新天绿色能源股份有限公司

China Suntien Green Energy Corporation Limited *

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

Stock Code : 00956

ANNUAL REPORT 2017

*For identification purpose only

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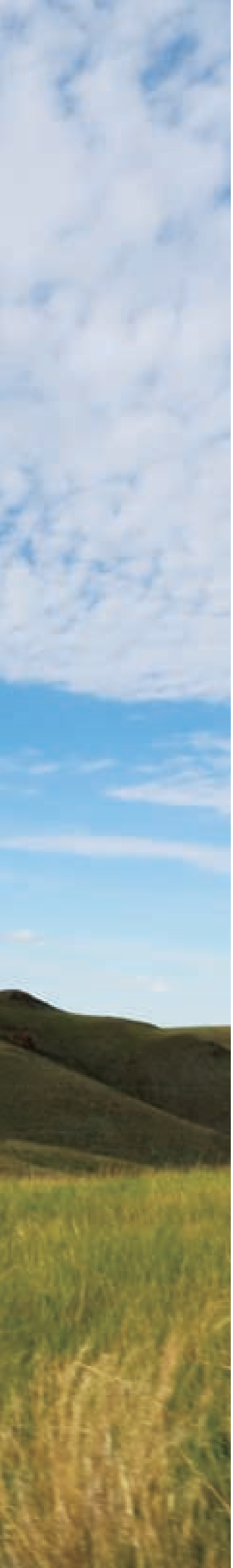


Chairman's Statement

Dear Shareholders,

2017 was an important year for the implementation of China's "13th Five-Year Plan". With the speeding up of the pace of ecological civilization construction, effective implementation of green development and the continuous promotion of structural reform of energy supply side, the cleaning progress of energy was further accelerated. Leveraging on the government's strong support for renewable energy and clean energy industries, in 2017, the Group strived to develop its wind power and natural gas business, expanded renewable energy and clean energy business and enlarged the industrial scale so as to continue to enhance the profitability of the Group.

In 2017, the asset structure of the Group remained stable and its operation indicators were beyond expectation. As at the end of 2017, the Group realized total sales of wind and photovoltaic power generation of 6,692 million kWh; sold 1,879 million cubic meters of natural gas; the consolidated total assets of the Group amounted to RMB34,288 million; realized revenue of RMB7,058 million, total profit of RMB1,204 million and net profit of RMB1,105 million, of which the net profit attributable to the owners of the Group amounted to RMB940 million.

In 2018, with the direction from the spirit of the 19th National Congress, the Group will encounter new development opportunities under the environment of acceleration of reform of ecological civilization system, building of a beautiful China, promotion of energy production and consumption revolution as well as the establishment of a clean and low carbon energy system in a safe and efficient manner. The Group will stick to its business development direction and continue to focus on renewable energy and clean energy, actively promote the development of major markets of wind power and natural gas segments and the implementation of projects, earnestly capitalise on the refined management of operating assets and actively explore innovative development. In addition, the Group will strive to build a much stronger business structure, keep abreast with new technologies and their application, and continuously upgrade technologies applied in its operation and maintenance. The Group aims to further improve its business structure, diversify its source of profits, enhance the standards and efficiency of its management system, refine its fund management measures and steadily improve its management level in connection with production, operation and maintenance, so that it could become a renowned listed company with stronger capabilities in innovation and sustainable development for driving the continuous growth of the enterprise in the course of building a beautiful China.

Cao Xin
Chairman

Shijiazhuang, PRC, 19 March 2018

Corporate Profile

China Suntien Green Energy Corporation Limited was established on 9 February 2010 by shareholders HECIC and HECIC Water. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010.

The Group is primarily engaged in the exploration and utilization of new energy and clean energy, with two major business segments: the wind power business and the natural gas business.

The Group is engaged in the planning, development and operation of wind farms as well as the sale of electricity. The Group owns wind power projects in Hebei, Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, etc. Based in Hebei, the Group has invested and developed wind power projects across the country, and has actively sought suitable investment projects overseas. As at 31 December 2017, the Group had wind power consolidated installed capacity of 3,348.35 MW as well as attributable installed capacity of 3,023.90 MW. In 2017, the gross wind power generation of the Group was 6,737 million kWh with 2,392 utilization hours.

The Group possesses natural gas transmission and ancillary facilities in Hebei province, and sells natural gas through natural gas distribution channels. As at 31 December 2017, the Group owned 6 long-distance natural gas transmission pipelines, 9 high-pressure branch pipelines, 29 urban gas projects, 16 distribution stations, 10 gate stations, 7 CNG refilling stations, and 7 CNG primary filling stations. In 2017, the sales volume of natural gas of the Group was 1,879 million cubic meters.

In 2017, the PRC economy showed an upward momentum while maintaining a stable outlook. With the acceleration of the construction of an ecologically civilized society, effective implementation of various measures for green development, continuous promotion of the supply side structural reform of the energy sector, as well as the commencement of international cooperation for energy production based on the "One Belt One Road" initiative, the energy production and consumption revolution had deepening reforms within the country, and progress of using clean energy was further accelerated. Supported by stable energy supply in general, the structure of energy consumption was further optimized and energy conservation and emission reduction attained new achievements. The Group will actively follow the direction of government policies to develop its business in full efforts, expand its business scale, focus on the development of wind power and natural gas, and explore other renewable energy and clean energy, with a view to constantly improving the profitability of the Group.

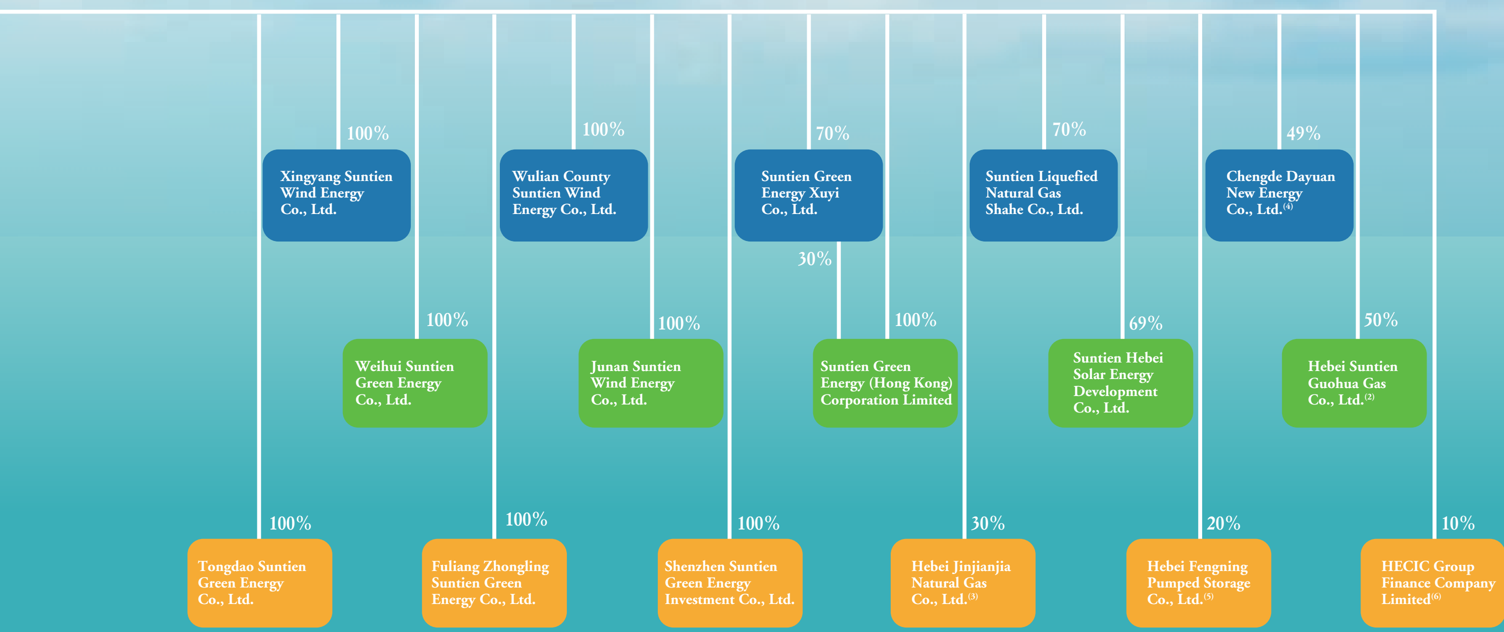
Corporate Profile

Corporate Profile

1. CORPORATE STRUCTURE

As at 31 December 2017, the corporate structure of the Group was as follows[1]:

Corporate Profile



Notes:

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

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

(3) Hebei Jinjianjia Natural Gas Co., Ltd. is an associated company of the Company.

(4) Chengde Dayuan New Energy Co., Ltd. is a joint venture of the Company.

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

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

2. WIND POWER AND NATURAL GAS PROJECTS OF THE GROUP

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

(1) Summary of the consolidated wind power projects

Province	Project name (by regional)	Installed capacity (MW)
Hebei Province	Zhangjiakou Regional Wind Farm	1,416.8
	Chengde Regional Wind Farm	1,167.65
	Cangzhou Regional Wind Farm	49.5
	Baoding Regional Wind Farm	99
	Qinhuangdao Regional Wind Farm	48
	Tangshan Regional Wind Farm	36
Shanxi Province	Lingqiu Regional Wind Farm	148.5
Xinjiang Uyghur Autonomous Region	Ruoqiang Regional Wind Farm	100
Yunnan Province	Jianshui Regional Wind Farm	193.6
Inner Mongolia Autonomous Region	Keyou Qianqi Regional Wind Farm	49.3
Shandong Province	Junan Regional Wind Farm	40
Total		3,348.35

Note: Wind farms in which the Group has shareholding include Weichang Zhangjiawan Wind Farm, Weichang Guangfayong Wind Farm, Weichang Shanwanzi Wind Farm, Weichang Zhuzixia Wind Farm and Weichang Dishuihu Wind Farm, each of which has an installed capacity of 49.5 MW.

(2) Summary of the photovoltaic power generation projects

Province	Project name (by regional)	Installed capacity (MW)
Hebei Province	Baoding Regional Photovoltaic Power Generation Project	11
	Qinhuangdao Regional Photovoltaic Power Generation Project	20
Xinjiang Uyghur Autonomous Region	Xinjiang Regional Photovoltaic Power Generation Project	20
Liaoning Province	Liaoning Regional Photovoltaic Power Generation Project	10
Heilongjiang Province	Heilongjiang Regional Photovoltaic Power Generation Project	20
Total		81

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

Corporate Profile

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

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
Long-distance transmission pipeline	Zhuozhou City to Handan City [1]	100%	Transmits natural gas from the Group's natural gas supplier to the Group's various branch pipelines and city gas pipeline networks
	Gaoyi County to Qinghe County [2]	100%	Supplies natural gas by the Group's natural gas supplier to pipelines from Gaoyi County to Qinghe County and surrounding cities
	Suning County to Shenzhou City [3]	100%	Supplies natural gas by the Group's natural gas supplier to pipelines from Suning County to Shenzhou City and surrounding cities
	Gaocheng District to Shenzhou City [4]	100%	Supplies natural gas by the Group's natural gas supplier to pipelines from Gaocheng to Shenzhou City and surrounding cities
	Xingzhou Station of Chengde (承德興洲首站) to Chengde City [5]	90%	Supplies natural gas to Chengde City by the Group's natural gas supplier
	Qinghe County to Linxi County [6]	60%	Supplies natural gas to Linxi County and Linqing City by the Group's natural gas supplier
City gas project	Shijiazhuang High-Tech Industrial Development Zone, Economic Development Zone, Chang'an District	100%	Distributes natural gas to retail customers of Shijiazhuang Economic and Technological Development Zone, High-Tech Industrial Development Zone and Chang'an District
	Shijiazhuang Recycling Chemical Industrial Zone	60%	Distributes natural gas to retail customers within Shijiazhuang Recycling Chemical Industrial Zone
	Industrial Zone of Southern Shijiazhuang	55%	Distributes natural gas to retail customers of the Industrial Zone of Southern Shijiazhuang
	Xinji City	100%	Distributes natural gas to retail customers in areas under the administration of Xinji City
	Jinzhou City	100%	Distributes natural gas to retail customers in areas under the administration of Jinzhou City
	Gaoyi County	100%	Distributes natural gas to retail customers within the area of Gaoyi County
	Baoding City	100%	Distributes natural gas to Baoding City
	Baoding Development Zone	17%	Distributes natural gas to retail customers of Baoding National High-Tech Industrial Development Zone
	Laiyuan County	100%	Distributes natural gas to retail customers in areas under the administration of Laiyuan County
	Anguo City	51%	Distributes the natural gas to retail customers under the administration of Anguo City
	Li County	60%	Distributes natural gas to retail customers under the administration of Li County
	Shahe City	100%	Distributes natural gas to Shahe City and retail customers in surrounding areas
	Qinghe County	80%	Distributes natural gas to retail customers in areas under the administration of Qinghe County
	Ningjin County	51%	Distributes natural gas to retail customers in areas under the administration of Ningjin County
	Dacaozhuang Management District	51%	Distributes natural gas to retail customers in areas under the administration of Dacaozhuang Management District
	Linxi County	60%	Distributes natural gas to retail customers under the administration of Linxi County
	Handan Development Zone	52.5%	Distributes natural gas to retail customers of Handan Economic and Technological Development Zone

Corporate Profile

Project type	Project location	Ownership held by Hebei Natural Gas	Project summary
	Feixiang County	52.5%	Distributes natural gas to retail customers of the area under the administration of Feixiang County
	Hengshui City	51%	Distributes natural gas to retail customers under the administration of Hengshui City
	Shenzhou City	100%	Distributes natural gas to retail customers in areas under the administration of Shenzhou City
	Raoyang County	60%	Distributes natural gas to retail customers under the administration of Raoyang County
	Anping County	100%	Distributes natural gas to retail customers within the area of Anping County
	Chengde City	90%	Distributes natural gas to retail customers in areas under the administration of Chengde City
	Luanping County	90%	Distributes natural gas to retail customers in areas under the administration of Luanping County
	Pingquan County	100%	Distributes natural gas to retail customers in areas under the administration of Pingquan County
	Lulong County	100%	Distributes natural gas to retail customers of Qinhuangdao Western Industrial Area Lulong Park
	Changli County	100%	Distributes natural gas to retail customers in areas under the administration of Qinhuangdao Western Industrial Park Changli Park (including Zhugezhuang Town)
	Laoting County	100%	Distributes natural gas to retail customers of Laoting New District
	Suning County	100%	Distributes natural gas to retail customers under the administration of Suning County
CNG primary filling station	Shijiazhuang [7]	100%	Shijiazhuang Development Zone
	Shahe [8]	100%	Eastern Ring Road, Shahe City
	Linxi County [9]	60%	Linxi County
	Chengde City [10]	90%	Shuangluan District, Chengde City
	Baoding City [11]	100%	New Town District, Baoding
	Ningjin County [12]	51%	Ningjin County
	Anping County [13]	100%	Madian Town, Anping County

Notes:

1. Specification of the long-distance transmission pipeline from Zhuozhou City to Handan City: 6.3 MPa standard pipeline of 367 km in length.
2. Specification of the long-distance transmission pipeline from Gaoyi County to Qinghe County: 6.3 MPa standard pipeline of 116 km in length.
3. Specification of the long-distance transmission pipelines from Suning County to Shenzhou City: 6.3 MPa standard pipeline of 124.9 km in length.
4. Specification of the long-distance transmission pipelines from Gaocheng District to Shenzhou City: 6.3 MPa standard pipeline of 101 km in length.
5. Specification of the long-distance transmission pipelines from Xingzhou Station of Chengde to Chengde City: 4.0 MPa standard pipeline of 31.8 km in length.
6. Specification of the long-distance transmission pipelines from Qinghe County to Linxi County: 6.3 MPa standard pipeline of 35.2 km in length.
7. Total designed capacity of Shijiazhuang CNG primary filling station is 0.20 million m^3 per day.
8. Total designed capacity of Shahe CNG primary filling station is 0.08 million m^3 per day.
9. Total designed capacity of Linxi CNG primary filling station is 0.16 million m^3 per day.
10. Total designed capacity of Chengde CNG primary filling station is 0.10 million m^3 per day.
11. Total designed capacity of Baoding CNG primary filling station is 0.20 million m^3 per day.
12. Total designed capacity of Ningjin CNG primary filling station is 0.04 million m^3 per day.
13. Total designed capacity of Anping CNG primary filling station is 0.05 million m^3 per day.

Corporate Profile

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

Financial Highlights and Major Operational Data

1. CONSOLIDATED COMPREHENSIVE INCOME

(Unit: RMB'000)

	2013	2014	2015	2016	**2017**
Revenue	4,660,919	5,149,432	4,224,207	4,383,825	**7,057,582**
Profit before tax	832,304	674,611	200,367	743,881	**1,203,874**
Income tax expense	(157,502)	(176,281)	(11,424)	(96,709)	**(99,147)**
Profit for the year	674,802	498,330	188,943	647,172	**1,104,727**
Total comprehensive income for the year, net of tax	674,802	498,330	188,943	647,172	**1,104,727**
Attributable to:					
Owners of the Company	459,516	335,053	168,353	541,574	**939,616**
Non-controlling interests	215,286	163,277	20,590	105,598	**165,111**
Earnings per share	14.19 cents	9.11 cents	4.53 cents	14.58 cents	**25.29 cents**
Diluted	14.19 cents	9.11 cents	4.53 cents	14.58 cents	**25.29 cents**

2. CONSOLIDATED FINANCIAL POSITION (AS AT 31 DECEMBER)

(Unit: RMB'000)

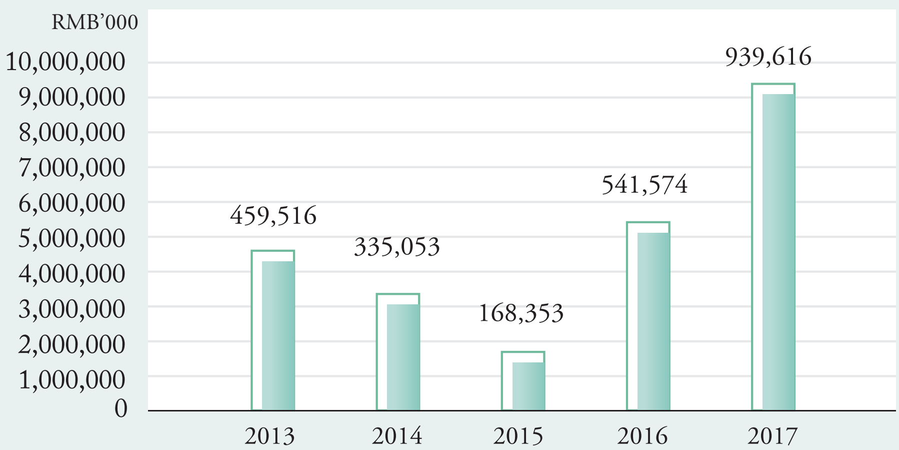
	2013	2014	2015	2016	**2017**
Total non-current assets	14,291,244	16,279,075	21,691,475	25,504,893	**28,755,306**
Total current assets	3,122,743	5,331,280	5,232,034	3,869,146	**5,532,783**
TOTAL ASSETS	17,413,987	21,610,355	26,923,509	29,374,039	**34,288,089**
Total current liabilities	2,744,283	3,530,901	4,554,787	7,817,745	**9,472,985**
Total non-current liabilities	7,563,139	9,317,062	13,468,202	12,022,360	**14,314,014**
TOTAL LIABILITIES	10,307,422	12,847,963	18,022,989	19,840,105	**23,786,999**
NET ASSETS	7,106,565	8,762,392	8,900,520	9,533,934	**10,501,090**
Equity					
Equity attributable to the owners of the Company	5,965,580	7,359,574	7,413,216	7,900,406	**8,604,834**
Non-controlling interests	1,140,985	1,402,818	1,487,304	1,633,528	**1,896,256**
TOTAL EQUITY	7,106,565	8,762,392	8,900,520	9,533,934	**10,501,090**

Financial Highlights and Major Operational Data

3. CONSOLIDATED REVENUE

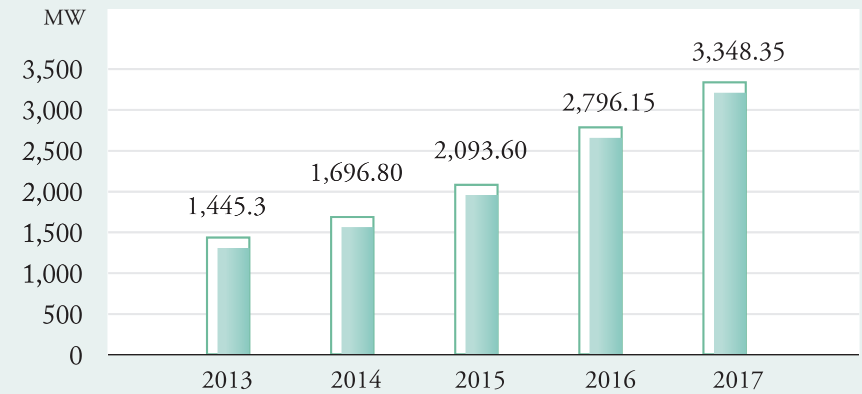
Consolidated Revenue

4. CONSOLIDATED NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



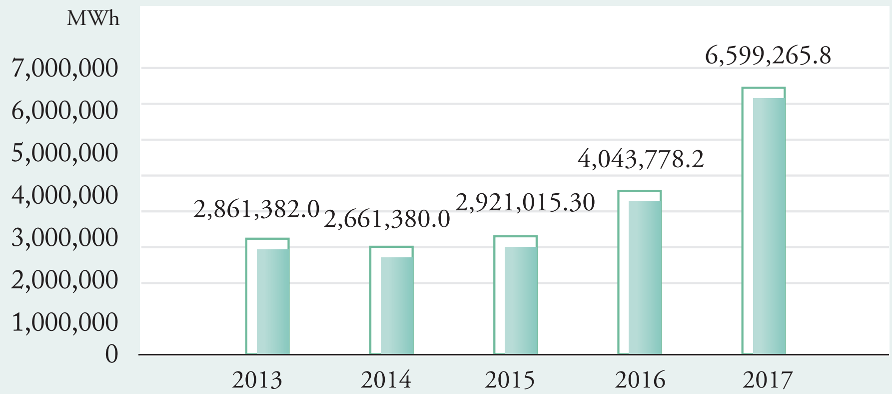
Consolidated Net Profit Attributable to Owners of the Company

5. WIND POWER CONSOLIDATED INSTALLED CAPACITY



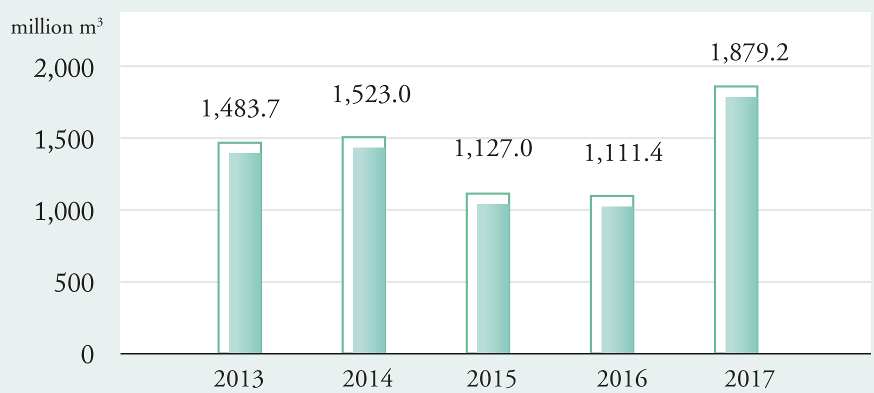
Wind Power Consolidated Installed Capacity

6. WIND POWER CONSOLIDATED NET POWER DELIVERED TO GRID



Wind Power Consolidated Net Power Delivered to Grid

7. NATURAL GAS SALES VOLUME



Natural Gas Sales Volume

Management Discussion and Analysis

I. OPERATING ENVIRONMENT

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

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

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

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

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

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

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

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

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

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

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

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

4. *Official launch of a national carbon emissions trading market*

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

(II) Operating environment for the natural gas industry

1. *Rapid growth in the overall demand for natural gas*

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

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

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

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

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

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

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

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

II. BUSINESS REVIEW

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

1. *Business review of wind power*

(1) Stable growth of installed capacity

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

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

(2) Increase in the utilization hours of wind farms

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

(3) Speed up the promotion of wind resources reserves

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

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

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

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

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

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

(1) Revenue

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

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's wind power business was RMB1,506 million, representing an increase of 52.0% as compared with 2016. This was mainly due to an increase in operating cost resulting from the wind power and photovoltaic projects gradually being put into operation.

(3) Profit from operations

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

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

1. Business review of natural gas

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

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

(2) Actively promoting the construction of infrastructural projects

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

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

(3) Continuous exploration of downstream markets of natural gas

During the reporting period, the Group actively explored the natural gas market. In particular, new non-residential users increased by 654 (including 352 small business users) to a total of 2,668 users (including 1,673 small business users). New residential users increased by 61,263 (including 51,810 new cards users) to a total of 234,212 users (including 177,690 existing cards users).

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

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

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

(5) Management of an innovative and effective operation

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

2. *Key financial indicators of natural gas*

(1) Revenue

During the reporting period, the Group recorded a natural gas sales revenue of RMB3,957 million, representing an increase of 64.8% as compared with 2016, and accounting for 56.1% of the Group's sales revenue. The increase of revenue was mainly attributable to a substantial increase in sales volume of the Group's natural gas as compared with last year. In particular, the pipe wholesale business recorded sales revenue of RMB2,127 million, accounting for 53.7% of the Group's sales revenue from natural gas; retail business, such as city natural gas, recorded sales revenue of RMB1,453 million, accounting for 36.7% of the Group's sales revenue from natural gas; CNG business recorded sales revenue of RMB208 million, accounting for 5.3% of the Group's sales revenue from natural gas. Other revenue was RMB169 million, accounting for 4.3% of the Group's sales revenue from natural gas.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's natural gas business amounted to RMB3,780 million, representing an increase by 71.4% from the amount of RMB2,206 million last year. This was mainly due to a substantial increase in corresponding cost of sales as a result of the substantial increase in purchase volume of natural gas as compared with last year.

(3) Profit from operations

During the reporting period, the profit from operations of the natural gas business was RMB191 million, representing a decrease by 4.7% from last year, mainly due to the decrease in profits as a result of a provision for bad debts in the year 2017. Gross profit margin was 11.6%, which was 0.8 percentage point lower than that of 2016, mainly due to the decrease in gross profit margin of pipeline network connection and construction business of Hebei Natural Gas.

(III) Other clean energy business

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

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

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

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

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

(i) Overview

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

(ii) Revenue

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

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

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

(iii) Other income and net gains

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

(iv) Operating costs

During the reporting period, the Group's operating costs (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) aggregated to RMB5,374 million, representing an increase of 65.2% as compared with 2016, of which:

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

2. Administrative expenses were RMB453 million, representing an increase of 50.0% as compared with 2016. This was mainly due to the corresponding increase in staff costs and administrative costs as a result of the expansion of the Group's production scale.

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

(v) Finance costs

During the reporting period, the Group's finance costs were RMB774 million, representing an increase of 41.0% as compared with RMB549 million in 2016. This was mainly because following the expansion of production capacity of the Company, the increase of borrowings contributed to the rise of interest expenses, and interests from the projects being put into operation were expensed.

(vi) Share of profit of associates

During the reporting period, the Group's share of profit of associates was RMB215 million, representing an increase of RMB150 million as compared with RMB65 million of last year. This was mainly due to a substantial increase in profitability of the enterprises in which the Group has non-controlling interest.

(vii) Income tax expenses

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

(viii) Net profit

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

(ix) Profit attributable to owners of the Company

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

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

(x) Profit attributable to non-controlling interests

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

(xi) Trade and bills receivables

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

(xii) Bank and other borrowings

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

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

(xiii) Liquidity and capital resources

As of 31 December 2017, the Group's net current liabilities was RMB3,940 million, and the net increase in cash and cash equivalents was RMB619 million. The Group has obtained credit facilities of a total amount of RMB44,106 million from various domestic banks, of which an amount of RMB18,434 million was utilized.

(xiv) Capital expenditure

During the reporting period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to properties, plants and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flow from the Group's operating activities. During the reporting period, the Group's capital expenditure was RMB3,922 million, representing a decrease of 7.1% as compared with RMB4,223 million last year. A breakdown of capital expenditure is as follows:

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

(xv) Net gearing ratio

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

(xvi) Material investments

The Group had no material investments during the year.

(xvii) Material acquisitions and disposals

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

(xviii) Material charge on assets

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

(xix) Contingent liabilities

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

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

IV. PROSPECTS FOR 2018

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

(I) Prospect for the wind power business

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

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

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

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

(II) Prospects for the natural gas business

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

1. *Cooperation with upstream partners*

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

2. *Long-distance transmission pipeline business*

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

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

3. *City gas business*

By grasping the opportunity of green energy development and "replacing coal by gas" in Hebei Province, while guaranteeing stable supply to existing users, the Group will take advantage of the Company's pipeline network within the province to continue to explore in great depth the potential gas market and quality customers in the province, and profoundly develop the city gas markets in the surrounding areas of the city pipeline network to improve the structure of retail users, thus boosting the gas sales volume of the Company.

(III) Innovative financing means

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

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

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

V. RISK FACTORS AND RISK MANAGEMENT

(I) Wind power business

1. *Uncertainties in wind resources*

The primary climate risk faced by the wind power industry is the volatility of the wind resources, which expresses in a way that the amount of wind power generation is higher than the normal annual level in big wind years and lower in little wind years. In 2017, the overall wind speed was good; however, due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2018. During the phase of project planning and before the construction of wind farms, the Group will comprehensively analyse the wind resources to evaluate the potential installed capacity of such locations in order to reduce the risks relating to climate.

2. *Risk of decrease in tariff rate*

In accordance with the revelant government policies, "wind power to become cost competitive with thermal power" will be achieved by 2020. In this regard, the Group will fully study the relevant government policies and understand the actual situations of the projects pending development and under construction as well as arrange the project development and construction progress proactively and reasonably to ensure the projects are connected to grid and put into operation as early as possible. At the same time, the Group will continue to strengthen the operation, maintenance and management, enhance the safety and reliability of equipment and improve the level of production and operation maintenance, so as to lay a solid foundation for the commencement of subsequent projects.

3. *Continuation of wind curtailment and power constraints*

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

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

4. *Increase in management difficulty of construction*

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

(II) Natural Gas Business

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

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

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

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

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

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

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

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

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

(III) Interest rate risk

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

Human Resources

1. SUMMARY OF HUMAN RESOURCES

As of 31 December 2017, the Group had a total of 2,048 employees with employment contracts signed, including 1,725 male employees and 321 female employees. The average age of employees was 33.59. 50.83% of them had the academic qualifications of bachelor's degree or above.

The staff structure is as follows:

By business segments	No. of Staff
The Group's headquarters	60
Wind Power and Solar Energy Segment	857
Natural Gas Segment	1,117
Others	14

By academic qualifications	No. of Staff
Master's degree or above	147
Bachelor's degree	894
College diploma or below	1,007

By titles	No. of Staff
Specialist level	3
Senior level	80
Middle level	183
Junior level	489
Others	1,293

2. MANAGEMENT OF HUMAN RESOURCES

(1) Human resources strategy

Based on the overall strategic operational objectives in combination with the need in a changing business environment as well as the core business of the Company, the Group keep improving the system and procedures of recruitment, human resources, training, salary, performance and labor relationship management and establishing an efficient operating procedure in order to provide a platform supported by human resources to implement the Company's strategies.

(2) Remuneration and performance management

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

(3) Recruitment management

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

(4) Human resources development and management

Adhering to the principle of combination of talent development and the enhancement of core capabilities of the Group's business and organization, the Group optimizes its employee training model. Combining internal, external and online courses can effectively enhance the professional skills of the employees. The Group emphasizes on the talent training at different levels including mid to senior management and professional technicians in order to enhance the core competitiveness of the Group and satisfy the needs of existing and emerging business development. The Group builds up professional talents teams, promotes trainings for professional technicians of the Company and proactively mobilizes the initiative of professional technicians. During the reporting period, the Group established an implementation plan for selection of professional technicians of new energy and clean energy, trained such professional technicians and assisted the staff to improve their skills so as to promote the formation of a team of professional technicians of new energy and clean energy.

(5) Staff relations management

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

Biographies of Directors, Supervisors and Senior Management

1. NON-EXECUTIVE DIRECTORS

Dr. Cao Xin (曹欣), aged 46, joined the Group in June 2006, is a non-executive Director and the chairman of the Board of the Company. He obtained a doctorate in economics from Renmin University of China (中國人民大學) and is a chief senior economist. Currently, Dr. Cao also serves as a non-executive director of Datang International Power Generation Co., Ltd (stock code for H share: 991). He has been a deputy general manager of HECIC since January 2014. He successively served as executive director, chairman and president of the Company; general manager of HECIC New-energy Co., Ltd; assistant to the general manager of Hebei Construction and Investment Group Co., Ltd.; manager of the Public Utilities Department II of Hebei Construction & Investment Company.

Dr. Li Lian Ping (李連平), aged 55, served the Group from February 2010 to March 2013, resigned the directorship in March 2013 due to job transfer and rejoined the Group in June 2016. He is the chairman and secretary of the Party committee of Hebei Construction & Investment Group Co., Ltd. He obtained a doctorate in materials processing engineering from the University of Science and Technology Beijing (北京科技大學) and is a chief senior engineer. Currently, Dr. Li serves as director of JEI (stock code for A share: 000600). He was a non-executive Director and chairman of the Company from February 2010 to March 2013. Since September 2015, he has been the chairman and secretary of the Party committee of HECIC and the chairman of Yanshan Development (Yanshan International Investment) Company Limited (燕山發展(燕山國際投資)有限公司). He successively served as deputy secretary of the Party committee, deputy officer (departmental level) of the State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province, chairman and secretary of the Party committee of HECIC, chairman of Yanshan Development Company Limited, director, deputy general manager and a member of the standing committee of the Party committee of Hebei Iron & Steel Group Co., Ltd. and general manager, deputy chairman and deputy secretary of the Party committee of Handan Iron & Steel Group Co., Ltd.

Mr. Qin Gang (秦剛), aged 43, joined the Group in October 2014, is currently a non-executive Director of the Company. He obtained a master's degree in corporate management from Nankai University (南開大學) and is a senior economist. Currently, Mr. Qin serves as the vice chairman of JEI. He has been the assistant to the general manager and the general manager of the capital operation department of HECIC and the executive deputy general manager of Yanshan Development (Yanshan International Investment) Company Limited (燕山發展(燕山國際投資)有限公司) since April 2015. He successively served as deputy departmental manager of the capital operation department of HECIC and deputy manager of the financial management department of Hebei Construction Investment Company (the predecessor of HECIC).

Ms. Sun Min (孫敏), aged 50, joined the Group in January 2015, is currently a non-executive Director of the Company. She obtained a master's degree in business administration from Nankai University (南開大學), and is a chief senior engineer. She has been the general manager of the appraisal and assessment department of HECIC since 2013. Ms. Sun successively served as deputy manager of the investment and development department of HECIC, deputy manager of the investment and development department of Hebei Construction Investment Company (the predecessor of HECIC), assistant to the manager of the Energy Branch of Hebei Construction Investment Company, etc.

Mr. Wu Hui Jiang (吳會江), aged 38, joined the Group in June 2015, is currently a non-executive Director of the Company. He has a master's degree in political economy of Zhejiang University and is a senior economist. He has been the general manager of the Investment Development Department of Hebei Construction & Investment Group Co., Ltd. since June 2015. Prior to this, he was deputy general manager of the Investment Development Department of HECIC, deputy general manager of CIC Huaxin Capital Co., Ltd. (建投華信資本有限公司), manager of the Investment Development Department of HECIC Water Investment Co., Ltd. and project manager of the Public Utilities Department I of Hebei Construction Investment Company (the predecessor of HECIC).

2. EXECUTIVE DIRECTORS

Mr. Mei Chun Xiao (梅春曉), aged 49, joined the Group in August 2006, is currently an executive Director, president and deputy secretary of the Party committee of the Company. He obtained a master's degree in electrical engineering from Beijing Jiaotong University (北京交通大學) and is a chief senior engineer. He was promoted from the vice president to the president of the Company on 31 March 2017, and was appointed as an executive Director of the Company on 8 June 2017. Mr. Mei successively served as vice president of the Company, general manager, deputy general manager and chief engineer, and an assistant to the general manager of HECIC New-energy.

Mr. Wang Hong Jun (王紅軍), aged 53, joined the Group in March 2013, is an executive Director of the Company. He obtained a master's degree in business administration from Tianjin University (天津大學). Mr. Wang has been the secretary of the Party committee of the Company since March 2013 and was oppointed as an executive Director of the Company in June 2013. Mr. Wang successively served as director of the general office of HECIC, and director of the general manager office of Hebei Construction Investment Company (the predecessor of HECIC).

3. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qin Hai Yan (秦海岩), aged 47, has been an independent non-executive Director of the Company since March 2010. He obtained a master's degree in business administration from Renmin University of China (中國人民大學). Mr. Qin also serves as an independent non-executive director of Huaneng Renewables Corporation Limited (華能新能源股份有限公司) (stock code for H shares: 00958), Xinte Energy Co., Ltd. (新特能源股份有限公司) (stock code for H shares: 1799) and Ningxia Jiaze New Energy Co., Ltd. (寧夏嘉澤新能源股份有限公司) (stock code for A shares: 601619) and CECEP Wind-power Corporation Co., Ltd. (stock code for A shares: 601016). Besides, Mr. Qin also serves as the vice chairman of World Wind Energy Association, the standing director of the China Renewable Energy Society (中國可再生能源學會), the secretary-general to the Wind Power Committee of the China Renewable Energy Society (中國可再生能源學會風能專業委員會) and the deputy secretary of the National Wind Power Machinery Standardization and Technology Commission (全國風力機械標準化委員會).

Mr. Ding Jun (丁軍), aged 55, has been an independent non-executive Director of the Company since March 2010. He graduated from the graduate school of the China Academy of Social Sciences (中國社會科學院) with a master's degree in economics. Mr. Ding is an associate researcher of the Beijing Academy of Social Sciences Economics Research Institute (北京市社會科學院經濟研究所), which he joined in 1992. In addition, Mr. Ding was also appointed as a standing director and vice secretary-general of the China Association for Studying the Construction of Well-off Society (中國小康建設研究會).

Mr. Wang Xiang Jun (王相君), aged 53, has been an independent non-executive Director of the Company since March 2010. He obtained a bachelor's degree in economics from the Central University of Finance and Economics (中央財政金融學院). Since November 2005, Mr. Wang has acted as associate professor of Hebei University of Economics and Business (河北經貿大學). In addition, he is a part-time teacher of the Accountant Service Centre of Hebei Finance Office (河北省財政廳會計人員服務中心), a standing director of the Hebei Information Industry and Accounting Association (河北省資訊產業會計學會) and a financial consultant of Hebei Grain Group Co., Ltd. (河北省糧食產業集團有限公司), China Construction Bank Hebei Branch (中國建設銀行河北省分行), the finance department of Hebei Publishing Group (河北省出版集團財務部) and Hebei Products (Group) Co., Ltd. (河北物產企業(集團)公司).

Mr. Yue Man Yiu Matthew (余文耀), aged 56, has been an independent non-executive Director of the Company since June 2010. He graduated from the Chinese University of Hong Kong (香港中文大學) and obtained a bachelor's degree in business administration. Since 2009, Mr. Yue has acted as chief financial officer of Ko Shi Wai Holdings Limited (高士威控股有限公司), and is an independent non-executive director of Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司)(stock code for H shares: 00841) and Royale Furniture Holdings Limited (皇朝家私控股有限公司)(stock code for H shares: 01198). Mr. Yue is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Securities Institute.

4. SUPERVISORS

Mr. Wang Chun Dong (王春東), aged 51, joined the Group in November 2017, is the chairman of the Board of Supervisors of the Company. He received a master's degree in business administration from the University of Illinois in the United States and is a senior political analyst. He has been a member of the standing committee of the Party committee and the secretary of the discipline inspection committee of HECIC since October 2016. He successively served as a deputy secretary of the Party committee, the secretary of the discipline inspection committee and the chairman of the board of supervisors of Tangsteel Company of Hebei Iron & Steel Group Co. Ltd., an inspector and a deputy secretary of the discipline inspection committee and the director of the general office of the State-owned Assets Supervision and Administration Commission of People's Government of Hebei Province (the "Hebei SASAC"), a disciplinary inspector and ombudsman of the Office of the Ombudsman and the director of the general office of Hebei Provincial Supervision Department in Hebei SASAC.

Mr. Liu Jin Hai (劉金海), aged 45, joined the Group in June 2013, is a supervisor of the Company. He received a master's degree in business administration from the Hebei University of Technology (河北工業大學)and is a chief senior accountant. He has been the assistant to the general manager and the general manager of the financial management department of the Hebei Construction & Investment Group Co., Ltd. since April 2015. He successively served as general manager of HECIC Water Investment Co., Ltd., head of the financial management department of HECIC and general manager of HECIC Group Finance Company Limited.

Mr. Qiao Guo Jie (喬國傑), aged 55, joined the Group in September 2007, is an employee representative supervisor of the Company. He obtained a master's degree in business administration from Tianjin University (天津大學). Mr. Qiao was elected as an employee representative supervisor at the third session of the Board of Supervisors of the Company on 18 March 2016. Since April 2013, Mr. Qiao successively served as deputy secretary of the Party committee and the disciplinary committee, chairman of the labour union of the Company; from September 2011 to April 2013, served as deputy secretary of the Party committee and the disciplinary committee of the Company and deputy secretary of the Party committee and the disciplinary committee, chairman of the labour union of HECIC New-energy. He previously served as deputy secretary of the Party committee and the disciplinary committee, chairman of the labour union of HECIC New-energy.

Ms. Ma Hui (馬惠), aged 55, joined the Group in August 2006, is an employee representative supervisor and manager of the audit and regulation department of the Company. She obtained a college diploma in production process automation from Hebei Institute of Chemical Technology and Light Industry (河北輕化工學院) and a college diploma in finance and accounting from Hebei University of Economics and Business (河北經貿大學). Ms. Ma was elected as an employee representative supervisor at the third session of the Board of Supervisors of the Company on 18 March 2016 and has been the manager of the audit and regulation department of the Company since January 2011. She successively served as manager of the audit department of Hebei Natural Gas and a leader of the auditing and inspection team (計檢組組長) of North China Pharmaceutical Co., Ltd. (華北製藥股份有限公司).

Mr. Xiao Yan Zhao (**肖延昭**), aged 44, joined the Group in June 2014, is an independent supervisor of the Company. He obtained a bachelor's degree in law from China University of Political Science and Law (中國政法大學), and is a qualified lawyer and Chinese registered senior planner. Mr. Xiao successively served as a partner and chief lawyer of Beijing Delvheng Law Firm (北京市德律珩律師事務所) from 2005 to 2012. Currently, he a senior partner of C&I Partners, Beijing (北京市信利律師事務所). Besides, he served as deputy secretary-general of the Association of Cross-Strait Legal Exchange (海峽兩岸法學交流促進會), standing director and deputy secretary-general of the Law and Trading Seminar (Shenzhen) of WTO and China – Asean Free Trade Area (世界貿易組織及中國－東盟自由貿易區法律貿易研究會), and director of China Association of Small and Medium Business Enterprises (中國中小商業企業協會).

Dr. Liang Yong Chun (**梁永春**), aged 46, has been the independent supervisor of the Company since June 2015 and is currently a teacher at the Electrical Engineering College, Hebei Science and Technology University (河北科技大學電氣工程學院). He obtained a doctorate in high voltage and insulation technology from Xi'an Jiaotong University (西安交通大學). He has been a teacher at the Electrical Engineering College, Hebei Science and Technology University since 1998. He studied his doctorate degree in Xi'an Jiaotong University from 2004 to 2009. He was an ECS visiting scholar at the University of Southampton in the United Kingdom from 2012 to 2013.

5. SENIOR MANAGEMENT

For details of Mr. Mei Chun Xiao, the president, please refer to the second section of this chapter headed "Executive Directors".

Mr. Sun Xin Tian (**孫新田**), aged 53, joined the Group in January 2006. He obtained a master's degree in power engineering from Huabei Electricity University (華北電力大學) and is a senior engineer. He was appointed as vice president of the Company in June 2010. Mr. Sun successively served as deputy general manager and chief engineer of HECIC New-energy, deputy general manager of HECIC Zhangjiakou Wind Energy Co., Ltd., and deputy chief engineer, deputy director and deputy chief engineer of the equipment and technology department, engineer and deputy factory manager of a power engineering branch factory of Hebei Xingtai Power Co., Ltd. (河北興泰發電有限責任公司, formerly known as Xingtai Electricity Generation Factory (邢臺發電廠)).

Ms. Ding Peng (**丁鵬**), aged 47, joined the Group in June 2001. She obtained a master's degree in senior business administration from Renmin University of China (中國人民大學). Ms. Ding was appointed as vice president of the Company on 24 March 2014, and is also the general manager of Hebei Natural Gas. Ms. Ding successively served as deputy general manager and chief accountant, then chief accountant and financial manager of Hebei Natural Gas.

Mr. Lu Yang (**陸陽**), aged 48, joined the Group in January 2008. He obtained a master's degree in senior business administration from Renmin University of China (中國人民大學). Mr. Lu was appointed as vice president of the Company on 24 March 2014. From January 2008 to March 2014, he served as deputy general manager of Hebei Natural Gas. Mr. Lu successively served as manager for engineering technical support of Hong Kong & China Gas Investment Limited, and then as deputy general manager and chief engineer of Handan City Gas Company.

Ms. Fan Wei Hong (范維紅), aged 47, joined the Group in June 2013. She obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學). Ms. Fan was appointed as financial controller of the Company on 16 August 2013 and resigned from the position on 24 March 2014 and was appointed as chief accountant of the Company on the same day. Ms Fan successively served as deputy manager and manager of the financial planning department of HECIC Communications, deputy general manager and financial controller of Shijiazhuang Construction and Investment Company (石家莊市建設投資公司), accountant of Shijiazhuang Committee of Planned Economy (石家莊市計劃經濟委員會) and accountant of Shijiazhuang Sixth Cotton Mill Factory (石家莊市第六棉紡織廠).

Mr. Ban Ze Feng (班澤鋒), aged 40, joined the Group in June 2013. He obtained a master's degree in business administration from Nankai University (南開大學). Mr. Ban was appointed as secretary of the Board of the Company on 6 June 2013 and joint company secretary of the Company on 24 March 2014. Mr. Ban successively served as assistant to the director of the general office, head of the secretarial confidential documents department and general office secretary of HECIC, deputy director of the general manager's office of Shijiazhuang International Building Co., Ltd. (石家莊國際大廈股份有限公司), and secretary of the general office of Hebei Construction Investment Company (the predecessor of HECIC).

6. JOINT COMPANY SECRETARIES

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

Ms. Lam Yuen Ling Eva (林婉玲), aged 51, appointed as the joint company secretary of the Company on 1 April 2010. She has over 20 years of experience in company secretarial services and commercial solutions. She is currently a director of BMI Listed Corporate Services Limited and is responsible for supervising the company secretarial teams to provide full range of listed and private company secretarial services to clients. Ms. Lam obtained a Higher Certificate in Company Secretaryship and Administration from the Hong Kong Polytechnic University and was awarded a degree of Master of Science in Corporate Governance and Directorship by the Hong Kong Baptist University. Ms. Lam is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Lam is currently the company secretary of several companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Report of the Board of Directors

The Board of the Group hereby presents to the shareholders the annual report and the audited Financial Statements for the year ended 31 December 2017.

I. BUSINESS REVIEW

(i) Operating environment

The Company is principally engaged in the investment of projects involving the exploration and utilization of natural gas, LNG, CNG, coal gas and coalbed methane, as well as projects of new energy sources including wind power and solar power, etc. Details of major subsidiaries of the Company are set out in Note 1 to the Financial Statements. During the reporting period, the Company actively expanded the renewable energy and clean energy business and accelerated the promotion of reserve of wind resources, therefore, the installed capacity had rapid growth, the level of operation and management kept enhancing, and the utilization hours of wind farms had obvious increases. With active facilitation of the construction of infrastructure of natural gas, continued expansion of the market of downstream users, development of CNG and LNG businesses in a prudent manner and active establishment of a system for multi gas resources protection, the sales volume had obvious increase. Details of the business environment policy of the Company are set out in operating environment on page 16 to page 19 of this annual report.

(ii) Key financial indicators

In 2017, the Group realized a total sale of wind and photovoltaic power generation of 6,692 million kWh, representing an increase of 47.60% as compared with 2016; sold 1,879 million cubic meters of natural gas, representing an increase of 69.1% as compared with 2016; realized revenue of RMB7,058 million, representing an increase of 61.0% as compared with 2016; a total profit of RMB1,204 million, representing an increase of 61.8% as compared with 2016; and a net profit of RMB1,105 million, representing an increase of 70.7% as compared with 2016; of which the net profit attributable to the owners of the Group amounted to RMB940 million, representing an increase of 73.4% as compared with 2016.

As at 31 December 2017, the total share capital of the Company was 3,715,160,396 shares, comprising of 1,876,156,000 domestic shares and 1,839,004,396 H shares. Details of liquidity of the Company are set out in "Liquidity and capital resources" and "Capital expenditure" on page 26 of this annual report.

(iii) Compliance with laws and regulations and performance

In 2017, the Group complied with laws and regulations that had material impacts on the establishment, production and operation of wind power, photovoltaic power and natural gas projects, including "The Environmental Protection Law of the PRC (amended in 2014)", "The Recycling Economy Promotion Law of the PRC", "The Renewable Energy Law of the PRC" and other relevant laws, regulations, management ordinances and environmental protection standards. Pursuant to the above regulations, and along with strategies related to the national ecological civilization construction and the setting of the target of energy saving and emission reduction for the community as a whole, the Company, building on its operational production characteristics, set up a leading group for energy saving and emission reduction with its president as the team leader. The Safety Production Department set up an energy saving and emission reduction office with the manager of Safe Production Department as the officer. The Company also formulated "energy management measures", "environmental protection measures" and "management measures for disposal of production wastes", so as to strictly control the consumption of various energy and resources by the Group, promoted new technology, skills, facilities and materials for energy saving, encouraged reasonable consumption of energy, enhanced utilization and economic efficiency of energy, water and ecological resources, actively reduced the wastage of resources and protected the ecological environment. In 2017, there were neither incidents nor legal complaints relating to environmental pollution.

(iv) Major risk factors

Details of the major risks and uncertain factors of the Company (including the slowdown of the growth of macro-economy, competition of alternative energy, collection of account receivables, decrease in price of electricity, climate and grid curtailment) are set out in the risk factor and risk management sections on page 29 to page 31 of this annual report.

(v) Business development expectation in the future

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

For the business development in 2017, please refer to the "Prospects for 2018" on page 27 to page 29.

(vi) Relationship with staff

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

(vii) Relationship with clients and suppliers

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

Since the Group is in a business expansion stage, since 2017 and for a long time in the future, suppliers of project construction and related materials will be the main acquisition targets of the Group. The Group implements management process in respect of suppliers of each product and service, and in compliance with the national and local regulations, to ensure that the purchase process is legal, and that the suppliers selected are highly efficient in managing different aspects of their business, such as quality, environment and safety.

(viii) Environmental protection policies and performance

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

2. RESULTS

The audited results of the Company and its subsidiaries for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 84. The financial position of the Company and its subsidiaries as of 31 December 2017 is set out in the consolidated statement of financial position on pages 85 to 86. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2017 are set out in the consolidated statement of cash flows on pages 88 to 89.

Discussion and analysis of the Group's performance and financial position for the year is set out in the Management Discussion and Analysis on pages 16 to 31 of this annual report.

3. SHARE CAPITAL

As of 31 December 2017, the total issued share capital of the Company was RMB3,715,160,396, divided into 3,715,160,396 shares of RMB1 each.

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

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

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

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

The Company had completed the issuance of the first tranche of the Super Short-term Commercial Papers (the "Issuance") on 13 October 2017. The aggregate offering amount of the Issuance was RMB500 million with a term of 270 days, nominal value per unit of RMB100 and coupon rate of 4.88%. The interest shall be accrued from 13 October 2017. The proceeds raised from the Issuance will be primarily used for repayment of interest bearing debts for the Company and its subsidiaries. Please refer to the announcement headed "Completion of the Issuance of First Tranche of Super Short-term Commercial Papers" and published on 16 October 2017 by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

The Company has completed the issuance of the second tranche of the Super Short-term Commercial Papers (the "Issuance") on 10 November 2017. The aggregate offering amount of the Issuance was RMB500 million with a term of 120 days, nominal value per unit of RMB100 and coupon rate of 5.1%. The interest shall be accrued from 10 November 2017. The proceeds raised from the Issuance will be primarily used for repayment of interest bearing debts for the Company and its subsidiaries. Please refer to the announcement headed "Announcement Completion of the Issuance of Second Tranche of Super Short-term Commercial Papers" and published on 14 November 2017 by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

HECIC New-energy, a subsidiary of the Company, has completed the issuance of the 2017 first tranche of medium-term notes (the "Medium-Term Notes Issuance") on 24 November 2017. The offering amount of the Medium-Term Notes Issuance was RMB500 million with a term of 5 years. The notes have a nominal value of RMB100 per unit and coupon rate is 6.2%. The proceeds raised from the Medium-Term Notes Issuance will be primarily used for repayment of interest bearing debts for the HECIC New-energy and its subsidiaries and optimizing the financial structure. Please refer to the announcement headed "Voluntary Announcement Issuance of Medium-term Notes by a Subsidiary" and published on 27 November 2017 by the Company on the websites of the Hong Kong Stock Exchange and the Company for details.

5. PRE-EMPTIVE RIGHTS

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

6. INITIAL PUBLIC OFFERING OF A SHARES

The Company convened the first extraordinary general meeting for 2017 on 10 November 2017 for the consideration and pass of the resolution on initial public offering of A Shares. The Company intended to issue no more than 134,750,000 A Shares which are planned to be listed on the Shanghai Stock Exchange (the "A Share Offering"). For details of the A Share Offering, please see the Company's announcement dated 25 September 2017 and the circular dated 20 October 2017.

Currently, the works of the A Share Offering are being carried out in an orderly manner.

7. RESERVES

Details of the movement in reserves of the Company for the year are set out in Note 44 to the Financial Statements, and details of reserves distributable to shareholders are set out in Note 44 to the Financial Statements.

8. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired properties, plants and equipment with a total cost of RMB3,922 million. Certain properties, plants and equipment disposed or of which bad debts were written off by the Group had a carrying value of RMB2.342 million, resulting in net gain on asset disposal of RMB0.971 million.

Details of the movement in properties, plants and equipment of the Group during the reporting period are set out in Note 13 to the Financial Statements.

9. PROFIT DISTRIBUTION

The Board recommends the distribution of a final dividend of RMB0.103 per share (tax included) (RMB383 million in total (tax included)) for the year ended 31 December 2017 to all shareholders, details of which are set out in Note 11 to the Financial Statements. 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 Tuesday, 19 June 2018 within 2 months after the Annual General Meeting, subject to the approval of the 2017 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.

According to the "Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Overseas H-share Holders (Non-resident Enterprise Shareholders) from Chinese Resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation (國家稅務局), an enterprise income tax at the rate of 10% shall be levied on dividends paid in or after 2008 by Chinese resident enterprises to overseas H-share shareholders that are non-resident enterprises.

Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax. If H shareholders intend to change its shareholder status, please enquire about the relevant procedures with your agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company as at 19 June 2018.

If the individual H shareholders who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for dividend with China under the relevant tax treaties, the Company should withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. Should the individual H shareholders are residents of the countries which had an agreed tax rate of less than 10% with China under the relevant tax treaties, the Company shall withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. In that case, if the relevant individual H shareholders wish to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant H shareholders to handle the application for the underlying preferential tax benefits pursuant to tax treaties. Should the individual H shareholders are residents of the countries which had an agreed tax rate of over 10% but less than 20% with China under the tax treaties, the Company shall withhold and pay the individual income tax on behalf of the relevant H shareholders at the effective rate stipulated in the relevant tax treaties. In the case that the individual holders of H shares are residents of the countries which had an agreed tax rate of 20% with China under the tax treaties, or which has not entered into any tax treaties with China, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the relevant H shareholders at a rate of 20%.

The Company shall base on the registered address as recorded in the register of members of the Company on 19 June 2018 to determine the identity of the individual H shareholders. The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the shareholders or any dispute over the arrangement of withholding and paying tax on behalf of such shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H shares of the Company.

10. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the purchase amount from the Group's five largest suppliers in aggregate contributed 65.7% of the Group's total purchase amount for the year, among which, the total purchase amount from the largest supplier contributed 38.3% of the Group's total purchase amount for the year.

For the year ended 31 December 2017, the sales to the Group's five largest customers in aggregate contributed 49.2% of the Group's total sales for the year, among which, the sales to the largest customer contributed 27.9% of the Group's total sales for the year.

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

11. BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2017 are set out in Note 29 to the Financial Statements.

12. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Currently, the Board of the Company consists of eleven Directors, of whom five are non-executive Directors, two are executive Director and four are independent non-executive Directors.

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

Name	Age	Position	Date of Appointment
Cao Xin	46	Non-executive Director, chairman of the Board	13 June 2016
Li Lian Ping	55	Non-executive Director	13 June 2016
Gao Qing Yu (1)	54	Executive Director, President	13 June 2016 – 16 March 2017
Mei Chun Xiao	49	Executive Director	8 June 2017
Wang Hong Jun	53	Executive Director	13 June 2016
Qin Gang	43	Non-executive Director	13 June 2016
Sun Min	50	Non-executive Director	13 June 2016
Wu Hui Jiang	38	Non-executive Director	13 June 2016
Qin Hai Yan	47	Independent non-executive Director	13 June 2016
Ding Jun	55	Independent non-executive Director	13 June 2016
Wang Xiang Jun	53	Independent non-executive Director	13 June 2016
Yue Man Yiu Matthew	56	Independent non-executive Director	13 June 2016
Yang Hong Chi	61	Chairman of the Board of Supervisors	13 June 2016 – 10 November 2017
Wang Chun Dong	51	Chairman of the Board of Supervisors	10 November 2017
Liu Jin Hai	45	Supervisor	13 June 2016
Qiao Guo Jie	55	Employee representative supervisor	18 March 2016
Ma Hui (2)	55	Employee representative supervisor	18 March 2016 – 1 March2018
Wang Xiu Ce (2)	48	Employee representative supervisor	1 March 2018
Xiao Yan Zhao	44	Independent supervisor	13 June 2016
Liang Yong Chun	46	Independent supervisor	13 June 2016
Sun Xin Tian	53	Vice president	6 June 2013
Mei Chun Xiao (3)	49	President	31 March 2017
Ding Peng	47	Vice president	24 March 2014
Lu Yang	48	Vice president	24 March 2014
Fan Wei Hong	47	Chief accountant	6 June 2013
Ban Ze Feng	40	Secretary to the Board, joint company secretary	6 June 2013 (Secretary to the Board) and 24 March 2014 (joint company secretary)

Note: (1) Mr. Gao Qing Yu has resigned as an executive director, the president and a member of the Strategic and Investment Committee of the Company, due to change in work arrangement, with effect from 16 March 2017.

(2) Ms. Ma Hui has resigned as an employee representative, with effect from 1 March 2018, and Ms. Wang Xiu Ce succeeded such position.

(3) Mr. Mei Chun Xiao became the president of the Company since 31 March 2017.

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

13. CHANGES IN DIRECTORS AND SUPERVISORS

1. Mr. Gao Qing Yu had resigned as an executive director of the third session of the Board, the president and a member of the Strategic and Investment Committee of the Company on 16 March 2017, due to change in work arrangement, with effect from 16 March 2017.

2. Mr. Mei Chun Xiao was appointed as the president of the Company on 31 March 2017, and was appointed as an executive director of the third session of the Board of the Company at the 2016 Annual General Meeting convened on 8 June 2017.

3. Mr. Yang Hong Chi resigned as a supervisor and chairman of the Board of Supervisors of the Company on 10 November 2017 due to retirement, and Mr. Wang Chun Dong was appointed as a supervisor of the Company and was elected as the chairman of the Board of Supervisors by the Board of Supervisors on the same date.

4. Ms. Ma Hui resigned as an employee representative of the Company on 1 March 2018 due to retirement. Ms. Wang Xiu Ce was elected as an employee representative supervisor of the third session of the board of supervisors of the Company at the employee representatives meeting, with effect from 1 March 2018.

Biographical details of the Directors, supervisors and senior management of the Company are set out on pages 34 to 39 of this annual report.

14. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors or supervisors has entered into a service contract with the Company or its subsidiaries which cannot be terminated by the employer within one year without payment of compensation (other than statutory compensation).

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

Details of the remuneration of the Company's Directors and supervisors are set out in Note 9 to the Financial Statements and the range of remuneration of senior management members is as follows:

Range of remuneration (RMB'000)	No. of senior management members
0-500	4
500-1,000	3

16. INTERESTS OF DIRECTORS AND SUPERVISORS (AND ITS ASSOCIATED ENTITIES) IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

At the end of the year 2017 or at any time during the year 2017, none of the Directors and supervisors (and its associated entities) of the Company had any personal interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party.

17. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

Save as disclosed in this annual report, none of the Directors and supervisors and their associates (as defined under the Listing Rules) had any competing interests in any business which competed, either directly or indirectly, with the business of the Group during the reporting period.

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

As at 31 December 2017, none of the Directors, supervisors or senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

19. PERMITTED INDEMNITY PROVISION

Appropriate directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities.

20. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2017, to the best knowledge of the Directors of the Company, the following persons (other than the Directors, senior management or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would need to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held	Percentage in the Relevant Class of Share Captial (%)	Percentage in the Total Share Capital(%)
HECIC	Domestic Shares	Beneficial Owner	1,876,156,000 (Long position)	100%	50.5%
GIC Private Limited	H Shares	Investment Manager	201,844,000 (Long position)	10.98%	5.43%
Hillhouse Capital Management, Ltd [(1)]	H Shares	Investment Manager	131,103,000 (Long position)	7.13%	3.53%
National Social Security Council	H Shares	Beneficial Owner	129,779,000 (Long position)	7.06%	3.49%
Gaoling Fund, L.P.	H Shares	Beneficial Owner	110,311,000 (Long position)	5.99%	2.97%
Morgan Stanley. [(2)]	H Shares	Beneficial Owner	110,195,282 (Long position)	5.99%	2.97%
			9,937,000 (Short position)	0.54%	0.27%
Citigroup Inc. [(3)]	H Shares	Investment Manager	93,122,877 (Long position)	5.06%	2.51%
			85,283,679 (Lending pool)	4.64%	2.30%

Notes:

(1) Hillhouse Capital Management, Ltd. indirectly controlled Gaoling Fund, L.P and YHG Investment, LP. As such, Hillhouse Capital Management, Ltd. was deemed to own the interest held by Gaoling Fund, L.P and YHG Investment, LP in the Company.

(2) Morgan Stanley indirectly controlled Morgan Stanley Capital Management, LLC, Morgan Stanley International Incorporated and Morgan Stanley International Holdings Inc.. Morgan Stanley Capital Management indirectly controlled Morgan Stanley Domestic Holdings, Inc.. Morgan Stanley International Incorporated indirectly controlled MSDW Investment Holdings (US) LLC and Morgan Stanley International Holdings Inc.. Morgan Stanley International Holdings Inc. indirectly controlled Morgan Stanley International Limited. Morgan Stanley International Limited indirectly controlled Morgan Stanley Investments (UK). Morgan Stanley Investments (UK) directly controlled Morgan Stanley & Co. International plc. Morgan Stanley Domestic Holdings, Inc. directly controlled Morgan Stanley & Co. LLC and Morgan Stanley Capital Services LLC. As such, Morgan Stanley was deemed to own the interests held by Morgan Stanley Capital Management, LLC, Morgan Stanley Domestic Holdings, Inc., Morgan Stanley International Incorporated, MSDW Investment Holdings (US) LLC, Morgan Stanley International Holdings Inc., Morgan Stanley International Limited, Morgan Stanley Investments (UK), Morgan Stanley & Co. International plc, Morgan Stanley & Co. LLC and Morgan Stanley Capital Services LLC in the Company.

(3) Citigroup Inc. indirectly owned 100% equity interests of Citicorp Holdings Inc., Citicorp Holdings Inc. directly owned 100% equity interests of Citibank N.A.; Citigroup Inc. indirectly owned 100% equity interests of Citigroup Global Markets Holdings Inc.; Citigroup Global Markets Holdings Inc. indirectly owned 100% equity interests of Citigroup Financial Products Inc.; Citigroup Financial Products Inc. indirectly owned 100% equity interests of Citigroup Global Markets International LLC and Citigroup Global Markets (International) Finance AG; Citigroup Global Markets (International) Finance AG, Citigroup Financial Products Inc. and Citigroup Global Markets International LLC indirectly owned 0.11%, 64.67% and 35.22% equity interests of Citigroup Global Markets Europe Limited, respectively; Citigroup Global Markets Europe Limited directly owned 100% equity interests of Citigroup Global Markets Inc.. As such, Citigroup Inc. was deemed to own the interests held by Citicorp Holdings Inc., Citibank N.A., Citigroup Financial Products Inc., Citigroup Global Markets Holdings Inc., Citigroup Global Markets International LLC, Citigroup Global Markets (International) Finance AG, Citigroup Global Markets Europe Limited and Citigroup Global Markets Limited in the Company.

21. MANAGEMENT CONTRACTS

The Group did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the Group, nor did any such contract subsist at any time during the reporting period (save for the service contracts with Directors, supervisors and all employees of the Group).

22. CONNECTED TRANSACTIONS

(1) Connected transactions

As at the date of this report, the Company carried out the non-exempt connected transactions pursuant to Rule 14A.35 of the Listing Rules. The specific details are as follows:

The Company disclosed in an announcement dated 12 April 2017 that Shenzhen Huihai, a wholly-owned subsidiary of the Company, proposed to increase its registered capital and to convert into a joint stock company with limited liability (the "Huihai Transaction"). The Huihai Transaction would be conducted in two steps: (i) the Group would first dispose part of its equity interests in Shenzhen Huihai to connected persons; and (ii) secondly, the connected person would subscribe for the increased registered capital of Shenzhen Huihai. Upon completion of the Huihai Transaction, the total equity interests of Shenzhen Huihai held by the Group would reduce from 100% to 30% and Shenzhen Huihai would cease to be a subsidiary of the Company. Thereafter, Shenzhen Huihai would be converted from a limited liability company into a joint stock company with limited liability.

As at 12 April 2017, Suntien Shenzhen and Suntien HK, both of which are subsidiaries of the Company, held 75% and 25% equity interests in Shenzhen Huihai, respectively. On 12 April 2017, Suntien Shenzhen entered into the Equity Transfer Agreement 1 with JEI, pursuant to which Suntien Shenzhen agreed to sell 26.25% equity interests in Shenzhen Huihai to JEI. On the same day, Suntien HK entered into the Equity Transfer Agreement 2 with Yanshan International, pursuant to which Suntien HK agreed to sell 8.75% equity interests in Shenzhen Huihai to Yanshan International. Upon completion of the equity transfer of Shenzhen Huihai, the Company held an aggregate of 65% equity interest in Shenzhen Huihai through Suntien Shenzhen and Suntien HK.

Upon completion of the equity transfer to Shenzhen Huihai, JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK entered into the Capital Contribution Agreement, pursuant to which JEI, Yanshan International, Maotian Capital and HECIC subscribed for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million of the increased registered capital of Shenzhen Huihai, respectively. Upon completion of the capital contribution to Shenzhen Huihai, the registered capital of Shenzhen Huihai was increased from RMB300 million to RMB650 million and the shareholding of Shenzhen Huihai held by the Company through Suntien Shenzhen and Suntien HK was decreased to 30%.

HECIC is the controlling shareholder of the Company. JEI, Yanshan International and Maotian Capital are subsidiaries of HECIC, and accordingly, are associates of HECIC. Therefore, according to the requirements under the Listing Rules, HECIC, JEI, Yanshan International and Maotian Capital are connected persons of the Company. The Huihai Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details are set out in the announcement entitled "Connected Transaction and Disclosable Transaction – Equity Transfer and Capital Contribution of Shenzhen Huihai" published on 12 April 2017 on the websites of the Hong Kong Stock Exchange and the Company and a circular of 2016 Annual General Meeting issued by the Company on 17 May 2017. The transaction was approved at the 2016 Annual General Meeting of the Company held on 8 June 2017. On the same date, the Company issued an announcement of the poll results of the general meeting on the websites of the Hong Kong Stock Exchange and the Company.

The above transactions were complected in July 2017.

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

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

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

   After the aforementioned "Tenancy Master Agreement" expired on 31 December 2015, the Company continued to rent such property from HECIC and its subsidiaries. On 17 December 2015, the Company and HECIC entered into a new master tenancy agreement for a term from 1 January 2016 to 31 December 2018. Under the new master tenancy agreement, the Group agreed to lease the properties from HECIC and/or its subsidiaries for the three years ended 31 December 2018. Members of the Group will enter into individual lease agreements for the lease of relevant properties with HECIC and/or its subsidiaries according to the terms and conditions set out in the new master tenancy agreement. During the reporting period, the 2017 annual cap of this continuing connected transaction was RMB20.0 million and the actual transaction amount was RMB4.34 million.

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

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

2. As disclosed in the announcement of the Company on 8 June 2017, in view of the expiration of the VER Project Agreement, which was entered into between the Company and CISF on 24 March 2016, on 31 December 2016, the Company had entered into the GHGER Project Agreement with CISF on 8 June 2017, pursuant to which CISF shall continue to be responsible for the unified management of the emission reduction units generated by the GHGER projects (including wind power and photovoltaic power projects) of the Group that satisfy the development conditions in 2017. The GHGER Project Agreement was effective from 1 January 2017 to 31 December 2017.

   According to the terms of the GHGER Project Agreement, CISF will be mainly responsible for the development of the designated GHGER projects of the Company, the daily management of the emission reduction units of the projects, the sales of the GHGER on behalf of the Company, etc. CISF will bear all of the expenses incurred in the preliminary development stage of the GHGER projects and will charge the Company 40% of the annual emission reduction revenue generated by the GHGER projects of the Company as management fees. Both parties agreed that the total management fees to be paid by the Company to CISF shall not exceed RMB5 million within the term of the GHGER Project Agreement. The actual transaction amount is RMB0.869 million.

   As the GHGER Project Agreement entered into between the Company and CISF on 8 June 2017 was expired on 31 December 2017, the Company entered into the New GHGER Project Agreement with CISF on 22 December 2017, pursuant to which CISF shall continue to be responsible for the unified management of the emission reduction units generated by the GHGER projects (including wind power and photovoltaic power projects) of the Group that satisfy the development conditions in 2018. The New GHGER Project Agreement is effective from 1 January 2018 to 31 December 2018.

   According to the terms of the New GHGER Project Agreement, CISF will be mainly responsible for the development of the GHGER projects designated by the Company, the daily management of the emission reduction units of the projects, the trading of the GHGER on behalf of the Company, etc. CISF will bear all the expenses incurred at the preliminary development stage of the GHGER projects and will charge the Company 40% of the annual emission reduction revenue generated by the GHGER projects of the Company as management fees. Both parties agreed that the aggregate management fees to be paid by the Company to CISF shall not exceed RMB5 million within the term of the New GHGER Project Agreement.

   CISF is a subsidiary of HECIC, the controlling shareholder of the Company, and it is a connected person of the Company. The transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Details are set out in the announcements entitled "Continuing Connected Transactions under the GHGER Project Agreement" dated 8 June 2017 and "Continuing Connected Transactions under the New GHGER Project Agreement" dated 22 December 2017 as published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

(3) Non-exempt continuing connected transactions

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

As disclosed in the announcement of the Company on 16 August 2013, on 16 August 2013, the Company and the Group Finance Company entered into the Financial Services Framework Agreement, pursuant to which the Group would, on a voluntary and non-compulsory basis, utilize the financial services provided by Group Finance Company for the three years ended 31 December 2015, including (i) the deposit service, (ii) the loan service and (iii) other financial services. This agreement expired on 31 December 2015.

In order to allocate assets between each member of the Group in a more effective way, to promote the liquidity of the Group's capital, and to enhance the overall solvency of the Group, on 11 November 2015, the Company entered into the Renewed Financial Services Framework Agreement with the Group Finance Company. Pursuant to the Renewed Financial Services Framework Agreement, the Group would, on a voluntary and noncompulsory basis, utilize the financial services provided by the Group Finance Company, including (i) the deposit service, (ii) the loan service and (iii) other financial services. Under the Renewed Financial Services Framework Agreement, the Group Finance Company undertook to the Company that whenever it provides financial services to the Group, the terms thereof shall not be less favorable than those offered to other members of HECIC, nor less favorable than those of comparable services offered to the Group by any commercial banks or other financial institutions. The Group will utilize the financial services of the Group Finance Company on a voluntary and non-compulsory basis and is not obliged to engage the Group Finance Company for any particular service. The term of the financial services framework agreement is from 1 January 2016 to 31 December 2018. During the reporting period, the proposed maximum daily balance under the deposit service under the agreement was RMB3,350 million and the actual maximum daily balance under the deposit service was RMB1,614 million.

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

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

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

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

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

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

(4) Change of continuing transactions to connected transactions

As disclosed in the announcement of the Company on 14 July 2017, since Shenzhen Huihai had completed the change of AIC registration for the Huihai Transaction, an aggregate of 70% equity interest of such company was held by HECIC (the controlling Shareholder of the Company, which directly holds approximately 50.5% share capital of the Company) and its associates, and Shenzhen Huihai became an associate of HECIC and therefore a connected person of the Company. Prior to this, the Group entered into various financial leasing transactions with Shenzhen Huihai under the Financial Leasing Contracts for the purpose of financing. In addition, the Company also entered into the Guarantee Contract with Ping An Bank in order to provide a guarantee of RMB1 billion to Shenzhen Huihai. After Shenzhen Huihai becomes a connected person of the Company, the existing continuing transactions between Shenzhen Huihai and the Company become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the continuing connected transactions under the Financial Leasing Contracts and the Guarantee Contract, pursuant to Rule 14A.60 of the Listing Rules, the Company shall comply with the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. The Company will comply in full with the reporting, announcement, annual review and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any amendment to or renewal of the Financial Leasing Contracts and/or the Guarantee Contract.

Details are set out in the announcement entitled "Existing Financial Leasing Transactions with and Provision of Guarantee to Huihai Leasing" dated 14 July 2017 as published by the Company on the websites of the Hong Kong Stock Exchange and the Company.

(5) Confirmation by the independent non-executive Directors

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

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

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

3. in accordance with relevant agreement governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(6) Confirmation by the auditor

The auditors of the Company, Ernst & Young, have issued a letter to the Board, confirming that for the year ended 31 December 2017, in respect of the aforementioned continuing connected transactions:

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

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

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

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

(7) Related party transactions

Two categories of related party transactions as set out in note 38 to the financial statements of the year are continuing connected transactions under Chapter 14A of the Listing Rules:

(a) transactions with HECIC: such transactions still continued in the year of 2017, please refer to note 38 to "Notes to Financial Statements" of this annual report for details; and

(b) transactions with subsidiaries of HECIC: these include transactions with HECIC Group Finance Company Limited (such transactions still continued in the year of 2017, please refer to note 38 to "Notes to Financial Statements" of this annual report for details) and transactions with other subsidiaries of HECIC.

The above-mentioned transactions are in compliance with the requirements of Chapter 14A of the Listing Rules.

23. COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

HECIC has confirmed that it has complied with its undertakings in the "Non-Competition Agreement" during 2017. The independent non-executive Directors of the Company have reviewed the implementation of the "Non-Competition Agreement" during 2017 and confirmed that HECIC has been in full compliance with such agreement and that there were no breaches.

24. RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the Group's retirement and employee benefit plans are set out in Note 7 to the Financial Statements.

25. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and adopts the code provisions as set out in the "Corporate Governance Code and Corporate Governance Report" to Appendix 14 of the Listing Rules. During the reporting period, the Company complied with all of the code provisions set out in the code.

26. PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued shares of the Company were held by the public as at the latest practicable date prior to the issue of this annual report (i.e. 19 March 2018), which was in compliance with the requirements under the Listing Rules.

27. MATERIAL LITIGATION

During the reporting period, the Group was involved in the following material litigation/arbitration:

1. In May 2015, Hebei No.1 Electric Power Construction Company (河北省電力建設第一工程公司) ("Hebei No.1 Company") and HECIC Yanshan (Guyuan) Wind Power Co., Ltd. (建投燕山(沽源)風能有限公司) ("Yanshan Guyuan") entered into the "PC Main Contractor Agreement on Comprehensive Utilization Demonstration Project of Wind Power Hydrogen in relation to a Wind Power Plant Project of 200MW of HECIC Yanshan (Guyuan)" (《河北建投沽源風電制氫綜合利用示範項目200MW風電場工程PC總承包合同協議書》). In August 2017, Hebei No.1 Company made an application for arbitration to Shijiazhuang Arbitration Committee in relation to the payment of arrears of project amount of approximately RMB73.33 million by Yanshan Guyuan. In September 2017, Yanshan Guyuan filed a counter-arbitration application, claiming that a break fee of approximately RMB143 million shall be paid by Hebei No.1 Company to Yanshan Guyuan in view of the default in respect of trial operation by Hebei No.1 Company. Such amount was larger than the amount as requested by Hebei No.1 Company and Yanshan Guyuan counterclaimed an overdue break fee of approximately RMB69.67 million to be paid by Hebei No.1 Company after offsetting the project amount payable. In November 2017, the hearing of the above arbitration by Shijiazhuang Arbitration Committee through a court session was completed. To date, judgment is yet to be made by Shijiazhuang Arbitration Committee.

2. In March 2015, Hebei Natural Gas, Hebei Yuanhua Glass Co., Ltd. (河北元華玻璃股份有限公司) ("Yuanhua Glass") and Yuan Hua entered into the "Repayment Agreement" in repsect of the outstanding amount of approximately RMB188 million owed by Yuanhua Glass to Hebei Natural Gas, and an enforceable debt instrument was notarized at the notary office on 18 March 2015. In August 2017, Hebei Natural Gas made an application for enforcement with the Intermediate People's Court in Xingtai City ("Xingtai Intermediate Court"). In September 2017, Xingtai Intermediate Court issued verdict, which shall retain and transfer RMB208.7115 million of Yuanhua Glass and Yuanhua, the enforcees, or seal up the assets equivalent to corresponding valuation range. In December 2017, Hebei Natural Gas reached a settlement agreement with Yuanhua Glass and Yuan Hua, pursuant to which Yuanhua Company agreed to perform the debt repayment obligation.

Save for the above, the Group did not engage in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Group.

28. AUDIT COMMITTEE

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

29. AUDITORS

Ernst & Young was appointed as auditors for the Financial Statements prepared in accordance with the IFRS for the year ended 31 December 2017. The enclosed Financial Statements prepared in accordance with the IFRS have been audited by Ernst & Young.

Reanda Certified Public Accountants (利安達會計師事務所) was appointed as the auditor of the Company for preparing the Financial Statements for the year ended 31 December 2017 in accordance with the PRC Financial Accounting Standards.

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

Shijiazhuang, PRC, 19 March 2018

Corporate Governance Report

The Board of the Company hereby presents to shareholders the corporate governance report for 2017.

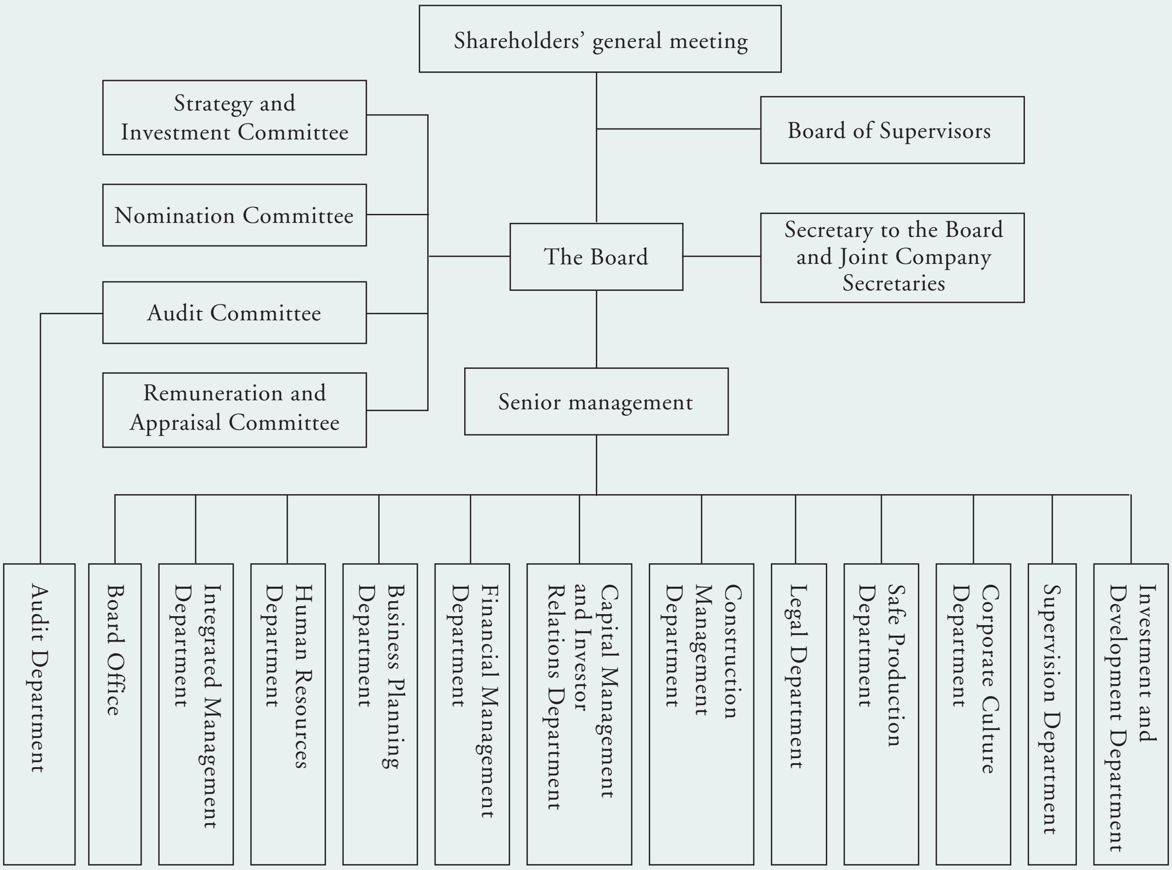
The Company has always been focusing on maintaining a high level of corporate governance so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure which comprises of the shareholders' general meeting, the Board, the Board of Supervisors, specialised Board committees and senior management in accordance with the "PRC Company Law", the "Mandatory Provisions for the Articles of Association of Companies Listed Overseas" and the Corporate Governance Code (the "**Code**") set out in the Listing Rules. During the reporting period, except for paragraph E.1.2 of the "Corporate Governance Code", the Company has complied with all provisions set out in the Code. In accordance with the requirements of paragraph E.1.2 of the "Corporate Governance Code", chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, the Chairman of the Company, could not attend the 2016 Annual General Meeting of the Company due to business engagement. According to relevant requirements, the meeting was chaired by Mr. Wang Hong Jun, the executive director, as jointly elected by more than half of all the directors of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by all Directors and supervisors. After making specific enquiries to all of the Directors and supervisors of the Company, all Directors and supervisors confirmed that during the reporting period, they had fully complied with the standards set out in the "Model Code".

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

1. CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



2. THE BOARD

(1) Composition of the Board

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

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

In 2017, the Board has consistently complied with the Listing Rules with respect to the requirement for the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise, and the requirement for the independent non-executive Directors representing at least one-third of the total number of members on the Board. Moreover, the Company has received from each independent non-executive Director an annual confirmation of independence, and considers that all the independent non-executive Directors are independent from the Company.

Regarding the diversity of the Board members, Directors of the Company have different professional backgrounds. Each Director provides professional advice in their respective areas of expertise to the Company, and there is a female Director on the Board.

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

Name	Age	Gender	Position	Date of Appointment	Term of office
Cao Xin	46	Male	Chairman of the Board, non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Li Lian Ping	55	Male	Non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Qin Gang	43	Male	Non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Sun Min	50	Female	Non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Wu Hui Jiang	38	Male	Non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Mei Chun Xiao	49	Male	Executive Director, President	8 June 2017	3 years, until the expiration of the third session of the Board
Wang Hong Jun	53	Male	Executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Qin Hai Yan	47	Male	Independent non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Ding Jun	55	Male	Independent non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Wang Xiang Jun	53	Male	Independent non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board
Yue Man Yiu Matthew	56	Male	Independent non-executive Director	13 June 2016	3 years, until the expiration of the third session of the Board

(2) Role and responsibilities of the Board

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

(3) Role and responsibilities of management

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

(4) Board meetings

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, which shall be convened by the chairman of the Board. To ensure the good attendance rate of Board meetings, a notice of at least 14 days shall be given for a regular Board meeting. The notice shall state the time, venue and means by which the Board meeting will be convened. There is no restriction on the time of notice for extraordinary meetings.

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

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is the presence of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another director as his proxy to attend the Board meeting. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

In 2017, ten meetings were held by the Board. Details of Directors' attendance to Board meetings are as follows:

Name	Position	Number of Meetings attended/ required to attend	Attendance Rate
Cao Xin	Non-executive Director, chairman of the Board	10/10	100%
Li Lian Ping	Non-executive Director	10/10	100%
Qin Gang	Non-executive Director	10/10	100%
Sun Min	Non-executive Director	10/10	100%
Wu Hui Jiang	Non-executive Director	10/10	100%
Mei Chun Xiao (1)	Executive Director	7/7	100%
Wang Hong Jun	Executive Director	10/10	100%
Qin Hai Yan	Independent non-executive Director	10/10	100%
Ding Jun	Independent non-executive Director	10/10	100%
Wang Xiang Jun	Independent non-executive Director	10/10	100%
Yue Man Yiu Matthew	Independent non-executive Director	10/10	100%

Note: (1) Mr. Mei Chun Xiao is the newly appointed executive director which was approved at the 2016 Annual General Meeting convened on 8 June 2017, and he has attended all the board meetings after his appointment.

(5) Chairman and president

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

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

(6) Appointment of Directors

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

(7) Directors' remuneration

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

(8) Directors' training

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

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

During the reporting period, most of the Directors of the Company participated in the training programs organized by The Hong Kong Institute of Chartered Secretaries. Mei Chun Xiao, Xiao Yan Zhao and Yang Hong Chi participated in the training program in relation to the risk and system management within the group; Cao Xin, Li Lian Ping, Wang Hong Jun, Qin Gang, Sun Min, Liu Jin Hai, Qiao Guo Jie, Ma Hui and Liang Yong Chun participated in the training program in relation to the merger and financing; Wang Chun Dong, Wu Hui Jiang, Qin Hai Yan, Ding Jun and Wang Xiang Jun participated in the training program in relation to the annual financial audit and results report; Yue Man Yiu Matthew participated in the training program in relation to the relative continuing professional development in Hong Kong.

(9) Joint company secretaries and their trainings

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

The joint company secretaries' biographies are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this annual report. During the reporting period, the joint company secretaries undertook over 15 hours of professional training to update their skills and knowledge.

(10) Directors' liability insurance

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

3. BOARD COMMITTEES

During the reporting period, the Board exercised the function of the corporate governance by regularly reviewing the corporate governance policies and practices, reviewing the compliance with the Corporate Governance Code and the disclosure of Corporate Governance Report, reviewing and monitoring the training of Directors and the senior management, reviewing and monitoring the Company's compliance with laws and related policies and regulations. In order to further implement good corporate governance, the Board has established four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and Investment Committee. The Company has formulated the terms of reference for each Board committee.

(1) Audit Committee

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

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

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

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

1. In March 2017, the Company reviewed and approved the resolutions regarding "Communication of the Audit Results for the Year 2016" and "2016 Internal Audit and Risks Management Report of the Company"at an Audit Committee meeting convened through on-site and remote communications.

2. In August 2017, the Company reviewed and approved the resolution regarding the "2017 Interim Results Report Reviewed based on Agreed Upon Procedures" at an Audit Committee meeting convened through on-site and remote communications.

3. In September 2017, the Company reviewed and approved the "Resolution on the Plan for Distribution of Accumulated Profit of China Suntien Green Energy Corporation Limited prior to the Initial Public Offering of A Share" and "Resolution on the Company's Plan for Distribution of Dividends to Shareholders for the Three Years following the Initial Public Offering and Listing of A Share" at an Audit Committee meeting convened through on-site and remote communications.

4. In December 2017, the Company reviewed and approved the resolution regarding the "2017 Audit Plan on Financial Statements" at an Audit Committee meeting convened through on-site and remote communications.

Mr. Wang Xiang Jun, Mr. Qin Gang and Mr. Yue Man Yiu Matthew, members of the Audit Committee, attended all the above meetings. At these meetings, they discussed and passed the relevant resolutions. The Audit Committee has reviewed the effectiveness of the internal control policy of the Company on 31 December 2017 and the risk management and internal control system of the Company. During the reporting period, the Audit Committee considered that the internal review and risk management functions of the Company were reasonable, effective and sufficient.

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

(2) Remuneration and Appraisal Committee

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

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

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

1. In June 2017, the Company considered and approved the "Resolution on Consideration of Remuneration of the Executive Directors of the Company" at a Remuneration and Appraisal Committee meeting convened through on-site and remote communications.

2. In August 2017, the Company considered and approved the "Resolution on Annual Payment of the Staff of the Company for the Year 2016" and "Resolution on Return of Security Deposit for 2016 Strategic Objectives to Mr. Gao Qing Yu" at a Remuneration and Appraisal Committee meeting convened through on-site and remote communications.

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

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

(3) Nomination Committee

During the reporting period, the Nomination Committee consisted of five directors, with Dr. Cao Xin (non-executive director) served as chairman of the Nomination Committee, Dr. Li Lian Ping (non-executive Director), Mr. Qin Hai Yan (independent non-executive Director), Mr. Ding Jun (independent non-executive Director) and Mr. Yue Man Yiu Matthew (independent non-executive Director) as its members.

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

During the reporting period, the Nomination Committee convened three meetings and all members attended, at which the following resolutions were respectively reviewed and approved:

1. In March 2017, the Company considered and approved the "Resolution on the Nomination of Mr. Mei Chun Xiao as the President of the Company", "Resolution on the Nomination of Mr. Mei Chun Xiao as an Executive Director of the Third Session of the Board of Directors" and "Resolution on the Nomination of Mr. Wang Hong Jun as an Authorized Representative of the Company" at a Nomination meeting convened through on-site and remote communications.

2. In July 2017, the Company considered and approved the "Resolution on the Nomination of Mr. Mei Chun Xiao as an Authorized Representative of the Company" at a Nomination meeting convened through on-site and remote communications.

3. In November 2017, the Company considered and approved the "Resolution on the Nomination of Sun Xin Tian, Ding Peng and Lu Yang as Vice Presidents of the Company", "Resolution on the Nomination of Fan Wei Hong as Chief Accountant of the Company" and "Resolution on the Nomination of Ban Ze Feng as Secretary to the Board" at a Nomination meeting convened through on-site and remote communications.

During the reporting period, the Nomination Committee discussed on the re-election and the appointment of the directors and each of the directors has provided their advice on the Company in their respective professional aspects.

(4) Strategy and Investment Committee

During the reporting period, the Strategy and Investment Committee of the Company consisted of three Directors, with Dr. Cao Xin (non-executive director) serving as chairman of the Strategy and Investment Committee, Dr. Li Lian Ping (non-executive Director) and Mr. Mei Chun Xiao (executive Director, and Mr. Gao Qing Yu had resigned as a member of the Strategy and Investment Committee on 16 March 2017) as its members.

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

During the reporting period, one meeting was convened by the Strategy and Investment Committee and all members attended the meeting for the discussion and approval of the following resolutions: In September 2017, the Company considered and approved the "Resolution on the Plan for the Initial Public Offering and Listing of A Share of China Suntien Green Energy Corporation Limited", "Resolution on the Feasibility of the Project to be Financed With the Proceeds of the Initial Public Offering of A Share of China Suntien Green Energy Corporation Limited", "Resolution on the Proposed Grant at the General Meeting of the Authorisation to the Board of Directors to Handle All Matters relating to the Initial Public Offering and Listing of A Share of China Suntien Green Energy Corporation Limited", "Resolution on the Plan for Distribution of Accumulated Profit of China Suntien Green Energy Corporation Limited prior to the Initial Public Offering and Listing of A Share", "Resolution on the Plan for Distribution of Dividends to Shareholders for the Three Years following the Initial Public Offering and Listing of A Share of China Suntien Green Energy Corporation Limited", "Resolution on the Proposal for A Share Price Stabilisation for the Three Years following the Initial Public Offering and Listing of A Share of China Suntien Green Energy Corporation Limited", "Resolution on the Undertakings made by China Suntien Green Energy Corporation Limited in respect of the Initial Public Offering and Listing of A Share", "Resolution on the Analysis of the Dilution Impact of the Initial Public Offering and Listing of A Share of China Suntien Green Energy Corporation Limited on Immediate Returns and the Remedial Measures" and "Resolution on the Report on the Use of Proceeds Previously Raised by China Suntien Green Energy Corporation Limited" at a Strategy and Investment Committee meeting convened through on-site and remote communications.

4. THE BOARD DIVERSITY POLICY

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

(1) Policy summary

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

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

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

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

5. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2017.

6. RISK MANAGEMENT AND INTERNAL CONTROLS

In 2017, seven tasks were started for risk management, which were the internal control and self-assessment of selected modules relating to capital management, promotion of internal control, annual risk assessment, responding to material risk, material risk pre-warning mechanism, carrying out risk supervision and assessment and provision of material risk control guidance.

During the reporting period, the Group implemented internal control and self-assessment of selected modules relating to capital management, and Southwest China was selected for promotion of the internal control. A comprehensive risk management report was prepared for the year 2017, the material risk pre-warning mechanism and indicators for the systems of the Company based on the assessment standards of the province's SASAC were improved and quarterly material risk pre-warning reports were reported in a timely manner, which comprehensively included the systematic risks and internal control management of the Group in the scopes of examination, assessment, pre-warning, response, preparation and promotion, so as to greatly enhance the systematic risk management and internal control of the Group and successfully completed each of the work plans for the year. The Group's risk and internal control systems were further improved, which effectively prevented various risks and played a significant role in safeguarding the Group's production and operation.

Meanwhile, the Group effectively implemented the internal control standards based on its needs for establishement of internal control systems, so as to further strengthen and standardize the internal control of the Company and improve the operation management and risk prevention capability of the Company. During the reporting period, the Group implemented internal control and self-assessment of capital management and selected Southwest China as pilot region for the promotion of internal control. To ensure the smooth commencement of relevant work, the Company assisted in the completion of internal control promotion plan in Southwest China, and visited project companies for provision of onsite guidance which included detailed explanantion on trainings of basic knowledge of internal control, principles for preparation of internal control manual, organization and functions of internal control, implementation and assessment of internal control as well as the internal control framework and its preparation, so that all staff could understand the theories and operation of internal control. The "Internal Control Management Manual" for Southwest China was completed after several times of revision, improvement and supplement.

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The risk management and internal control system of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board reviews the risk management and internal controls annually. The statement of the Board has included the examination and review of the Company's risk management and internal control systems as at 31 December 2017. The Board has confirmed that it has reviewed the effectiveness of the risk management and internal control systems and the Board considers that the risk management and internal control systems are effective and sufficient and they can effectively prevent against the existing risks in the Company's operation.

7. REMUNERATION OF AUDITORS

In 2017, international auditor Ernst & Young was appointed to provide audit services to the Company in accordance with the IFRS. The fees payable to Ernst & Young was RMB2.60 million. The responsibilities of Ernst & Young as to the Financial Statements are set out on pages 82 to 83 of this annual report.

In 2017, Reanda Certified Public Accountants was appointed as the successor PRC auditor for the year of 2017 for providing audit services in accordance with the Accounting Standards for Business Enterprises of PRC. The fees payable to Reanda Certified Public Accountants was RMB1.40 million.

8. SHAREHOLDERS' RIGHTS

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

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

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

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

(3) Shareholders are entitled to make enquiries

Shareholders are entitled to make enquiries to which the Board should pay attention, directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner. The contact information of the Company's office in Hong Kong is as follows:

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

9. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the business and strategy of the Company. The Company highly appreciates shareholders' opinions and advice, and actively organises various investor relations activities to maintain its communication with shareholders and to meet the reasonable demands of shareholders in a timely manner.

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

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

During the reporting period, the Company convened the 2016 annual general meeting on 8 June 2017, in which various resolutions were voted upon by poll respectively. Directors of the Company answered enquiries raised by shareholders on the operation of the Company. The Company also convened one extraordinary general meeting on 10 November 2017 in respect of the voting by poll on the resolutions in relation to A Share offering plan and relevant matters, proposed amendments to the articles of association of the Company and election of a supervisor, respectively. All resolutions were duly passed.

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

Name	Position	No. of shareholders' general meetings attended/ required to attend
Cao Xin	Non-executive Director/Chairman of the Board	0/2
Li Lian Ping	Non-executive Director	0/2
Qin Gang	Non-executive Director	1/2
Sun Min	Non-executive Director	2/2
Wu Hui Jiang	Non-executive Director	0/2
Mei Chun Xiao	Executive Director/President	1/1
Wang Hong Jun	Executive Director	1/2
Qin Hai Yan	Independent non-executive Director	0/2
Ding Jun	Independent non-executive Director	0/2
Wang Xiang Jun	Independent non-executive Director	1/2
Yue Man Yiu Matthew	Independent non-executive Director	0/2

10. INVESTOR RELATIONS

As at 31 December 2017, the total number of shares in issue of the Company was 3,715,160,396, comprising of 1,876,156,000 domestic shares and 1,839,004,396 H shares.

The Company believes that good investor relations can help to build a more stable base of shareholders. Accordingly, the Company is committed to maintaining high transparency, provides investors with comprehensive and accurate information in a timely manner and continuously performs the information disclosure obligations of listed companies in compliance with the Listing Rules.

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

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

11. ARTICLES OF ASSOCIATION OF THE COMPANY

During the reporting period, in order to further enhance the Party construction work in state-owned enterprises, the Company incorporated relevant articles in relation to the Party construction work into the Articles of Association of the Company. The amended Articles of Association are as follow (amendments are highlighted in bold and underlined):

Article 11 In accordance with the requirements of the Constitution of the Communist Party of China, an organisation of the Communist Party of China shall be established and play the core leadership role, functioning as the political core of the Company, providing direction, managing the overall situation and ensuring implementation. The working committee of the Party shall be established within the Company, and shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organisation.

Article 130 The opinions of the Party Committee shall be heard before the Board of Directors decides on material issues of the Company.

Chapter 11 Party Committee

Article 131 The Company shall establish the Party Committee consisting of a secretary and several other members. Eligible members of the Party Committee may be considered and appointed as members of the Board of Directors, the Board of Supervisors and the management through the statutory procedures. Eligible members in the Board of Directors, the Board of Supervisors and the management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. Meanwhile, the discipline inspection committee shall be established as required.

Article 132 The Party Committee shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party.

(1) To ensure and supervise the Company's implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Communist Party of China Central Committee and the State Council, as well as important work arrangements of the superior party organization.

(2) To uphold the integration of the principle of management of cadres by the Party with the function of the board of directors in the lawful selection of operation managers and the function of operation managers in the lawful exercise of authority of employment of personnel. The Party Committee shall consider and comment on the candidates nominated by the board of directors or president, or recommend candidates to the board of directors or president. The Party Committee, together with the board of directors, shall evaluate the proposed candidates and put forth comments and suggestions collectively.

(3) To research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions thereon.

(4) To undertake the main responsibility to strictly administer the Party in all aspects, lead the Company's ideological and political work, united front work, spiritual civilization construction, corporate culture construction and the work of organisations such as the labour union and the communist youth league, and lead the construction of the party conduct and of an honest and clean administration and support the fulfilment of the supervision responsibility by the discipline inspection committee.

Report of the Board of Supervisors

1. COMPOSITION OF THE BOARD OF SUPERVISORS

During the reporting period, Mr. Yang Hong Chi resigned as the supervisor and chairman to the Board of Supervisors of the Company on 10 November 2017. Mr. Wang Chun Dong was appointed as the non-employee representative supervisor of the third session of the Board of Supervisors of the Company and was elected as the chairman of the Board of Supervisors by all supervisors at the 2017 first extraordinary general meeting convened by the Company on the same day.

As at 31 December 2017, the composition of the third session of the Board of Supervisors was as follows:

Name	Age	Position	Date of Appointment	Term of office
Wang Chun Dong	51	Chairman of the Board of Supervisors	10 November 2017	3 years, until expiration of the term of the third session of the Board of Supervisors
Liu Jin Hai	45	Supervisor	13 June 2016	3 years, until expiration of the term of the third session of the Board of Supervisors
Qiao Guo Jie	55	Employee representative supervisor	18 March 2016	3 years, until expiration of the term of the third session of the Board of Supervisors
Ma Hui	55	Employee representative supervisor	18 March 2016	3 years, until expiration of the term of the third session of the Board of Supervisors
Xiao Yan Zhao	44	Independent supervisor	13 June 2016	3 years, until expiration of the term of the third session of the Board of Supervisors
Liang Yong Chun	46	Independent supervisor	13 June 2016	3 years, until expiration of the term of the third session of the Board of Supervisors

2. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

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

1. The second meeting of the third session of the Board of Supervisors of the Company was held on 21 March 2017, at which the "Report on the Final Accounts of the Company for 2016", the "Financial Budget for 2017", the "Resolution Regarding the Profit Distribution Plan for 2016", the "Resolution Regarding the Audited Financial Statements for 2016" and the "Resolution Regarding the Consideration and Approval of the 2016 Annual Report and Results Announcement" were considered and approved.

2. The third meeting of the third session of the Board of Supervisors of the Company was held on 14 August 2017, at which the "Interim Work Report of the President for 2017" and the "Resolution Regarding the Consideration and Approval of the Interim Results Announcement and Report as at 30 June 2017" were considered and approved.

3. The first extraordinary meeting of the third session of the Board of Supervisors of the Company was held on 25 September 2017, at which the "Resolution Regarding the Change of a Non-Employee Representative Supervisor of the Company" was considered and approved.

4. The second extraordinary meeting of the third session of the Board of Supervisors of the Company was held on 10 November 2017, at which the "Resolution Regarding the Election of Chairman of the Third Session of the Board of Supervisors" was considered and approved.

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

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

(1) Monitoring the Company's Operation

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

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

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

(3) Monitoring the Company's Financial Condition

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

(4) Monitoring the Company's connected transactions

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

(5) Monitoring the Company's Disclosure of Information

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

Wang Chun Dong
Chairman of the Board of Supervisors

Shijiazhuang, PRC, 19 March 2018

Independent Auditors' Report

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

安永會計師事務所
香港中環添美道1號
中信大厦22樓

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

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

OPINION

We have audited the consolidated financial statements of China Suntien Green Energy Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 84 to 186, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPAs' *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade and bills receivables	
As at 31 December 2017, the Group had trade and bills receivables of RMB3,106 million before a provision for impairment of RMB359 million. The determination as to whether a trade or bill receivable is collectable and whether a provision for impairment is required, involves management judgement. Management considers specific factors including the age of the balance, location of customers, existence of disputes, customers' repayment plans, recent historical payment patterns, outstanding mortgages, and other available information concerning the creditworthiness of the customers. The Group's disclosures about trade and bills receivables and impairment of trade and bills receivables are included in note 23 to the consolidated financial statements.	In order to evaluate management's judgements, we assessed whether balances were overdue by testing the aged analysis prepared by management. For the overdue balances, we met with the management of the debtor companies to understand why the balances had not been settled. We then considered other relevant information impacting on their recovery, including, the customer's historical payment patterns, the repayment plans signed by the customer, evidence of any disputes and whether any post year-end payments had been received up to the date of completing our audit procedures. For the trade and bills receivable balances where a provision for impairment was recognised, we understood the rationale behind management's judgement and evaluated the adequacy of the provision made. In assessing the appropriateness of the overall provision for impairment, we also considered the consistency of management's application of the Group's policy for the recognition of provisions for trade and bills receivables, with the prior year.
Goodwill impairment	
As at 31 December 2017, the Group had goodwill of RMB48 million. Under IFRS, the Group is required to annually test the goodwill for impairment. Management's assessment for impairment is complex and highly judgemental and is based on assumptions, including the revenue growth rate budgeted gross margin and the discount rate, which are affected by expected future market or economic conditions. The Group's disclosures about goodwill are included in note 16 to the consolidated financial statements.	Our audit procedures included the involvement of EY valuation specialists to assist us in evaluating the assumptions and methodologies and the discount rate used by the Group. We also assessed the forecast revenue growth and budgeted gross margins for the natural gas business used in the impairment assessment, which included a comparison of the 2017 actual results with the prior year forecast. We then focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that had the most significant effect on the determination of the recoverable amount of goodwill.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for site restoration costs	
The Group has two service concession arrangements with a government authority concerning the operation of two of its self-constructed wind power plants. The arrangements involve the Group as an operator operating the infrastructure for a period of 25 years (the "service concession period"). Meanwhile, the Group has contractual obligations to restore the site of the infrastructures to a specified condition at the end of the service concession period. The contractual obligation to restore the site of the infrastructures is recognised and measured by management based on its estimate of the expenditure required to settle the present obligation, at the end of the reporting period. The estimation of the expenditure requires the Group to estimate the expected future cash outflows regarding the obligation over the service concession period and also to determine the discount rate in order to calculate the present value of those cash flows. Such assessment process is complex and involves significant management judgement and estimation. As at 31 December 2017, the provision for site restoration costs amounted to RMB45 million. The Group's disclosures about the provision for restoration costs are included in note 3 to the consolidated financial statements.	Our audit procedures included a review of the service concession agreements, inspection of the condition of relevant wind power plants, and an evaluation of the estimated site restoration expenditure and the bases and the assumptions used in the discounted cash flow model.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Useful lives of natural gas pipelines	
Included in property, plant and equipment are natural gas pipelines, which are depreciated over their estimated useful lives. The Group periodically reviews factors such as changes in market conditions, the maintenance of the pipelines, and the physical condition and estimated remaining useful lives of the pipelines evaluated by an external assessor, to assess whether a revision to the remaining estimated useful lives is required. During 2017, after an assessment by management, the Group revised the estimated useful lives of the natural gas pipelines from approximately 20 years to 30 years. Estimating the remaining useful lives of the pipelines requires significant management judgement. The change has been accounted for prospectively from the beginning of 2017 as a revision in estimate. After revising the estimated useful lives of the natural gas pipelines, the depreciation expense for the year in respect of the pipelines decreased by approximately RMB23 million. The carrying amount of the natural gas pipelines at 31 December 2017 was RMB1,300 million. The Group's disclosures about the useful lives of the natural gas pipelines and the revision in estimate are included in note 4 and note 13 to the consolidated financial statements.	Our audit procedures included an assessment of the objectivity, independence and competency of the external specialist, and an evaluation of the bases and the assumptions used by the Group to determine the revised estimated useful lives.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Ka Yan Augustine.

Ernst & Young
Certified Public Accountants

Hong Kong
19 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	*6*	7,057,582	4,383,825
Cost of sales	*7*	(4,749,677)	(2,942,570)
Gross profit		2,307,905	1,441,255
Other income and gains, net	*6*	80,605	96,925
Selling and distribution expenses		(478)	(368)
Administrative expenses		(452,935)	(301,868)
Other expenses		(170,853)	(7,559)
PROFIT FROM OPERATIONS		1,764,244	1,228,385
Finance costs	*8*	(774,096)	(549,382)
Share of profits and losses of:			
Joint ventures		(1,445)	(18)
Associates		215,171	64,896
PROFIT BEFORE TAX	*7*	1,203,874	743,881
Income tax expense	*10*	(99,147)	(96,709)
PROFIT FOR THE YEAR		1,104,727	647,172
Attributable to:			
Owners of the Company		939,616	541,574
Non-controlling interests		165,111	105,598
		1,104,727	647,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,104,727	647,172
Total comprehensive income attributable to:			
Owners of the Company		939,616	541,574
Non-controlling interests		165,111	105,598
		1,104,727	647,172
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*12*	RMB25.29 cents	RMB14.58 cents
Diluted	*12*	RMB25.29 cents	RMB14.58 cents

Consolidated Statement of Financial Position

31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**22,466,159**	19,668,018
Investment properties	*14*	**30,739**	32,273
Prepaid land lease payments	*15*	**421,512**	373,664
Goodwill	*16*	**47,666**	47,666
Intangible assets	*17*	**1,870,014**	1,973,044
Investments in associates	*18*	**1,625,815**	1,153,766
Investments in joint ventures	*19*	**61,495**	75,582
Available-for-sale investments	*20*	**103,400**	103,400
Deferred tax assets	*21*	**126,304**	77,090
Trade receivables	*23*	**182,943**	179,102
Prepayments and other receivables	*24*	**1,819,259**	1,821,288
Total non-current assets		**28,755,306**	25,504,893
CURRENT ASSETS			
Prepaid land lease payments	*15*	**11,768**	10,686
Inventories	*22*	**40,230**	45,393
Trade and bills receivables	*23*	**2,563,641**	1,596,579
Prepayments, deposits and other receivables	*24*	**789,249**	725,250
Pledged deposits	*25*	**17,860**	65
Cash and cash equivalents	*25*	**2,110,035**	1,491,173
Total current assets		**5,532,783**	3,869,146
CURRENT LIABILITIES			
Trade and bills payables	*26*	**575,744**	464,885
Other payables and accruals	*27*	**3,084,086**	2,213,395
Finance lease payables	*28*	**56,439**	–
Interest-bearing bank and other borrowings	*29*	**5,707,549**	5,112,741
Tax payable		**49,167**	26,724
Total current liabilities		**9,472,985**	7,817,745
NET CURRENT LIABILITIES		**(3,940,202)**	(3,948,599)
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,815,104**	21,556,294

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Consolidated Statement of Financial Position

31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,815,104**	21,556,294
NON-CURRENT LIABILITIES			
Finance lease payables	*28*	**1,027,469**	–
Interest-bearing bank and other borrowings	*29*	**13,217,189**	11,932,724
Other payables and accruals	*27*	**69,356**	89,636
Total non-current liabilities		**14,314,014**	12,022,360
Net assets		**10,501,090**	9,533,934
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	*30*	**3,715,160**	3,715,160
Reserves	*31*	**4,889,674**	4,185,246
		8,604,834	7,900,406
Non-controlling interests		**1,896,256**	1,633,528
Total equity		**10,501,090**	9,533,934

Cao Xin
Director

Wang Hong Jun
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Attributable to owners of the Company						
	Issued share capital RMB'000 (note 30)	Capital reserve RMB'000	Reserve funds RMB'000 (note 31)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2017	3,715,160	2,136,197	174,327	1,874,722	7,900,406	1,633,528	9,533,934
Profit for the year	–	–	–	939,616	939,616	165,111	1,104,727
Total comprehensive income for the year	–	–	–	939,616	939,616	165,111	1,104,727
Final 2016 dividend declared (note 11)	–	–	–	(234,055)	(234,055)	–	(234,055)
Dividends declared to non-controlling shareholders	–	–	–	–	–	(83,011)	(83,011)
Acquisition of a subsidiary	–	–	–	–	–	4,883	4,883
Disposal of subsidiaries	–	–	–	–	–	(2,798)	(2,798)
Contributions by non-controlling shareholders	–	–	–	–	–	177,410	177,410
Transfer from retained profits	–	–	36,388	(36,388)	–	–	–
Others	–	(1,133)	–	–	(1,133)	1,133	–
As at 31 December 2017	3,715,160	2,135,064*	210,715*	2,543,895*	8,604,834	1,896,256	10,501,090
As at 1 January 2016	3,715,160	2,134,854	164,861	1,398,341	7,413,216	1,487,304	8,900,520
Profit for the year	–	–	–	541,574	541,574	105,598	647,172
Total comprehensive income for the year	–	–	–	541,574	541,574	105,598	647,172
Final 2015 dividend declared	–	–	–	(55,727)	(55,727)	–	(55,727)
Dividends declared to non-controlling shareholders	–	–	–	–	–	(20,993)	(20,993)
Contributions by non-controlling shareholders	–	427	–	–	427	38,847	39,274
Acquisition of subsidiaries	–	–	–	–	–	23,688	23,688
Transfer from retained profits	–	–	9,466	(9,466)	–	–	–
Others	–	916	–	–	916	(916)	–
As at 31 December 2016	3,715,160	2,136,197*	174,327*	1,874,722*	7,900,406	1,633,528	9,533,934

* These reserve accounts comprise the consolidated reserves of RMB4,889,674,000 (31 December 2016: RMB4,185,246,000) in the consolidated statement of financial position as at 31 December 2017.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,203,874	743,881
Adjustments for:			
Finance costs	8	774,096	549,382
Foreign exchange loss/(gain), net		15,135	(15,361)
Interest income	6	(11,816)	(23,564)
Share of profits and losses of joint ventures		1,445	18
Share of profits and losses of associates		(215,171)	(64,896)
Gain from entrusted loans		(1,186)	(349)
Gain from available-for-sale investments	6	(2,619)	(26,418)
Depreciation of items of property, plant and equipment	7	1,003,454	659,389
Depreciation of investment properties	7	1,534	1,518
Amortisation of prepaid land lease payments	7	12,375	10,169
Amortisation of intangible assets	7	107,533	105,301
(Gain)/loss on disposal of items of property, plant and equipment, net	7	(971)	7,650
Loss on disposal of a subsidiary		2,933	–
Impairment of prepayments, deposits and other receivables	7	32,473	–
Impairment of trade receivables	7	128,268	40
Reversal of impairment of trade receivables	7	(5,024)	(131)
		3,046,333	1,946,629
Decrease in inventories		5,163	3,227
Increase in trade and bills receivables		(1,152,672)	(571,640)
Decrease in prepayments, deposits and other receivables		299,693	307,636
Decrease in trade and bills payables		(21,858)	(70,795)
Increase in other payables and accruals		591,047	67,451
Cash generated from operations		2,767,706	1,682,508
Income tax paid		(125,910)	(89,057)
Net cash flows from operating activities		2,641,796	1,593,451

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Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(3,491,936)	(3,959,898)
Payments for prepaid land lease payments		(11,874)	(34,979)
Payments for intangible assets		(4,495)	(1,754)
Proceeds from disposal of items of property, plant and equipment		3,313	3,023
Capital contribution to a joint venture		(2,940)	–
Capital contribution to an associate		(78,636)	(47,980)
Purchases of an entrusted loan		(11,209)	–
Proceeds from acquisition of a subsidiary		7,029	6,826
Proceeds from disposal of available-for-sale investments		–	230,000
Gain from entrusted loans		1,186	349
Gain from available-for-sale investments	6	2,619	26,418
Proceeds from settlement of entrusted loans		7,500	–
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		–	111,666
Increase in restricted bank balances and time deposits		(17,795)	–
Dividends received from associates		28,514	33,868
Payments for disposal of subsidiaries		(13,513)	–
Interest received	6	11,816	23,564
Net cash flows used in investing activities		(3,570,421)	(3,608,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions by non-controlling shareholders		282,410	88,500
New bank and other borrowings		9,558,113	5,792,020
Repayment of bank and other borrowings		(6,918,284)	(4,575,301)
Interest paid		(948,013)	(764,315)
Dividends paid to non-controlling shareholders		(82,852)	(20,993)
Dividend paid to owners of the Company		(234,055)	(55,727)
Capital element of finance lease payments		(94,680)	–
Net cash flows from financing activities		1,562,639	464,184
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		634,014	(1,551,262)
Cash and cash equivalents at beginning of year		1,491,173	3,026,940
Effect of exchange rate changes on cash and cash equivalents		(15,152)	15,495
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	2,110,035	1,491,173

Notes to Financial Statements

31 December 2017

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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name*	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
HECIC New-energy Co., Ltd. ("HECIC New-energy") (河北建投新能源有限公司)	The PRC/ Mainland China 17 July 2006	RMB3,767,300,000	100	–	Wind power generation, wind farm investment and service consulting
HECIC New-energy (Tangshan) Co., Ltd. (建投新能源(唐山)有限公司)	The PRC/ Mainland China 19 June 2014	RMB86,000,000	100	–	Wind power and solar energy generation
Suntien Green Energy (Fengning) Co., Ltd. (新天綠色能源(豐寧)有限公司)	The PRC/ Mainland China 9 December 2010	RMB6,000,000	92	–	Wind power generation
HECIC Offshore Wind Power Co., Ltd. (河北建投海上風電有限公司)	The PRC/ Mainland China 19 February 2011	RMB1,111,110,000	51.40	–	Wind power generation
Heilongjiang Suntien Hadian New Energy Investment Co., Ltd. ("Suntien Hadian") (黑龍江新天哈電新能源投資有限公司)	The PRC/ Mainland China 19 April 2012	RMB42,600,000	95.31	–	Wind power and solar energy generation

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name*	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Suntien Green Energy Investment (Beijing) Co., Ltd. (新天綠色能源投資(北京)有限公司)	The PRC/ Mainland China 27 July 2012	RMB60,000,000	100	–	Project investment and investment management
Jianshui Suntien Wind Energy Co., Ltd. (建水新天風能有限公司)	The PRC/ Mainland China 18 July 2012	RMB318,000,000	100	–	Wind power generation
Suntien Green Energy (Hong Kong) Corporation Limited ("Suntien Green Hong Kong") (新天綠色能源(香港)有限公司)	The PRC/ Hong Kong 29 June 2012	RMB106,296,700	100	–	Project investment and investment management
Xingyang Suntien Wind Energy Co., Ltd. (滎陽新天風能有限公司)	The PRC/ Mainland China 1 July 2013	RMB90,000,000	100	–	Wind power generation
Ruoqiang Suntien Green Energy Co., Ltd. (若羌新天綠色能源有限公司)	The PRC/ Mainland China 30 May 2013	RMB143,000,000	100	–	Wind power generation
Wulian County Suntien Wind Energy Co., Ltd. (五蓮縣新天風能有限公司)	The PRC/ Mainland China 1 July 2013	RMB9,000,000	100	–	Wind power generation
Shenzhen Suntien Green Energy Investment Co., Ltd. (深圳新天綠色能源投資有限公司)	The PRC/ Mainland China 30 October 2013	RMB270,000,000	100	–	Project investment and investment management
Junan Suntien Wind Energy Co., Ltd. (莒南新天風能有限公司)	The PRC/ Mainland China 30 September 2013	RMB83,000,000	100	–	Wind power generation
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	The PRC/ Mainland China 4 July 2013	RMB243,000,000	100	–	Wind power generation

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name*	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Suntien Liquefied Natural Gas Shahe Co., Ltd. (新天液化天然氣沙河有限公司)	The PRC/ Mainland China 2 April 2014	RMB50,000,000	70	–	Sale of natural gas and gas appliances, connection and construction of natural gas pipelines
Suntien Hebei Solar Energy Development Co., Ltd. ("Suntien Solar Energy Development") (新天河北太陽能開發有限公司)	The PRC/ Mainland China 24 April 2014	RMB100,000,000	69	–	Investment and sale of solar energy appliances and service consultancy
Guangxi Suntien Green Energy Co., Ltd. (廣西新天綠色能源有限公司)	The PRC/ Mainland China 18 December 2014	RMB20,000,000	100	–	Wind power generation
Huludao Liaohe Oil Field Gas Co., Ltd. ("Huludao Gas") (葫蘆島遼河油田燃氣有限公司)	The PRC/ Mainland China 11 July 2011	RMB20,408,200	51	–	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines
Yunnan Pushi Natural Gas Co., Ltd. ("Yunnan Pushi") (雲南普適天然氣有限公司)	The PRC/ Mainland China 6 March 2009	RMB33,333,300	70	–	Research and development of natural gas, investment and technical development
Weihui Suntien Green Energy Co., Ltd. (衛輝新天綠色能源有限公司)	The PRC/ Mainland China 21 July 2015	RMB6,000,000	100	–	Technical consultation for solar energy and wind power generation
Tongdao Suntien Green Energy Co., Ltd. (通道新天綠色能源有限公司)	The PRC/ Mainland China 21 July 2015	RMB6,000,000	100	–	Wind power and solar energy generation, relevant technical consultation
Chaoyang Suntien New Energy Co., Ltd. (朝陽新天新能源有限公司)	The PRC/ Mainland China 14 September 2015	RMB32,000,000	100		Solar energy generation

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name*	Note	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Fuliang Zhongling Suntien Green Energy Co., Ltd. (浮梁中嶺新天綠色能源有限公司)		The PRC/ Mainland China 24 November 2016	RMB15,000,000	100	–	Wind power and solar energy generation
Suntien Green Energy Xuyi Co., Ltd. (新天綠色能源盱眙有限公司)		The PRC/ Mainland China 27 December 2016	RMB234,000,000	70	30	Wind power and solar energy generation
Fangchenggang Suntien Green Energy Co., Ltd. (防城港新天綠色能源有限公司)		The PRC/ Mainland China 21 July 2016	RMB10,000,000	100	–	Wind power and solar energy generation
Suntien Hebei Power Sale Co., Ltd. (新天河北電力銷售有限公司)		The PRC/ Mainland China 28 September 2016	RMB200,000,000	100	–	Sale and management
Fuping Jixin Suntien Green Energy Co., Ltd. (富平冀新綠色能源有限公司)		The PRC/ Mainland China 1 November 2016	RMB10,000,000	100	–	Wind power generation
Hebei Natural Gas Company Limited ("Hebei Natural Gas") (河北省天然氣有限責任公司)	*(i)*	The PRC/ Mainland China 27 April 2001	RMB920,000,000	55	–	Sale of natural gas and gas appliances and the connection and construction of natural gas pipelines

* Except for Suntien Green Hong Kong, which was established in Hong Kong, and Hebei Natural Gas, which is a Sino-foreign joint venture company, having an English company name, the companies registered in the PRC do not have registered English names and the English names shown above represent the best efforts of the management of the Company in directly translating the Chinese names of the companies.

All the above subsidiaries are limited liability companies.

1. CORPORATE AND GROUP INFORMATION (continued)

Note:

(i) Hebei Natural Gas is a Sino-foreign equity joint venture with limited liability established under the Company Law of the PRC and the Law of Sino-foreign Equity Joint Venture. According to the articles of association of Hebei Natural Gas, the Company is able to nominate four out of seven directors at the board of Hebei Natural Gas and a simple majority of the board is sufficient to approve and make normal daily financial and operating decisions of Hebei Natural Gas. The voting power attached to the equity interest held by the Company in Hebei Natural Gas allows the Company to have the power to govern the financial and operating activities of Hebei Natural Gas according to the articles of association of Hebei Natural Gas. The Directors are of the opinion that the Company has been able to control Hebei Natural Gas since its establishment. Therefore, the financial statements of Hebei Natural Gas have been consolidated by the Company in its consolidated financial statements since the establishment of Hebei Natural Gas.

2.1 BASIS OF PRESENTATION

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

Going concern

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

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

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

2.1 BASIS OF PRESENTATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 39(b) to the financial statements.

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 19	*Employee Bene fits*[2]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IFRS 12 and IAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but is available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

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

The IASB issued amendments to IFRS 2 in June 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group does not expect that the initial adoption of IFRS 9 will have a significant impact on the Group's financial statement.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

IFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of IFRS 15 will not be material. After processing five-step model to contracts, the expected changes in accounting policies, as further explained below, will have no material impact on the Group's financial statements from 2018 onwards.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

The Group's principal activities consist of the sale of natural gas and gas appliances and the sale of electricity. The expected impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

(a) Sale of natural gas and gas appliances

The Group engages in the sale of natural gas and gas appliances. Revenue from the sale of natural gas and gas appliances is recognised when the goods are delivered, title has passed and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. The group has determined that when IFRS 15 adopted, revenue from the sale of natural gas and gas appliances for 2017 will have no material impact on the Group's financial statements.

(b) Sale of electricity

The Group develops, manages and operates wind power and solar energy plants and generates electric power for sales to external power grid companies. Revenue from sale of electricity is recognised upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically. The group has determined that when IFRS 15 adopted, revenue from the sale of electricity for 2017 will have no material impact on the Group's financial statements.

(c) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

IFRS 16, issued in May 2016, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group is currently assessing the impact of IFRS 16 upon adoption, and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 35 to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB6,853,000. Upon adoption of IAS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

Amendments to IAS 28 issued in January 2018 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRIC 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.38% to 4.75%
Wind turbines and related equipment	4.75%
Natural gas pipelines	3.17%
Other machinery and equipment	5.28% to 19.00%
Motor vehicles	11.88% to 19.00%
Office equipment and others	9.50% to 31.67%
Leasehold improvements	12.50% to 20.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Office software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life.

Operating concession

Operating concession represents the right to operate a wind power plant and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 25 years.

Exclusive rights of natural gas operations

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

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Service concession arrangement

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge for usage of the concession infrastructure. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "intangible assets (other than goodwill)" above.

Revenue and costs relating to operating service are accounted for in accordance with the policy for "Revenue recognition-sale of electricity" below.

The Group has the contractual obligation which it must fulfil as a condition of its right, that is to restore the site of the infrastructures to a specified condition at the end of the service concession arrangement. The contractual obligation to restore the site of the infrastructures is recognised and measured in accordance with the policy set out for "Provisions" below.

Investments and other financial assets

Initial recognition and measurement

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments and other financial assets. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, derivative financial instruments and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories, mainly including natural gas and spare parts, are stated at the lower of cost and net realisable value. Cost which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present locations and conditions are calculated using the first-in, first-out method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance the entity will comply with the conditions attaching to them and that the grant will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) *Sale of natural gas and gas appliances*

Revenue from the sale of natural gas and gas appliances is recognised when the goods are delivered, title has passed and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) *Sale of electricity*

Revenue is recognised upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically.

(c) *Connection and construction of natural gas pipelines*

Revenue in respect of the connection and construction of natural gas pipelines is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. When the outcome of a gas connection and the gas pipeline construction contract cannot be estimated reliably, revenue is recognised only to the extent of expenses recognised that are recoverable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(d) Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

(e) Dividend income

Revenue is recognised when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as expenses in profit or loss as incurred.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

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

A subsidiary of the Company (the "Subsidiary") and the Company indirectly either owns half or less than half of the equity interests in certain companies or owns more than half of equity interests but the voting power attached to the equity interests does not allow the Subsidiary or the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. According to the articles of association of these companies, the Subsidiary or the Company is the biggest equity owner of these companies and no other equity owners individually or in the aggregate have the power to control these companies. The Subsidiary or the Company signed shareholders' voting agreements with other equity owners of these companies, whereby such equity owners have committed to attend shareholders' meetings together with, and to vote in shareholders' meetings in the same manner as, the representatives of the Subsidiary or the Company. Such equity owners have also confirmed that the above-mentioned attendance and voting arrangements with the Subsidiary or the Company existed since the establishment of these companies or the Subsidiary or the Company becoming the biggest equity owner of these companies. The PRC lawyer of the Company confirmed that the shareholders' voting agreements are valid under the relevant PRC laws. On top of the shareholders' voting agreements, the Subsidiary or the Company controlled the operation of these companies by appointing senior management, approving the annual budget and determining the remuneration of senior management, etc. Considering the above-mentioned factors, the Directors are of the opinion that the Group has rights to variable returns from its involvement with these companies and that it has the ability to direct the relevant activities of these companies during the years ended 31 December 2017 and 2016. Therefore, the financial statements of these companies are consolidated by the Company during the years ended 31 December 2017 and 2016.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was RMB47,666,000 (31 December 2016: RMB47,666,000). Further details are given in note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at the end of the reporting period, based on changes in circumstances. In 2017, the useful life of natural gas pipelines has been revised. More details are given in note 4.

The carrying amount of property, plant and equipment as at 31 December 2017 was approximately RMB22,466,159,000 (31 December 2016: RMB19,668,018,000). More details are given in note 13.

Current income tax

The Group is subject to income taxes in numerous jurisdictions in the PRC. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax in the periods in which the differences arise.

The carrying amount of tax payable as at 31 December 2017 was RMB49,167,000 (31 December 2016: RMB26,724,000).

Deferred income tax

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

The carrying amount of deferred tax assets as at 31 December 2017 was RMB126,304,000 (31 December 2016: RMB77,090,000). More details are given in note 21.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of trade receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, location of customers, existence of disputes, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

The carrying amount of trade and bills receivables as at 31 December 2017 was RMB2,746,584,000 (31 December 2016: RMB1,775,681,000). More details are given in note 23.

Provision for restoring the site of the infrastructures to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its right to construct and exclusively operate wind power plants and among which is to restore the site of the infrastructures to a specified condition at the end of the service concession arrangement. The contractual obligation to restore the site of the infrastructures is recognised and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimation of the expenditure requires the Group to estimate the expected future cash outflows regarding the obligation over the service concession period and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the provision carried as a liability in the consolidated statement of financial position as at 31 December 2017 was approximately RMB45,055,000 (31 December 2016: RMB45,055,000).

4. CHANGE IN ACCOUNTING ESTIMATES

At the beginning of 2017, based on the latest available information relating to the market condition, usage, and maintenance of the natural gas pipelines, and the physical condition and estimated remaining useful lives of the pipelines evaluated by an external assessor, the directors were of the view that the estimation of the useful life of natural gas pipelines to be used was longer than they estimated previously and as such, the estimated useful life of natural gas pipelines was revised from 20 years to 30 years effective from the beginning of 2017. The effect of the above change in the estimated useful life of natural gas pipelines was to decrease the depreciation charge of natural gas pipelines by RMB22,512,000 for 2017 and to increase the income tax expense by RMB5,628,000 for 2017.

5. 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.

5. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2017 and 2016.

Year ended 31 December 2017

	Natural gas RMB'000	Wind power and solar energy RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	3,957,244	3,100,338	7,057,582
Intersegment sales	–	–	–
Total revenue	3,957,244	3,100,338	7,057,582
Segment results	350,943	1,694,128	2,045,071
Interest income	3,303	6,576	9,879
Finance costs	(108,589)	(655,870)	(764,459)
Income tax expense	(37,774)	(60,896)	(98,670)
Profit of segments for the year	207,883	983,938	1,191,821
Unallocated interest income			1,937
Corporate and other unallocated expenses			(81,471)
Unallocated income tax expense			(477)
Unallocated finance costs			(9,637)
Unallocated share of profits and losses of an associate			2,554
Profit for the year			1,104,727
Segment assets	5,979,557	27,693,270	33,672,827
Corporate and other unallocated assets			615,262
Total assets			34,288,089
Segment liabilities	4,171,293	19,264,699	23,435,992
Corporate and other unallocated liabilities			351,007
Total liabilities			23,786,999
Other segment information:			
Impairment of trade receivables	(127,256)	(1,012)	(128,268)
Reversal of impairment of trade receivables	5,024	–	5,024
Impairment of prepayments, deposits and other receivables	(10,295)	(22,170)	(32,465)
Unallocated impairment of prepayments, deposits and other receivables			(8)
Depreciation and amortisation	(97,005)	(1,024,004)	(1,121,014)
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

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016

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

Note:

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

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

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

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents: (1) the net invoiced value of natural gas and electricity sold, net of value-added tax and government surcharges; and (2) the value of services rendered.

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

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

7. PROFIT BEFORE TAX

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

	Notes	2017 RMB'000	2016 RMB'000
Cost of goods sold		4,656,471	2,868,895
Cost of services rendered		93,206	73,675
Total cost of sales		4,749,677	2,942,570
Depreciation of items of property, plant and equipment (note a)	*13*	1,003,454	659,389
Depreciation of investment properties	*14*	1,534	1,518
Amortisation of prepaid land lease payments	*15*	12,375	10,169
Amortisation of intangible assets	*17*	107,533	105,301
Total depreciation and amortisation		1,124,896	776,377
Minimum lease payments under operating leases of land and buildings		17,269	9,722
Auditor's remuneration		5,118	3,700
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages, salaries and allowances		253,876	173,313
Pension scheme contributions (defined contribution schemes) (note b)		24,342	20,425
Welfare and other expenses		75,071	68,778
		353,289	262,516
(Gain)/loss on disposal of items of property, plant and equipment, net		(971)	7,650
Foreign exchange loss/(gain), net		15,135	(15,361)
Reversal of impairment of trade receivables	*23*	(5,024)	(131)
Impairment of trade receivables	*23*	128,268	40
Impairment of prepayments, deposits and other receivables	*24*	32,473	–
Rental income on investment properties		(1,953)	(1,619)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		1,534	1,518

Notes:

(a) Depreciation of approximately RMB979,493,000 (2016: RMB639,690,000) is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017.

(b) All of the Group's full-time employees in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group is required to make monthly contributions to these plans at 20% of the employees' salaries. Contributions to these plans are expensed as incurred. As at 31 December 2017 and 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

8. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest on bank loans and other borrowings wholly repayable within five years	**617,075**	513,647
Interest on bank loans and other borrowings wholly repayable beyond five years	**302,066**	243,423
Total interest expense	**919,141**	757,070
Less: Interest capitalised to items of property, plant and equipment (note 13)	**(154,958)**	(207,688)
	764,183	549,382
Other finance costs:		
Discounted amounts of non-current portion of trade receivables	**9,913**	–
	774,096	549,382

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

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

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

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

The Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Hong Kong Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 RMB'000	2016 RMB'000
Fees	**430**	430
Other emoluments:		
– Salaries, allowances and benefits in kind	**1,169**	600
– Performance-related bonuses	**2,133**	1,055
– Pension scheme contributions (defined contribution schemes)	**453**	237
	3,755	1,892
	4,185	2,322

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

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

The names of the Directors, supervisors and chief executive and their remuneration for the years ended 31 December 2017 and 2016 are as follows:

2017

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Gao Qing Yu (i)	–	62	632	11	705
Mr. Wang Hong Jun	–	322	522	126	970
Mr. Mei Chun Xiao (ii) (Chief executive)	–	294	448	117	859
	–	678	1,602	254	2,534
Non-executive directors					
Dr. Cao Xin (Chairman)	–	–	–	–	–
Mr. Li Lian Ping	–	–	–	–	–
Mr. Qin Gang	–	–	–	–	–
Ms. Sun Min	–	–	–	–	–
Mr. Wu Hui Jiang	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Qin Hai Yan	86	–	–	–	86
Mr. Ding Jun	86	–	–	–	86
Mr. Wang Xiang Jun	86	–	–	–	86
Mr. Yue Man Yiu, Matthew	86	–	–	–	86
	344	–	–	–	344
Supervisors					
Mr. Yang Hong Chi (iii)	–	–	–	–	–
Mr. Qiao Guo Jie	–	290	448	117	855
Mr. Liu Jin Hai	–	–	–	–	–
Ms. Ma Hui (iv)	–	201	83	82	366
Mr. Wang Chun Dong (v)	–	–	–	–	–
	–	491	531	199	1,221
Independent supervisors					
Mr. Liang Yong Chun	43	–	–	–	43
Mr. Xiao Yan Zhao	43	–	–	–	43
	86	–	–	–	86
	430	1,169	2,133	453	4,185

(i) As disclosed in the announcement of the Company on 16 March 2017, Mr. Gao Qing Yu resigned as an executive director and chief executive of the Company with effect from 16 March 2017.

(ii) As disclosed in the announcements of the Company on 31 March 2017 and 8 June 2017, Mr. Mei Chun Xiao was appointed as the chief executive of the Company with effect from 31 March 2017, and as an executive director of the Company with effect from 8 June 2017.

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

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

(iii) Mr. Yang Hone Chi resigned as a supervisor of the Company with effect from 10 November 2017.

(iv) As disclosed in the announcement of the Company on 2 February 2018, Ms. Ma Hui resigned as a supervisor of the Company and will take effect upon the new supervisor is elected.

(v) Mr. Wang Chun Dong was designated as a supervisor of the Company with effect from 10 November 2017.

2016

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Gao Qing Yu (Chief executive)	–	160	339	56	555
Mr. Wang Hong Jun	–	114	330	51	495
	–	274	669	107	1,050
Non-executive directors					
Dr. Cao Xin (Chairman)	–	–	–	–	–
Dr. Liu Zheng	–	–	–	–	–
Mr. Li Lian Ping	–	–	–	–	–
Mr. Qin Gang	–	–	–	–	–
Ms. Sun Min	–	–	–	–	–
Mr. Wu Hui Jiang	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Qin Hai Yan	86	–	–	–	86
Mr. Ding Jun	86	–	–	–	86
Mr. Wang Xiang Jun	86	–	–	–	86
Mr. Yue Man Yiu, Matthew	86	–	–	–	86
	344	–	–	–	344
Supervisors					
Mr. Yang Hong Chi	–	–	–	–	–
Mr. Qiao Guo Jie	–	115	295	54	464
Mr. Liu Jin Hai	–	–	–	–	–
Ms. Ma Hui	–	211	91	76	378
	–	326	386	130	842
Independent supervisors					
Mr. Liang Yong Chun	43	–	–	–	43
Mr. Xiao Yan Zhao	43	–	–	–	43
	86	–	–	–	86
	430	600	1,055	237	2,322

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

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the years is as follows:

	2017	2016
Directors and supervisors	3	2
Non-director and non-supervisor employees	2	3
	5	5

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

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	658	447
Performance-related bonuses	987	886
Pension scheme contributions	292	177
	1,937	1,510

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

	2017	2016
Nil to HK$1,000,000	1	3
HK$1,000,001 to HK$1,500,000	1	–
	2	3

During the years ended 31 December 2017 and 2016, no directors, supervisors, chief executive or any of the non-director and non-supervisor, highest paid individuals waived or agreed to waive any emoluments, and no emoluments were paid by the Group to the directors, supervisors, chief executive or any of the non-director and non-supervisor, highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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 2017, certain entities were in the process of the preparation and submission of the required documents to the respective tax authorities to qualify for the 3+3 tax holiday.

Under the relevant PRC Corporate Income Tax Law and respective regulations, except for certain preferential treatments available to certain subsidiaries of the Company as mentioned above, the PRC entities within the Group were subject to corporate income tax at a rate of 25% during the years ended 31 December 2017 and 2016.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong for the years ended 31 December 2017 and 2016.

	2017 **RMB'000**	2016 RMB'000
Current income tax – Mainland China	**148,361**	95,106
Deferred income tax (note 21)	**(49,214)**	1,603
Tax charge for the year	**99,147**	96,709

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

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

11. DIVIDENDS

The dividends for the year are set out below:

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

The board of directors of the Company proposed, on 19 March 2018, the payment of a final dividend of RMB0.103 per share in respect of the year ended 31 December 2017, based on the issued share capital of the Company of 3,715,160,396 shares. The proposed final dividend is subject the approval of the Company's shareholders at the forthcoming annual general meeting.

At the annual general meeting held on 8 June 2017, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2016 of RMB0.063 per share, which amounted to RMB234,055,000 and was settled in full in July 2017.

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

Due to the repeal of Guoshuifa [1993] No. 45 *Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income* (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得税收問題的通知(國税發[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税法) 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.

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

The calculation of the basic earnings per share amounts for the years ended 31 December 2017 and 2016 is based on the profit attributable to ordinary equity holders of the Company for those years, and the weighted average number of ordinary shares in issue during those years.

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Wind turbines and related equipment RMB'000	Natural gas pipelines RMB'000	Other machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
2017									
Cost:									
At 1 January 2017	895,467	14,348,061	1,430,045	351,208	108,839	70,642	54,108	5,785,612	23,043,982
Additions	1,122	11,956	6,811	4,277	1,084	10,082	2,133	3,803,014	3,840,479
Acquisition of a subsidiary (note 33)	–	–	1,186	21	158	85	–	12,324	13,774
Transfers to prepaid land lease payments (note 15)	–	–	–	–	–	–	–	(49,431)	(49,431)
Disposal of subsidiaries (note 34)	–	–	–	–	(17)	(212)	(181)	(456)	(866)
Transfers	346,017	3,283,392	414,265	84,681	47	10,681	–	(4,143,264)	(4,181)
Disposals	(41)	–	(4,809)	(178)	(7,201)	(1,549)	–	–	(13,778)
At 31 December 2017	1,242,565	17,643,409	1,847,498	440,009	102,910	89,729	56,060	5,407,799	26,829,979
Accumulated depreciation:									
At 1 January 2017	(134,231)	(2,462,225)	(497,960)	(135,209)	(68,274)	(42,624)	(35,441)	–	(3,375,964)
Depreciation provided during the year (note 7)	(49,060)	(827,502)	(52,471)	(47,298)	(8,509)	(13,806)	(4,808)	–	(1,003,454)
Acquisition of a subsidiary (note 33)	–	–	(52)	–	(35)	(16)	–	–	(103)
Disposal of subsidiaries (note 34)	–	–	–	–	4	45	35	–	84
Transfers	–	4,181	–	–	–	–	–	–	4,181
Disposals	21	–	3,283	90	6,841	1,201	–	–	11,436
At 31 December 2017	(183,270)	(3,285,546)	(547,200)	(182,417)	(69,973)	(55,200)	(40,214)	–	(4,363,820)
Net carrying amount:									
At 31 December 2017	1,059,295	14,357,863	1,300,298	257,592	32,937	34,529	15,846	5,407,799	22,466,159
At 1 January 2017	761,236	11,885,836	932,085	215,999	40,565	28,018	18,667	5,785,612	19,668,018

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Wind turbines and related equipment RMB'000	Natural gas pipelines RMB'000	Other machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	**Leasehold** improvements RMB'000	Construction in progress RMB'000	Total RMB'000
2016									
Cost:									
At 1 January 2016	618,439	10,009,244	1,091,503	308,658	110,699	64,187	43,516	5,442,424	17,688,670
Additions	14,658	4,716	139	10,317	2,736	8,036	9,813	5,369,006	5,419,421
Acquisition of subsidiaries	2,264	–	37,445	6,566	598	186	–	5,688	52,747
Transfers to prepaid land lease payments (note 15)	–	–	–	–	–	–	–	(94,322)	(94,322)
Transfers to investment properties (note 14)	(1,347)	–	–	–	–	–	–	–	(1,347)
Transfers	262,765	4,345,110	301,326	26,853	–	351	779	(4,937,184)	–
Disposals	(1,312)	(11,009)	(368)	(1,186)	(5,194)	(2,118)	–	–	(21,187)
At 31 December 2016	895,467	14,348,061	1,430,045	351,208	108,839	70,642	54,108	5,785,612	23,043,982
Accumulated depreciation:									
At 1 January 2016	(103,936)	(1,938,501)	(437,542)	(107,839)	(62,511)	(37,987)	(29,788)	–	(2,718,104)
Depreciation provided during the year (note 7)	(30,189)	(526,386)	(54,791)	(25,530)	(10,317)	(6,523)	(5,653)	–	(659,389)
Acquisition of subsidiaries	(407)	–	(5,773)	(2,598)	(291)	(92)	–	–	(9,161)
Transfers to investment properties (note 14)	176	–	–	–	–	–	–	–	176
Disposals	125	2,662	146	758	4,845	1,978	–	–	10,514
At 31 December 2016	(134,231)	(2,462,225)	(497,960)	(135,209)	(68,274)	(42,624)	(35,441)	–	(3,375,964)
Net carrying amount:									
At 31 December 2016	761,236	11,885,836	932,085	215,999	40,565	28,018	18,667	5,785,612	19,668,018
At 1 January 2016	514,503	8,070,743	653,961	200,819	48,188	26,200	13,728	5,442,424	14,970,566

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Interest expenses of approximately RMB154,958,000 were capitalised to construction in progress for the year ended 31 December 2017 (2016: RMB207,688,000) prior to being transferred to buildings and machinery (note 8).

As at the date of approval of these financial statements, the Group was in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB163,899,000. The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2017.

The Group's property, plant and equipment with a net carrying amount of RMB4,154,000 as at 31 December 2017 (31 December 2016: RMB4,260,000) were pledged to secure a long term bank loan of the Group (note 29).

The net carrying amounts of the Group's property, plant and equipment held under sale-leaseback included in the total amount of wind turbines and related equipment at 31 December 2017 was RMB1,005,055,000 (2016: Nil). More details are given in note 38(a).

The net carrying amounts of the Group's property, plant and equipment held under finance leases included in the total amount of construction in progress at 31 December 2017 was RMB229,204,000 (2016: Nil). More details are given in note 38(a).

14. INVESTMENT PROPERTIES

	2017 **RMB'000**	2016 RMB'000
Cost:		
At 1 January	**37,410**	36,063
Transfer from property, plant and equipment (note 13)	**–**	1,347
At 31 December	**37,410**	37,410
Accumulated depreciation:		
At 1 January	**(5,137)**	(3,443)
Transfer from property, plant and equipment (note 13)	**–**	(176)
Charge for the year (note 7)	**(1,534)**	(1,518)
At 31 December	**(6,671)**	(5,137)
Carrying amount at end of the year	**30,739**	32,273

The Group's investment properties are several commercial properties in Beijing. The investment properties were valued by management based on the market approach with reference to market transaction prices of similar properties, taking into account of other factors, i.e., characteristics of the properties, locations, etc. The fair value of investment properties was estimated to be approximately RMB46,265,000 as at 31 December 2017 (2016: RMB42,533,000).

The investment properties are leased to third parties and a fellow subsidiary under operating leases, further details of which are included in note 35 and note 38(a).

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

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

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Fair value measurement for:				
Commercial properties	**–**	**46,265**	**–**	**46,265**

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Fair value measurement for:				
Commercial properties	–	42,533	–	42,533

15. PREPAID LAND LEASE PAYMENTS

	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January	**384,350**	261,349
Additions	**11,874**	34,979
Transfer from construction in progress (note 13)	**49,431**	94,322
Acquisition of a subsidiary	**–**	3,869
Amortisation for the year (note 7)	**(12,375)**	(10,169)
Carrying amount at 31 December	**433,280**	384,350
Portion classified as current assets	**(11,768)**	(10,686)
Non-current portion	**421,512**	373,664

As at the date of approval of these financial statements, the Group was in the process of applying for the title certificates of certain of its land use rights with an aggregate net carrying amount of approximately RMB31,423,000. The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land. The directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at 31 December 2017.

16. GOODWILL

	2017 RMB'000	2016 RMB'000
Cost and carrying amount at 1 January	**47,666**	38,198
Acquisition of a subsidiary	**–**	9,468
Cost and carrying amount at 31 December	**47,666**	47,666

Goodwill acquired through four significant business combinations in 2016, 2015, 2014 and 2011 in the amounts of RMB9,468,000, RMB3,352,000, RMB14,883,000 and RMB6,843,000, respectively, have been allocated to four natural gas cash-generating units for impairment testing.

The recoverable amounts of these four cash-generating units have been determined based on a value in use calculation using cash flow projections based on a financial budget covering a 5-year period approved by senior management. The discount rate applied to the cash flow projections is 11%.

Assumptions were used in the value in use calculation of these four cash-generating units for 31 December 2017. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

17. INTANGIBLE ASSETS

	Office software RMB'000	Operating concession RMB'000 (note)	Exclusive rights of natural gas operations RMB'000	Patent RMB'000	Total RMB'000
2017					
Cost:					
At 1 January	19,859	2,540,635	25,547	100	2,586,141
Additions	4,495	–	–	–	4,495
Acquisition of a subsidiary (note 33)	8	–	–	–	8
At 31 December	24,362	2,540,635	25,547	100	2,590,644
Accumulated amortisation:					
At 1 January	(12,951)	(598,847)	(1,287)	(12)	(613,097)
Amortisation for the year (note 7)	(4,537)	(102,074)	(912)	(10)	(107,533)
At 31 December	(17,488)	(700,921)	(2,199)	(22)	(720,630)
Net carrying amount:					
At 31 December 2017	6,874	1,839,714	23,348	78	1,870,014
At 1 January 2017	6,908	1,941,788	24,260	88	1,973,044

17. INTANGIBLE ASSETS (continued)

	Office software RMB'000	Operating concession RMB'000 (note)	Exclusive rights of natural gas operations RMB'000	Patent RMB'000	Total RMB'000
2016					
Cost:					
At 1 January	18,091	2,535,704	16,547	100	2,570,442
Additions	1,754	4,931	–	–	6,685
Acquisition of a subsidiary	14	–	9,000	–	9,014
At 31 December	19,859	2,540,635	25,547	100	2,586,141
Accumulated amortisation:					
At 1 January	(10,397)	(496,648)	(735)	(2)	(507,782)
Amortisation for the year (note 7)	(2,540)	(102,199)	(552)	(10)	(105,301)
Acquisition of a subsidiary	(14)	–	–	–	(14)
At 31 December	(12,951)	(598,847)	(1,287)	(12)	(613,097)
Net carrying amount:					
At 31 December 2016	6,908	1,941,788	24,260	88	1,973,044
At 1 January 2016	7,694	2,039,056	15,812	98	2,062,660

Note: In 2010 and 2011, the Group respectively entered into two service concession arrangements with a governmental authority concerning the operation of two of its self-constructed wind power plants. Pursuant to these service concession arrangements, the Group transferred the carrying amounts of the related property, plant and equipment and the prepaid land lease payments to operating concession in intangible assets. The arrangements involve the Group as an operator operating and maintaining the infrastructure at a specified level of serviceability for a period of 25 years (the "service concession period") and restoring the sites of the infrastructure at a specified level of serviceability at the end of the service concession periods, and the Group will be paid for its service over the relevant periods of the service concession arrangements at a price stipulated through a pricing mechanism.

18. INVESTMENTS IN ASSOCIATES

	31 December 2017 RMB'000	31 December 2016 RMB'000
Share of net assets	**1,601,773**	1,129,724
Goodwill on acquisition	**24,042**	24,042
	1,625,815	1,153,766

Particulars of the material associates of the Group are as follows:

Company name*	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Hebei Weichang Longyuan CIC Wind Energy Generation Co., Ltd. ("Longyuan CIC") (河北圍場龍源建投風力發電有限公司)	The PRC/ Mainland China 25 August 2006	RMB209,300,000	–	50	Wind power generation
Longyuan CIC (Chengde) Wind Energy Generation Co., Ltd. ("Chengde Wind Energy") (龍源建投(承德)風力發電有限公司)	The PRC/ Mainland China 27 March 2009	RMB446,170,000	–	45	Wind power generation
Huihai Financing and Leasing Co., Ltd. ("Huihai Leasing") (匯海融資租賃有限公司) (note)	The PRC/ Mainland China 27 August 2015	RMB650,000,000	–	30	Financial leasing, purchase and maintenance of leased properties
PetroChina Jingtang Liquefied Natural Gas Co., Ltd. ("Jingtang LNG") (中石油京唐液化天然氣有限公司)	The PRC/ Mainland China 28 September 2012	RMB2,600,000,000	–	11**	Natural gas storage and production
Hebei Fengning Pumped Storage Co., Ltd. ("Fengning Pumped Storage") (河北豐寧抽水蓄能有限公司)	The PRC/ Mainland China 2 September 2010	RMB676,310,000	20	–	Pumped storage

Note: The details of changes in the Group's interest in Huihai Leasing are disclosed in note 34.

18. INVESTMENTS IN ASSOCIATES (continued)

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

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

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

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

Longyuan CIC

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	**132,624**	126,365
Non-current assets	**607,631**	652,168
Current liabilities	**(255,375)**	(300,668)
Non-current financial liabilities, excluding trade and other payables and provisions	**(204,820)**	(218,785)
Net assets	**280,060**	259,080
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**140,030**	129,540
Carrying amount of the investment	**140,030**	129,540

	2017 RMB'000	2016 RMB'000
Revenue	**123,057**	109,590
Profit for the year	**39,378**	20,441
Total comprehensive income for the year	**39,378**	20,441
Dividend received	**9,199**	16,161

18. INVESTMENTS IN ASSOCIATES (continued)

Chengde Wind Energy

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	154,212	101,635
Non-current assets	729,283	499,773
Current liabilities	(141,576)	(34,123)
Non-current financial liabilities, excluding trade and other payables and provisions	(186,820)	(202,785)
Net assets	555,099	364,500
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	45%	45%
Group's share of net assets	249,795	164,025
Carrying amount of the investment	249,795	164,025

	2017 RMB'000	2016 RMB'000
Revenue	149,147	92,341
Profit for the year	56,433	30,226
Total comprehensive income for the year	56,433	30,226
Dividend received	19,315	10,404

18. INVESTMENTS IN ASSOCIATES (continued)

Longyuan CIC (Weichang Wind Energy) Co., Ltd. ("Weichang Wind Energy")

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	–	23,198
Non-current assets	–	282,183
Current liabilities	–	(117,139)
Non-current financial liabilities, excluding trade and other payables and provisions	–	(18,000)
Net assets	–	170,242
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	–	45%
Group's share of net assets	–	76,609
Carrying amount of the investment	–	76,609

	January to August 2017 RMB'000	2016 RMB'000
Revenue	**15,910**	58,082
Profit for the year	**6,847**	17,466
Total comprehensive income for the year	**6,847**	17,466
Dividend received	–	7,303

In August 2017, Weichang Wind Energy was absorbed by Chengde Wind Energy.

18. INVESTMENTS IN ASSOCIATES (continued)

Jingtang LNG

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	**1,057,176**	213,014
Non-current assets	**4,875,085**	5,296,144
Current liabilities	**(2,114,232)**	(2,513,406)
Non-current financial liabilities, excluding trade and other payables and provisions	**–**	–
Net assets	**3,818,029**	2,995,752
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**20%**	20%
Group's share of net assets	**763,606**	599,150
Carrying amount of the investment	**763,606**	599,150

	2017 RMB'000	2016 RMB'000
Revenue	**1,750,765**	784,436
Profit for the year	**822,278**	166,048
Total comprehensive income for the year	**822,278**	169,917
Dividend received	**–**	–

18. INVESTMENTS IN ASSOCIATES (continued)

Fengning Pumped Storage

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	**734,059**	671,594
Non-current assets	**4,449,962**	3,449,765
Current liabilities	**(1,025,264)**	(505,774)
Non-current financial liabilities, excluding trade and other payables and provisions	**(2,980,000)**	(2,710,000)
Net assets	**1,178,757**	905,585
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**20%**	17.35%
Group's share of net assets, excluding goodwill	**235,751**	157,120
Goodwill on acquisition	**24,042**	24,042
	259,793	181,162
Carrying amount of the investment	**259,793**	181,162

	2017 RMB'000	2016 RMB'000
Revenue	**–**	6,515
(Loss)/profit for the year	**(24)**	20
Total comprehensive income for the year	**(24)**	20
Dividend received	**–**	–

18. INVESTMENTS IN ASSOCIATES (continued)

Huihai Leasing

	31 December 2017 RMB'000
Current assets	74,406
Non-current assets	1,205,049
Current liabilities	(156,751)
Non-current financial liabilities, excluding trade and other payables and provisions	(460,000)
Net assets	662,704
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	30%
Group's share of net assets	198,811
Carrying amount of the investment	198,811

	From July to December 2017 RMB'000
Revenue	26,681
Profit for the year	8,515
Total comprehensive income for the year	8,515
Dividend received	–

18. INVESTMENTS IN ASSOCIATES (continued)

Huihai Leasing (continued)

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Carrying amount of the Group's investments in the associates	**13,780**	3,280

	2017 RMB'000	2016 RMB'000
Share of the associates' profit for the year	–	–
Share of the associates' total comprehensive income for the year	–	–
Dividend received	–	–

19. INVESTMENTS IN JOINT VENTURES

	31 December 2017 RMB'000	31 December 2016 RMB'000
Share of net assets	**61,495**	75,582

Particulars of the Group's material joint venture is as follows:

Company name*	Place and date of establishment/ place of operations	Registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Hebei Suntien Guohua Gas Co., Ltd. ("Suntien Guohua") (河北新天國化燃氣有限責任公司)	The PRC/ Mainland China 26 September 2013	RMB120,000,000	50	–	Construction of natural gas pipelines

* The English name of the company registered in the PRC represents the best efforts of the management of the Company in directly translating the Chinese name of the company as no English name has been registered.

19. INVESTMENTS IN JOINT VENTURES (continued)

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

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Cash and cash equivalents	**11,638**	126,595
Other current assets	**8,088**	3,446
Non-current assets	**422,774**	341,233
Current liabilities	**(295,390)**	(171,274)
Non-current financial liabilities, excluding trade and other payables and provisions	**(30,000)**	(180,000)
Net assets	**117,110**	120,000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**58,555**	60,000
Carrying amount of the investment	**58,555**	60,000

	2017 RMB'000	2016 RMB'000
Loss for the year	**(2,890)**	–
Total comprehensive income for the year	**(2,890)**	–
Dividend received	**–**	–

19. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the aggregate financial information of the Group's a joint venture that is not individually material:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Aggregate carrying amount of the Group's investment in the joint venture	**2,940**	15,582

	2017 RMB'000	2016 RMB'000
Share of a joint venture's profit for the year	–	18
Share of a joint venture's total comprehensive profit for the year	–	18
Dividend received	–	–

20. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2017 RMB'000	31 December 2016 RMB'000
Unlisted equity investments, at cost	**103,400**	103,400
Portion classified as non-current assets	**(103,400)**	(103,400)
Current portion	–	–

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

21. DEFERRED TAX ASSETS

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

	2017 RMB'000	2016 RMB'000
Deferred tax assets:		
At 1 January	77,090	78,693
Deferred tax credited/(charged) to profit or loss during the year (note 10)	49,214	(1,603)
At 31 December	126,304	77,090

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Deferred tax assets:		
Impairment of trade receivables	91,759	57,980
Unrealised gains arising from intra-group transactions	11,870	11,870
Losses available for offsetting against future taxable income	2,278	5,394
Others	20,397	1,846
	126,304	77,090

As at 31 December 2017, tax losses of the Group arising in the PRC were RMB408,643,000 (31 December 2016: RMB292,453,000), which had not been recognised as deferred tax assets. The tax losses were available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

22. INVENTORIES

	31 December 2017 RMB'000	31 December 2016 RMB'000
Natural gas	18,164	15,052
Spare parts and others	21,868	30,083
Low-value consumables	198	258
	40,230	45,393

23. TRADE AND BILLS RECEIVABLES

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Trade and bills receivables	**3,105,576**	2,018,242
Impairment	**(358,992)**	(242,561)
	2,746,584	1,775,681
Portion classified as non-current assets	**(182,943)**	(179,102)
Current portion	**2,563,641**	1,596,579

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

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

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

23. TRADE AND BILLS RECEIVABLES (continued)

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

	2017 RMB'000	2016 RMB'000
At 1 January	**242,561**	268,183
Impairment losses recognised (note 7)	**128,268**	40
Reversal (note 7)	**(5,024)**	(131)
Write-off	**(6,813)**	(25,531)
At 31 December	**358,992**	242,561

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

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

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

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

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

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

23. TRADE AND BILLS RECEIVABLES (continued)

The weighted average effective interest rate on the non-current trade receivables is as follows:

	31 December 2017	31 December 2016
Effective interest rate	**4.75%**	4.75%

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

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

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2017 RMB'000	31 December 2016 RMB'000
Prepayments to suppliers	**1,274,624**	1,136,022
Deductible VAT	**1,203,784**	1,277,387
Deposits and other receivables	**164,008**	134,564
	2,642,416	2,547,973
Less: Impairment	**(33,908)**	(1,435)
	2,608,508	2,546,538
Portion classified as non-current assets	**(1,819,259)**	(1,821,288)
Current portion	**789,249**	725,250

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

	2017 RMB'000	2016 RMB'000
At 1 January	**1,435**	1,435
Impairment losses recognised (note 7)	**32,473**	–
At 31 December	**33,908**	1,435

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Included in the above provision for impairment is a provision for individually impaired other receivables of RMB33,908,000 (31 December 2016: RMB1,435,000) with an aggregate carrying amount before provision of RMB42,348,000 (31 December 2016: RMB14,085,000).

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
HECIC	**1,224**	1,224
Fellow subsidiary	**–**	10,697
Associates	**5,342**	1,252
Joint ventures	**–**	677
	6,566	13,850

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2017 RMB'000	31 December 2016 RMB'000
Cash and bank balances	**2,108,895**	1,478,238
Time deposits	**19,000**	13,000
	2,127,895	1,491,238
Less: Time deposits pledged for letters of guarantee	**(17,860)**	(65)
Cash and cash equivalents in the consolidated statement of financial position	**2,110,035**	1,491,173
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**2,110,035**	1,491,173
Cash and bank balances and time deposits denominated in:		
– RMB	**1,960,906**	1,234,476
– Hong Kong dollar	**166,989**	256,762
	2,127,895	1,491,238

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and pledged deposits in the statement of financial position approximate to their fair values. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE AND BILLS PAYABLES

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

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

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

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

27. OTHER PAYABLES AND ACCRUALS

	31 December 2017 RMB'000	31 December 2016 RMB'000
Wind turbine and related equipment payables	**1,013,286**	841,426
Retention money payables	**621,697**	577,696
Advances from customers	**778,445**	247,966
Construction payables	**384,414**	316,797
Accrued salaries, wages and benefits	**94,061**	64,097
Other taxes payable	**37,766**	8,980
Interest payable	**46,071**	74,175
Dividend payable to non-controlling shareholders	**159**	–
Others	**177,543**	171,894
	3,153,442	2,303,031
Portion classified as non-current liabilities	**(69,356)**	(89,636)
Current portion	**3,084,086**	2,213,395

For retention money payables in respect of warranties granted by the suppliers, the due dates usually range from one to three years after the completion of the construction work or the preliminary acceptance of equipment.

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
HECIC	**51,101**	50,733
Fellow subsidiaries	**1,039**	1,322
Associates	**1,166**	2,026
	53,306	54,081

The amount due to HECIC as at 31 December 2017 mainly represented the investment capital injected by HECIC, in a subsidiary of the Company, however, the business registration is still under progress.

Except for the retention money payables which have fixed repayment terms, other payables and accruals are non-interest-bearing and have no fixed terms of repayment.

28. FINANCE LEASE PAYABLES

	Minimum lease payments 31 December 2017 RMB'000	Present value of minimum lease payments 31 December 2017 RMB'000
Amounts payable:		
Within one year	105,429	56,439
In the second year	173,063	127,544
In the third to fifth years, inclusive	503,396	402,959
After five years	552,788	496,966
Total minimum finance lease payments	1,334,676	1,083,908
Future finance charges	(250,768)	
Total net finance lease payables	1,083,908	
Portion classified as current liabilities	(56,439)	
Non-current portion	1,027,469	

The Group entered into several finance lease transactions with one of its associate and a third party. The lease terms were from eight years to twelve years. Upon the expiry of the lease and after the Group has paid all rentals to according to corresponding specific contracts, the Group shall purchase the equipment at a nominal price.

The aggregate amount of finance lease payables to its associate at 31 December 2017 was RMB944,760,000.

Certain finance lease payables of the Group in an aggregate amount of RMB443,908,000 were secured by the right of future electricity fees collection as at 31 December 2017.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2017			As at 31 December 2016		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Short term bank loans:						
– Unsecured	3.2-4.6	2018	1,814,000	3.2-5.6	2017	1,675,500
– Secured	–	–	–	4.4	2017	50,000
			1,814,000			1,725,500
Short term other borrowings:						
– Unsecured	4.9-5.1	2018	1,000,000	–	–	–
Current portion of long term bank loans:						
– Unsecured	1.2-5.2	2018	1,413,487	1.2-5.2	2017	675,940
– Secured	4.4-5.9	2018	480,062	4.1-4.9	2017	411,872
			1,893,549			1,087,812
Current portion of long term other borrowings:						
– Unsecured	–	–	–	5.1	2017	1,299,429
Current portion of corporate bonds (i):						
– Unsecured	5.4	2018	1,000,000	5.3	2017	1,000,000
Total current portion			5,707,549			5,112,741
Non-current						
Long term bank loans:						
– Unsecured	1.2-6.0	2019-2034	8,076,835	1.2-6.0	2018-2034	6,992,013
– Secured	4.4-5.9	2019-2036	4,640,354	4.1-4.9	2018-2031	3,940,711
			12,717,189			10,932,724
Long term other borrowings:						
– Unsecured	6.2	2022	500,000	–	–	–
Corporate bonds (i):						
– Unsecured	–	–	–	5.4	2018	1,000,000
Total non-current portion			13,217,189			11,932,724
			18,924,738			17,045,465

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

(i) In November 2011, the Company issued corporate bonds with an aggregate value of RMB2 billion. The corporate bonds were issued at a price of RMB100 each. On 23 December 2011, the corporate bonds were listed on the Shanghai Stock Exchange.

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

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**3,707,549**	2,813,312
In the second year	**1,931,610**	1,737,559
In the third to fifth years, inclusive	**3,755,727**	3,757,379
Beyond five years	**7,029,852**	5,437,786
	16,424,738	13,746,036
Other borrowings repayable:		
Within one year	**1,000,000**	1,299,429
In the third to fifth years, inclusive	**500,000**	–
	1,500,000	1,299,429
Corporate bonds repayable:		
Within one year	**1,000,000**	1,000,000
In the second year	**–**	1,000,000
	1,000,000	2,000,000
	18,924,738	17,045,465

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

Certain interest-bearing bank loans of the Group in an aggregate amount of RMB5,118,825,000 were secured by the right of future electricity and natural gas fees collection as at 31 December 2017 (31 December 2016: RMB4,400,831,000).

The corporate bonds of the Company of RMB1,000,000,000 were guaranteed by HECIC, the ultimate holding company as at 31 December 2017 (31 December 2016: RMB2,000,000,000) (note 38(a)).

A long term bank loan of RMB1,591,000 (31 December 2016: RMB1,752,000) is secured by certain of the Group's property, plant and equipment (note 13).

30. ISSUED SHARE CAPITAL

	At 31 December 2017		At 31 December 2016	
	Number of shares '000	**Nominal value RMB'000**	Number of shares '000	Nominal value RMB'000
Registered, issued and fully paid:				
– State legal person shares	**1,876,156**	**1,876,156**	1,876,156	1,876,156
– H shares	**1,839,004**	**1,839,004**	1,839,004	1,839,004
	3,715,160	**3,715,160**	3,715,160	3,715,160

31. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2017 and 2016 are presented in the consolidated statement of changes in equity on page 87 of the financial statements.

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

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

	2017	2016
Percentage of equity interest held by non-controlling interests	45%	45%

	2017 RMB'000	2016 RMB'000
Profit for the year allocated to non-controlling interests	102,748	56,088
Dividends paid to non-controlling interests	56,096	5,572
Accumulated balances of non-controlling interests at the reporting date	721,528	674,876

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Current assets	1,552,265	1,169,851
Non-current assets	4,110,136	3,588,265
Current liabilities	(2,714,021)	(1,222,042)
Non-current liabilities	(1,225,999)	(1,931,513)

	2017 RMB'000	2016 RMB'000
Revenue	3,957,591	2,399,094
Total expenses	(3,732,197)	(2,276,282)
Profit for the year	225,394	122,812
Total comprehensive income for the year	225,394	122,812
Net cash flows from operating activities	590,567	285,387
Net cash flows used in investing activities	(319,679)	(229,974)
Net cash flows from/(used in) financing activities	22,275	(68,695)
Net increase/(decrease) in cash and cash equivalents	293,163	(13,282)

33. ACQUISITION OF A SUBSIDIARY

Hengshui CIC Natural Gas was a joint venture of Hebei Natural Gas. In January 2017, the shareholders of Hengshui CIC Natural Gas came to a concerted action agreement ("the agreement") that the other non-controlling shareholder, Hengshui Hengjie Natural Gas Co., Ltd, will act in concert with Hebei Natural Gas. According to the agreement, Hebei Natural Gas controlled Hengshui CIC Natural Gas as from 1 January 2017.

The fair values of the identifiable assets and liabilities of Hengshui CIC Natural Gas as at the date of control were as follows:

	Notes	**Fair value recognised on acquisition RMB'000**
Property, plant and equipment	*13*	**13,671**
Intangible assets	*17*	**8**
Inventory		**1**
Prepayments, deposits and other receivables		**19**
Cash and cash equivalents		**7,029**
Trade and bills payables		**(6,166)**
Other payables and accruals		**(4,555)**
Tax payable		**(42)**
Total identifiable net assets at fair value		**9,965**
Non-controlling interests		**(4,883)**
		5,082
Acquisition date fair value of the Group's initial 51% equity interest in Hengshui CIC Natural Gas		**(5,082)**
Purchase consideration		**–**

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

	2017 RMB'000
Total cash consideration	**–**
Cash and cash equivalents acquired	**7,029**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**7,029**

Since the acquisition, Hengshui CIC Natural Gas contributed RMB36,212,000 to the Group's revenue and RMB255,000 to the consolidated profit for the year ended 31 December 2017.

No gain or loss recognised as a result of re-measuring the Group's initial equity interest in Hengshui CIC Natural Gas acquisition date.

34. DISPOSAL OF SUBSIDIARIES

In 2017, the Group disposed of Shandong Suntien Yuanjian as the Group terminated operation of a local windfarm project.

	Note	2017 RMB'000
Property, plant and equipment	*13*	5
Prepayments, deposits and other receivables		9
Cash and cash equivalents		2,201
Other payables and accruals		(587)
Non-controlling interests		(798)
		830
Gain on disposal of a subsidiary		–
Satisfied by cash		830

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Shandong Suntien Yuanjian is as follows:

	2017 RMB'000
Cash consideration	830
Cash and cash equivalents disposed of	(2,201)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(1,371)

34. DISPOSAL OF SUBSIDIARIES (continued)

In 2017, Huihai Leasing, a then indirectly wholly-owned subsidiary of the Company, increased registered capital and converted to a joint stock company with limited liability in two steps: (i) the Group disposed 25% of its equity interests in Huihai Leasing to Jointo Energy Investment Co., Ltd. (河北建投能源投資股份有限公司) and Yanshan International Investment Company Limited (燕山國際投資有限公司), which are connected persons of the Group; and (ii) HECIC and Maotian Capital Company Limited (茂天資本有限責任公司) subscribed for the increased registered capital of Huihai Leasing from RMB300 million to RMB650 million. The transactions resulted in the dilution of the Group's interest in Huihai Leasing from 100% to 30%. Huihai Leasing was subsequently accounted for as an associate of the Group from July 2017.

	Note	2017 RMB'000
Property, plant and equipment	*13*	308
Trade receivable		878,898
Prepayments, deposits and other receivables		15,811
Cash and cash equivalents		10,528
Other payables and accruals		(106,283)
Tax payable		(72)
Interest-bearing bank and other borrowings		(600,000)
		199,190
Loss on disposal of a subsidiary		(2,933)
		196,257
Initial recognition of an associate at fair value		(196,257)
Satisfied by cash		–

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Huihai Leasing is as follows:

	2017 RMB'000
Cash consideration	–
Cash and cash equivalents disposed of	(10,528)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(10,528)

34. DISPOSAL OF SUBSIDIARIES (continued)

In 2017, the Group disposed of Nangong Jiran Liquefied Natural Gas Co., Ltd.'s（南宮冀燃液化天然氣有限公司, "Nangong"）shares to the other shareholder of Nangong.

	Note	2017 RMB'000
Property, plant and equipment	*13*	469
Other receivables		9
Cash and cash equivalents		4,614
Trade and bills payables		(92)
Non-controlling interests		(2,000)
Satisfied by cash		3,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Nangong is as follows:

	2017 RMB'000
Cash consideration	3,000
Cash and cash equivalents disposed of	(4,614)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(1,614)

35. OPERATING LEASE ARRANGEMENTS

As lessor

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

At 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Within one year	**938**	2,085
In the second to fifth years, inclusive	**1,638**	2,576
	2,576	4,661

As lessee

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

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Within one year	**1,575**	3,784
In the second to fifth years, inclusive	**4,915**	1,070
Beyond five years	**363**	403
	6,853	5,257

36. COMMITMENTS

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**11,465,443**	8,712,655
Capital contributions	**20,000**	–
	11,485,443	8,712,655

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	–

37. CONTINGENT LIABILITIES

As at 31 December 2017, the banking facility granted to a joint venture subject to a guarantee given to a bank by the Group was utilised to the extent of approximately RMB180,000,000 (31 December 2016: RMB200,000,000).

As at 31 December 2017, the banking facility granted to an associate subject to a guarantee given to a bank by the Group was RMB1,000,000,000, of which RMB500,000,000 was utilised (31 December 2016: Nil).

38. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the years ended 31 December 2017 and 2016:

*(i) Transactions with HECIC**

On 31 March 2010, HECIC, China Pacific Asset Management Co., Ltd. (the "Insurance Lender") and HECIC New-energy (a subsidiary of the Company) entered into a secured insurance loan investment agreement, pursuant to which the Insurance Lender agreed to syndicate and lend to HECIC New-energy RMB1.3 billion for a term of seven years and HECIC irrevocably agreed to guarantee the payment obligations of HECIC New-energy under the insurance loan investment agreement (the "Insurance Loan Guarantee"). No fee is payable or charged by HECIC in relation to its provision of the Insurance Loan Guarantee to HECIC New-energy. On 18 June 2010, HECIC New-energy fully drew down the syndicated loan of RMB1.3 billion from the Insurance Lender.

On 19 September 2010, the Company entered into an agreement with HECIC which governs the use of trademarks granted by HECIC to the Group.

In September and October 2010, the Group and HECIC renewed certain lease agreements, pursuant to which HECIC leased office space at Yu Yuan Plaza to the Group. The total rental expense in 2017 was RMB4,335,000 (2016: RMB4,395,000).

On 30 August 2011, the Company entered into an agreement with HECIC, pursuant to which HECIC agreed to provide a guarantee to the Company for the issuance of domestic corporate bonds with an aggregate nominal value of up to RMB2.0 billion. The guarantee is unconditional and irrevocable with an annual charge of 0.3% of the nominal value of the corporate bonds to the Company by HECIC. On 18 November 2011, the Company issued domestic corporate bonds with an aggregate nominal value of RMB2.0 billion. A guarantee fee of approximately RMB6,000,000 (2016: RMB6,000,000) was payable or charged by HECIC for the year ended 31 December 2017.

38. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2017 and 2016: (continued)

*(ii) Transactions with fellow subsidiaries**

Transactions with HECIC Group Finance Company Limited

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

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

The Group had certain of its cash and cash equivalents and outstanding interest-bearing loans with Group Finance Company summarised as follows:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Cash and cash equivalents	1,614,291	1,032,264
Short term loans	454,000	845,500
Current portion of long term loans	179,000	123,000
Long term loans	140,000	260,000

	2017 RMB'000	2016 RMB'000
Interest income	12,467	19,677
Interest expense	36,557	42,392

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

Transactions with Hebei Construction & Investment State Financing Energy Services Ltd.

The Company entered into the Greenhouse Gas Voluntary Emission Reduction Project ("GHGER Project") Agreement with Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司, "CISF") on 8 June 2017. CISF shall continue to be responsible for the unified management of the emission reduction units generated by the GHGER Projects (including wind power and photovoltaic power projects) of the Group that satisfy the development conditions in 2017. CISF will charge the Group 40% of the emission reduction revenue as management fees. The Group paid CISF management fees of approximately RMB869,000 for the year ended 31 December 2017.

On 1 April 2016, CISF and a subsidiary of the Company entered into an operating lease agreement of commercial property for two year. The total rental income in 2016 was RMB70,000. In 2017, the lessee changed from CISF to Hebei Construction & Investment Rongtan Asset Management Co., Ltd (河北建投融碳資產管理有限公司, "Rongtan"). The total rental income in 2017 was RMB93,000.

38. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the years ended 31 December 2017 and 2016: (continued)

(iii) Transaction with the Company's joint venture

The Company has guaranteed a bank facility made to a joint venture of up to RMB180,000,000 in 2017 (2016: RMB200,000,000) (note 37).

(iv) Transaction with the Company's associate

Huihai Leasing was a subsidiary of the Group before 1 July 2017. Upon completion of the equity transfer, the total equity interests of Huihai Leasing held by the Group reduced from 100% to 30%. More details are given in note 34. Prior to this transaction, several wind energy subsidiaries of the Group entered into various finance lease transactions with Huihai Leasing under the Financial Leasing Contracts. Finance lease receivables and payables were fully eliminated when preparing consolidated financial statement. After Huihai Leasing becomes an associate of the Group, the existing continuing finance lease transactions between Huihai Leasing and the Group become related party transactions of the Group. The total amount of the finance lease transactions of principal, interest and handling fee is RMB96,618,000 for the six-month period from July to December 2017.

In addition, the Group also entered into the Guarantee Contract with Ping An Bank in order to provide a guarantee of RMB1,000,000,000 to Huihai Leasing, of which RMB500,000,000 was utilized (note 37).

(v) Transactions with other State-owned Enterprises in the PRC

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")). During the year, the Group had transactions with other SOEs, other than HECIC and its subsidiaries, including, but not limited to, sale of electricity, depositing and borrowing money and purchase of natural gas, and entering into service concession arrangements, in the normal course of business on terms comparable to those with other non-SOEs.

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

38. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Except for the Group's cash and time deposits and outstanding interest-bearing loans with Group Finance Company set out in note 38(a)(ii) above, details of the outstanding balances with related parties are set out in notes 24 and 27 to these financial statements.

Details of the Group's finance lease payables to its associate as at the end of the reporting period are included in note 28 to the financial statements, and details of the Group's property, plant and equipment under finance leases and sale-leaseback from its associate are included in note 13 to the financial statements.

(c) Compensation of key management personnel of the Group

	2017 RMB'000	2016 RMB'000
Short term employee benefits	**7,208**	4,585
Pension scheme contributions	**968**	572
Total compensation paid to key management personnel	**8,176**	5,157

Save as disclosed in note 9 to these financial statements, no remuneration has been paid or is payable to the directors in respect of any of the period referred to in these consolidated financial statements by the Company or any of the companies now comprising the Group.

39. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions

During the year ended 31 December 2017, bills receivable amounting to RMB206,717,000 (2016: RMB38,000,000) were endorsed by the Group to the suppliers of the Group for the purchase of items of property, plant and equipment.

During the year ended 31 December 2017, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of RMB229,204,000.

(b) Changes in liabilities arising from financing activities

	Interest payable RMB'000	Dividend payable to non-controlling shareholders RMB'000	Interest-bearing bank and other borrowings RMB'000	Finance lease payables RMB'000	Amount due to the ultimate holding company RMB'000
At 1 January 2017	74,175	–	17,045,465	–	–
Changes from financing cash flows	(923,987)	(82,852)	2,639,829	(118,706)	(234,055)
Declaration of dividends	–	83,011	–	–	234,055
Increase/(decrease) from disposal of subsidiaries	768	–	(760,556)	949,384	–
Interest expense	895,115	–	–	24,026	–
New finance lease	–	–	–	229,204	–
At 31 December 2017	46,071	159	18,924,738	1,083,908	–

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Financial assets		
Available-for-sale investments	**103,400**	103,400
Loans and receivables:		
Trade and bills receivables	**2,746,584**	1,775,681
Financial assets included in prepayments, deposits and other receivables	**89,478**	109,676
Pledged deposits	**17,860**	65
Cash and cash equivalents	**2,110,035**	1,491,173
	5,067,357	3,479,995
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	**575,744**	464,885
Financial liabilities included in other payables and accruals	**2,243,170**	1,981,988
Interest-bearing bank and other borrowings	**18,924,738**	17,045,465
Finance lease payables	**1,083,908**	–
	22,827,560	19,492,338

41. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

In 2017, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB72,228,000 (31 December 2016: RMB26,214,000) to certain of its suppliers in order to settle trade payables and other payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to the undue Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of such Endorsed Bills and the associated trade payables and other payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB72,228,000 as at 31 December 2017 (31 December 2016: RMB26,214,000).

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amount		Fair value	
	31 December 2017 RMB'000	31 December 2016 RMB'000	**31 December 2017 RMB'000**	31 December 2016 RMB'000
Financial assets				
Trade receivables	**182,943**	179,102	**182,943**	179,102
	182,943	179,102	**182,943**	179,102
Financial liabilities				
Financial liabilities included in other payables and accruals	**69,356**	89,636	**49,462**	67,969
Interest-bearing bank and other borrowings	**13,217,189**	11,932,724	**13,197,894**	11,908,487
Finance lease payables	**1,027,469**	–	**1,027,469**	–
	14,314,014	12,022,360	**14,274,825**	11,976,456

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, financial assets included in prepayments, deposits and other receivables, the current portion of trade and bills receivables, trade and bills payables, the current portion of other payables and accruals, the current portion of interest-bearing bank and other borrowings and the current portion of finance lease payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2017 was assessed to be insignificant.

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

Fair value hierarchy:

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

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
31 December 2017				
Trade receivables	–	**182,943**	–	**182,943**
31 December 2016				
Trade receivables	–	179,102	–	179,102

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
31 December 2017				
Financial liabilities included in other payables and accruals	–	**49,462**	–	**49,462**
Interest-bearing bank and other borrowings	–	**13,197,894**	–	**13,197,894**
Finance lease payables	–	**1,027,469**	–	**1,027,469**
	–	**14,274,825**	–	**14,274,825**
31 December 2016				
Financial liabilities included in other payables and accruals	–	67,969	–	67,969
Interest-bearing bank and other borrowings	–	11,908,487	–	11,908,487
	–	11,976,456	–	11,976,456

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

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

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risks, foreign currency risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the senior management of the Group holds meetings regularly to analyse and approve the proposals made by the management of the Company. Generally, the Group introduces conservative strategies on its risk management. The senior management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With its borrowings issued at fixed and floating interest rates, the Group is exposed to both fair value and cash flow interest rate risks.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank loans and short term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest expenses are charged to profit or loss as incurred.

If there would be a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the consolidated pre-tax profit would have decreased/increased by approximately RMB150,925,000 (2016: RMB128,492,000) for the year, but there would have been no impact on other components of the consolidated equity, except for retained profits, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at the end of the reporting period and the exposure to interest rate risk had been applied to those financial instruments in existence at those dates. The estimated one percentage point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on cash balances which are derived from issue of new H shares in 2014 that are denominated in Hong Kong dollars. The Directors do not anticipate any significant impact resulting from the changes in foreign exchange rates because the majority of the Group's business is transacted in RMB, the Group's functional currency. RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

The following table indicates the appropriate change in the Group's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at 31 December 2017 and 2016.

Effect on profit before tax

	Increase/ (decrease) in foreign exchange rate	**2017** **RMB'000**	2016 RMB'000
If RMB weakens against the Hong Kong dollar	5%	**8,349**	12,838
If RMB strengthens against the Hong Kong dollar	(5%)	**(8,349)**	(12,838)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2017 and has applied the exposure to foreign currency risk to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the year until the next reporting date. The sensitivity analysis was performed on the same basis for the years ended 31 December 2017 and 2016.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

Credit risk is derived from the losses incurred if the holders of financial assets cannot fulfil their obligations.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The carrying amounts of cash and cash equivalents, pledged deposits, trade and bills receivables, other receivables, investments and other financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements. As at 31 December 2017, 67.2% (31 December 2016: 50.3%) of the Group's trade and bills receivables were due from the provincial power grid companies.

The maximum exposure to credit risk is represented by the carrying amounts of financial assets in the statement of financial position after deducting any impairment allowance.

(d) Liquidity risk

The Group's net current liabilities amounted to approximately RMB3,940 million as at 31 December 2017, its net cash inflow from operating activities and financing activities amounted to approximately RMB2,642 million and RMB1,563 million, respectively, and its net cash outflow used in investing activities was approximately RMB3,570 million for the period then ended. The Group recorded an increase in cash and cash equivalents of approximately RMB619 million as at 31 December 2017.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group had already obtained banking facilities from several PRC banks and Group Finance Company of an amount up to RMB44,106 million as at 31 December 2017, of which approximately RMB18,434 million has been utilised as at 31 December 2017.

In addition, the Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligations are not exposed to excessive repayment risk in any one year.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

After taking into account the above, the Directors are of the view that the Group is able to meet its debt obligations as they fall due in the normal course of business and to continue as a going concern.

The maturity profile of the Group's financial liabilities as at 31 December 2017 and 2016, based on the contractual undiscounted payments, is as follows:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2017					
Interest-bearing bank and other borrowings	**5,707,549**	**1,931,610**	**4,255,727**	**7,029,852**	**18,924,738**
Interest payments on financial liabilities	**760,082**	**574,524**	**1,321,083**	**2,280,394**	**4,936,083**
Trade and bills payables	**575,744**	**–**	**–**	**–**	**575,744**
Financial liabilities included in other payables and accruals	**2,181,618**	**16,497**	**–**	**45,055**	**2,243,170**
Finance lease payables	**105,429**	**173,063**	**503,396**	**552,788**	**1,334,676**
	9,330,422	**2,695,694**	**6,080,206**	**9,908,089**	**28,014,411**
31 December 2016					
Interest-bearing bank and other borrowings	5,112,741	2,737,559	3,757,379	5,437,786	17,045,465
Interest payments on financial liabilities	710,168	533,653	989,712	1,505,985	3,739,518
Trade and bills payables	464,885	–	–	–	464,885
Financial liabilities included in other payables and accruals	1,893,352	14,009	25,625	49,002	1,981,988
	8,181,146	3,285,221	4,772,716	6,992,773	23,231,856

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, less cash and cash equivalents and pledged deposits. Capital includes the equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its businesses. The Group's policy is to maintain the gearing ratio at not higher than 70%. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios at the end of the reporting periods were as follows:

	31 December 2017 RMB'000	31 December 2016 RMB'000
Trade and bills payables (note 26)	**575,744**	464,885
Other payables and accruals (note 27)	**3,153,442**	2,303,031
Interest-bearing bank and other borrowings (note 29)	**18,924,738**	17,045,465
Finance lease payables (note 28)	**1,083,908**	–
Less: Cash and cash equivalents (note 25)	**(2,110,035)**	(1,491,173)
Less: Pledged deposits (note 25)	**(17,860)**	(65)
Net debt	**21,609,937**	18,322,143
Total equity	**10,501,090**	9,533,934
Capital and net debt	**32,111,027**	27,856,077
Gearing ratio	**67%**	66%

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 December 2017 RMB'000	31 December 2016 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**20,396**	18,242
Intangible assets	**954**	1,251
Investments in subsidiaries	**6,546,660**	6,153,120
Investment in a joint venture	**61,495**	70,500
Available-for-sale investments	**100,000**	100,000
Investments in associates	**270,292**	181,162
Other receivables	**2,810,430**	3,564,848
Total non-current assets	**9,810,227**	10,089,123
CURRENT ASSETS		
Prepayments, deposits and other receivables	**1,195,760**	166,185
Cash and cash equivalents	**228,420**	345,619
Total current assets	**1,424,180**	511,804
CURRENT LIABILITIES		
Other payables and accruals	**58,796**	60,715
Interest-bearing bank loans	**2,409,320**	1,099,057
Total current liabilities	**2,468,116**	1,159,772
NET CURRENT LIABILITIES	**(1,043,936)**	(647,968)
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,766,291**	9,441,155
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,661,110**	2,465,793
Total non-current liabilities	**1,661,110**	2,465,793
Net assets	**7,105,181**	6,975,362
EQUITY		
Issued share capital	**3,715,160**	3,715,160
Reserves (note)	**3,390,021**	3,260,202
Total equity	**7,105,181**	6,975,362

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

Note:

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

	Capital reserve RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016	2,212,205	164,861	844,199	3,221,265
Profit for the year	–	–	94,664	94,664
Total comprehensive income for the year	–	–	94,664	94,664
Declared final 2015 dividend	–	–	(55,727)	(55,727)
Transfer from retained profits	–	9,466	(9,466)	–
At 31 December 2016	2,212,205	174,327	873,670	3,260,202
Profit for the year	**–**	**–**	**363,874**	**363,874**
Total comprehensive income for the year	**–**	**–**	**363,874**	**363,874**
Declared final 2016 dividend	**–**	**–**	**(234,055)**	**(234,055)**
Transfer from retained profits	**–**	**36,388**	**(36,388)**	**–**
At 31 December 2017	**2,212,205**	**210,715**	**967,101**	**3,390,021**

45. EVENTS AFTER THE REPORTING PERIOD

The Company made public offering of first tranche of 2018 renewable green corporate bonds (the "Bonds") to qualified investors on 13 March 2018 with an aggregate issuance size of RMB590,000,000. Both the par value and the issue price of the Bonds will be RMB100. The final coupon rate of the Bonds is 5.9%. 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.

46. COMPARATIVE AMOUNTS

The Group reclassified its equity investment in Hebei Jinjianjia Natural Gas Company Co., Ltd from an investment in a joint venture to an investment in an associate. Accordingly, comparative amounts of investments in a joint venture and investments in associates have been reclassified to conform with the current year's presentation.

The Group reclassified its unlisted debt investments from held-to-maturity investments to prepayments, deposits and other receivables. Accordingly, comparative amounts of held-to-maturity investments and prepayments, deposits and other receivables have been reclassified to conform with the current year's presentation. The financial impact of the reclassification did not have any significant impact on the Group's financial statements for the year ended 31 December 2017.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2018.

Definitions

"Accounting Standards for Business Enterprises of PRC"	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006, and other related regulations and the amendments from time to time
"IFRS"	International Financial Reporting Standards, including the standards and interpretation announcements approved by the International Accounting Standard Board and its predecessor, the International Accounting Standard Committee
"Financial Statements"	the audited financial statements for the year ended 31 December 2017
"reporting period"	the fiscal year from 1 January 2017 to 31 December 2017
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"availability factor"	the amount of time that a power plant is able to produce electricity after it starts commercial operations over a certain period divided by the amount of time in such period
"average utilization hours"	the consolidated net power delivered to grid in a specified period (in MWh or GWh) divided by the consolidated operating capacity in the same period (in MW or GW)
"CNG"	compressed natural gas
"LNG"	liquefied natural gas
"consolidated gross power generation" or "consolidated net power delivered to grid"	for a specified period, the aggregate gross power generation or net power delivered to grid (as the case may be) of the project companies that the Group fully consolidates in its Financial Statements
"consolidated installed capacity" or "consolidated operating capacity"	the aggregate installed capacity or operating capacity (as the case may be) of the project companies that the Group fully consolidates in its consolidated Financial Statements. This is calculated by including 100% of the installed capacity or operating capacity of the project companies that the Group fully consolidates in its consolidated Financial Statements and are deemed as its subsidiaries. Consolidated installed capacity and consolidated operating capacity do not include the capacity of the Group's associated companies
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, consisting of auxiliary electricity and electricity generated during the construction and testing period

Definitions

"net power delivered to grid"	for a specified period, the total amount of electricity sold to the relevant local grid companies by a power plant in that period, which equals to gross power generation less (i) auxiliary electricity and (ii) the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment
"installed capacity"	the capacity of the wind turbines that have been completely assembled and erected
"kW"	unit of power, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be consumed by a 1 kW electrical appliance in one hour
"MW"	unit of power, megawatt. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh=1,000 kWh
"Ministry of Finance"	Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"Hebei SASAC"	State-owned Assets Supervision and Administration Commission of Hebei Province (河北省人民政府國有資產監督管理委員會)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Company" or "we"	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"Group"	the Company and its subsidiaries
"HECIC"	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company, which is primarily engaged in the investment in and development of projects in the foundation, infrastructures and provincial pillar industries, such as energy, transportation, water supply and commercial real estates

"HECIC Water"	HECIC Water Investment Co., Ltd. (河北建投水務投資有限公司), a wholly-owned subsidiary of HECIC
"HECIC New-energy"	HECIC New-energy Co., Ltd., a wholly-owned subsidiary of the Company
"Hebei Natural Gas"	Hebei Natural Gas Company Ltd. (河北省天然氣有限責任公司), a non-wholly owned subsidiary of the Company
"JEI"	Jointo Energy Investment Co., Ltd. Hebei (河北建投能源投資股份有限公司)
"HECIC Communications"	HECIC Communications Investment Co., Ltd. (河北建投交通投資有限責任公司)
"Group Finance Company"	HECIC Group Finance Company Limited (河北建投集團財務有限公司), a company in which the Company has shareholding, jointly set up by the Company, HECIC, JEI, HECIC Communications and HECIC Water
"Suntien HK"	Suntien Green Energy (Hong Kong) Corporation Limited, a wholly-owned subsidiary of the Company
"Suntien Shenzhen"	Shenzhen Suntien Green Energy Investment Company Limited (深圳新天綠色能源投資有限公司), a wholly-owned subsidiary of the Company
"Shenzhen Huihai"	Huihai Financial Leasing Co., Ltd. (匯海融資租賃股份有限公司) (formerly known as Shenzhen Suntien Huihai Financial Leasing Co., Ltd. (深圳新天匯海融資租賃有限公司)), a limited liability company established in Shenzhen, the PRC, a connected person of the Company
"Yanshan International"	Yanshan International Investment Company Limited (燕山國際投資有限公司), a company incorporated in Hong Kong with limited liability and a connected person of the Company
"Maotian Capital"	Maotian Capital Company Limited (茂天資本有限責任公司), a company established in Shijiazhuang, the PRC with limited liability and a connected person of the Company
"CISF"	Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司), a company incorporated in the PRC, which is a subsidiary of HECIC and a connected person of the Company

Definitions

"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in China with limited liability and listed on the Hong Kong Stock Exchange (Stock code: 857)
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong

Corporate Information

REGISTERED NAME:

新天綠色能源股份有限公司

NAME IN ENGLISH:

China Suntien Green Energy Corporation Limited

REGISTERED OFFICE AND HEADQUARTERS:

9th Floor
Block A
Yu Yuan Plaza
No. 9 Yuhua West Road
Shijiazhuang City
Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

Suite 2103, 21st Floor
Prudential Tower
The Gateway
Harbour City
Kowloon
Hong Kong

COMPANY'S WEBSITE:

www.suntien.com

STOCK CODE:

00956

LEGAL REPRESENTATIVE OF THE COMPANY:

Dr. Cao Xin

JOINT COMPANY SECRETARIES:

Mr. Ban Ze Feng
Ms. Lam Yuen Ling, Eva

DIRECTORS OF THE COMPANY:

Non-executive Directors

Dr. Cao Xin
Dr. Li Lian Ping
Mr. Qin Gang
Ms. Sun Min
Mr. Wu Hui Jiang

Executive Directors

Mr. Mei Chun Xiao
Mr. Wang Hong Jun

Independent non-executive Directors

Mr. Qin Hai Yan
Mr. Ding Jun
Mr. Wang Xiang Jun
Mr. Yue Man Yiu Matthew

SUPERVISORS OF THE COMPANY:

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

AUTHORIZED REPRESENTATIVES:

Mr. Mei Chun Xiao
Ms. Lam Yuen Ling, Eva

Corporate Information

INDEPENDENT AUDITORS:

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

LEGAL ADVISERS:

As to Hong Kong law

Latham & Watkins
18th Floor
One Exchange Square
Central
Hong Kong

As to PRC law

Jia Yuan Law Offices, Beijing
F407-F408, Ocean Plaza
158 Fuxing Men Nei Avenue
Beijing
PRC

H SHARE REGISTRAR:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS:

China Construction Bank

Shijiazhuang Ping'an Street Sub-branch
No. 30 Ping'an South Street
Shijiazhuang City, Hebei Province
PRC

Bank of China

Shijiazhuang Yuhua Sub-branch
No. 168 Yuhua West Road
Shijiazhuang City, Hebei Province
PRC

Agricultural Bank of China

Shijiazhunang Xicheng Sub-branch
No. 85 Yuhua West Road
Shijiazhuang City, Hebei Province
PRC

Bank of Communications

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

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