



新天绿色能源股份有限公司
China Suntien Green Energy Corporation Limited

2013 Annual Results Presentation

March 2014
(0956.HK)



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Agenda

1. 2013 Annual Results Overview

2. Business Overview

3. Financial Highlights

4. Outlook





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China Suntien Green Energy Corporation Limited

1. Results Overview

Overview of Natural Gas Industry

Environment for the Natural Gas Industry in 2013

- ④ China's natural gas infrastructure has been further improved, which lays a solid foundation for long-term development of the natural gas industry
 - In China – Burma natural gas pipeline, Zhong-Gui connect pipeline and Datang coal-to-gas pipeline have successively commenced production
- ④ Due to worsening air pollution, China has accelerated the process of promoting usage of clean energy, leading to significant increase in natural gas demand
 - China's natural gas consumption reached 169.2 billion cubic meters, representing a 12.9% increase year on year
 - China becomes more dependent on imported natural gas in 2013. Total import volume reached 53.4 billion cubic meters, growing 25.6% year on year
- ④ In Sep 3013, several ministries jointly released “The Action Plan for the Control of Air Pollution”, under which most cities and regions are required to replace coal-fired boilers with distributed heat supply from clean energy, such as natural gas or centralized heat supply from neighboring thermal power plants. Successive release of environmental protection and air pollution control policies at national and provincial levels will greatly promote the development of the natural gas
- ④ In Jun 2013, the NDRC released “Notification Regarding Natural Gas Price Adjustment”. According to which prices of incremental natural gas supply will be adjusted to a level that maintains a reasonable difference with that of substitutable alternative energy, such as fuel oil and liquefied petroleum gas. The prices for existing volume of natural gas will also be gradually adjusted to streamline the price relation between natural gas and substitutable alternative energy. With such price adjustment the government will be able to incentivize natural gas suppliers, which should help to relieve the tight supply at the moment

Overview of Wind Power Industry

Environment for China's Wind Power Industry in 2013

- Aggregate approved wind power capacity was 134.25 GW nationwide in 2013, among which 27.55 GW was newly approved in the year, representing a 10.0% year-on-year increase; on-grid wind power generation volume reached 137.1 TWh, increasing 36.0% year on year; newly added grid-connected capacity was 14.92 GW, growing 0.6 percentage points year on year
- The State Council has delegated authority of approving investment in wind farm projects to local governments, which helps to 1) simplify approval process for large wind power projects, 2) shorten review period and 3) accelerate the development and construction of wind power projects
- The National Energy Administration has released a number of policies to 1) promote the connection and utilization of wind power, 2) reduce wind curtailment, 3) improve grid connection and 4) increase the percentage of wind power in overall power consumption. According to the statistics from the National Energy Administration, in 2013 utilization hours of the wind power sector exceeded 2,000 hours and average curtailment ratio stood at 10.0%, which is 7 percentage points lower than that in 2012
- The NDRC released a notification to raise the surcharge standard for electricity tariff of renewable energy from RMB 0.8 cent per kWh to RMB 1.5 cent per kWh. Meanwhile, several ministries including the Ministry of Finance jointly released a new policy to simplify payment process for subsidies to solar power stations and large wind farms

2013 Annual Results Overview

Natural Gas

- ☉ In Sep 2013, the State Council released “The Action Plan for the Control of Air Pollution”. Benefiting from the substitution for coal by natural gas plan of Hebei Province, our natural gas business is growing rapidly. Annual gas sales in 2013 reaching 1.484 billion cubic meters, increasing 19.0% year on year
- ☉ We added 172.5 km of city gas pipelines in 2013. As at the end of 2013, total length of natural gas pipelines in operation reached 1,123.5 km, including 550 km of long-distance pipelines and 573.5 km of city gas pipelines. Our city gas business has presence in 24 regional markets
- ☉ Our city gas project in Chengde has successfully connected to Datang’s coal-to-gas pipeline.
- ☉ We actively seeks opportunities to diversify gas supply. Tangshan Caofeidian LNG receiving terminal project officially commenced production in Dec 2013



Wind Power

- ☉ Newly installed capacity was 99 MW and consolidated installed capacity of the wind farms was 1,445.3 MW in 2013; 4 projects are under construction, with a total capacity of 251 MW
- ☉ Total power generation reached 2.927 TWh in 2013, growing 15.8% year on year; average utilization hours reached 2,312, increasing 22 hours over the previous year; average utilization rate reached 97.5%
- ☉ Obtained 884 MW of newly approved capacity, 1,381 MW of new project reserve capacity and 3,158 MW of new added wind resource reserve in 2013; Approved accumulated reserve capacity of 1,220 MW, the total project reserve capacity of 3,161 megawatts, accumulative total wind reserves of 21,273 MW



Other Renewable Energy

- ☉ Xinjiang Hejing 20 MW solar power station was successfully connected to the grid
- ☉ Newly added 120 MW of resource reserve capacity, and aggregate contracted solar power resource reserve capacity reached 1,381 MW





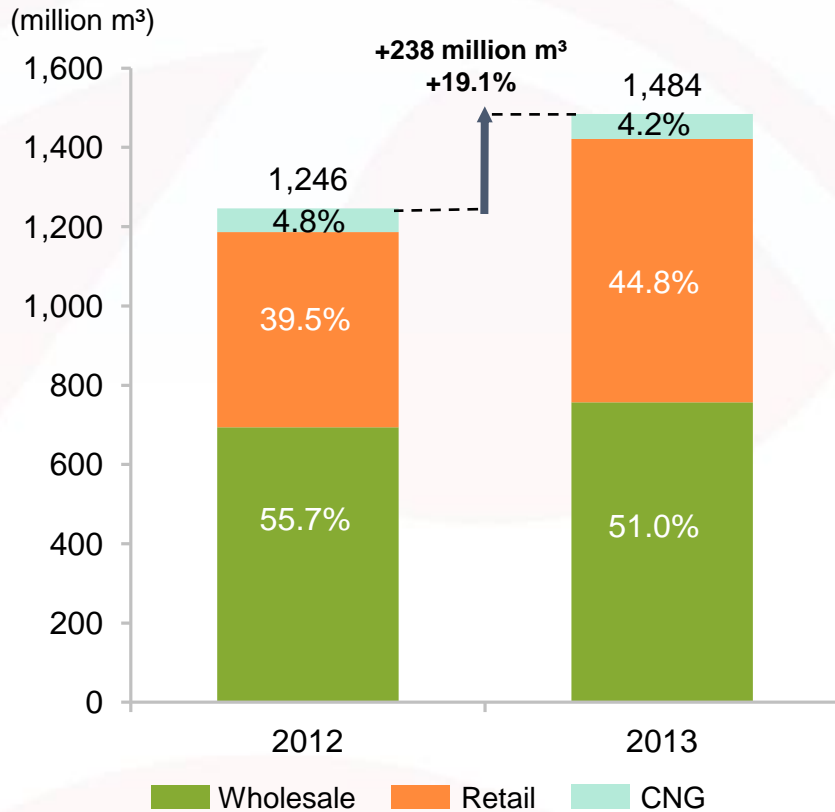
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2. Business Overview

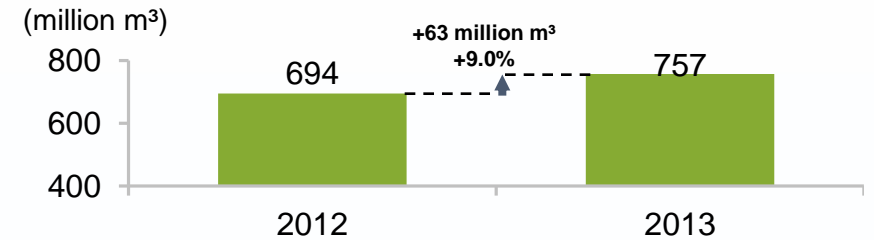
Natural Gas Business Grew Steadily

Steady Growth of Sales Volume

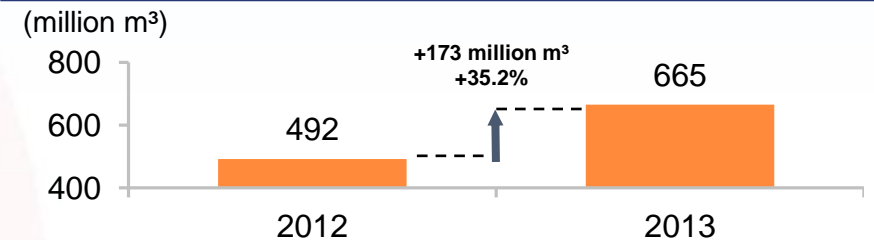
Natural Gas Sales Volume



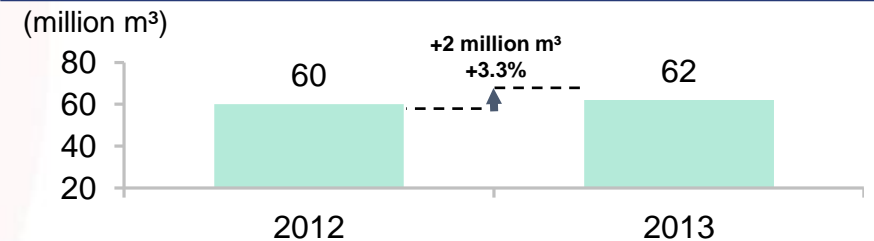
Wholesale



Retail



CNG



Overview of Natural Gas Business (cont'd)

Speeding-up Investment in the Natural Gas Business

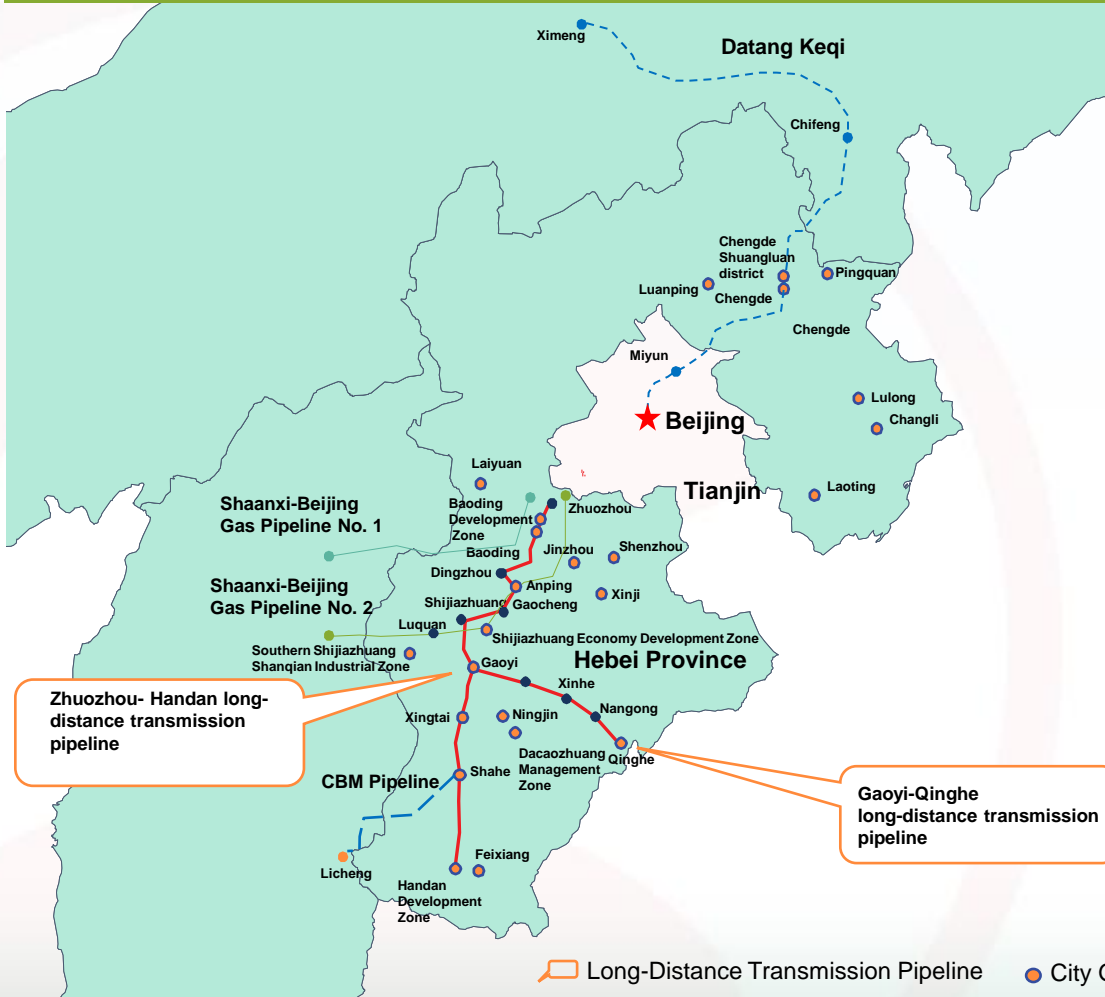
CAPEX of Natural Gas Business

(RMB MM)



Overview of Natural Gas Business (cont'd)

Locations of Suntien's Natural Gas Assets



Actively Promote the Construction of Natural Gas Projects

- Newly added 172.5km of city gas pipelines. As at the end of 2013, the Group's total length of pipelines in operation reached 1,123.5km, including 550 km of long-distance pipelines (including the Zhuozhou – Handan long-distance pipeline which stretches across the south of Hebei Province) and 573.5 km of city gas pipelines
- Chengde gas utilization project completed connection with Datang Keqi coal-to-gas pipeline
- Completed 90% of main pipeline construction of the pipework for ten counties in middle Hebei Province (Phase I)
- Completed the bidding process for the survey, design, supervision, equipment and construction for the Shanxi Licheng – Hebei Shahe CBM Pipeline project, and will commence construction in the first half of 2014

Overview of Natural Gas Business (cont'd)

Develop New Upstream Gas Sources

- ☉ The Chengde natural gas utilization project has completed infrastructure construction and is expected to supply Chengde City with gas from the Datang Keqi Coal-to-gas Project
- ☉ The Shanxi Licheng – Hebei Shahe coalbed gas pipeline project is expected to complete construction and begin to supply gas as soon as possible
- ☉ The Tangshan Caofeidian LNG receiving terminal, in which we have a 20% stake, was put into service in Dec 2013. The maximum daily gasification capacity reached 24 million cubic meters and the annual gasification capacity reached 8.7 billion cubic meters
- ☉ In order to relieve tight gas supply in winter in Hebei Province, we secured additional 15.95 million cubic meters of LNG as supplementary gas source for the province

Downstream Sales Grew Rapidly

- ☉ Added 19 Industrial at 21% growth yoy, industrial users reached 307; newly-added 16,188 residential users, a 33% growth yoy, accumulative users 65,014
- ☉ Obtained approval for constructions of 4 CNG primary filling station, 10 CNG refilling stations and 4 LNG refilling stations
- ☉ To expand business in local city gas markets, we have established a number of new subsidiaries including those in new markets like Xingtai, Gaoyi, Lulong, Anping,,, and new regions in existing markets like Shijiazhuang and Chengde

Natural Gas Price Adjustment Went Smoothly

- ☉ In June 2013, the NDRC released “Notification Regarding Natural Gas Price Adjustment”, under which the Group’s natural gas purchasing cost increased by RMB0.43 per cubic meter
- ☉ In July 2013, the Group received cost pass-through approval from Hebei Province’s Bureau of Commodity Prices, reconfirming transmission tariff of RMB0.25 for our wholesale business. Cost pass-through for wholesale business thus had finished
- ☉ As of Nov 2013, the Group has confirmed with all downstream retail customers for cost pass-through



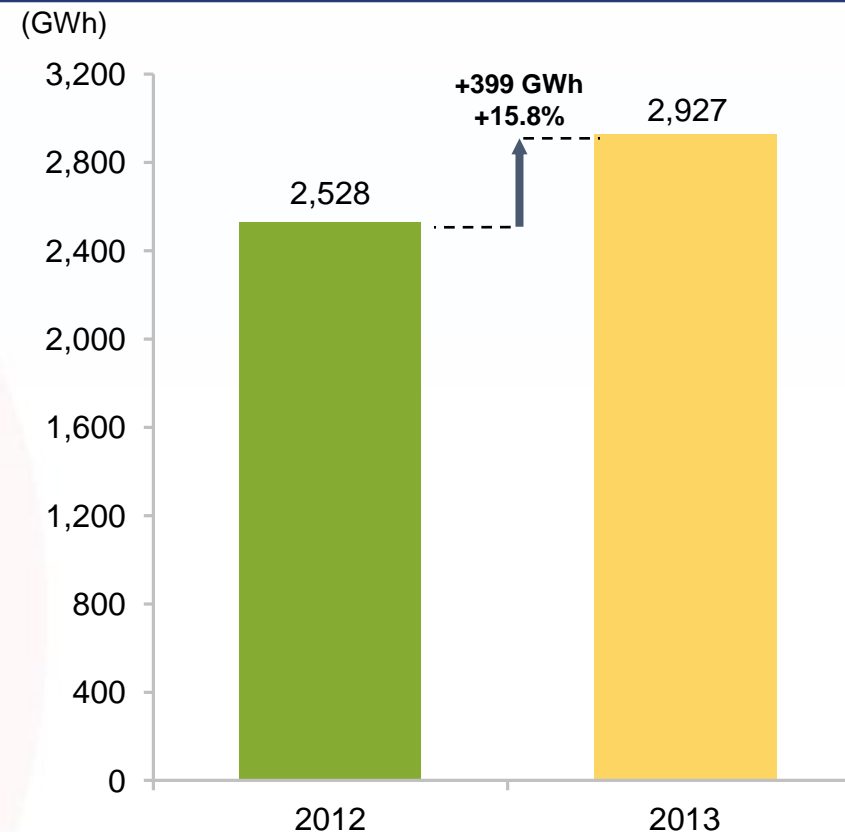
Overview of Wind Power Business

Installed Capacity Continue to Increase; Power Generation Maintain Stable Growth

Consolidated Installed Capacity



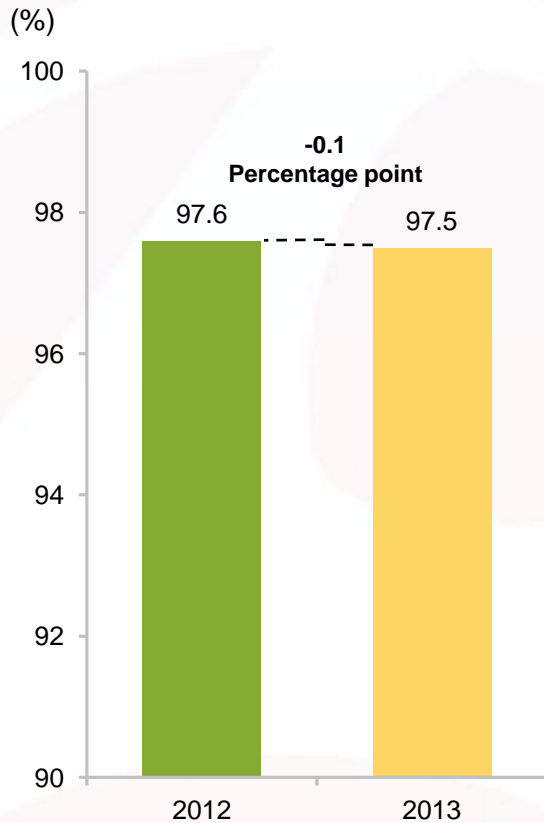
Consolidated Power Generation



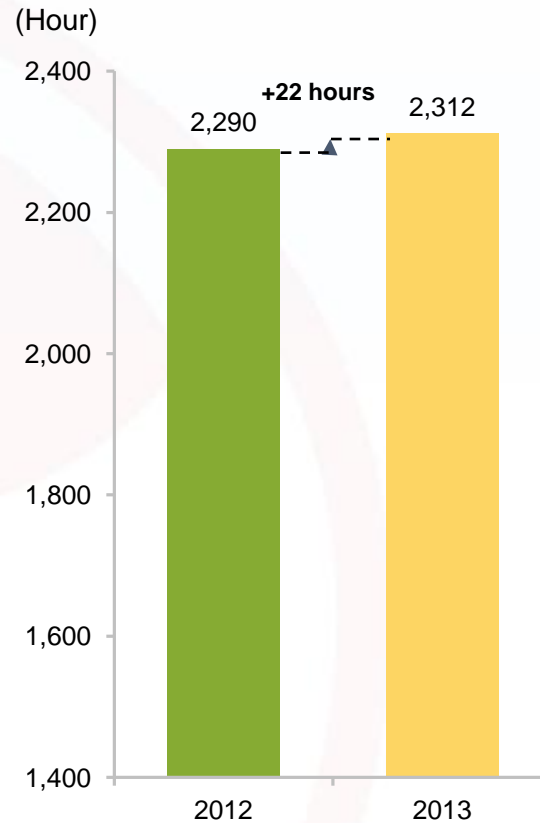
Overview of Wind Power Business (cont'd)

All Wind Farms Maintain Healthy Operation; Regional Tariff Remains Stable

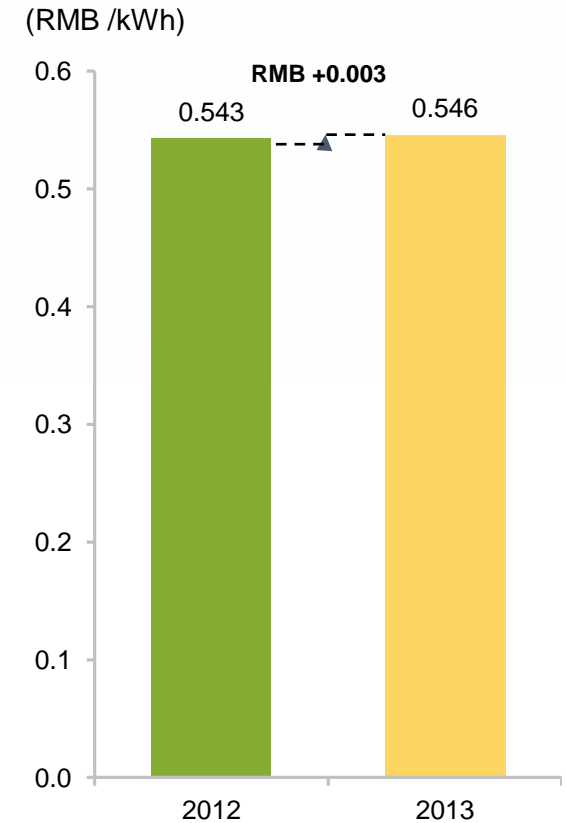
Availability Factor (1)



Average Utilization Hours



Average On-grid Tariff (Including VAT)

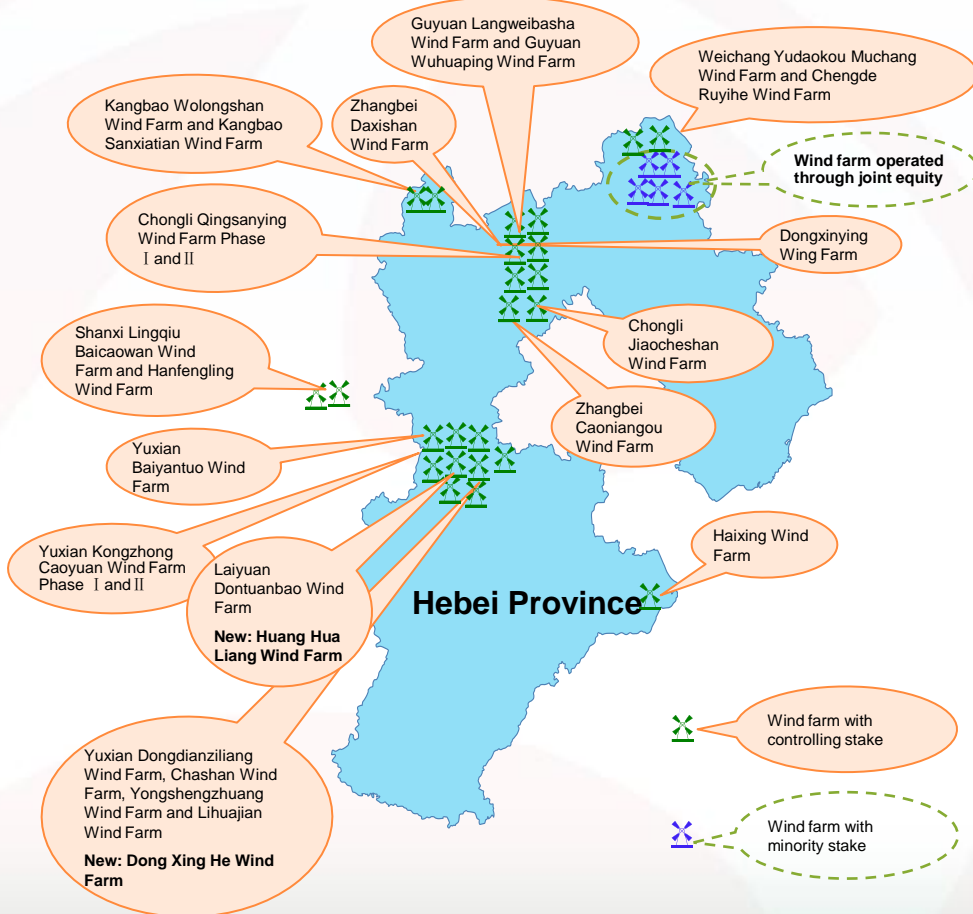


Note

1. Calculated as (total hours – downtime due to any equipment failure in the wind farm) / total hours *100%

Overview of Wind Power Business (cont'd)

Locations of Suntien's Wind Farms



- Newly-added 99 MW installed capacity in 2013. As at the end of 2013, our consolidated wind power capacity increased to 1,445.3 MW; 4 wind farm projects with a total capacity of 251 MW are under construction
- Power generation volume in 2013 was 2,927 TWh, increasing 15.8% year on year; average utilization hours was 2,312 hours; average availability factor stood at 97.5%
- Newly obtained 884 MW of approved capacity and 1,381 MW of project capacity; Accumulated approved and project reserve capacity reached 1,220 MW and 3,161.40 MW, respectively
- Newly added 3,158 MW of reserved capacity in 2013, including 350 MW in Hebei Province and 2,808 Mw in other provinces and cities; total reserved capacity reached 21,273 MW over 20 cities and provinces in China
- The 300 MW offshore wind power demonstration project in Puti Island, Laoting, Tanshang was approved by the Development and Reform Commission of Hebei Province in Dec 2013, which was the first offshore wind power project obtaining approval in the Bohai Sea of China



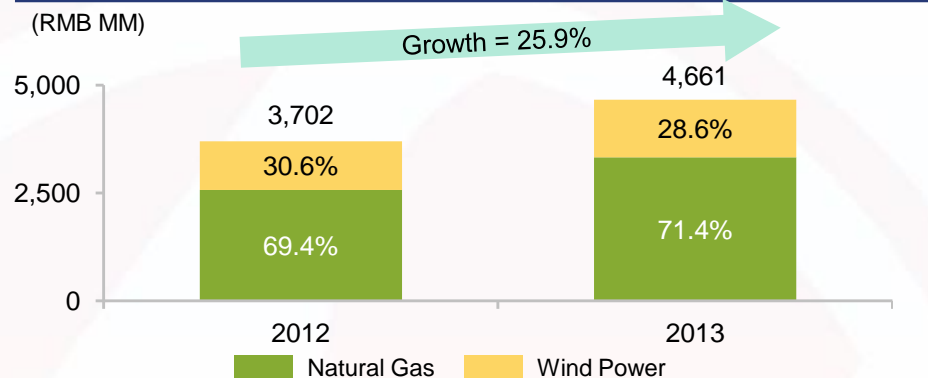


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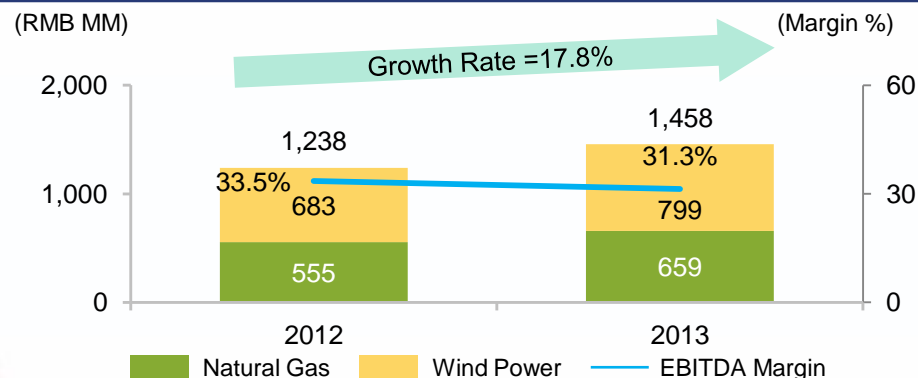
3. Financial Highlights

Revenue and Profit Continued to See Stable Growth

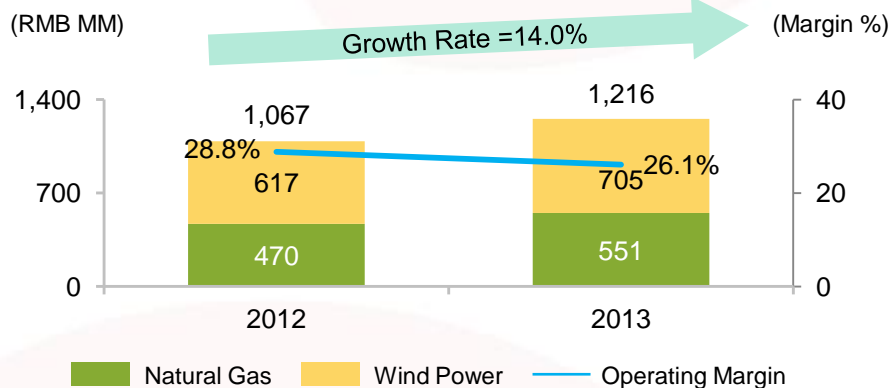
Revenue



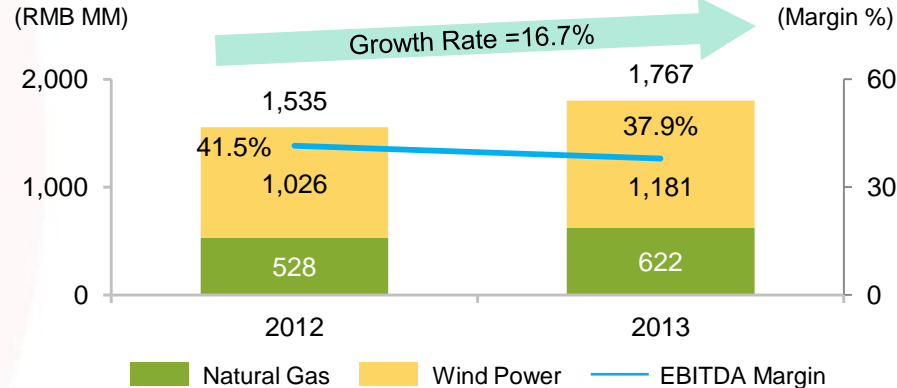
Gross Profit



Operating Profit (2)



EBITDA (1) (2)

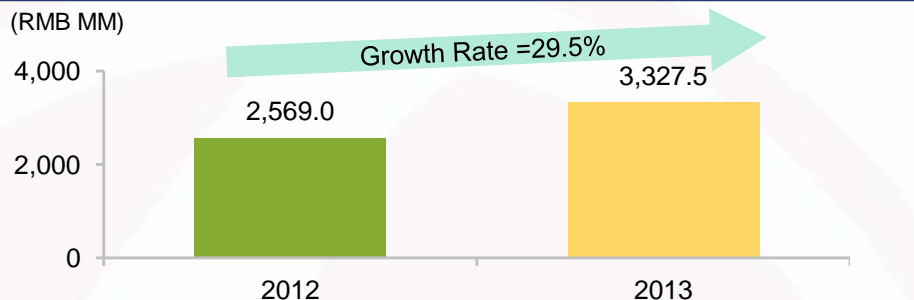


Notes

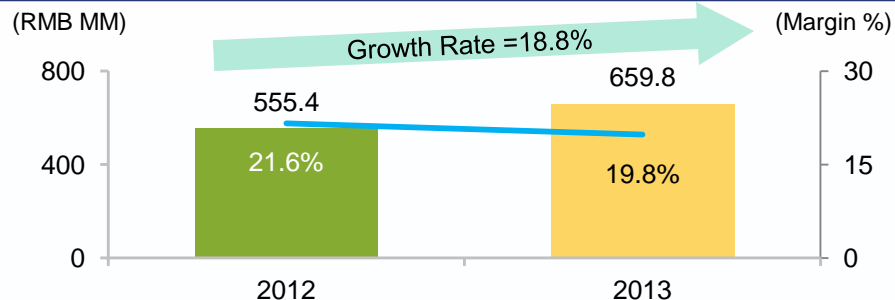
1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates
2. Sum of two segments is after inter-company elimination and excluding share of profits of associates

Steady Growth in Natural Gas Business

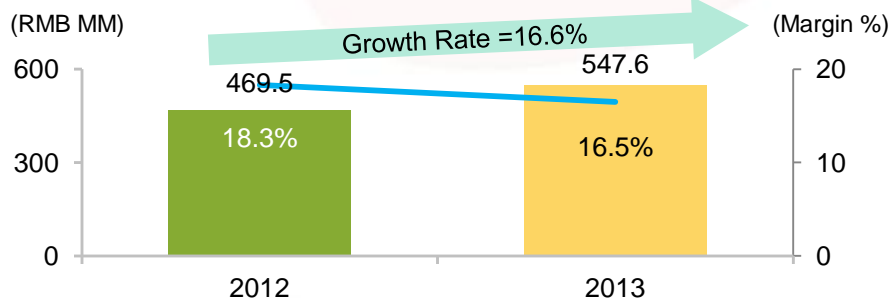
Revenue



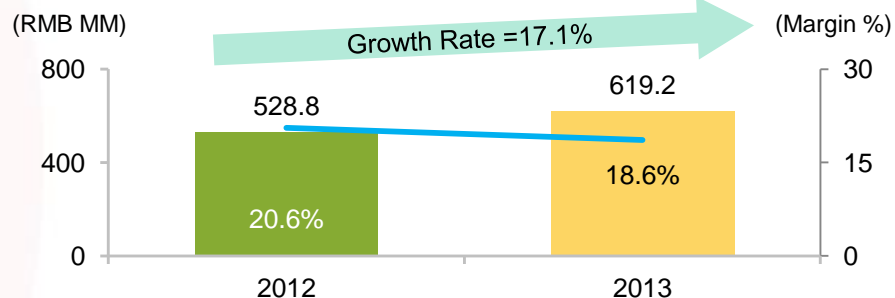
Gross Profit



Operating Profit



EBITDA (1)

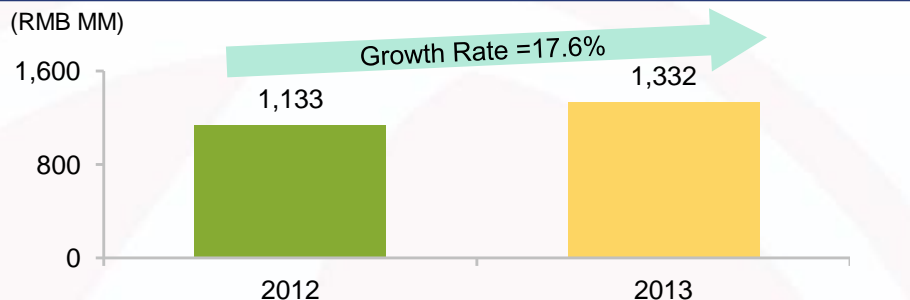


Note

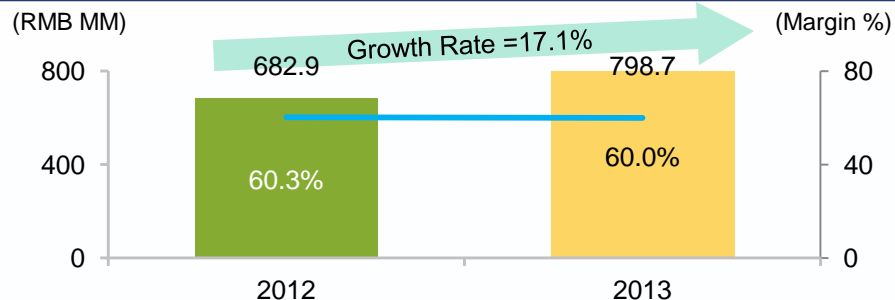
1. Including other revenue, but excluding share of profit from associates

Rapid Growth in Wind Power Business

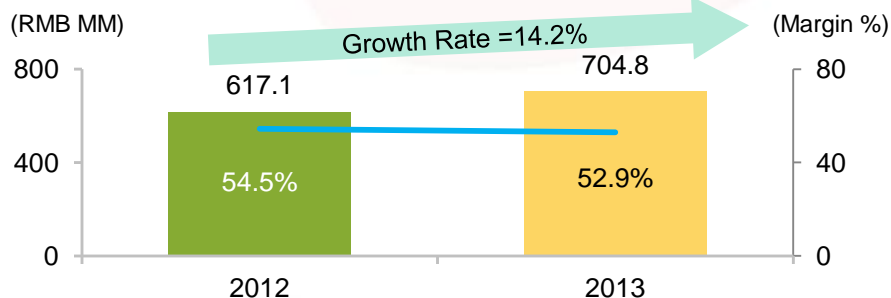
Revenue



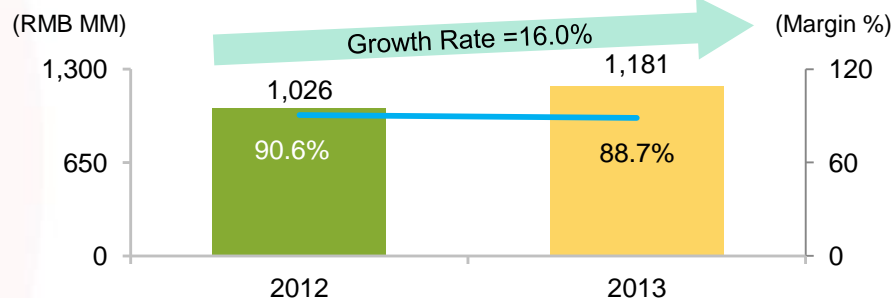
Gross Profit



Operating Profit



EBITDA (1)

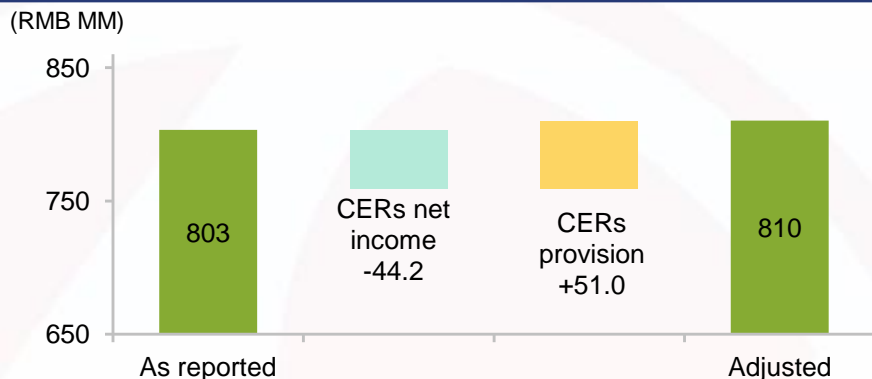


Note
1. Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates

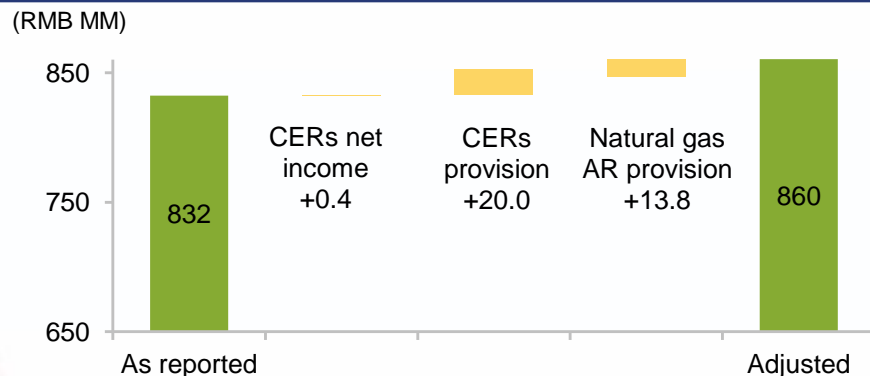
Slight Decline in Net Profit After Tax

Despite affected by 1) decrease in share of profits of associates and 2) increase in natural gas tax rate, after adjustments for one-off income and expenditures, the adjusted Net Profit After Tax for 2013 is RMB 709MM, decreasing only 4.6% year on year

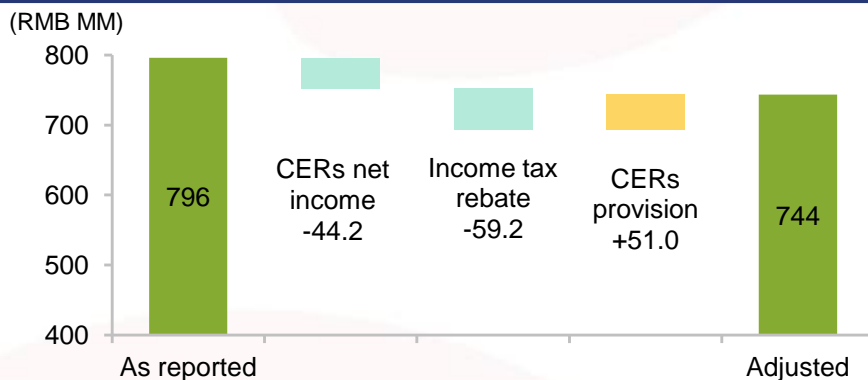
2012 Adjusted Net Profit Before Tax



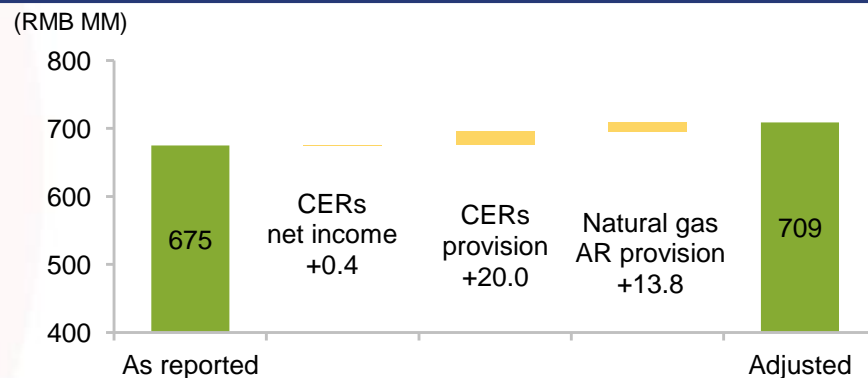
2013 Adjusted Net Profit Before Tax



2012 Adjusted Net Profit After Tax

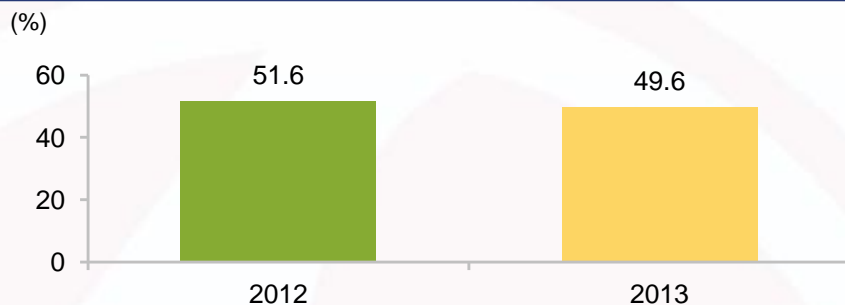


2013 Adjusted Net Profit After Tax

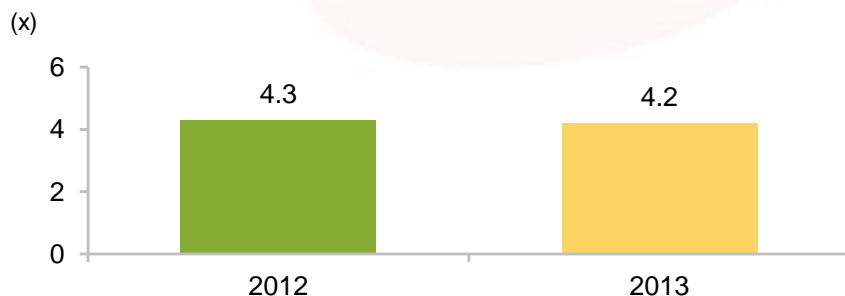


Stable Capital Structure

Net Debt/Total Asset



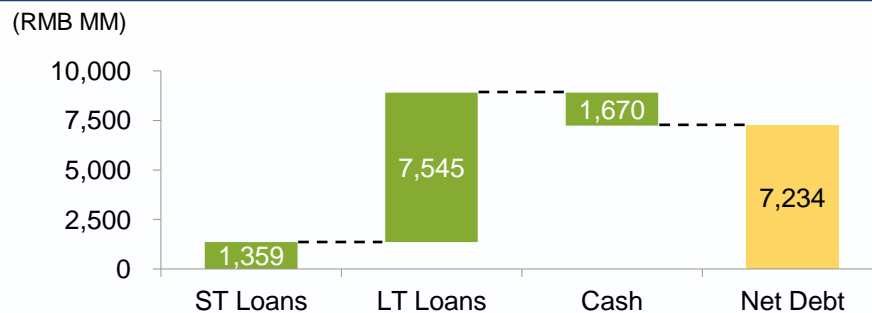
Interest Coverage (EBITDA/Total Interest Expense)



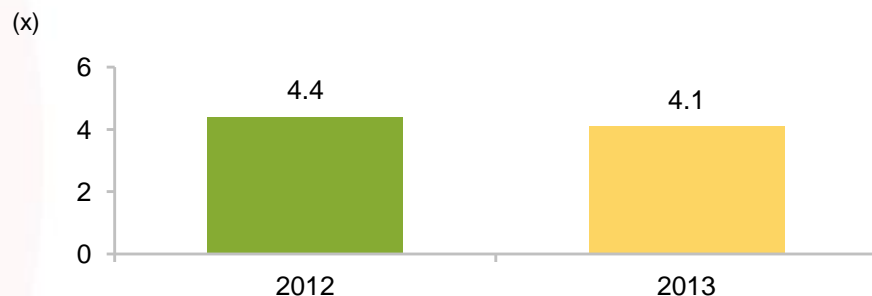
Note

1. Net Debt = Interest bearing debt - Cash and cash equivalents

2013 Net Debt Breakdown (1)



Net Debt/EBITDA





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4. Outlook

Prospects for 2014

Seize the opportunity derived from China's attempts to control air pollution and to develop clean energy, continue to focus on natural gas and wind power businesses development while exploring opportunities in other clean energy projects to diversify the Group's clean energy project portfolio

1

Making reasonable arrangements for natural gas projects

- ⊕ Upstream projects: 1) promote the construction of Shanxi Licheng-Hebei Shahe coalbed methane pipeline project; 2) explore opportunity to utilize the Tanshang LNG project, in which the Group has non-controlling interests
- ⊕ Midstream projects: accelerate the construction progress of the pipework for ten counties in central Hebei Province (Phase I), and actively handle the formalities for the construction progress of the pipework for ten counties in central Hebei Province (Phase II) to strive for an early commencement of construction work
- ⊕ Downstream projects: 1) we will intensify existing long pipeline peripheral market development; 2) utilize the coal-based natural gas from Datang Keqi project to develop the natural gas utilization project in Chengde; 3) expand ten counties network area in central Hebei Province (Phase I), reserve market; 4) promote the industrial coal to gas conversion project in Shahe City, enhance the development of LNG and CNG projects in Shahe, Xingtai, Baoding, etc.

Prospects for 2014 (cont'd)

Seize the opportunity derived from China's attempts to control air pollution and to develop clean energy, continue to focus on natural gas and wind power businesses development while exploring opportunities in other clean energy projects to diversify the Group's clean energy project portfolio

2

Steadily Promote the Development and Construction of Wind Power Projects

- Actively promote development of wind power projects in Hebei Province. Vigorously promote the development of wind power projects in regions with advantageous resources such as Shandong, Yunnan and Henan.
- Advance the development of 12 projects in Weichang, Fengning areas listed within the "Chengde Million kW Base Phase II"
- Steadily advance wind project construction inside and outside Hebei Province. Complete the Ruyihe project and accelerate the construction progress of Changli Datan and Yuxian wind power projects. Accelerate the construction of Xinjiang Ruoqiang Luobuzhuang wind power project (Phase I)
- Promote offshore wind power projects and commence construction of Tangshan Laoting Putidao offshore wind power project as soon as possible

3

Other Clean Energy Business

- Prudently identify quality overseas projects to support the Company's continuous development
- Accelerate the construction of 10 MW Laiyuan solar power project, and strive to commence production in 2014

Prospects for 2014 (cont'd)

Seize the opportunity derived from China's attempts to control air pollution and to develop clean energy, continue to focus on natural gas and wind power businesses development while exploring opportunities in other clean energy projects to diversify the Group's clean energy project portfolio

4

Enhancing the implementation of management system

- Implementing complete and effective management systems to further improve management efficiency, effectively control management costs and improve the competitiveness of the Group

5

Optimizing capital structure and lowering capital costs

- Actively make judgments on macro-economy trends and market interest rate and issue low-cost debt financing instruments from time to time
- Continue to enhance bank-enterprise relationship with various domestic and overseas banks for bank facilities and obtain capital with low interest rates.





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5. Q&A