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**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED\***

**新天綠色能源股份有限公司**

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

**(Stock Code: 00956)**

## **2015 INTERIM RESULTS ANNOUNCEMENT**

The board of directors of China Suntien Green Energy Corporation Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2015. The full text of 2015 interim report contained herein is in line with relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. The 2015 interim report of the Company will be dispatched to the holders of H shares of the Company in early September 2015 and available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.suntien.com](http://www.suntien.com).

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## Interim Results

The board of directors of China Suntien Green Energy Corporation Limited hereby presents the unaudited interim results of the Group for the six months ended 30 June 2015 prepared in accordance with the International Financial Reporting Standards. The Audit Committee of the Board has also reviewed the 2015 interim results of the Group and relevant financial information.

For the six months ended 30 June 2015, the Group recorded a consolidated operating revenue of RMB2,389 million, down 7.0% over the corresponding period of 2014; profit before tax of approximately RMB431 million; net profit attributable to the owners of the Company of RMB276 million and earnings per share of approximately RMB0.0743. As at 30 June 2015, net assets per share of the Company (excluding the non-controlling interest) amounted to RMB2.02.

## Financial Highlights and Major Operation Data

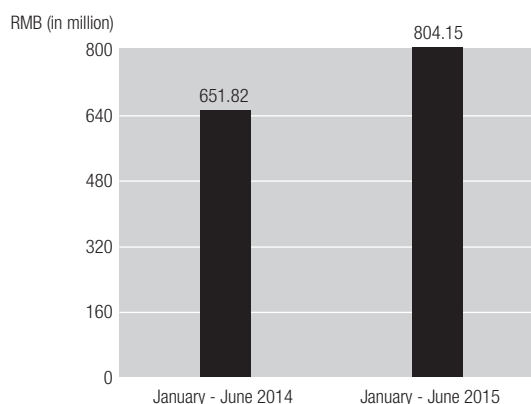
### I. Financial Highlights

|  | For the six-month<br>period ended 30 June |                                |
|--|---|--------------------------------|
|  | 2015<br>RMB'000<br>(Unaudited)            | 2014<br>RMB'000<br>(Unaudited) |
| Revenue  | <b>2,389,455</b>                          | 2,568,331                      |
| Profit before tax  | <b>430,695</b>                            | 376,136                        |
| Income tax expense   | <b>70,414</b>                             | 111,488                        |
| Profit for the period  | <b>360,281</b>                            | 264,648                        |
| Attributable to:   |   |                                |
| Owners of the Company  | <b>275,946</b>                            | 186,436                        |
| Non-controlling interests  | <b>84,335</b>                             | 78,212                         |
| Total comprehensive income for the period  | <b>360,281</b>                            | 264,648                        |
| <b>Earnings per share attributable to ordinary<br/>equity holders of the Company</b> |   |                                |
| Basic (RMB)  | <b>7.43 cents</b>                         | 5.12 cents                     |
| Diluted (RMB)  | <b>7.43 cents</b>                         | 5.12 cents                     |

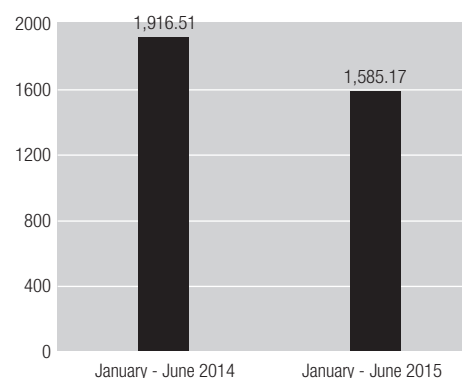
## Financial Highlights and Major Operation Data

### II. Major Operation Data

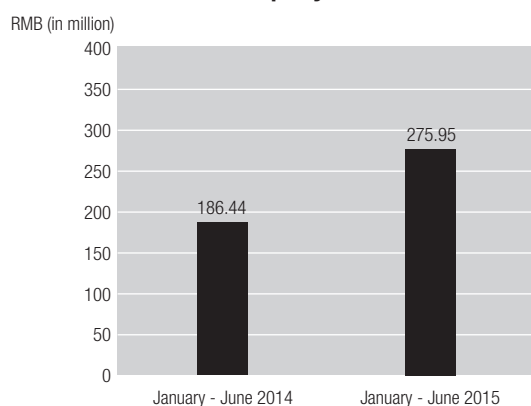
#### Consolidated Revenue of Wind Power and Solar Energy Generation Businesses



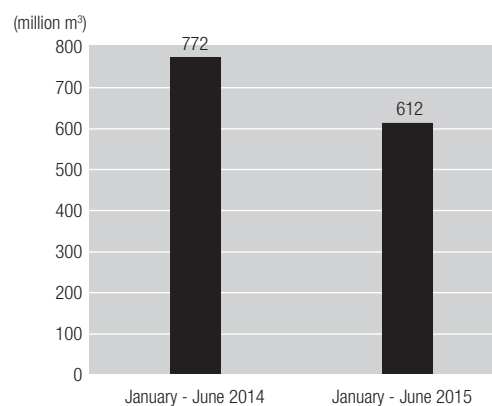
#### Consolidated Revenue of Natural Gas Business



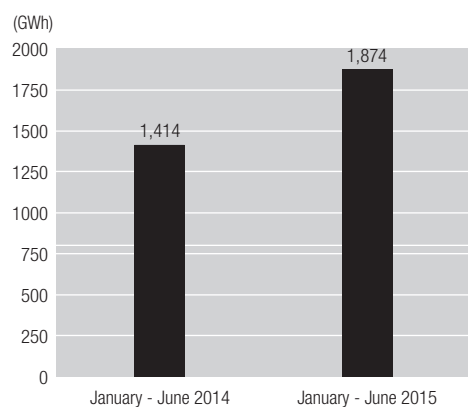
#### Net Profits Attributable to Owners of the Company



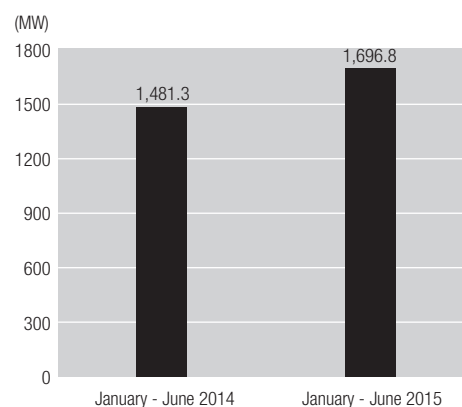
#### Natural Gas Sales Volume



#### Wind Power Consolidated Gross Power Generation



#### Wind Power Consolidated Installed Capacity



# Management Discussion and Analysis

## I. OPERATING ENVIRONMENT

During the first half of 2015, the situation of China's economic development remained complicated, presenting both challenges and opportunities. A trend of "generally stable production, slowing down investment growth rate, fluctuating import volume, and declining consumption growth rate" appeared in the energy sector. Despite the intertwined difficulties and conflicts in its economic operation that posed significant downward economic pressure, the Chinese economy was making progress steadily, still operating within a reasonable range and entering into a new normal era and evolving towards a stage with more advanced standard, more sophisticated work allocation, and more rational structure. It is expected that the Chinese economy will maintain stable and healthy development in the long run.

In February 2015, the "Circular on the Adjustment of Non-residential Natural Gas Price" (關於理順非居民用天然氣價格的通知) was issued by NDRC, which required the maximum city-gate price of incremental natural gas for all provinces to be lowered by RMB0.44 per cubic meter, and the maximum city-gate price of existing natural gas to increase by RMB0.04 per cubic meter, with effect from 1 April 2015, so that the prices of existing natural gas and incremental natural gas can be unified. According to statistics of the operation report of NDRC, during the first half of 2015, production of natural gas amounted to 65.6 billion cubic metres, representing an increase of 3.8% as compared with the same period of last year. The import of natural gas amounted to 29.3 billion cubic metres, representing an increase of 3.5% as compared with the same period of last year; and the consumption of natural gas amounted to 90.6 billion cubic metres, representing an increase of 2.1% as compared with the same period of last year.

In March 2015, the National Energy Administration issued the "Circular on Grid Connection and Absorption of Wind Power in 2015" (關於做好2015年度風電並網消納有關工作的通知). It is stated in the circular that every agencies under the National Energy Administration are to develop sound supporting service compensation mechanisms to ensure clean energies such as wind power were given priority in grid connection and full acquisitions in order to address the acute situation of wind power absorption in the northern, northeastern and northwestern China in 2015.

According to the statistics of the National Energy Administration, during the first half of 2015, the national total electricity consumption amounted to 2.6624 trillion kWh, representing an increase of 1.3% as compared with the same period of last year. From January to June, the nationwide average utilization hour of wind power generation units was 993 hours, seven hours more than the same period of last year; while the average utilization hour of wind power generation units in Hebei Province was 1,025 hours, 29 hours more than the same period of last year.

## Management Discussion and Analysis

### II. BUSINESS REVIEW

#### (i) Business review and major financial indicators of the natural gas segment

##### 1. Business review of natural gas segment

###### (1) Lower sales volume of natural gas

During the Reporting Period, due to the sliding macro-economy and natural gas price reform, the Group's sales volume of natural gas amounted to 612 million cubic meters, representing a decrease of 21% as compared with the same period of last year, of which, wholesale volume amounted to 425 million cubic meters, representing an increase of 2.93% as compared with the same period of last year; retail sales volume amounted to 151 million cubic meters, representing a decrease of 53.79% as compared with the same period of last year; and the sales volume of CNG amounted to 35.47 million cubic meters, representing an increase of 11.16% as compared with the same period of last year.

###### (2) Actively proceeding with the construction of natural gas pipeline infrastructure projects

As of 30 June 2015, the aggregate pipeline under the operation of the Group was 1,818 kilometers long. The pipelines for the ten counties in central Hebei Province (Phase I) (冀中十縣管網工程(一期)) were connected, which has met the requirements for gas connection, and all stations have been completed except for the Suning station. The pipework for the ten counties in central Hebei Province (Phase II) (冀中十縣管網工程(二期)) has obtained project approval and its construction has also been commenced. The main structure of Qinghe Natural Gas Utilization Project (Phase I) (清河天然氣利用一期項目) was completed, so was the installation of its key equipment. 80% of the main pipeline of Shanxi Licheng-Hebei Shahe Coalbed Methane Pipeline Project (山西黎城—河北沙河煤層氣管道工程項目) was completed and the construction of certain stations under the project have commenced.

###### (3) Vigorously developing LNG and CNG projects

By the end of the Reporting Period, five CNG primary refilling stations of the Group were under operation, two were under construction and one was approved but has yet to begin construction; seven CNG refilling/transmission stations were under operation, five were under construction and three were approved but have yet to begin construction. One LNG refilling station was under operation, three were under construction, and three were approved but have yet to begin construction; five L-CNG refilling stations were under construction and two were approved but have yet to begin construction. In particular, the main structure of the project of CNG primary and secondary refilling stations in Ningjin was completed. The construction of CNG primary and secondary refilling stations in Qinghe were moving forward smoothly. The CNG primary refilling station in Anping has met the requirements for construction. The Group has obtained the approval for the filing of the LNG storage project in Nangong and the installation of an equipment for the LNG project in Shahe has been completed.

## Management Discussion and Analysis

(4) Exploring the end-user market of natural gas

During the Reporting Period, the Group acquired 20,518 residential customers and 67 non-residential customers. As of 30 June 2015, the Company had an aggregate of 104,070 residential customers and 442 non-residential customers.

(5) Actively developing city gas projects

During the Reporting Period, gas connection commenced in Chengde Natural Gas Utilization Project (Phase I) (承德天然氣利用一期項目) and the Group successfully transmitted coal-based natural gas from Datang Keqi Project (大唐克旗項目), which provided favourable conditions for further developing the natural gas market in Chengde. The Group successfully took the control over Yunnan Universal Gas Co., Ltd. (雲南普適天然氣有限公司) and obtained the franchises for operation in Xishan District, Kunming and of three gas secondary refilling stations, thus becoming one of the five enterprises with gas franchise rights in Kunming. Substantial progress was made in the establishment of a joint venture with Qinghe Zhongran City Developments Company Limited (清河中燃城市發展有限公司), as a result of which the integration of the gas market in Qinghe County, Hebei Province will be achieved.

### 2. Major financial information of natural gas

(1) Revenue

During the Reporting Period, the Group recorded a natural gas sales revenue of RMB1,585 million, representing a decrease of 17.3% as compared with the same period of last year, which was mainly due to the decrease in natural gas sales volume during the Reporting Period. In particular, the pipeline wholesale business recorded a sales revenue of RMB1,005 million, representing 63.4% of the Group's sales revenue from natural gas; the retail business, such as city natural gas, recorded a sales revenue of RMB425 million, representing 26.8% of the Group's sales revenue from natural gas. The CNG business recorded a sales revenue of RMB110 million, representing 7.0% of the Group's sales revenue from natural gas. Other income amounted to RMB45 million, representing 2.8% 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 costs, administrative expenses and other expenses) of the Group's natural gas business amounted to RMB1,387 million, representing a decrease of 15.7% as compared to RMB1,645 million in the same period of last year, which was mainly due to the decrease in the purchasing volume of natural gas during the Reporting Period.

(3) Profit from operations

During the Reporting Period, profit of the Group from operations of the natural gas business was RMB202 million, representing a decrease of 26.0% as compared with the same period of last year. The decrease was mainly due to a decrease in the sales volume of the gas during the Reporting Period. The gross profit margin was 15.1%, which was 1.2 percentage points lower than 16.3% in the same period of last year. The decrease was mainly due to the increase in manufacturing cost of natural gas business and the drop in sales of natural gas.



## Management Discussion and Analysis

### (ii) Business review and major financial indicators of wind power segment

#### 1. Business review of wind power segment

- (1) Overall production of wind power was satisfactory and its power generation has significantly increased

During the Reporting Period, due to the satisfactory wind resources in the regions of the consolidated wind farms, the consolidated wind farms realized a power generation of 1,874 million kWh, representing an increase of 32.5% as compared with the same period of last year; the utilization hours of the wind farms controlled by the Group was 1,127 hours, representing an increase of 80 hours as compared with the same period of last year, and this is 134 hours higher than the nationwide average utilization hour and 102 hours higher than the average utilization hour in Hebei Province, which was mainly due to (1) the relatively better wind resources situation in most of the regions; and (2) the commencement of operation of the “three-station-four-lines” (三 站 四 線) in Zhangjiakou, which alleviated the stress from power constraint; the average availability rate was 94.71%, representing a decrease of 3.7 percentage points over the same period of last year which was mainly due to the unexpected natural disaster of extreme blizzard in April and May of the year, which resulted in the freezing of circuits in some wind farms and the cessation of operation of wind turbines.

- (2) Infrastructural construction of projects progressed smoothly

During the Reporting Period, eight wind power projects of the Group were under construction with a total installed capacity of 849MW, comprising two new projects which commenced construction in the first half of 2015 as scheduled with an installed capacity of 300.5MW, including the Zhangjiakou Chongli Wang Shan Ba Wind Farm and Guyuan Wind Power Hydrogen Production Base; and six ongoing projects with an installed capacity of 548.5MW and the construction of which progressed as scheduled in the first half of 2015, including the Lingqiu Nandianziliang Wind Farm, Ruoqiang Luobuzhuang (Phase II) Project and Yunnan Jianshui Qikeshu Project.

During the Reporting Period, the Group conducted a comprehensive examination of the control of the quality, progress, investment and safety of projects to guarantee their completion as planned.

## Management Discussion and Analysis

### (3) Constantly expanding wind resource reserve

During the Reporting Period, the Group acquired 48MW newly approved capacity from the Shandong Junan Wulongshan Project and the total approved reserve capacity amounted to 1,572.6MW.

In April 2015, the wind power projects of the Group with a total capacity of 461.5MW were included in the fifth batch of approved plans of wind power projects in the “Twelfth Five-Year Plan” period (「十二五」第五批風電項目核准計劃), including the projects in Zhejiang Wencheng, Jiangxi Fuliang, Shandong Junan (Phase II), Jiangsu Xuyi, Guangxi Fangchenggang, Henan Weihui, Hunan Tongdao and others. By the end of the Reporting Period, the accumulative capacity obtained by the Group from the national approved plans amounted to 4,551.3MW spreading over 12 provinces, namely Hebei, Shanxi, Xinjiang, Sichuan, Yunnan, Zhejiang, Jiangxi, Shandong, Jiangsu, Guangxi, Henan and Hunan.

During the Reporting Period, the Group acquired an agreed volume of new wind power of 200MW in Shanxi Datong. The total agreed volume of wind resources of the Group amounted to 21,772.5MW, spreading over 20 provinces and cities across the country.

### (4) Focusing on the university and industry cooperation for the long-term development of the Company

During the Reporting Period, the provincial sci-tech support projects of the “Intelligent Monitoring and Management System for Renewables and Water Suppliers” (面向新能源及水務的智慧監測管理系統) and of the “Joint Research and Development of the Industry Load Absorption Distributed Renewable Energy in Yulai” (蔚涑工業負荷消納分布式可再生能源聯合研發) jointly initiated by the Group, Hebei University of Science & Technology and Hebei University of Technology were designated by the Science and Technology Department of Hebei Province (河北省科技廳) as technological planning projects of Hebei for 2015 and obtained science research subsidies of RMB1.40 million from the finance division of the province. The two projects facilitated the university and industry cooperation, which lays down a sound foundation for the application of technological innovation and is beneficial to the long-term development of the Group.

## 2. Major financial indicators of wind power business (including solar energy)

### (1) Revenue

During the Reporting Period, the Group realized wind power sales revenue of RMB804 million, representing an increase of 23.4% as compared with the same period of last year, which was mainly due to the increase of power delivered to grid as compared with the same period of last year. The increase in power delivered to grid was mainly due to (1) the satisfactory wind speed in most regions. During the Reporting Period, the average utilization hours of the Group was 1,127 hours, 80 hours more than 1,047 hours in the same period of last year; (2) fewer power constraints for wind farms operated by HECIC New-energy in January to June 2015 as compared with the same period last year; and (3) the increase in power sales revenue as a result of the commencement of operation of new wind farms, such as Phase 1 of Hejing, Laiyuan Huanghualiang, Phase 1 of Ruoqiang Luobuzhuang and Xintianweichang.

## Management Discussion and Analysis

### (2) Operating cost

During the Reporting Period, the operating cost (including cost of sales, selling and distribution costs, administrative expenses and other expenses) of the Group's wind power business was RMB360 million, representing an increase of 10.2% as compared with the same period of last year. This was mainly due to the commencement of operation of two power plants in 2014, as well as the other two new wind farms in the first half of 2015 and the corresponding increase in operating costs such as the depreciation cost during the Reporting Period.

### (3) Profit from operations

During the Reporting Period, profit from operations of the wind power business was RMB456 million, representing an increase of 39.5% as compared with the same period of last year, which was mainly due to an increase in sales volume of power; the gross profit margin of wind power business was 60.6%, representing an increase of 3.1 percentage points as compared with 57.5% in the same period of last year, which was mainly due to an increase in income from sales.

### (iii) Solar energy generation project

In the first half of 2015, the Group made breakthroughs in its solar energy generation project. The agreed capacity of the new photovoltaic projects amounted to 420MW, which was distributed among five provinces including Heilongjiang, Liaoning, Hebei, Shanxi and Shandong, and the accumulated agreed capacity amounted to 3,689MW; the newly approved capacity of photovoltaic projects amounted to 50MW and the accumulative approved capacity was 130MW. In particular, the Group actively participated in tenders for photovoltaic projects in Qiqihar, of which two projects of 10MW were won. The substantial breakthroughs made by the Group in the development of the northeastern China filled the gap in renewables projects in the region.

During the Reporting Period, the Group had two photovoltaic projects under construction, namely Lulong Shimen Photovoltaic Power Station (盧龍石門光伏電站) and Shijiazhuang Hua'ao Photovoltaic Power Station (石家莊華澳光伏電站), which had an installed capacity of 37.2MW and were scheduled to connect to the grid for power generation in the year.

In the first half of 2015, the 10MW photovoltaic power station in Laiyuan commenced operation, with an accumulated operating capacity of 31MW and a power generation of 22,170,000kWh.

## Management Discussion and Analysis

### III. DISCUSSION AND ANALYSIS ON OPERATING RESULTS

#### (1) Overview

During the Reporting Period, the Group realized a net profit of RMB360 million, representing an increase of 36.1% as compared with the same period of last year. The net profit attributable to owners of the Company was RMB276 million, representing an increase of 48.0% as compared with the same period of last year, which was mainly due to an increase in operating profits and decrease in income tax expenses of the Group as compared with the same period of last year.

#### (2) Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB2,389 million, representing a decrease of 7.0% as compared with the same period of last year, which was mainly attributable to a decrease in revenue of natural gas of the Group in the first half of 2015 as compared with the same period of last year, of which:

1. revenue from the natural gas business amounted to approximately RMB1,585 million, representing a decrease of 17.3% as compared with the same period of last year. This was mainly attributable to a decrease in the Group's sales volume of natural gas.
2. revenue from the wind power and solar energy businesses amounted to approximately RMB804 million, representing an increase of 23.4%, which was mainly due to an increase in sales of electricity during the Reporting Period.

#### (3) Other income and net gains

During the Reporting Period, the Group recorded other income and net gains of RMB24.61 million, representing an increase of RMB0.53 million as compared with the same period of last year.

## Management Discussion and Analysis

### (4) Operating costs

During the Reporting Period, the Group's operating costs, including cost of sales, selling and distribution costs, administrative expenses and other expenses, amounted to RMB1.768 billion, representing an decrease of 11.6% as compared with the same period of last year, which was mainly due to a decrease in gas purchase volume, among others:

1. cost of sales was RMB1,662 million, representing a decrease of 11.6% as compared with the same period of last year, which was mainly due to a reduction in sales volume of natural gas.
2. administrative expenses were RMB105 million, representing a decrease of 5.9% as compared with the same period of last year, which was mainly due to a decrease in expenses such as the remuneration of staff of the Company and the maintenance expenses as compared with the corresponding period of last year.

### (5) Finance costs

During the Reporting Period, the Group's finance costs were RMB272 million, representing an increase of 17.7% as compared with RMB231 million in the same period of last year. This was mainly due to an increase in the number of wind farms for operation during the Reporting Period as compared with the same period of last year, resulting in partial increase in the capitalized interests of the borrowings.

### (6) Share of profit of associates

During the Reporting Period, the Group's share of profit of associates was RMB57 million, representing an increase of RMB42 million as compared with RMB15 million in the same period of last year. This was mainly due to an increase of wind speed in most regions of the country which caused the rise in the operating profits of associates.

### (7) Income tax expenses

During the Reporting Period, the Group's net income tax expense was RMB70 million, representing a decrease of 36.9% as compared with RMB111 million in the same period of last year. The main reasons for this decrease were as follows: (1) the Company supplemented the tax against the income from CDM project of previous years according to the document issued by the Hebei Office of the State Administration of Taxation in April 2014 during the corresponding period of last year; and (2) the profit before tax of Hebei Natural Gas decreased as compared with the same period of last year.

## Management Discussion and Analysis

### (8) Net profit

During the Reporting Period, the Group recorded a net profit of RMB360 million, representing an increase of RMB95 million as compared with RMB265 million in the same period of last year, which was mainly due to an increase in the operating profit of the Group and a reduction in income tax expenses as compared with the same period of last year.

### (9) Profit attributable to owners of the Company

During the Reporting Period, the profit attributable to owners of the Company was RMB276 million, representing an increase of RMB90 million as compared with RMB186 million in the corresponding period of last year. This was primarily attributable to an increase in net profits of the Group as compared with the corresponding period of last year.

The basic earnings per share attributable to shareholders of the Company was RMB0.0743.

### (10) Profit attributable to non-controlling interests

During the Reporting Period, the profit attributable to non-controlling interests was RMB84 million, representing an increase of RMB6 million as compared with RMB78 million in the corresponding period of last year. This was primarily attributable to an increase in net profits from the wind power segments as compared with the corresponding period of last year.

### (11) Trade and bills receivables

As at 30 June 2015, the Group's trade and bills receivables amounted to RMB1,551 million, representing an increase of RMB149million as compared with that as at 31 December 2014, which was mainly attributable to an extension of the time taken for collection of receivables from customers in the natural gas business.

### (12) Bank and other borrowings

As at 30 June 2015, the Group's long-term and short-term borrowings totaled RMB12,463 million, representing an increase of RMB1,437 million as compared with RMB11,026 million as at 31 December 2014. Among the total borrowings, short-term borrowings (including current portion of long-term borrowings) amounted to RMB1,859 million and long-term borrowings amounted to RMB10,604 million.

During the Reporting Period, the Company adopted a variety of financing methods, which effectively reduced financing costs and ensured sound liquidity, including: (1) grabbing the opportunity of rate cuts in China and maintaining close ties with various foreign financial institutions to guarantee the construction funding of projects and lower the capital cost effectively; (2) actively promoting the bank electronic bill acceptance business to effectively lower the expenses of loan interests and reduce capital precipitation against the characteristics of a relatively large amount of wind power projects under construction and a large capital amount in recent years; and (3) increasing the credit facility and financing scales of the Company and continuing the expansion of cross-border RMB loan business.

## Management Discussion and Analysis

### (13) Liquidity and capital resources

As at 30 June 2015, the Group's net current assets value was RMB1,733 million. The net cash and cash equivalents decreased by RMB97 million, which was mainly due to increase in capital expenditures by the Company in the first half of the year. The Group had consolidated banking facilities of RMB34,200 million granted by various domestic banks, of which RMB12,348 million was utilized.

### (14) Capital expenditures

During the Reporting Period, capital expenditures mainly included construction costs for new wind power projects, natural gas pipeline, additions to property, plant and equipment and prepayment for leased land. Capital resources mainly included self-owned fund, bank borrowings and cash flow from the Group's operating activities. During the Reporting Period, the Group's capital expenditures were RMB1,907 million, representing an increase of 109.2% from RMB912 million over the corresponding period of last year. Segment information of capital expenditures is as follows:

|                                  | Six-month period ended 30 June   |                                  |                             |
|----------------------------------|----------------------------------|----------------------------------|-----------------------------|
|                                  | 2015<br>(RMB'000)<br>(Unaudited) | 2014<br>(RMB'000)<br>(Unaudited) | Percentage<br>change<br>(%) |
| Natural gas                      | 214,042                          | 165,946                          | 29.0                        |
| Wind power and solar energy      | 1,692,706                        | 745,177                          | 127.2                       |
| Unallocated capital expenditures | 403                              | 596                              | -32.4                       |
| <b>Total</b>                     | <b>1,907,151</b>                 | 911,719                          | 109.2                       |

### (15) Net gearing ratio

As at 30 June 2015, the net gearing ratio (net liabilities divided by the sum of net liabilities and equity) of the Group was 55.4%, representing an increase of 3.1 percentage points as compared with 52.3% as at 31 December 2014.

### (16) Foreign exchange risk

The Group maintained some of the capital denominated in foreign currency, mainly the Hong Kong dollar raised from additional issuance of shares that has not been settled and exchanged. Fluctuations in exchange rate would influence our reserve in foreign currencies to a certain extent and the Company has implemented the following measures to avoid foreign exchange risk: (1) promptly settle and exchange the amount into RMB for project construction; (2) actively follow the state foreign exchange policy and study the trend of foreign exchange rate; and (3) lock the exchange rate by forward swap to avoid foreign exchange rate and to guarantee the appreciation of fund.

## Management Discussion and Analysis

### (17) Material acquisitions and disposals

The Group had no material acquisitions and disposals during the Reporting Period.

### (18) Charge on assets of the Group

During the Reporting Period, the Group had no charges on its assets.

### (19) Contingent liabilities

As at 30 June 2015, the Company provided a guarantee to Handan Branch of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司邯鄲分行) for Hebei Suntien Guohua Gas Co., Ltd. (河北新天國化燃氣有限公司), a joint venture of the Company, for its application of credit line, of which RMB110 million has been utilized.

### (20) Material litigation

During the Reporting Period, the Group was involved in the following material litigations: as Hebei Yuanhua Glass Co., Ltd. (河北元華玻璃股份有限公司) ("Yuanhua Company") failed to make payment to a bank for a commercial acceptance note it issued upon expiry, the bank made a deduction of RMB140 million in total directly from the account of Hebei Natural Gas pursuant to a discount agreement therewith. Thereafter, Hebei Natural Gas entered into an enforceable notarized debt instrument with Yuanhua Company stipulating Yuanhua Company to pledge certain assets for the said amount. As Yuanhua Company failed to repay the said amount to Hebei Natural Gas upon expiry, Hebei Natural Gas applied to the court for enforcing the instrument, which was accepted by the Court on 13 May 2015. On 8 July 2015, the parties reached a settlement agreement, pursuant to which Yuanhua Company guaranteed to repay the debt by installment. Yuanhua Company has repaid July's installment.

The Board considers that the above litigations are claims against external parties arising in the normal course of production and operation and will not have any material adverse effect on the business and financial position of the Group.



## Management Discussion and Analysis

### IV. PROSPECTS FOR THE SECOND HALF OF 2015

It is expected that in the second half of 2015, despite the greater downward pressure on China's macroeconomy, a series of state policies to stabilize growth rate will progressively come into effect. It is expected that the demand for energy will rebound in the second half of the year and the energy consumption for the whole year will maintain a medium to slow growth rate while the energy supply and demand structure will remain loose in general. Along with the continuous development of synergy among Beijing, Tianjin and Hebei, the eco-environment information sharing and the joint construction of an ecotone among Beijing and Tianjin will be achieved. As clean energy is at an important strategic stage for great development, it will have considerable development potentials. The Group will leverage its status as a listed company in Hong Kong and make use its experience in professional management accumulated over the years effectively to push forward the following work steadily in the second half of 2015:

#### (I) Natural Gas Business

1. Promoting the in-depth development of CNG and LNG businesses. The Group will accelerate the construction of CNG and LNG refilling station projects, make efforts for the gas projects in Qinghe, Ningjin, Huangliangmeng, Anping and Huabo to start production as soon as possible; actively develop CNG and LNG customer base and expand the market coverage of CNG and LNG by cooperation with distributors.
2. Actively exploring gas source projects and accelerating the engineering construction of Shanxi Licheng-Hebei Shahe Coalbed Methane Pipeline Project (山西黎城—河北沙河煤層氣管道工程項目) to strive for the full operation within the year. The Group will actively promote its cooperation with Sinopec about the gas source project; strive to connect the pipelines for the ten counties in central Hebei Province (Phase I) (冀中十縣管網(一期)) and introduce the Sinopec's gas source to the market. It will also strengthen communication with other gas source units in and out of the province and introduce diversified gas sources such as coalbed methane and coal gas when appropriate.
3. Continuing developing new markets in various ways and expanding its urban fuel gas projects. The Group will take advantage of the roles of preparatory offices in Baoding, Cangzhou, Hengshui and Nangong and seek for cooperation with regional gas companies and industrial parks.
4. Accelerating the engineering construction of gas projects such as Shahe Natural Gas Liquefaction Project (沙河天然氣液化工程) and Anguo Natural Gas Gate Station (安國天然氣門站) to strive for the full operation of the Shahe Natural Gas Liquefaction Project and the completion of the main structure of ten counties in central Hebei Province (Phase II) (冀中十縣管網(二期)). The Group will ensure the construction of Natural Gas Utilization Project of Qinghe County (Phase I) (清河縣天然氣利用一期) and Natural Gas Utilization Project of Pingquan County (Phase I) (平泉縣天然氣利用一期) to be completed as scheduled.

## Management Discussion and Analysis

### (II) Wind Power Business

1. Conducting regular checks and maintenance work for wind turbines during breezy seasons to ensure the smooth operation of wind turbine equipment during blowy seasons to generate more power.
2. Enhancing the establishment of a professional management system for projects to push forward the construction of wind power projects, such as the Ruoqiang Luobuzhuang Project (Phase II) (若羌羅布莊二期) and the Lingqiu Nandian Ziliang Wind Farm (靈丘南甸子梁風電場) so as to ensure their construction will be completed as scheduled.
3. Further enhancing the establishment of wind power production team, optimizing the production, operation and maintenance management system, innovating the management system of wind power operation and maintenance and improving the professional standard of the operation and maintenance team to ensure the normal operation of wind power equipment.
4. Accelerating the preliminary work for being qualified as the wind power projects in the national approved plan to strive for the approval and construction as soon as possible.

### (III) Other Work

1. Further sub-dividing each regional market and conducting an in-depth analysis on all resources available for development in each region to gain quality resources in several aspects.
2. Leveraging its status as a listed company in Hong Kong and relevant favourable policies to widely expand financing channels in China and overseas, optimize financial structure and reasonably arrange the fund utilization plan with a view to minimizing capital costs.
3. Further fortifying the internal management of the Group and improving its information management platforms to optimize various work processes and strengthen internal control management.
4. Strengthening the safe production system, and conducting training on safe production and management and enhancing the level of standardization and professionalism on safe production management through informationisation.

# Corporate Governance

## 1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board confirms that the Company has strictly complied with the principles and code provisions, and some of the recommended best practices in the Corporate Governance Code as set out in the Listing Rules from 1 January 2015 to 30 June 2015. The Company has also established a modern and balanced corporate governance structure which comprises a number of independently operated bodies including shareholders' meeting, the Board of Directors, the Board of Supervisors and senior management.

## 2. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (1) Changes in Directors, Supervisors and Senior Management of the Company

1. On 27 January 2015, upon the approval of the 2015 first extraordinary shareholders' meeting, Ms. Sun Min (孫敏) was appointed as the non-executive Director of the second session of the Board of Directors, and her term of office will end on the expiry of the term of the second session of the Board of Directors. She is eligible for re-election upon expiry of her term according to the articles of association of the Company.
2. Due to the change in work arrangements, on 17 March 2015, the non-executive Director of the Company Mr. Zhao Hui (趙輝) tendered his resignation as the non-executive Director to the Board of Directors. The resignation of Mr. Zhao Hui was effective on 5 June 2015 when the Company duly appointed Mr. Wu Hui Jiang (吳會江) as a new non-executive Director to fill the vacancy.
3. On 5 June 2015, upon the approval of the 2014 annual general meeting, Mr. Wu Hui Jiang was appointed as the non-executive Director of the second session of the Board of Directors and his term of office will end on the expiry of the term of the second session of the Board of Directors. He is eligible for re-election upon expiry of his term according to the Articles of Association of the Company.
4. On 5 June 2015, upon the approval of the 2014 annual general meeting, Mr. Liang Yongchun (梁永春) was appointed as independent supervisor of the second session of the Board of Supervisors and his term of office will end on the expiry of the term of the second session of the Board of Supervisors. He is eligible for re-election upon expiry of his term according to the articles of association of the Company.

## Corporate Governance

### **(2) NUMBER OF EMPLOYEES**

As at 30 June 2015, the Company had 1,676 employees in total. The Group will further enhance the advancement and scientific standard in the aspects such as positions settings, remuneration management, employee management and talent development, driving the specialization and refinement levels of the human resources management work of the Company and establishing harmonious labour relationships actively.

### **(3) INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2015, 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 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 (for this purpose, the relevant provisions of the SFO will be interpreted as if they were also applicable to the supervisors).

### **(4) COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by all Directors, supervisors and relevant employees of the Company (as defined under the Corporate Governance Code). 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 strictly complied with the Model Code for Securities Transactions by Directors of Listed Companies.

The Directors will review the corporate governance and the operation of the Company from time to time in order to comply with the related requirements of the Listing Rules and protect the interests of the shareholders.

## Corporate Governance

### 3. THE BOARD

The Board is responsible for leading and overseeing the Company. Under the leadership of the Chairman, the Board is responsible for approving and monitoring the overall strategies and policies of the Company, executing the resolutions of shareholders' meetings, evaluating the performance of the Company and supervising the work of the management.

During the Reporting Period, three Board meetings, one Audit Committee meeting, two Remuneration and Appraisal Committee meetings, one Nomination Committee meeting, one Board of Supervisors meeting, one annual general meeting and one extraordinary general meeting were held by the Company. All the Directors of the Company have attended all the Board meetings and meetings of the relevant Committees. Save for six Directors being absent from the annual general meeting due to work engagement, all other Directors attended the annual general meeting and answered questions from shareholders. Two Directors attended the extraordinary general meeting.

#### (1) AUDIT COMMITTEE

During the Reporting Period, the Audit Committee of the Company consisted of three Directors, namely Mr. Wang Xiang Jun (王相君, an independent non-executive Director), Mr. Qin Gang (秦剛, a non-executive Director) and Mr. Yue Man Yiu Matthew (余文耀, an independent non-executive Director). Mr. Wang Xiang Jun serves as the chairman of the Audit Committee.

During the Reporting Period, the Audit Committee convened one meeting, at which resolutions regarding the Audit Results of 2014 Combined Financial Statements were reviewed and approved.

#### (2) REMUNERATION AND APPRAISAL COMMITTEE

During the Reporting Period, the Remuneration and Appraisal Committee of the Company consisted of three Directors, namely Mr. Qin Hai Yan (秦海岩, an independent non-executive Director), Dr. Cao Xin (曹欣, the chairman and a non-executive Director) and Mr. Ding Jun (丁軍, an independent non-executive Director). Mr. Qin Hai Yan serves as the chairman of the Remuneration and Appraisal Committee.

During the Reporting Period, the Remuneration and Appraisal Committee convened two meetings to determine the remuneration of relevant Directors and senior management.

#### (3) NOMINATION COMMITTEE

During the Reporting Period, the Nomination Committee consisted of five Directors, namely Dr. Cao Xin (non-executive Director), Dr. Liu Zheng (劉錚, a non-executive Director), Mr. Qin Hai Yan (an independent non-executive Director), Mr. Ding Jun (an independent non-executive Director) and Mr. Yue Man Yiu Matthew (an independent non-executive Director). Dr. Cao Xin serves as the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee convened one meeting, at which Mr. Wu Hui Jiang was nominated to act as a non-executive Director of the Company and such nomination was submitted to the Board for consideration.

## Corporate Governance

### (4) STRATEGIC AND INVESTMENT COMMITTEE

During the Reporting Period, the Strategic and Investment Committee of the Company consisted of three Directors, namely Dr. Cao Xin (a non-executive Director), Dr. Liu Zheng (a non-executive Director) and Mr. Gao Qing Yu (高慶余, an executive Director). Dr. Cao Xin serves as the chairman of the Strategic and Investment Committee.

During the Reporting Period, no meeting was convened by the Strategic and Investment Committee. Members maintain close and effective communication amongst themselves through channels such as e-mails and electronic communications to ensure the discharge of their duties properly.

## 4. INTERNAL CONTROL

The Board has the responsibility to maintain and review the Company's internal control system to protect the Company's assets and shareholders' interests. The Board also reviews the internal control and risk management systems to ensure their effectiveness.

The Company has set up an audit and compliance department. As a standing body under the Audit Committee, it is responsible for the Company's internal control under the leadership of the Audit Committee. The Company, under the assistance of a professional consulting firm, established a sound and effective internal control system against the governance and business structure of the Company. The Board considers that, during the Reporting Period, the existing internal control system has been operating in a healthy and effective manner in the financial, operational, compliance and risk management aspects.

## Other Information

### 1. SHARE CAPITAL AND USE OF PROCEEDS OF PLACING OF H SHARES

As at 30 June 2015, the total number of shares of the Company was 3,715,160,396, comprising of 1,876,156,000 domestic shares and 1,839,004,396 H shares. As at 30 June 2015 and as at the bulkprint date of this interim report, out of the net proceeds of the placing of H shares by the Company in January 2014 of approximately HK\$1,564 million, the Company has applied approximately HK\$494 million in the investment in its wind power generation projects in the PRC, approximately HK\$260 million in the development of its natural gas business in the PRC and approximately HK\$50 million as the Company's working capital. The remaining net proceeds of the placing (including accrued interest thereof), which are equivalent to HK\$763 million, are currently deposited in the bank account of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

### 3. AUDIT COMMITTEE

The Audit Committee is mainly responsible for reviewing and supervising the procedures for financial reporting and internal control. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2015 of the Group and considered that the Group has adopted applicable accounting policies in relation to preparation of relevant results and made adequate disclosures.

### 4. INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2015.

## Other Information

### 5. SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, to the best knowledge of the Directors, the following persons (other than Directors, supervisors and senior management of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall 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 Shares | Capacity  | Number of shares/<br>underlying shares held  | Percentage in the<br>Relevant Class of<br>Share Capital (%) | Percentage in<br>the Total Share<br>Capital (%) |
|---|-----------------|---|--|---|---|
| HECIC <sup>(1)</sup>                            | Domestic shares | Beneficial owner<br>Interest of corporation<br>controlled by the<br>substantial shareholder | 1,876,156,000 (Long position)  | 100%  | 50.5%   |
| HECIC Water <sup>(1)</sup>                      | Domestic shares | Beneficial owner  | 375,231,200 (Long position)  | 20%   | 10.1%   |
| GIC Private Limited                             | H Shares        | Investment Manager  | 276,538,000 (Long position)  | 15.04%  | 7.44%   |
| Hillhouse Capital Management, Ltd.              | H Shares        | Investment Manager  | 131,103,000 (Long position)  | 7.13%   | 3.53%   |
| Gaoling Fund, L.P.                              | H Shares        | Beneficial owner  | 129,074,000 (Long position)  | 7.02%   | 3.47%   |
| National Social Security Council                | H Shares        | Beneficial owner  | 127,940,334 (Long position)  | 6.96%   | 3.44%   |
| Wellington Management Group LLP <sup>(2)</sup>  | H Shares        | Interest of corporation<br>controlled by the<br>substantial shareholder                     | 109,483,030 (Long position)  | 5.95%   | 2.95%   |
| Deutsche Bank Aktiengesellschaft <sup>(3)</sup> | H Shares        | Person holding security<br>interest of the shares   | 92,741,994 (Long position)<br>8,019,140 (Short position)<br>997,000 (Lending pool) | 5.04%<br>0.44%<br>0.05%                                     | 2.50%<br>0.22%<br>0.03%                         |

- Note: (1) HECIC Water is a wholly-owned subsidiary of HECIC. As at 30 June 2015, HECIC, directly and indirectly through HECIC Water, held a total of 1,876,156,000 shares of the Company. Upon the Reporting Period, as part of the internal reorganization of HECIC, HECIC Water transferred, without consideration, 375,231,200 domestic shares of the Company to HECIC by way of allocation. Such transfer has been approved by the State-owned Assets Supervision and Administration Commission of State Council, and a waiver has been granted to HECIC by the Securities and Futures Commission of Hong Kong for exemption from compliance with the requirements under Rule 26.1 of Hong Kong Code on Takeovers and Mergers in relation to the general offer made to the shares of the Company.
- (2) Wellington Management Group LLP holds 99.7% equity interests of Wellington Group Holdings LLP, Wellington Group Holdings LLP holds 99.99% equity interests of Wellington Investment Advisors Holdings LLP, Wellington Investment Advisors Holdings LLP holds 99.99% equity interests of Wellington Management Company LLP. Therefore, Wellington Management Group LLP is deemed to have the equity interests in the Company held by Wellington Management Company LLP.
- (3) Deutsche Bank Aktiengesellschaft holds 100% equity interests of DB Finanz-Holding GmbH and DB Capital Markets (Deutschland) GmbH, respectively. Each of DB Finanz-Holding GmbH and DB Capital Markets (Deutschland) GmbH holds 51% and 49% equity interests of DWS Holding & Service GmbH, and DWS Holding & Service GmbH holds 100% equity interests of Deutsche Asset & Wealth Management Investment GmbH. Therefore, Deutsche Bank Aktiengesellschaft is deemed to have the equity interests in the Company held by Deutsche Asset & Wealth Management Investment GmbH.

### 6. CONTACT PERSON FOR THE EXTERNAL JOINT COMPANY SECRETARY

During the Reporting Period, the main contact person of the Company for Ms. Lam Yuen Ling, Eva, the external joint company secretary, is Mr. Ban Ze Feng, the internal joint company secretary. Mr. Ban Ze Feng has reported to the chairman of the Board in respect of the material matters.



# Interim Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2015

|   | Notes | Six-month period ended 30 June |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2015<br>RMB'000<br>(Unaudited) | 2014<br>RMB'000<br>(Unaudited) |
| <b>REVENUE</b>  | 4     | <b>2,389,455</b>               | 2,568,331                      |
| Cost of sales   | 5     | <b>(1,662,229)</b>             | (1,880,014)                    |
| Gross profit  |       | <b>727,226</b>                 | 688,317                        |
| Other income and gains, net   | 4     | <b>24,607</b>                  | 24,077                         |
| Selling and distribution expenses   |       | <b>(343)</b>                   | (112)                          |
| Administrative expenses   |       | <b>(104,779)</b>               | (111,308)                      |
| Other expenses  |       | <b>(434)</b>                   | (8,801)                        |
| <b>PROFIT FROM OPERATIONS</b>   |       | <b>646,277</b>                 | 592,173                        |
| Finance costs   | 6     | <b>(272,226)</b>               | (230,660)                      |
| Share of profits of associates  |       | <b>56,644</b>                  | 14,623                         |
| <b>PROFIT BEFORE TAX</b>  | 5     | <b>430,695</b>                 | 376,136                        |
| Income tax expense  | 7     | <b>(70,414)</b>                | (111,488)                      |
| <b>PROFIT FOR THE PERIOD</b>  |       | <b>360,281</b>                 | 264,648                        |
| Attributable to:  |       |                                |                                |
| Owners of the Company   |       | <b>275,946</b>                 | 186,436                        |
| Non-controlling interests   |       | <b>84,335</b>                  | 78,212                         |
|   |       | <b>360,281</b>                 | 264,648                        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                      |       | <b>360,281</b>                 | 264,648                        |
| Total comprehensive income for the period attributable to:                            |       |                                |                                |
| Owners of the Company   |       | <b>275,946</b>                 | 186,436                        |
| Non-controlling interests   |       | <b>84,335</b>                  | 78,212                         |
|   |       | <b>360,281</b>                 | 264,648                        |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF THE COMPANY:</b> |       |                                |                                |
| Basic (RMB)   | 9     | <b>7.43 cents</b>              | 5.12 cents                     |
| Diluted (RMB)   | 9     | <b>7.43 cents</b>              | 5.12 cents                     |

# Interim Condensed Consolidated Statement of Financial Position

30 June 2015

|   | Notes | 30 June 2015<br>RMB'000<br>(Unaudited) | 31 December 2014<br>RMB'000<br>(Audited) |
|---|-------|--|--|
| <b>NON-CURRENT ASSETS</b>                           |       |  |  |
| Property, plant and equipment                       | 10    | 11,976,966                             | 11,731,130                               |
| Investment properties                               |       | 16,402                                 | 16,769                                   |
| Prepaid land lease payments                         |       | 256,915                                | 255,517                                  |
| Goodwill  |       | 34,846                                 | 34,846                                   |
| Intangible assets                                   |       | 2,111,283                              | 2,162,757                                |
| Investments in associates                           |       | 1,096,691                              | 923,868                                  |
| Investment in joint ventures                        |       | 65,100                                 | 60,000                                   |
| Held-to-maturity investments                        |       | 7,500                                  | 7,500                                    |
| Available-for-sale investments                      |       | 103,400                                | 103,400                                  |
| Deferred tax assets                                 |       | 4,432                                  | 4,432                                    |
| Prepayments and other receivables                   | 11    | 2,213,578                              | 978,856                                  |
| Total non-current assets                            |       | 17,887,113                             | 16,279,075                               |
| <b>CURRENT ASSETS</b>                               |       |  |  |
| Prepaid land lease payments                         |       | 7,856                                  | 7,657                                    |
| Inventories   |       | 52,779                                 | 43,108                                   |
| Trade and bills receivables                         | 12    | 1,550,957                              | 1,401,705                                |
| Prepayments, deposits and other receivables         | 11    | 476,491                                | 450,994                                  |
| Available-for-sale investments                      |       | 230,000                                | 230,000                                  |
| Derivative financial instrument                     |       | 971                                    | –  |
| Pledged deposits                                    | 13    | 65                                     | 30,397                                   |
| Cash and cash equivalents                           | 13    | 3,070,388                              | 3,167,419                                |
| Total current assets                                |       | 5,389,507                              | 5,331,280                                |
| <b>CURRENT LIABILITIES</b>                          |       |  |  |
| Trade and bills payables                            | 14    | 470,209                                | 437,247                                  |
| Other payables and accruals                         | 15    | 1,300,561                              | 1,310,888                                |
| Interest-bearing bank and other borrowings          | 16    | 1,859,393                              | 1,729,938                                |
| Tax payable   |       | 26,505                                 | 52,464                                   |
| Derivative financial instrument                     |       | –                                      | 364                                      |
| Total current liabilities                           |       | 3,656,668                              | 3,530,901                                |
| <b>NET CURRENT ASSETS</b>                           |       | <b>1,732,839</b>                       | <b>1,800,379</b>                         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>        |       | <b>19,619,952</b>                      | <b>18,079,454</b>                        |
| <b>NON-CURRENT LIABILITIES</b>                      |       |  |  |
| Interest-bearing bank and other borrowings          | 16    | 10,603,797                             | 9,296,055                                |
| Other payables and accruals                         | 15    | 21,629                                 | 21,007                                   |
| Total non-current liabilities                       |       | 10,625,426                             | 9,317,062                                |
| Net assets  |       | 8,994,526                              | 8,762,392                                |
| <b>EQUITY</b>                                       |       |  |  |
| <b>Equity attributable to owners of the Company</b> |       |  |  |
| Issued share capital                                |       | 3,715,160                              | 3,715,160                                |
| Reserves  |       | 3,805,470                              | 3,529,244                                |
| Proposed final dividend                             | 8     | –                                      | 115,170                                  |
|   |       | 7,520,630                              | 7,359,574                                |
| <b>Non-controlling interests</b>                    |       | <b>1,473,896</b>                       | <b>1,402,818</b>                         |
| Total equity  |       | 8,994,526                              | 8,762,392                                |

## Interim Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2015

|  | Attributable to owners of the Company |                 |               |                  |                   |           |           | Non-controlling interests | Total equity |
|--|---------------------------------------|-----------------|---------------|------------------|-------------------|-----------|-----------|---------------------------|--------------|
|  | Issued share capital                  | Capital reserve | Reserve funds | Retained profits | Proposed dividend | Total     |           |                           |              |
|  | RMB'000                               | RMB'000         | RMB'000       | RMB'000          | RMB'000           | RMB'000   |           |                           |              |
| As at 1 January 2015 (audited)                                 | 3,715,160                             | 2,134,395*      | 137,627*      | 1,257,222*       | 115,170           | 7,359,574 | 1,402,818 | 8,762,392                 |              |
| Total comprehensive income for the period (unaudited)          | -                                     | -               | -             | 275,946          | -                 | 275,946   | 84,335    | 360,281                   |              |
| Final 2014 dividend declared (note 8) (unaudited)              | -                                     | -               | -             | -                | (115,170)         | (115,170) | -         | (115,170)                 |              |
| Dividends declared to non-controlling shareholders (unaudited) | -                                     | -               | -             | -                | -                 | -         | (79,535)  | (79,535)                  |              |
| Contributions by non-controlling shareholders (unaudited)      | -                                     | -               | -             | -                | -                 | -         | 66,050    | 66,050                    |              |
| Others (unaudited)   | -                                     | 280             | -             | -                | -                 | 280       | 228       | 508                       |              |
| As at 30 June 2015 (unaudited)                                 | 3,715,160                             | 2,134,675*      | 137,627*      | 1,533,168*       | -                 | 7,520,630 | 1,473,896 | 8,994,526                 |              |
| As at 1 January 2014 (audited)                                 | 3,238,435                             | 1,381,282       | 99,657        | 1,075,309        | 170,897           | 5,965,580 | 1,140,985 | 7,106,565                 |              |
| Total comprehensive income for the period (unaudited)          | -                                     | -               | -             | 186,436          | -                 | 186,436   | 78,212    | 264,648                   |              |
| Final 2013 dividend declared (note 8) (unaudited)              | -                                     | -               | -             | -                | (170,897)         | (170,897) | -         | (170,897)                 |              |
| Dividends declared to non-controlling shareholders (unaudited) | -                                     | -               | -             | -                | -                 | -         | (145,911) | (145,911)                 |              |
| Issue of new H shares (unaudited)                              | 476,725                               | 752,555         | -             | -                | -                 | 1,229,280 | -         | 1,229,280                 |              |
| Contributions by non-controlling shareholders (unaudited)      | -                                     | -               | -             | -                | -                 | -         | 14,300    | 14,300                    |              |
| As at 30 June 2014 (unaudited)                                 | 3,715,160                             | 2,133,837       | 99,657        | 1,261,745        | -                 | 7,210,399 | 1,087,586 | 8,297,985                 |              |

\* These reserve accounts comprise the consolidated reserves of RMB3,805,470,000 (31 December 2014: RMB3,529,244,000) in the interim condensed consolidated statement of financial position as at 30 June 2015.

# Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2015

|  | Notes | Six-month period ended 30 June |                                |
|--|-------|--------------------------------|--------------------------------|
|  |       | 2015<br>RMB'000<br>(Unaudited) | 2014<br>RMB'000<br>(Unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                                |                                |
| Profit before tax  |       | 430,695                        | 376,136                        |
| Adjustments for:   |       |                                |                                |
| Finance costs  | 6     | 272,226                        | 230,660                        |
| Foreign exchange difference, net   | 5     | (110)                          | (11,940)                       |
| Share of profits of associates   |       | (56,644)                       | (14,623)                       |
| Depreciation of items of property, plant and equipment   | 5     | 274,146                        | 237,877                        |
| Depreciation of investment properties  | 5     | 367                            | –                              |
| Amortisation of prepaid land lease payments  | 5     | 3,915                          | 3,549                          |
| Amortisation of intangible assets  | 5     | 51,700                         | 51,619                         |
| Other adjustments  |       | (18,226)                       | (2,184)                        |
|  |       | 958,069                        | 871,094                        |
| Decrease/(increase) in inventories   |       | (9,671)                        | 16,402                         |
| Increase in trade and bills receivables  |       | (477,577)                      | (406,890)                      |
| Decrease in prepayments, deposits and other receivables  |       | 112,468                        | 131,348                        |
| Increase/(decrease) in trade and bills payables  |       | 27,218                         | (17,186)                       |
| Decrease in other payables and accruals  |       | (85,935)                       | (175,139)                      |
| Cash generated from operating activities   |       | 524,572                        | 419,629                        |
| Income tax paid  |       | (96,373)                       | (115,520)                      |
| Net cash flows from operating activities   |       | 428,199                        | 304,109                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                                |                                |
| Purchases of items of property, plant and equipment  |       | (1,911,072)                    | (641,300)                      |
| Capital contribution to a joint venture  |       | (5,100)                        | –                              |
| Capital contributions to associates  |       | (84,726)                       | –                              |
| Decrease/(increase) in non-pledged time deposits with<br>original maturity of more than three months when acquired |       | 328,390                        | (158,360)                      |
| Decrease in pledged bank balances for letters of guarantee   |       | 30,332                         | –                              |
| Purchases of available-for-sale investments  |       | –                              | (180,000)                      |
| Proceeds from settlement of available-for-sale investments   |       | –                              | 100,000                        |
| Other cash flows from investing activities   |       | 15,834                         | 11,088                         |
| Other cash flows used in investing activities  |       | (8,186)                        | (34,405)                       |
| Net cash flows used in investing activities  |       | (1,634,528)                    | (902,977)                      |

## Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2015

|  | Note | Six-month period ended 30 June |                                |
|--|------|--------------------------------|--------------------------------|
|  |      | 2015<br>RMB'000<br>(Unaudited) | 2014<br>RMB'000<br>(Unaudited) |
| <b>CASH FLOWS FROM FINANCIING ACTIVITIES</b>                 |      |                                |                                |
| New bank and other borrowings                                |      | 2,638,774                      | 1,960,833                      |
| Repayment of bank and other borrowings                       |      | (928,559)                      | (497,755)                      |
| Dividends paid to non-controlling shareholders               |      | (7,615)                        | (16,933)                       |
| Capital contributions by non-controlling shareholders        |      | 66,050                         | 14,300                         |
| Dividend paid to owners of the Company                       |      | –                              | (78,943)                       |
| Proceeds from issue of new H shares                          |      | –                              | 1,280,831                      |
| New H shares issuance expenses                               |      | –                              | (51,551)                       |
| Interest paid  |      | (331,632)                      | (266,239)                      |
| Net cash flows from financing activities                     |      | 1,437,018                      | 2,344,543                      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>             |      |                                |                                |
| Cash and cash equivalents at beginning of period             |      | 2,839,029                      | 1,669,590                      |
| Effect of exchange rate changes on cash and cash equivalents |      | 670                            | 11,688                         |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | 13   | <b>3,070,388</b>               | 3,426,953                      |

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

## 1. CORPORATE 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 People’s Republic of China (the “PRC” or Mainland China). 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 Ltd. (the “Hong Kong Stock Exchange”) in the last quarter of 2010.

On 28 January 2014, the Company issued additional 476,725,396 H shares, which were listed on The Hong Kong Stock Exchange on the same day. The issue price of these H shares was HK\$3.35 per share. The net proceeds from the issuance amounted to RMB1,229,280,000. The registered capital of the Company increased from RMB3,238,435,000 to RMB3,715,160,000, accordingly, upon completion of the issue of the new shares.

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 connection and construction of natural gas pipelines.

In the opinion of the directors of the Company (the “Directors”), the holding company and the ultimate holding company of the Company is Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司, “HECIC”), a state-owned enterprise in the PRC.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard (“IASs”) 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (“Listing Rules”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, except when otherwise indicated.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

#### 2.2 Impact of amended International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") as of 1 January 2015, noted below:

##### **Amendments to IAS 19 (Defined Benefit Plans: Employee Contributions)**

The IAS 19 Amendments apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. These amendments have no impact to the Group.

##### **Annual Improvements 2010-2012 Cycle (Amendments to a number of IFRSs)**

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies that an asset revaluation can be performed in one of the following ways:
  - (i) adjusting the gross carrying amount of the asset to market value; or
  - (ii) determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value.

In addition, it clarifies that the accumulated depreciation or amortisation is the difference between the gross carrying amount and the carrying amount of the asset.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. These amendments have no impact to the Group.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

#### 2.2 Impact of amended International Financial Reporting Standards (continued)

##### *Annual Improvements 2011-2013 Cycle (Amendments to a number of IFRSs)*

The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of IFRSs. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable.
- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. These amendments have no impact to the Group.

#### 2.3 Issued but not yet effective International Financial Reporting Standards

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

|  |   |
|--|---|
| IFRS 9                                     | <i>Financial Instruments</i> <sup>3</sup>   |
| Amendments to IFRS 10 and IAS 28           | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup> |
| Amendments to IFRS 11                      | <i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>                          |
| IFRS 14                                    | <i>Regulatory Deferral Accounts</i> <sup>4</sup>  |
| IFRS 15                                    | <i>Revenue from Contracts with Customers</i> <sup>2</sup>   |
| Amendments to IAS 16 and IAS 38            | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>                  |
| Amendments to IAS 16 and IAS 41            | <i>Agriculture: Bearer Plants</i> <sup>1</sup>  |
| Amendments to IAS 27                       | <i>Equity Method in Separate Financial Statements</i> <sup>1</sup>  |
| <i>Annual Improvements 2012-2014 Cycle</i> | Amendments to a number of IFRSs <sup>1</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) Natural gas – this segment engages in the sale of natural gas and gas appliances and the provision of construction and connection services of natural gas pipelines.
- (b) Wind power and solar energy – this segment develops, manages and operates wind power and solar energy plants and generates electric power for sale to external power grid companies.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss 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.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 3. 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 six-month periods ended 30 June 2015 and 2014.

Six-month period ended 30 June 2015

|  | Natural gas<br>RMB'000<br>(Unaudited) | Wind power and<br>solar energy<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|--|---------------------------------------|--|---------------------------------|
| <b>Segment revenue:</b>  |                                       |  |                                 |
| Sales to external customers  | 1,585,172                             | 804,283  | 2,389,455                       |
| Intersegment sales   | -                                     | -  | -                               |
| Total revenue  | 1,585,172                             | 804,283  | 2,389,455                       |
| <b>Segment results</b>   | 220,885                               | 486,096  | 706,981                         |
| Interest income  | 3,059                                 | 5,037  | 8,096                           |
| Finance costs  | (38,677)                              | (233,549)  | (272,226)                       |
| Income tax expense   | (46,103)                              | (24,311)   | (70,414)                        |
| Profit of segments for the period                                    | 139,164                               | 233,273  | 372,437                         |
| Unallocated interest income  |                                       |  | 2,859                           |
| Corporate and other unallocated expenses                             |                                       |  | (15,015)                        |
| Profit for the period  |                                       |  | 360,281                         |
| <b>Segment assets</b>  | 4,457,989                             | 17,360,595   | 21,818,584                      |
| Corporate and other unallocated assets                               |                                       |  | 1,458,036                       |
| Total assets   |                                       |  | 23,276,620                      |
| <b>Segment liabilities</b>   | 2,631,831                             | 11,506,717   | 14,138,548                      |
| Corporate and other unallocated liabilities                          |                                       |  | 143,546                         |
| Total liabilities  |                                       |  | 14,282,094                      |
| <b>Other segment information:</b>                                    |                                       |  |                                 |
| Reversal of impairment of trade receivables<br>and other receivables | -                                     | 1,507  | 1,507                           |
| Depreciation and amortisation  | (40,845)                              | (287,398)  | (328,243)                       |
| Unallocated depreciation and amortisation                            |                                       |  | (1,885)                         |
|  |                                       |  | (330,128)                       |
| Investment in joint ventures   | 65,100                                | -  | 65,100                          |
| Share of profits of associates                                       | 21,827                                | 35,099   | 56,926                          |
| Unallocated share of profits of associates                           |                                       |  | (282)                           |
| Investments in associates  | 575,635                               | 405,665  | 981,300                         |
| Unallocated investments in associates                                |                                       |  | 115,391                         |
| Segment capital expenditure *  | 214,042                               | 1,692,706  | 1,096,691                       |
| Unallocated capital expenditure *                                    |                                       |  | 403                             |
| Total capital expenditure *  |                                       |  | 1,907,151                       |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

Six-month period ended 30 June 2014

|   | Natural gas<br>RMB'000<br>(Unaudited) | Wind power and<br>solar energy<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|---|---------------------------------------|--|---------------------------------|
| <b>Segment revenue:</b>                               |                                       |  |                                 |
| Sales to external customers                           | 1,916,510                             | 651,821  | 2,568,331                       |
| Intersegment sales                                    | –                                     | –  | –                               |
| <b>Total revenue</b>                                  | <b>1,916,510</b>                      | <b>651,821</b>   | <b>2,568,331</b>                |
| <b>Segment results</b>                                |                                       |  |                                 |
| Interest income                                       | 272,347                               | 340,784  | 613,131                         |
| Finance costs   | 692                                   | 640  | 1,332                           |
| Income tax expense                                    | (38,577)                              | (191,780)  | (230,357)                       |
|   | (63,680)                              | (45,701)   | (109,381)                       |
| Profit of segments for the period                     | 170,782                               | 103,943  | 274,725                         |
| Unallocated interest income                           |                                       |  | 7,068                           |
| Unallocated finance costs                             |                                       |  | (303)                           |
| Corporate and other unallocated expenses              |                                       |  | (14,735)                        |
| Unallocated income tax expense                        |                                       |  | (2,107)                         |
| <b>Profit for the period</b>                          |                                       |  | <b>264,648</b>                  |
| <b>Segment assets</b>                                 |                                       |  |                                 |
| Corporate and other unallocated assets                | 3,599,929                             | 14,329,474   | 17,929,403                      |
| <b>Total assets</b>                                   |                                       |  | <b>20,216,309</b>               |
| <b>Segment liabilities</b>                            |                                       |  |                                 |
| Corporate and other unallocated liabilities           | 2,432,359                             | 9,337,730  | 11,770,089                      |
| <b>Total liabilities</b>                              |                                       |  | <b>11,918,324</b>               |
| <b>Other segment information:</b>                     |                                       |  |                                 |
| Impairment of trade receivables and other receivables | –                                     | (8,528)  | (8,528)                         |
| Depreciation and amortisation                         | (37,177)                              | (254,138)  | (291,315)                       |
| Unallocated depreciation and amortisation             |                                       |  | (1,730)                         |
|   |                                       |  | (293,045)                       |
| Share of profits of associates                        | –                                     | 14,623   | 14,623                          |
| Investments in associates                             | 3,280                                 | 385,138  | 388,418                         |
| Segment capital expenditure *                         | 165,946                               | 745,177  | 911,123                         |
| Unallocated capital expenditure *                     |                                       |  | 596                             |
| <b>Total capital expenditure *</b>                    |                                       |  | <b>911,719</b>                  |

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

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

### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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:

|   | <b>Six-month period ended 30 June</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2015</b>                           | 2014        |
|   | <b>RMB'000</b>                        | RMB'000     |
|   | <b>(Unaudited)</b>                    | (Unaudited) |
| <b>Revenue</b>  |                                       |             |
| Sales of natural gas  | <b>1,541,440</b>                      | 1,859,928   |
| Sales of electricity  | <b>803,967</b>                        | 651,657     |
| Construction and connection of natural gas pipelines              | <b>28,128</b>                         | 26,815      |
| Natural gas transportation service and other natural gas services | <b>15,604</b>                         | 29,767      |
| Wind power services   | <b>316</b>                            | 164         |
|   | <b>2,389,455</b>                      | 2,568,331   |
| <b>Other income and gains, net</b>                                |                                       |             |
| Government grants:  |                                       |             |
| – Wire subsidy  | <b>3,812</b>                          | –           |
| – Value-added tax refunds   | <b>–</b>                              | 777         |
| Bank interest income  | <b>10,955</b>                         | 8,400       |
| Foreign exchange gain   | <b>110</b>                            | 11,940      |
| Gain from available-for-sale investments                          | <b>4,114</b>                          | 2,241       |
| Others  | <b>5,616</b>                          | 719         |
|   | <b>24,607</b>                         | 24,077      |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 5. PROFIT BEFORE TAX

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

|  | Six-month period ended 30 June |                                |
|--|--------------------------------|--------------------------------|
|  | 2015<br>RMB'000<br>(Unaudited) | 2014<br>RMB'000<br>(Unaudited) |
| Cost of goods sold   | 1,645,319                      | 1,862,515                      |
| Cost of services rendered  | 16,910                         | 17,499                         |
| <b>Total cost of sales</b>   | <b>1,662,229</b>               | 1,880,014                      |
| Depreciation of items of property, plant and equipment   | 274,146                        | 237,877                        |
| Depreciation of investment properties  | 367                            | –                              |
| Amortisation of prepaid land lease payments  | 3,915                          | 3,549                          |
| Amortisation of intangible assets  | 51,700                         | 51,619                         |
| <b>Total depreciation and amortisation</b>   | <b>330,128</b>                 | 293,045                        |
| Minimum lease payments under operating leases of land and buildings                                | 4,717                          | 3,017                          |
| Employee benefit expenses (including directors', supervisors' and chief executive's remuneration): |                                |                                |
| Wages, salaries and allowances   | 49,181                         | 56,205                         |
| Pension scheme contributions (defined contribution scheme)   | 7,511                          | 5,730                          |
| Welfare and other expenses   | 30,316                         | 26,300                         |
|  | <b>87,008</b>                  | 88,235                         |
| Gain from held-to-maturity investments   | (221)                          | (245)                          |
| Gain from available-for-sale investments   | (4,114)                        | (2,241)                        |
| Gain from derivative instrument  | (523)                          | –                              |
| Loss on disposal of items of property, plant and equipment, net                                    | 429                            | 174                            |
| Rental income on investment properties   | (134)                          | –                              |
| Foreign exchange gain  | (110)                          | (11,940)                       |
| Reversal of impairment of trade receivables  | (1,507)                        | –                              |
| Impairment of trade receivables  | –                              | 6,384                          |
| Impairment of other receivables  | –                              | 2,144                          |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 6. FINANCE COSTS

|   | <b>Six-month period ended 30 June</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2015</b>                           | 2014        |
|   | <b>RMB'000</b>                        | RMB'000     |
|   | <b>(Unaudited)</b>                    | (Unaudited) |
| Interest expense on bank loans and other borrowings         | <b>342,400</b>                        | 281,099     |
| Less: Interest capitalised to property, plant and equipment | <b>(70,174)</b>                       | (50,439)    |
|   | <b>272,226</b>                        | 230,660     |

### 7. INCOME TAX EXPENSE

Pursuant to Caishui [2008] No. 46 *Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment* (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain subsidiaries of the Company, which were set up after 1 January 2008 and are engaged in public infrastructure projects, are each 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 30 June 2015, these 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.

Pursuant to Caishui [2012] No. 10 *Notice on Preferential Tax Treatment for Projects relating to Public Infrastructure, Environment Protection, and Water and Energy Conservation* (財政部、國家稅務總局關於公共基礎設施項目和環境保護、節能節水項目企業所得稅優惠政策問題的通知) issued on 5 January 2012, certain subsidiaries of the Company, which were established before 1 January 2008 and are engaging in public infrastructure projects, are entitled to the 3+3 tax holiday commencing 1 January 2008. These entities obtained the approval from the respective tax authorities in 2012 to deduct from their future income tax liabilities by income tax paid during 2008 to 2011.

Pursuant to *Announcement on Corporate Income Tax Policies* (河北省國家稅務局關於企業所得稅若干政策問題的公告) issued on 9 April 2014, CERs income shall be subject to income tax at a tax rate of 25%. Additionally, a local tax bureau clarified that value-added tax refunds shall also be subject to income tax at a tax rate of 25%. Consequently, certain entities of the Group, which were entitled to the 3+3 tax holiday, have made relevant provision for income tax for CERs income and value-added tax refunds recognised in their respective 3+3 tax holidays during the six-month period ended 30 June 2014.

Under the relevant PRC Corporate Income Tax Law and respective regulations, except for certain preferential treatment available to certain subsidiaries of the Company as mentioned above, the entities within the Group were subject to corporate income tax at a rate of 25% during the six-month periods ended 30 June 2015 and 2014.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong for the six-month periods ended 30 June 2015 and 2014.

|                                     | <b>Six-month period ended 30 June</b> |             |
|-------------------------------------|---------------------------------------|-------------|
|                                     | <b>2015</b>                           | 2014        |
|                                     | <b>RMB'000</b>                        | RMB'000     |
|                                     | <b>(Unaudited)</b>                    | (Unaudited) |
| Current income tax – Mainland China | <b>70,414</b>                         | 111,488     |
| Deferred income tax                 | –                                     | –           |
| Tax charge for the period           | <b>70,414</b>                         | 111,488     |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 8. DIVIDENDS

The dividends for the six-month periods ended 30 June 2015 and 2014 are set out below:

|   | Six-month period ended 30 June |             |
|---|--------------------------------|-------------|
|   | 2015                           | 2014        |
|   | RMB'000                        | RMB'000     |
|   | (Unaudited)                    | (Unaudited) |
| <b>Dividends:</b>   |                                |             |
| Declared final dividend – RMB3.1 cents (2013: RMB4.6 cents) per share | 115,170                        | 170,897     |

At the annual general meeting held on 5 June 2015, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2014 of RMB0.031 per share which amounted to RMB115,170,000 and was settled in full in July 2015.

At the annual general meeting held on 6 June 2014, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2013 of RMB0.046 per share which amounted to RMB170,897,000 and was settled in full in June and July 2014.

The Directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Nil).

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

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the six-month periods ended 30 June 2015 and 2014.

|   | Six-month period ended 30 June |             |
|---|--------------------------------|-------------|
|   | 2015                           | 2014        |
|   | RMB'000                        | RMB'000     |
|   | (Unaudited)                    | (Unaudited) |
| <b>Earnings:</b>  |                                |             |
| Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation | 275,946                        | 186,436     |

|   | Number of shares               |               |
|---|--------------------------------|---------------|
|   | Six-month period ended 30 June |               |
|   | 2015                           | 2014          |
|   | (Unaudited)                    | (Unaudited)   |
| <b>Shares:</b>  |                                |               |
| Weighted average number of ordinary shares in issue during the periods used in the basic earnings per share calculation | 3,715,160,396                  | 3,641,400,000 |

The Company did not have any dilutive potential ordinary shares during these periods.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2015, the Group acquired property, plant and equipment at an aggregate cost amounting to approximately RMB523,909,000 (six-month period ended 30 June 2014: RMB759,549,000).

During the six-month period ended 30 June 2015, items of property, plant and equipment with an aggregate net carrying value of approximately RMB450,000 (six-month period ended 30 June 2014: RMB376,000) were disposed of which resulted in a net loss on disposal of approximately RMB429,000 (six-month period ended 30 June 2014: RMB174,000) and recorded as other expenses.

### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|--|---|---|
| Prepayments to suppliers                 | 1,940,741   | 542,209   |
| Deductible VAT                           | 637,112   | 748,218   |
| Deposits and other receivables           | 113,651   | 140,858   |
|  | <b>2,691,504</b>  | 1,431,285   |
| Less: Impairment                         | <b>(1,435)</b>  | (1,435)   |
|  | <b>2,690,069</b>  | 1,429,850   |
| Portion classified as non-current assets | <b>(2,213,578)</b>  | (978,856)   |
| Current portion                          | <b>476,491</b>  | 450,994   |

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

|                     | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|---------------------|---|---|
| A fellow subsidiary | <b>5,023</b>  | 31,951  |

The above amounts are unsecured, non-interest-bearing and have no fixed terms of repayment.



## Notes to the Interim Condensed Consolidated Financial Statements

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### 12. TRADE AND BILLS RECEIVABLES

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

|                   | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|-------------------|---|---|
| Trade receivables | 1,466,001   | 1,022,389   |
| Bills receivable  | 138,817   | 434,684   |
| Impairment        | (53,861)  | (55,368)  |
|                   | <b>1,550,957</b>  | 1,401,705   |

Included in the trade receivables as at 30 June 2015 are receivables under two service concession arrangements in the amount of RMB40,460,000 (31 December 2014: RMB61,409,000).

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

|                    | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|--------------------|---|---|
| Within 3 months    | 475,817   | 865,511   |
| 3 to 6 months      | 295,331   | 454,973   |
| 6 months to 1 year | 703,775   | 69,118  |
| 1 to 2 years       | 72,955  | 10,690  |
| 2 to 3 years       | 1,686   | 1,088   |
| More than 3 years  | 1,393   | 325   |
|                    | <b>1,550,957</b>  | 1,401,705   |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 12. TRADE AND BILLS RECEIVABLES (continued)

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

|  | <b>Provision for<br/>impairment of<br/>trade receivables<br/>RMB'000</b> |
|--|--|
| At 1 January 2015 (audited)            | <b>55,368</b>  |
| Reversal (unaudited)                   | <b>(1,507)</b>   |
| At 30 June 2015 (unaudited)            | <b>53,861</b>  |
| At 1 January 2014 (audited)            | 77,881   |
| Impairment losses recognised (audited) | 7,263  |
| Reversal (audited)                     | (4,456)  |
| Write-off (audited)                    | (25,320)   |
| At 31 December 2014 (audited)          | 55,368   |

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB53,861,000 (31 December 2014: RMB55,368,000) with an aggregate carrying amount before provision of RMB111,368,000 (31 December 2014: RMB112,875,000).

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:

|                               | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|-------------------------------|---|---|
| Neither past due nor impaired | <b>415,982</b>  | 442,098   |
| Less than 3 months past due   | <b>213,295</b>  | 507,686   |
| 3 to 6 months past due        | <b>184,626</b>  | 357,341   |
| 6 months to 1 year past due   | <b>601,439</b>  | 26,502  |
| 1 to 2 years past due         | <b>75,536</b>   | 9,347   |
| 2 to 3 years past due         | <b>2,267</b>  | 919   |
| more than 3 years past due    | <b>305</b>  | 305   |
|                               | <b>1,493,450</b>  | 1,344,198   |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

|   | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|---|---|---|
| Cash and bank balances  | <b>2,898,018</b>  | 2,667,484   |
| Time deposits   | <b>172,435</b>  | 530,332   |
|   | <b>3,070,453</b>  | 3,197,816   |
| Less: Pledged bank balances for letters of guarantee  | <b>(65)</b>   | (30,397)  |
| Cash and cash equivalents in the consolidated statement of financial position                     | <b>3,070,388</b>  | 3,167,419   |
| Less: Non-pledged time deposits with original maturity of more than<br>three months when acquired | –   | (328,390)   |
| Cash and cash equivalents in the consolidated statement of cash flows                             | <b>3,070,388</b>  | 2,839,029   |
| Cash and bank balances and time deposits denominated in:  |   |   |
| – RMB   | <b>2,538,978</b>  | 2,614,148   |
| – Hong Kong dollar  | <b>531,475</b>  | 583,668   |
|   | <b>3,070,453</b>  | 3,197,816   |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 14. TRADE AND BILLS PAYABLES

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

|                | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|----------------|---|---|
| Trade payables | 340,465   | 313,247   |
| Bills payable  | 129,744   | 124,000   |
|                | <b>470,209</b>  | 437,247   |

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

|                    | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|--------------------|---|---|
| Within 6 months    | 265,665   | 325,788   |
| 6 months to 1 year | 133,782   | 46,072  |
| 1 to 2 years       | 50,996  | 47,980  |
| 2 to 3 years       | 12,190  | 9,216   |
| More than 3 years  | 7,576   | 8,191   |
|                    | <b>470,209</b>  | 437,247   |

## Notes to the Interim Condensed Consolidated Financial Statements

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### 15. OTHER PAYABLES AND ACCRUALS

|  | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|--|---|---|
| Retention money payables                         | 279,550   | 307,350   |
| Dividend payable to owners of the Company        | 115,170   | –   |
| Dividend payable to non-controlling shareholders | 71,920  | –   |
| Wind turbine and related equipment payables      | 345,253   | 395,840   |
| Advances from customers                          | 140,676   | 183,282   |
| Construction payables                            | 156,594   | 191,740   |
| Accrued salaries, wages and benefits             | 8,433   | 52,936  |
| Other taxes payable                              | 12,818  | 7,576   |
| Interest payable                                 | 97,930  | 88,543  |
| Accrued expenses                                 | 40,125  | 40,125  |
| Others   | 53,721  | 64,503  |
|  | <b>1,322,190</b>  | 1,331,895   |
| Portion classified as non-current liabilities    | <b>(21,629)</b>   | (21,007)  |
| Current portion                                  | <b>1,300,561</b>  | 1,310,888   |

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:

|                     | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|---------------------|---|---|
| HECIC               | 57,288  | 6,733   |
| Fellow subsidiaries | 12,755  | 1,142   |
|                     | <b>70,043</b>   | 7,875   |

The amounts due to HECIC included dividend payable, the fee charged by HECIC for the guarantee of the issue of corporate bonds, which should be repaid annually (note 20(a)) and accrued rental expenses.

The above amounts are unsecured and non-interest-bearing.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

|  | As at 30 June 2015 |                        | As at 31 December 2014 |                      |
|--|--------------------|------------------------|------------------------|----------------------|
|  | Maturity           | RMB'000<br>(Unaudited) | Maturity               | RMB'000<br>(Audited) |
| <b>Current</b>                           |                    |                        |                        |                      |
| Short term bank loans:                   |                    |                        |                        |                      |
| – Unsecured                              | 2015-2016          | 958,000                | 2015                   | 1,189,400            |
| Current portion of long term bank loans: |                    |                        |                        |                      |
| – Unsecured                              | 2015-2016          | 608,543                | 2015                   | 216,648              |
| – Secured                                | 2015-2016          | 292,850                | 2015                   | 323,890              |
|  |                    | 901,393                |                        | 540,538              |
| Total current portion                    |                    | 1,859,393              |                        | 1,729,938            |
| <b>Non-current</b>                       |                    |                        |                        |                      |
| Long term bank loans:                    |                    |                        |                        |                      |
| – Unsecured                              | 2016-2029          | 2,637,275              | 2016-2028              | 2,595,248            |
| – Secured                                | 2016-2030          | 4,671,105              | 2016-2029              | 3,406,772            |
|  |                    | 7,308,380              |                        | 6,002,020            |
| Long term other borrowing:               |                    |                        |                        |                      |
| – Unsecured                              | 2017               | 1,297,714              | 2017                   | 1,297,143            |
| Corporate bonds:                         |                    |                        |                        |                      |
| – Unsecured                              | 2017-2018          | 1,997,703              | 2017-2018              | 1,996,892            |
| Total non-current portion                |                    | 10,603,797             |                        | 9,296,055            |
|  |                    | 12,463,190             |                        | 11,025,993           |

## Notes to the Interim Condensed Consolidated Financial Statements

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### 17. OPERATING LEASE ARRANGEMENTS

#### As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of 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.

As at 30 June 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

|   | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|---|---|---|
| Within one year                         | 842   | 807   |
| In the second to fifth years, inclusive | 3,368   | 3,228   |
| After five years                        | 350   | 739   |
|   | <b>4,560</b>  | 4,774   |

#### As lessee

As at 30 June 2015, the Group had the following total future minimum lease payments under non-cancellable operating leases in respect of land and buildings:

|   | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|---|---|---|
| Within one year                         | 2,027   | 14  |
| In the second to fifth years, inclusive | 54  | 54  |
| After five years                        | 83  | 104   |
|   | <b>2,164</b>  | 172   |

## Notes to the Interim Condensed Consolidated Financial Statements

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### 18. COMMITMENTS

In addition to the operating lease commitments detailed above, the Group had the following capital commitments as at 30 June 2015:

|                                    | <b>As at<br/>30 June 2015<br/>RMB'000<br/>(Unaudited)</b> | As at<br>31 December 2014<br>RMB'000<br>(Audited) |
|------------------------------------|---|---|
| Contracted, but not provided for   |   |   |
| – Property, plant and equipment    | <b>8,646,411</b>  | 3,341,694   |
| – Capital contributions            | <b>23,243</b>   | 124,866   |
|                                    | <b>8,669,654</b>  | 3,466,560   |
| Authorised, but not contracted for |   |   |
| – Property, plant and equipment    | <b>19,299,657</b>   | 23,430,128  |
| – Capital contributions            | <b>397,700</b>  | 397,700   |
|                                    | <b>19,697,357</b>   | 23,827,828  |

### 19. CONTINGENT LIABILITIES

As at 30 June 2015, the banking facility granted to a joint venture subject to guarantee given to a bank by the Group was utilised to the extent of RMB110,000,000 (31 December 2014: RMB80,000,000).



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 20. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the six-month periods ended 30 June 2015 and 2014:

- (i) Transactions with HECIC \*

On 31 March 2010, HECIC, China Pacific Asset Management Co., Ltd. (the "Insurance Lender") and HECIC New-energy Co., Ltd. ("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.

On 19 September 2010, the Company and HECIC entered into a master tenancy agreement, pursuant to which HECIC leased office space at Yu Yuan Plaza to the Group. On 9 June 2013, the Company and HECIC renewed the master tenancy agreement. In September and October 2014, the Company and two of its subsidiaries entered into individual lease agreements with HECIC according to the terms and conditions set out in the new master tenancy agreement. The total rental expense for the six-month period ended 30 June 2015 was RMB2,013,000 (six-month period ended 30 June 2014: RMB2,270,000).

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 RMB3,000,000 (six-month period ended 30 June 2014: RMB3,000,000) was payable or charged by HECIC for the six-month period ended 30 June 2015.

- (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 a Financial Service Framework Agreement on 16 August 2013, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilise the financial services provided by Group Finance Company, including (i) the deposit service, (ii) the loan service and (iii) other financial services.

The Company directly holds 10% equity interest in Group Finance Company.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 20. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the six-month periods ended 30 June 2015 and 2014: (continued)

(ii) Transactions with fellow subsidiaries \* (continued)

The Group had certain of its cash and time deposits and outstanding interest-bearing loans with Group Finance Company as at 30 June 2015 as summarised below:

|                        | <b>30 June<br/>2015<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2014<br>RMB'000<br>(Audited) |
|------------------------|---|---|
| Cash and time deposits | 1,209,377   | 1,134,301                                   |
| Short term loans       | 713,000   | 605,000                                     |
| Long term loans        | 101,000   | 45,000                                      |
|                        | <b>Six-month period ended 30 June</b>               |   |
|                        | <b>2015<br/>RMB'000<br/>(Unaudited)</b>             | 2014<br>RMB'000<br>(Unaudited)              |
| Interest income        | 248   | 553   |
| Interest expense       | 23,889  | 7,239                                       |

As of 30 June 2015, the Group had total loan facilities of RMB1,576 million (31 December 2014: RMB1,565 million) granted by Group Finance Company, of which RMB814 million (31 December 2014: RMB650 million) was utilised.

Transactions with other fellow subsidiaries

|                                 | <b>Six-month period ended 30 June</b>   |                                |
|---------------------------------|---|--------------------------------|
|                                 | <b>2015<br/>RMB'000<br/>(Unaudited)</b> | 2014<br>RMB'000<br>(Unaudited) |
| <b>Continuing transactions:</b> |   |                                |
| Sale of natural gas             | -                                       | 57                             |

In the opinion of the Directors, the above related party transactions were conducted in the ordinary course of business.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 20. RELATED PARTY TRANSACTIONS (continued)

- (a) The Group had the following material transactions with related parties during the six-month periods ended 30 June 2015 and 2014: (continued)

- (iii) Transaction with Company's joint venture

The Company's had guaranteed certain bank facility made to a joint venture of up to RMB200,000,000 during 2014. As at 30 June 2015, the bank facility was utilised to the extent of approximately RMB110,000,000 (31 December 2014: RMB80,000,000) (note 19).

- (iv) 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 period, the Group had transactions with other SOEs other than HECIC and its subsidiaries, including, but not limited to, sales of electricity and natural gas, depositing and borrowing money, purchase of natural gas and materials, receiving construction work services, and entering into service concession arrangement, in the normal course of business on terms comparable to those with other non-SOEs.

The individually significant transactions with SOEs are as follows:

|   | <b>Six-month period ended 30 June</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2015</b>                           | 2014        |
|   | <b>RMB'000</b>                        | RMB'000     |
|   | <b>(Unaudited)</b>                    | (Unaudited) |
| <b>Continuing transactions</b>                |                                       |             |
| Sales of electricity                          |                                       |             |
| – Jibei Electric Power Company Limited (note) | <b>495,044</b>                        | 333,816     |
| – Hebei Electric Power Corporation (note)     | <b>314,852</b>                        | 262,853     |
| – Shanxi Electric Power Corporation (note)    | <b>59,599</b>                         | 52,682      |
| – Xinjiang Electric Power Corporation (note)  | <b>34,240</b>                         | 8,155       |
|   | <b>903,735</b>                        | 657,506     |
| Purchase of natural gas                       |                                       |             |
| – PetroChina Company Limited                  | <b>1,120,083</b>                      | 1,421,528   |
| – Sino Petroleum Corporation                  | <b>110,504</b>                        | –           |
| – China National Offshore Oil Corporation     | –                                     | 76,437      |
|   | <b>1,230,587</b>                      | 1,497,965   |

Note: These transactions included sales of electricity generated during the construction and testing period. These sales are not included in the revenue of electricity sales, and are offset against the cost of property, plant and equipment.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 20. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following material transactions with related parties during the six-month periods ended 30 June 2015 and 2014: (continued)

(iv) Transactions with other State-owned Enterprises in the PRC (continued)

The Group had certain of its cash and time deposits and outstanding interest-bearing bank borrowings with certain state-owned banks in the PRC as at 30 June 2015 as follows:

|   | <b>As at 30 June<br/>2015<br/>RMB'000<br/>(Unaudited)</b> | As at 31 December<br>2014<br>RMB'000<br>(Audited) |
|---|---|---|
| Cash and cash equivalents               | <b>1,811,354</b>  | 2,001,225   |
| Short term bank loans                   | <b>100,000</b>  | 100,000   |
| Current portion of long term bank loans | <b>857,938</b>  | 499,083   |
| Long term bank loans                    | <b>7,047,057</b>  | 5,749,743   |
|   | <b>8,004,995</b>  | 6,348,826   |

\* These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 11 and 15 to these interim condensed consolidated financial statements.

(c) Compensation of key management personnel of the Group

|                              | <b>Six-month period ended 30 June</b>   |                                |
|------------------------------|---|--------------------------------|
|                              | <b>2015<br/>RMB'000<br/>(Unaudited)</b> | 2014<br>RMB'000<br>(Unaudited) |
| Short term employee benefits | <b>889</b>                              | 2,034                          |
| Pension scheme contributions | <b>115</b>                              | 318                            |
|                              | <b>1,004</b>                            | 2,352                          |

## Notes to the Interim Condensed Consolidated Financial Statements

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### 21. 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:

|  | <b>30 June<br/>2015<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2014<br>RMB'000<br>(Audited) |
|--|---|---|
| <b>Financial assets</b>  |   |   |
| Held-to-maturity investments   | 7,500   | 7,500                                       |
| Available-for-sale investments   | 333,400   | 333,400                                     |
| Derivative financial instrument  | 971   | –   |
| Trade and bills receivables  | 1,550,957   | 1,401,705                                   |
| Financial assets included in prepayments, deposits and other receivables | 58,507  | 58,333                                      |
| Pledged deposits   | 65  | 30,397                                      |
| Cash and cash equivalents  | 3,070,388   | 3,167,419                                   |
|  | <b>5,021,788</b>                                    | 4,998,754                                   |
| <b>Financial liabilities</b>   |   |   |
| Trade and bills payables   | 470,209   | 437,247                                     |
| Financial liabilities included in other payables and accruals            | 1,160,263   | 1,088,101                                   |
| Interest-bearing bank and other borrowings                               | 12,463,190  | 11,025,993                                  |
| Derivative financial instrument  | –   | 364   |
|  | <b>14,093,662</b>                                   | 12,551,705                                  |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

|   | Carrying amount                           |   | Fair value                                |   |
|---|---|---|---|---|
|   | 30 June<br>2015<br>RMB'000<br>(Unaudited) | 31 December<br>2014<br>RMB'000<br>(Audited) | 30 June<br>2015<br>RMB'000<br>(Unaudited) | 31 December<br>2014<br>RMB'000<br>(Audited) |
| <b>Financial assets</b>                                       |   |   |   |   |
| Available-for-sale investments                                | 230,000                                   | 230,000                                     | 230,000                                   | 230,000                                     |
| Derivative financial instrument                               | 971                                       | –   | 971                                       | –   |
|   | <b>230,971</b>                            | 230,000                                     | <b>230,971</b>                            | 230,000                                     |
| <b>Financial liabilities</b>                                  |   |   |   |   |
| Financial liabilities included in other payables and accruals | 1,160,263                                 | 1,088,101                                   | 1,158,401                                 | 1,085,788                                   |
| Interest-bearing bank and other borrowings                    | 12,463,190                                | 11,025,993                                  | 12,463,320                                | 11,025,574                                  |
| Derivative financial instrument                               | –   | 364   | –   | 364   |
|   | <b>13,623,453</b>                         | 12,114,458                                  | <b>13,621,721</b>                         | 12,111,726                                  |

Management has assessed that the fair values of cash and cash equivalents, pledge deposits, financial assets included in prepayments, deposits and other receivables, trade and bills receivables, held-to-maturity investments, and trade and bills 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 department reports directly to the financial controller and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 non-current portion of interest-bearing bank and other borrowings and the non-current portion of financial liabilities included in other payables and accruals 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 and the non-current portion of financial liabilities included in other payables and accruals as at 30 June 2015 was assessed to be insignificant.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 22. 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 measured at fair value:

|  | Fair value measurement using                                  |   |   | Total<br>RMB'000 |
|--|---|---|---|------------------|
|  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RMB'000 |                  |
| <b>As at 30 June 2015</b>                  |   |   |   |                  |
| Available-for-sale investments (unaudited) | –   | 230,000   | –   | 230,000          |
| Derivative instrument (unaudited)          | –   | 971   | –   | 971              |
|  | –   | 230,971   | –   | 230,971          |
| <b>As at 31 December 2014</b>              |   |   |   |                  |
| Available-for-sale investments (audited)   | –   | 230,000   | –   | 230,000          |

Liabilities measured at fair value:

|                                 | Fair value measurement using                                  |   |   | Total<br>RMB'000 |
|---------------------------------|---|---|---|------------------|
|                                 | Quoted prices<br>in active<br>markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RMB'000 |                  |
| <b>As at 31 December 2014</b>   |   |   |   |                  |
| Derivative instrument (audited) | –   | 364   | –   | 364              |

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

### 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed:

|   | Fair value measurement using                                  |   |   | Total<br>RMB'000 |
|---|---|---|---|------------------|
|   | Quoted prices<br>in active<br>markets<br>(Level 1)<br>RMB'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RMB'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RMB'000 |                  |
| <b>As at 30 June 2015</b>   |   |   |   |                  |
| Financial liabilities included in other payables and accruals (unaudited) | –   | 1,158,401   | –   | 1,158,401        |
| Interest-bearing bank and other borrowings (unaudited)                    | –   | 12,463,320  | –   | 12,463,320       |
|   | –   | 13,621,721  | –   | 13,621,721       |
| <b>As at 31 December 2014</b>   |   |   |   |                  |
| Financial liabilities included in other payables and accruals (audited)   | –   | 1,085,788   | –   | 1,085,788        |
| Interest-bearing bank and other borrowings (audited)                      | –   | 11,025,574  | –   | 11,025,574       |
|   | –   | 12,111,362  | –   | 12,111,362       |

### 23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Directors of the Company on 18 August 2015.



## Definitions

|   |   |
|---|---|
| “Accounting Standard for Enterprises of the PRC”                                    | the Accounting Standard for Enterprises issued by the Ministry of Finance of the PRC in 2006 and other relevant regulations and those amended from time to time   |
| “approved projects”   | wind power projects which have obtained Approval for Fixed Assets Investment Project (固定資產投資項目核准證) or Letter(s) for approved project(s) in accordance with laws and regulations such as Interim Measures for Corporate Investment Project (企業投資項目核准暫行辦法), but have not started construction   |
| “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 gross power generation in a specified period (in MWh or GWh) divided by the consolidated installed capacity in the same period (in MW or GW)   |
| “Board”   | the board of Directors of the Company   |
| “CNG”   | compressed natural gas  |
| “Company”, “Our Company”, “we” or “us”  | China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)   |
| “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 our project companies that we fully consolidate in our financial statements   |
| “consolidated installed capacity” or “consolidated operating capacity”              | the aggregate installed capacity or operating capacity (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements. This is calculated by including 100% of the installed capacity or operating capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity and consolidated operating capacity do not include the capacity of our associated companies |
| “Director(s)”   | the director(s) of the Company  |
| “gross power generation”  | for a specified period, the total amount of electricity produced by a power plant in that period, consisting of net power delivered to grid, auxiliary electricity and electricity generated during the construction and testing period   |
| “Group”   | the Company and its subsidiaries  |
| “GW”  | gigawatt, unit of power. 1 GW = 1,000 MW  |

## Definitions

|                            |  |
|----------------------------|--|
| “GWh”                      | gigawatt-hour, unit of energy. 1 GWh = 1 million kWh. GWh is typically used as a measurement for the annual energy production of large wind farms  |
| “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  |
| “HECIC New-energy”         | HECIC New-energy Co., Ltd., a wholly-owned subsidiary of the Company   |
| “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 and one of the promoters of the Company  |
| “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, primarily engages 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 |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited  |
| “Hong Kong”                | Hong Kong Special Administrative Region of the People’s Republic of China  |
| “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   |
| “installed capacity”       | the capacity of the wind turbines that have been completely assembled and erected  |
| “kW”                       | kilowatt, unit of power. 1 kW = 1,000 watts  |
| “kWh”                      | kilowatt-hour, unit of energy. 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  |
| “Listing Rules”            | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “LNG”                      | liquefied natural gas  |
| “MW”                       | megawatt, unit of power. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW   |

## Definitions

|                                  |  |
|----------------------------------|--|
| “MWh”                            | megawatt-hour, unit of energy. 1 MWh = 1,000 kWh   |
| “National Energy Administration” | National Energy Administration of the People’s Republic of China   |
| “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)   |
| “operating capacity”             | the installed capacity of the wind turbines that have been connected to power grids and started generating electricity   |
| “projects under construction”    | projects for which the project company has received approval, detailed engineering and construction blueprints have been completed, and the construction work on the roads, foundations or electrical infrastructure has commenced |
| “Reporting Period”               | the accounting period from 1 January 2015 to 30 June 2015  |
| “RMB”                            | Renminbi, the lawful currency of the PRC   |

## 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

### THE COMPANY'S WEBSITE:

[www.suntien.com](http://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. Liu Zheng  
Mr. Qin Gang  
Ms. Sun Min  
Mr. Wu Hui Jiang

#### Executive Directors

Mr. Gao Qing Yu  
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. Yang Hong Chi  
Mr. Liu Jin Hai  
Mr. Qiao Guo Jie  
Mr. Xiao Yan Zhao  
Mr. Liang Yong Chun  
Ms. Ma Hui

### AUTHORIZED REPRESENTATIVES:

Mr. Gao Qing Yu  
Ms. Lam Yuen Ling, Eva

## Corporate Information

### INDEPENDENT AUDITORS:

Ernst & Young  
Certified Public Accountants  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Hong Kong

### LEGAL ADVISERS:

#### As to Hong Kong law

Latham & Watkins  
18th Floor  
One Exchange Square  
Central  
Hong Kong

#### As to PRC law

Jiayuan Law Firm  
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 BANKERS:

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  
Shijiazhuang Xicheng Sub-branch  
No.85 Yuhua West Road  
Shijiazhuang City, Hebei Province  
PRC

Bank of Communications  
Hebei Branch,  
Shijiazhuang Yuhua West Sub-branch  
2/F, Block A, Yu Yuan Plaza  
No.9 Yuhua West Road  
Shijiazhuang City, Hebei Province  
PRC

By order of the Board of  
**China Suntien Green Energy Corporation Limited**  
**Gao Qing Yu**  
*Executive Director and President*

Shijiazhuang City, Hebei Province, the PRC, 18 August 2015

*As at the date of this announcement, the non-executive directors are Dr. Cao Xin, Dr. Liu Zheng, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Huijiang; the executive directors are Mr. Gao Qing Yu and Mr. Wang Hong Jun; and the independent non-executive directors are Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew.*

\* *For identification purposes only*