	1,534
Amortisation of prepaid land lease payments		**13,166**	12,375
Amortisation of intangible assets		**105,811**	107,533
Total depreciation and amortisation		**1,182,064**	1,124,896
Minimum lease payments under operating leases of land and buildings		**23,349**	17,269
Auditor's remuneration		**6,491**	5,118
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		**303,057**	253,876
Pension scheme contributions (defined contribution schemes) *(note b)*		**44,354**	24,342
Welfare and other expenses		**91,776**	75,071
		439,187	353,289
(Gain)/loss on disposal of items of property, plant and equipment, net		**12,328**	(971)
Foreign exchange loss/(gain), net		**4,365**	15,135
Reversal of impairment of trade receivables	*10*	**(10,105)**	(5,024)
Impairment of trade receivables	*10*	**177,589**	128,268
Impairment of prepayments, deposits and other receivables		**7,816**	32,473
Reversal of impairment of prepayment, deposits and other receivables		**(1,210)**	–
Impairment of goodwill		**8,254**	–
Impairment of intangible assets		**14,433**	–
Impairment of construction in progress		**5,950**	–
Rental income on investment properties		**(2,142)**	(1,953)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**1,391**	1,534

Notes:

(a) Depreciation of approximately RMB1,037,724,000 (2017: RMB979,493,000) 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 2018.

(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 2018 and 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

6. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings wholly repayable within five years	**663,546**	617,075
Interest on bank loans and other borrowings wholly repayable beyond five years	**311,209**	302,066
Total interest expense	**974,755**	919,141
Less: Interest capitalised to items of property, plant and equipment	**(172,210)**	(154,958)
	802,545	764,183
Other finance costs:		
Discounted amounts of non-current portion of trade receivables charged/(reversed)	**(17,296)**	9,913
	785,249	774,096

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

	2018	2017
Capitalisation rates	**3.1%-5.9%**	3.1%-5.6%

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 2018, certain entities were in the process of enjoying the 3+3 tax holiday themselves and keeping the relevant documents in case of the investigation of the respective tax authorities.

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 2018 and 2017.

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 2018 and 2017.

	2018	2017
	RMB'000	*RMB'000*
Current income tax – Mainland China	**212,025**	148,361
Deferred income tax	**(44,031)**	(49,214)
Tax charge for the year	**167,994**	99,147

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:

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**1,743,158**	1,203,874
Income tax charge at the statutory income tax rate of 25%	**435,789**	300,969
Effect of tax exemption for specific locations or enacted by local authorities	**(247,289)**	(190,209)
Deductible temporary differences not recognised	**9,883**	6,452
Tax effect of share of profits and losses of associates	**(73,915)**	(53,792)
Tax effect of share of profits and losses of joint ventures	**1,449**	361
Non-taxable income	**(1,077)**	(654)
Expenses not deductible for tax	**2,071**	5,117
Tax losses not recognised	**43,554**	34,323
Tax losses utilised from previous periods	**(2,471)**	(3,420)
Tax charge for the year at the effective rate	**167,994**	99,147

8. DIVIDENDS

The dividends for the year are set out below:

	2018	2017
	RMB'000	*RMB'000*
Proposed final dividend – RMB12.5 cents (2017: RMB10.3 cents) per share	**464,395**	382,662

The board of directors of the Company proposed, on 12 March 2019, the payment of a final dividend of RMB0.125 per share in respect of the year ended 31 December 2018, 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 2018, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2017 of RMB0.103 per share, which amounted to RMB382,662,000 and was settled in full in July 2018.

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 2018 and 2017 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.

For the financial instruments classified as equity, the distributions are cumulative, the undeclared amount of the cumulative distributions is deducted in arriving at earnings for the purposes of the basic earnings per share calculation.

The Company did not have any dilutive potential ordinary shares during the years ended 31 December 2018 and 2017.

	2018	2017
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**1,268,506**	939,616
Less: Distribution relating to the 2018 renewable green corporate bonds (i)	**(28,717)**	–
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**1,239,789**	939,616

	Number of shares	
	2018	2017
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

(i) The first tranche of 2018 renewable green corporate bonds issued by the Company in March 2018 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest which has been generated but not yet declared, from issue date to 31 December 2018, was deducted from earnings when calculating the earnings per share for the year ended 31 December 2018.

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 2018	31 December 2017
	RMB'000	*RMB'000*
Trade and bills receivables	**3,822,543**	3,105,576
Impairment	**(526,476)**	(358,992)
	3,296,067	2,746,584
Portion classified as non-current assets	**–**	(182,943)
Current portion	**3,296,067**	2,563,641

Included in the trade receivables as at 31 December 2018 were receivables under two service concession arrangements in the aggregate amount of RMB190,528,000 (31 December 2017: RMB133,320,000).

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

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Within 3 months	**1,286,461**	1,126,973
3 to 6 months	**397,264**	389,249
6 months to 1 year	**804,586**	628,023
1 to 2 years	**698,670**	259,059
2 to 3 years	**65,166**	259,795
Over 3 years	**43,920**	83,485
	3,296,067	2,746,584

The movements in the loss allowance for impairment of trade receivables are as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**358,992**	242,561
Impairment losses recognised (note 5)	**177,589**	128,268
Reversal (note 5)	**(10,105)**	(5,024)
Write-off	**–**	(6,813)
At 31 December	**526,476**	358,992

11. TRADE AND BILLS PAYABLES

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

	31 December	31 December
	2018	2017
	RMB'000	*RMB'000*
Bills payable	**74,315**	126,644
Trade payables	**74,130**	34,886
	148,445	161,530

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	31 December
	2018	2017
	RMB'000	*RMB'000*
Within 6 months	**133,539**	150,336
6 months to 1 year	**4,112**	3,612
1 to 2 years	**6,214**	3,785
2 to 3 years	**1,570**	1,125
More than 3 years	**3,010**	2,672
	148,445	161,530