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)

ANNOUNCEMENT OF RESULT FOR THE YEAR END 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2010, revenue was RMB2,243 million, representing a 47.8% increase compared with 2009.

For the year ended 31 December 2010, profit before tax was RMB490 million, representing a 60.2% increase compared with 2009.

For the year ended 31 December 2010, net profit attributable to shareholders of the Company was RMB280 million, representing a 68.2% increase compared with 2009.

For the year ended 31 December 2010, earnings per share was RMB0.1238, representing a 48.8% increase compared with 2009.

The Board recommends a dividend distribution of RMB0.005 per share (tax inclusive) for 2010.

The Board of the Company is pleased to announce the audited annual results of the Company and its subsidiaries for the year ended 31 December 2010. This announcement is compliant with the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited regarding the information required to be included in the preliminary announcement of annual results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	4	**2,242,757**	1,517,261
Cost of sales		**(1,580,715)**	(1,090,969)
Gross profit		**662,042**	426,292
Other income and gains, net	4	**84,048**	51,350
Selling and distribution costs		**(358)**	(408)
Administrative expenses		**(100,572)**	(69,131)
Other expenses		**(37,591)**	(5)
PROFIT FROM OPERATIONS		**607,569**	408,098
Finance costs	6	**(168,066)**	(103,951)
Share of profits of associates		**50,369**	1,692
PROFIT BEFORE TAX		**489,872**	305,839
Income tax expense	7	**(58,181)**	(18,735)
PROFIT FOR THE YEAR		**431,691**	287,104
Other comprehensive income		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**431,691**	287,104
Total comprehensive income for the year attributable to:			
Owners of the Company		**279,719**	166,322
Non-controlling interests		**151,972**	120,782
		431,691	287,104
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic (RMB)		**12.38 cents**	8.32 cents
Diluted (RMB)		**12.38 cents**	8.32 cents

Details of the dividends payable and proposed for the year are disclosed in note 8 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	31 December 2010 RMB'000	31 December 2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,079,374**	4,357,558
Prepaid land lease payments		**71,106**	70,022
Intangible assets		**1,423,436**	3,353
Investments in associates		**337,941**	222,807
Investment in a jointly-controlled entity		**10,200**	–
Held-to-maturity investment		**5,000**	2,000
Available-for-sale investments		**3,400**	3,400
Deferred tax assets		**227**	412
Prepayments and other receivable		**870,226**	581,912
Total non-current assets		**8,800,910**	5,241,464
CURRENT ASSETS			
Prepaid land lease payments		**1,973**	2,093
Inventories		**25,264**	21,548
Trade receivables	*10*	**189,430**	84,776
Prepayments, deposits and other receivables		**219,545**	88,717
Pledged deposits		**63**	14,733
Cash and cash equivalents		**2,474,907**	330,158
Total current assets		**2,911,182**	542,025
CURRENT LIABILITIES			
Trade and bills payables	*11*	**326,108**	439,669
Other payables and accruals		**901,420**	395,863
Interest-bearing bank and other borrowings		**1,442,655**	879,000
Tax payable		**25,863**	13,758
Total current liabilities		**2,696,046**	1,728,290
NET CURRENT ASSETS/(LIABILITIES)		**215,136**	(1,186,265)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,016,046**	4,055,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2010

	Notes	31 December 2010 RMB'000	31 December 2009 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,576,256**	2,145,808
Other payables and accruals		**1,201**	31,590
Total non-current liabilities		**3,577,457**	2,177,398
Net assets		**5,438,589**	1,877,801
EQUITY			
Equity attributable to owners of the Company			
Owner's equity		–	1,343,718
Issued share capital		**3,238,435**	–
Reserves		**1,514,127**	–
Proposed dividends	*8*	**58,170**	–
		4,810,732	1,343,718
Non-controlling interests		**627,857**	534,083
Total equity		**5,438,589**	1,877,801

NOTES:

1 CORPORATE INFORMATION

The Company was established as a joint stock company with limited liability on 9 February 2010 in the PRC as part of the reorganisation of HECIC (the "Reorganisation") in preparation for the Listing. HECIC was the holding company of the subsidiaries now comprising the group prior to the Reorganisation.

In consideration for HECIC and HECIC Water transferring the Clean Energy Business Operations (see definition below) and cash in an aggregate amount of RMB2,033.9 million, respectively, to the Company upon its incorporation on 9 February 2010, the Company issued 1,600 million ordinary shares to HECIC and 400 million ordinary shares to HECIC Water, respectively. The ordinary shares issued to HECIC and HECIC Water have a par value of RMB1.00 each and represented the entire registered and issued share capital of the Company upon its incorporation.

Prior to the incorporation of the Company, the Clean Energy Business Operations were carried out by two companies owned or controlled by HECIC. Pursuant to the Reorganisation, the Clean Energy Business Operations were transferred to the Company upon its incorporation.

Clean Energy Business Operations

In connection with the Reorganisation, the Clean Energy Business Operations being transferred to the Company include:

(a) the operation relating to the sale of natural gas and gas appliances and the connection and construction of natural gas pipelines together with the related assets and liabilities; and

(b) the operation of wind power generation together with the related assets and liabilities, except for a 25% non-controlling shareholding interest indirectly held by HECIC in HECIC Yanshan (Guyuan) Wind Power Co., Ltd., a 75%-owned subsidiary of the Group.

The Company's H shares were issued and listed on the main board of The Hong Kong Stock Exchange in the last quarter of 2010.

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 Group are principally engaged in the investment, development, management and operation of wind power generation, sale of natural gas and gas appliances, and connection and construction of natural gas pipelines.

In the opinion of the Directors, HECIC is the ultimate holding company of the Company.

2.1 BASIS OF PRESENTATION

(a) As discussed in note 1 above, prior to the incorporation of the Company, the Clean Energy Business Operations were controlled and owned by HECIC. Upon the incorporation of the Company on 9 February 2010, the Clean Energy Business Operations were transferred to the Company. As there was no change in the ultimate controlling shareholder of the Clean Energy Business Operations before and after the Reorganisation, the Reorganisation has been accounted for as a combination of business under common control in a manner similar to a pooling-of-interests method. As a result, the consolidated statement of financial position has been prepared to present the Group's assets and liabilities as if the Reorganisation had been completed as at the beginning date of the earliest period presented. The accompanying consolidated statement of comprehensive income and consolidated statement of cash flows include the Group's financial performance and cash flows as if the Clean Energy Business Operations had been transferred to the Group at the beginning date of the earliest period presented. As the Company was incorporated on 9 February 2010, no statement of financial position of the Company was presented in these financial statements prior to 9 February 2010.

(b) These consolidated financial statements have been prepared in accordance with IFRSs, which comprise the standards and interpretations approved by the IASB, and IASs and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 32 of the laws of Hong Kong).

(c) These consolidated financial statements have been prepared under the historical cost convention. In addition, these consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC-Int 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to IFRSs 2009* issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- *IAS 17 Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

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 – this segment develops, manages and operates wind power 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 other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2010 and 2009.

Year ended 31 December 2010

	Natural gas *RMB'000*	Wind power *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	**1,726,918**	**515,839**	**2,242,757**
Intersegment sales	–	–	–
Total revenue	**1,726,918**	**515,839**	**2,242,757**
Segment results	**316,975**	**381,177**	**698,152**
Interest income	**1,057**	**1,341**	**2,398**
Finance costs	**(14,000)**	**(154,066)**	**(168,066)**
Income tax expense	**(38,700)**	**(19,481)**	**(58,181)**
Profit of segments for the year	**265,332**	**208,971**	**474,303**
Unallocated interest income			**3,530**
Corporate and other unallocated expenses			**(46,142)**
Profit for the year			**431,691**
Segment assets	**1,160,235**	**8,524,006**	**9,684,241**
Corporate and other unallocated assets			**2,027,851**
Total assets			**11,712,092**
Segment liabilities	**735,515**	**5,521,693**	**6,257,208**
Corporate and other unallocated liabilities			**16,295**
Total liabilities			**6,273,503**
Other segment information:			
Depreciation and amortisation	**(46,779)**	**(189,985)**	**(236,764)**
Unallocated depreciation and amortisation			**(82)**
			(236,846)
Share of profit of associates	–	**50,369**	**50,369**
Investment in a jointly-controlled entity	–	**10,200**	**10,200**
Investments in associates	–	**337,941**	**337,941**
Capital expenditure *	**231,857**	**3,171,004**	**3,402,861**

Year ended 31 December 2009

	Natural gas *RMB'000*	Wind power *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	1,252,685	264,576	1,517,261
Intersegment sales	–	–	–
Total revenue	1,252,685	264,576	1,517,261
Segment results	235,430	172,188	407,618
Interest income	1,393	779	2,172
Finance costs	(14,879)	(89,072)	(103,951)
Income tax expense	(1,401)	(17,334)	(18,735)
Profit for the year	220,543	66,561	287,104
Segment assets	763,943	5,019,546	5,783,489
Segment liabilities	378,674	3,527,014	3,905,688
Other segment information:			
Depreciation and amortisation	(40,721)	(110,581)	(151,302)
Share of profits of associates	–	1,692	1,692
Investments in associates	–	222,807	222,807
Capital expenditure *	94,242	1,386,215	1,480,457

Note:

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

Geographical information

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

Information about major customers

For the year ended 31 December 2010, revenue generated from one of the Group's customers in the wind power segment amounting to RMB367,497,000 individually accounted for over 10% of the Group's total revenue. For the year ended 31 December 2009, the revenue generated from one of the Group's customers in the natural gas segment amounting to RMB173,685,000 and one of the Group's customers in the wind power segment amounting to RMB165,875,000 individually accounted for over 10% of the Group's total revenue.

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:

	2010	2009
	RMB'000	RMB'000
Revenue		
Sales of natural gas	**1,673,340**	1,192,084
Sales of electricity	**515,839**	264,576
Construction and connection of natural gas pipelines	**23,483**	26,476
Others	**30,095**	34,125
	2,242,757	1,517,261
Other income and gains, net		
Government grants:		
– CERs income, net	**42,441**	34,762
– Value-added tax refunds	**13,176**	13,595
Bank interest income	**5,928**	2,172
Others	**22,503**	821
	84,048	51,350

5. PROFIT BEFORE TAX

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

	2010	2009
	RMB'000	*RMB'000*
Cost of goods sold	**1,563,192**	1,078,487
Cost of services rendered	**17,523**	12,482
Total cost of sales	**1,580,715**	1,090,969
Depreciation of items of property, plant and equipment (note (a))	**229,193**	149,460
Amortisation of prepaid land lease payments	**2,062**	1,400
Amortisation of intangible assets	**5,591**	442
Total depreciation and amortisation	**236,846**	151,302
Minimum lease payments under operating leases of land and buildings	**3,544**	1,796
Auditors' remuneration	**2,162**	768
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and allowances	**45,027**	29,991
Pension scheme contributions (defined contribution schemes) (note (b))	**2,780**	2,181
Welfare and other expenses	**14,952**	12,599
Loss/(gain) on disposal of items of property, plant and equipment, net	**1,561**	(61)
Foreign exchange loss/(gain), net	**35,701**	(352)

Notes:

(a) Depreciation of approximately RMB214,574,000 (2009: RMB144,381,000) is included in the cost of sales on the face of the consolidated statement of comprehensive income for the year ended 31 December 2010.

(b) All of the Group's full-time employees in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group is required to make monthly contributions to these plans at 20% of the employees' basic salaries. Contributions to these plans are expensed as incurred. As at 31 December 2010 and 2009, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

6. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings and discount on bills receivable wholly repayable within five years	**103,540**	102,410
Interest on bank loans and other borrowings wholly repayable beyond five years	**147,960**	45,776
Total interest expense	**251,500**	148,186
Less: Interest capitalised to items of property, plant and equipment	**(83,434)**	(44,235)
	168,066	103,951

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

	2010	2009
Capitalisation rates	**4.4%-5.7%**	4.8%-6.6%

7. INCOME TAX EXPENSE

A subsidiary of the Company is an equity joint venture in which the foreign investor owns a 45% shareholding interest. It is identified as a manufacturing enterprise with an operating period of 10 years or more which is entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from its first profit-making year after offsetting accumulated tax losses, if any. However, pursuant to *Notice of the State Council on the Implementation of the Transitional Preferential Tax Polices* (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), the subsidiary has started enjoying the tax holiday from the year 2008 due to the income tax reform.

In addition, 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 Group, 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 year generating operating income ("3+3 tax holiday"). As at 31 December 2010, these entities were in the process of the preparation and submission of the required documents to the respective tax authorities to qualify the 3+3 tax holidays.

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 years ended 31 December 2010 and 2009.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong for the years ended 31 December 2010 and 2009.

	2010	2009
	RMB'000	*RMB'000*
Current income tax – Mainland China	**57,996**	18,933
Deferred income tax	**185**	(198)
Tax charge for the year	**58,181**	18,735

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

	2010	2009
	RMB'000	*RMB'000*
Profit before tax	**489,872**	305,839
Income tax charge at the statutory income tax rate of 25%	**122,468**	76,460
Effect of tax exemption for specific locations or enacted by local authorities	**(68,944)**	(59,679)
Tax effect of share of profits of associates	**(12,592)**	(423)
Expenses not deductible for tax purposes	**796**	931
Adjustments in respect of current income tax of previous periods	**2,002**	209
Tax losses not recognised	**14,451**	1,237
Tax charge for the year at the effective rate	**58,181**	18,735

8. DISTRIBUTIONS AND DIVIDENDS

The distributions and dividends for the year are set out below:

	2010	2009
	RMB'000	*RMB'000*
Distributions:		
Cash distributions prior to the Reorganisation (note (a))	**–**	83,511
Pre-establishment cash distribution pursuant to the Reorganisation (note (b))	**38,495**	85,502
	38,495	169,013
Dividends:		
Declared First Special Dividend (note (c))	**42,718**	–
Proposed		
– Second Special Dividend (note (d))	**41,978**	–
– Final 2010 dividend – RMB 0.5 cent per ordinary share (note (e))	**16,192**	–
	58,170	–
	100,888	–

Notes:

(a) The cash distributions prior to the Reorganisation during the year ended 31 December 2009 represented dividends declared by certain subsidiaries of the Company to HECIC in early 2009, at which time the holding company of these subsidiaries was HECIC.

(b) In accordance with the notice *Provisional Regulation Relating to Corporate Restructuring of Enterprises and Related Management of State-owned Capital and Financial Treatment* (財政部關於印發《企業公司制改建有關國有資本管理與財務處理的暫行規定》的通知) issued by the Ministry of Finance (the English name of the notice is a direct translation of the Chinese name), which became effective from 27 August 2002, and pursuant to the Reorganisation, after the Company's incorporation, the Company is required to make a distribution to HECIC, which represents an amount equal to the net profit attributable to an owner of the Company, as determined based on audited consolidated financial statements of the Group prepared in accordance with the Accounting Standards for Business Enterprises issued by MOF of the PRC in 2006, and other related regulations issued by the MOF (collectively "PRC GAAP"), generated for the period from 30 June 2009, the effective date of the Reorganisation, to 9 February 2010 (the date of incorporation of the Company) by the businesses and operations contributed to the Group by HECIC.

Pursuant to an ordinary resolution passed by the shareholders of the Company on 9 February 2010, the Company declared the pre-establishment distribution payable to HECIC. The net profit attributable to the owner of the Company under PRC GAAP generated for the period from 30 June 2009 to 31 December 2009 was RMB 85,502,000. The net profit attributable to the owner of the Company under PRC GAAP generated for the period from 1 January 2010 to 9 February 2010 (the date of incorporation of the Company), calculated on a pro-rata basis based on the net profit of the Group attributable to the owners of the Company as stated in the audited consolidated financial statements of the Company prepared in accordance with PRC GAAP for the three-month period ended 31 March 2010, was RMB38,495,000 and was paid to HECIC in September 2010.

(c) Pursuant to the Reorganisation and an ordinary resolution passed by the shareholders of the Company on 9 February 2010, the shareholders of the Company approved a dividend plan that a special dividend was declared and paid to the shareholders of the Company: HECIC and HECIC Water, according to their respective shareholding interests in the Company ("First Special Dividend"). The First Special Dividend which was paid to HECIC and HECIC Water in an aggregate amount of approximately RMB42,718,000 is calculated based on the net profit of the Group attributable to the owners of the Company, as stated in the audited consolidated financial statements of the Company for the three-month period ended 31 March 2010 prepared in accordance with PRC GAAP and IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, and minus the net profit of the Group attributable to the owner of the Company for the period from 1 January 2010 to 9 February 2010 of RMB38,495,000 (note (b) above).

The First Special Dividend payable to HECIC and HECIC Water was declared on 19 September 2010 in an aggregate amount of RMB42,718,000 and was settled in full on 20 September 2010.

(d) Pursuant to an ordinary resolution passed by the shareholders on 9 February 2010, the shareholders of the Company also approved a dividend plan that another special dividends would be declared and paid to the shareholders of the Company: HECIC and HECIC Water, according to their respective shareholding interests in the Company ("Second Special Dividend"), for the net profit of the Group attributable to the owners of the Company earned for the period from 1 April 2010 up to the day immediately prior to the Listing.

The Second Special Dividend paid to HECIC and HECIC Water was in an aggregate amount of approximately RMB42.0 million, which is determined based on (1) the net profit of the Group attributable to the owners of the Company as stated in the audited consolidated financial statements of the Company, prepared in accordance with PRC GAAP and IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ending 31 October 2010, minus (2) the profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010. The net profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010 equals the amount, calculated on a pro-rata basis, of the net profit of the Group attributable to the owners of the Company, as stated in the audited consolidated financial statements of the Company, prepared in accordance with PRC GAAP and IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ended 31 October 2010.

The declaration of the Second Special Dividend of RMB41,978,000 was approved by the board of Directors of the Company on 28 March 2011 and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(e) The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The rates of distribution, First Special Dividend and Second Special Dividend and the number of shares ranking for distribution, First Special Dividend and Second Special Dividend are not presented as such information is not meaningful for the purpose of these consolidated financial statements.

Immediately following the incorporation of the Company, under the Company Law of the PRC and the Company's articles of association, profit attributable to owners of the Company as reported in the statutory financial statements prepared in accordance with PRC GAAP can only be distributed as dividends after allowances have been made for the following:

(i) Making up prior year's cumulative losses, if any.

(ii) Allocations to the statutory common reserve fund of at least 10% of profit attributable to owners of the Company, until the fund aggregates 50% of the Company's registered capital. For the purpose of calculating the transfer to reserves, the profit attributable to owners of the Company shall be the amount determined under PRC GAAP. The transfer to this reserve must be made before any distribution of dividends to the shareholders.

    The statutory common reserve fund can be used to offset previous year's losses, if any, and part of the statutory common reserve fund can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

(iii) Allocations to the discretionary common reserve if approved by the shareholders.

The above reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

After the Listing, in accordance with the articles of association of the Company, the profit attributable to owners of the Company for the purpose of dividends payment will deem to be the lesser of (i) the profit attributable to owners of the Company determined in accordance with PRC GAAP; and (ii) the profit attributable to owners of the Company determined in accordance with IFRSs. Prior to the incorporation of the Company on 9 February 2010, no profit appropriations to the aforesaid reserve funds were required.

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

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

The calculation of basic earnings per share amount for the year ended 31 December 2010 is based on the profit attributable to equity holders of the Company amounting to RMB279,719,000 and the weighted average number of 2,259,193,603 ordinary shares in issue during the year.

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to equity holder of the Company amounting to RMB166,322,000 and the number of ordinary shares in issue on the assumption that the 2,000,000,000 ordinary shares in issue upon the incorporation of the Company on 9 February 2010 had been in issue throughout the year ended 31 December 2009.

The Company did not have any dilutive potential ordinary shares during the year.

10. TRADE RECEIVABLES

The majority of the Group's revenues are generated through sales 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 receivables are non-interest-bearing.

	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
Trade receivables	**189,430**	84,776
Impairment	**–**	–
	189,430	84,776

Included in the trade receivables as at 31 December 2010 is a receivable under a service concession arrangement in the amount of RMB34,806,000 (31 December 2009: nil).

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

	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
Within 3 months	**188,860**	84,554
3 to 6 months	**304**	–
6 months to 1 year	**266**	–
1 to 2 years	**–**	222
	189,430	84,776

11. TRADE AND BILLS PAYABLES

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

	31 December 2010 *RMB'000*	31 December 2009 *RMB'000*
Bills payable	**208,916**	379,911
Trade payables	**117,192**	59,758
	326,108	439,669

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

	31 December 2010 *RMB'000*	31 December 2009 *RMB'000*
Within 6 months	**309,398**	432,293
6 months to 1 year	**11,757**	1,859
1 to 2 years	**3,644**	4,442
2 to 3 years	**479**	707
More than 3 years	**830**	368
	326,108	439,669

MANAGEMENT DISCUSSION AND ANALYSIS

In 2010, the Chinese economy continued to maintain the good development trend, recording a GDP growth of 10.3%. While maintaining rapid economic growth, each province and city of China has taken a change in the way of economic growth as an important direction for development. In the structure of energy consumption, the utilization rate of renewable energy such as wind power, solar power and high quality energy such as natural gas has been increasing. In 2010, 13,990MW of installed capacity of wind power was added for the whole country, representing a growth of 82% from last year; the national consumption of natural gas reached 106 billion cubic metres, a 19.5% increase from last year.

At present, the Group's wind power and natural gas businesses are concentrated in Hebei Province of China. In 2010, the economic income of Hebei Province exceeded RMB2,000 billion, recording an economic growth of 12.2%. Its total economic volume and growing speed are also top-ranked in the country. The good external economic environment and the society's advocation of green development have provided the Group's clean energy businesses, such as wind power and natural gas, with a solid foundation for development. In 2010, under the leadership of the Board, the Group took advantage of the strengths of Hebei Province, such as extensive wind power resources and grid connection as well as its status of gradually becoming a major natural gas consumption area of the country to promote the development of key projects of wind power and natural gas, strengthened the management of production and operation as well as the management of project construction, actively confirmed sources of natural gas supply and accelerated the expansion of regional market, thereby achieving outstanding operating results.

I. NATURAL GAS BUSINESS

(I) Business Review

1. Active confirmation of sources of natural gas supply, steady growth in sales volume of gas

During the reporting period, the Group actively coordinated with the upstream supplier PetroChina to confirm the source of natural gas supply. During the year ended 31 December 2010, the Group sold 935 million cubic meters of gas, representing an increase of 28.1% from 2009, of which, the piped natural gas sold to wholesale customers was 637 million cubic meters, accounting for 68.1% of the total sales volume of gas of the Group. The wholesale business has covered 24 counties and cities within Hebei Province; the sales volume of gas in retail business, including city natural gas, was 249 million cubic meters, accounting for 26.6% of the total sales volume of gas of the Group. CNG business remained stable, and CNG sold was 49 million cubic meters, accounting for 5.3% of the total sales volume. In terms of gas sales volume of the Group, the Group is the largest natural gas distributor in Hebei Province and ranks third among 67 natural gas distributors of PetroChina in Northern China, holding a leading market position in Northern China.

Type of Business	Gas Sales Volume in 2010 and 2009 (cubic meters in millions)		
	2010 gas sales volume	2009 gas sales volume	Growth %
Wholesale	**637**	491	29.7
Retail	**249**	193	29.0
CNG	**49**	46	6.5
Total	**935**	730	28.1

2. **Appropriate adjustment to sales price of natural gas**

On 31 May 2010, the National Development and Reform Committee issued a notice, which, effective from 1 June 2010, increased all benchmark ex-plant prices of domestic natural gas supply by RMB23 cents per cubic meter. The permitted range for increase of benchmark ex-plant prices was changed to 10% universally. To alleviate the impact of price hike from upstream suppliers, the Group raised the selling price of natural gas for industrial, commercial and CNG customers (except retail resident users) accordingly, effective retroactively from 1 June 2010, pursuant to the requirement of relevant government authorities which permit natural gas distributors to adjust the sales price of their natural gas to be sold to downstream customers in accordance with their costs of supply, and based on the price adjustment notice issued by the Hebei Provincial Price Control Bureau.

	Before Adjustment (RMB, including value-added tax)	**After Adjustment** (RMB, including value-added tax)
Industrial	1.983	2.276
Commercial	1.583	1.836
CNG	2.1	2.35

Apart from the above price increase in natural gas, the average gas sales price of the Group (excluding value-added tax) remained stable.

Business Type	Average gas sales price in 2010 and 2009 (RMB/cubic meter)		
	2010 gas sales price	2009 gas sales price	Growth %
Wholesale	**1.66**	1.53	8.5
Retail	**2.08**	1.85	12.4
CNG	**2.06**	1.85	11.4
Average gas sales price	**1.79**	1.63	9.8

3. Further expansion of city natural gas market

In 2010, the Group's city natural gas business successfully entered into four areas and signed natural gas cooperation framework agreements with the local governments of Ningjin county, Qinghe county, Laiyuan county and Shanqian Industrial Zone of Southern Shijiazhuang, respectively, for the construction and operation of local natural gas utilization projects. The Group also established project companies in the above areas to start the preliminary works and reached an intent or signed contracts with a number of local units and resident users in relation to the supply of natural gas.

As of 31 December 2010, the city natural gas project of the Group expanded to nine areas, namely, Shijiazhuang National High-Tech Industrial and Development Zone, Shahe City, Handan Eastern Development Zone, Baoding Development Zone, Ningjin County, Qinghe County, Laiyuan County, Shanqian Industrial Zone of Southern Shijiazhuang, Chengde City, five of which were commissioned markets and four were new markets.

4. Smooth progress of the construction of pipeline network projects

In 2010, the work of the natural gas infrastructure management of the Group progressed smoothly. The progress of the construction of three key projects, namely Gaoyi-Qinghe long-distrance transmission pipeline, Shahe Natural Gas Utilization Phase II and Chengde Natural Gas Utilization Phase I were well underway as expected. In particular, the main part of the Gaoyi-Qinghe long-distrance transmission pipeline construction project was completed; the construction of Shahe Phase II was basically completed; 12 km of the medium-pressure pipeline of Chengde Natural Gas Utilization project was completed, the gas refilling station and secondary high-pressure pipeline projects were in progress as planned.

After the Gaoyi-Qinghe long-distrance transmission project is completed and commences operation, the coverage of the Group's long-distrance transmission pipelines will extend to over 10 counties and cities (areas) in the south-eastern part of Hebei Province.

5. Progress in the development of gas resources projects

(1) Tangshan Caofeidian LNG project has received the approval of the National Development and Reform Committee. The Group's subsidiary Hebei Natural Gas Company Ltd has 20% equity investment in the project, and the joint venture is in the process of formation;

(2) The Group entered into a cooperation agreement with 山西國際能源氧化投資管理有限公司 and established a preparation office to commence the preliminary works. The parties will cooperate in the construction and operation of two provincial coalbed methane pipelines – Shanxi Heshun-Hebei Xingtai and Shanxi Licheng-Hebei Handan, bringing coal-bed methane in Shanxi to Hebei market; and

(3) The Group has also achieved some progress in the utilization of coal-based natural gas by entering into a framework agreement for use of natural gas with 國電建投內蒙古能源有限公司 (GD Construction and Investment Inner Mongolia Energy Company Limited) and a cooperation agreement with CNOOC Energy Company, respectively.

(II) Major financial indicators of the Natural Gas Business

1. Revenue

During the year ended 31 December 2010, the Group achieved natural gas sales revenue of RMB1.727 billion, a 37.9% increase from last year. This was mainly due to the increase in gas sales volume and sales price during the year. In particular, pipeline wholesale business achieved a sales revenue of RMB1.056 billion, representing 61.1% of the total sales revenue of the Group; retail business, such as city natural gas, recorded sales revenue of RMB 517 million, representing 29.9% of the Group's total sales revenue. CNG business remained stable, recording a sales revenue of RMB101 million, representing 5.8% of the Group's total sales revenue. Other income was RMB53 million, representing 3.1% of the total sales revenue.

2. Operating cost

During the year ended 31 December 2010, the operating cost of the Group's natural gas business was RMB1.429 billion, representing an approximately 40.4% increase from RMB1.018 billion of last year. This was mainly due to the increase in the volume of gas purchased and the purchase price of gases during the year.

3. Operating profit

During the year ended 31 December 2010, the operating profit of the natural gas business was approximately RMB318 million, representing a 34.3% increase from RMB237 million last year. The increase was mainly due to the increase in gas sales volume.

Gross profit margin was 20.2%, representing an approximately 2.2% decrease from 22.4% last year. This was mainly due to the price increase by Petro China on 1 June 2010 and the increase in gas sales price as a result of the price adjustment made by the Group. However, there was no change in gross profit for per cubic metre of gas sales, thus the gross profit margin decreased.

II WIND POWER BUSINESS

(I) Business Review

1. Significent growth in the installed capacity of wind power

In 2010, the Group's installed capacity of wind power increased rapidly, with additional consolidated installed capacity of wind power amounting to 448.3MW and additional attributable installed capacity amounting to 423.6MW. As at 31 December 2010, the total installed capacity of wind power of the Group reached 1,102.5MW, representing a 82.3% increase from last year, and consolidated installed capacity was 855.0MW, representing a 110.2% increase from last year. The attributable installed capacity was 804.7MW, representing an increase of 111.2% compared with last year.

2. Enhanced level of operation, maintenance and management

The Group has established a subsidiary – Suntien Kechuang New Energy Technology Co., Ltd. that is specialized in the operation and maintenance of wind farms to be responsible for the professional management of operation and maintenance of all wind farms of the Group. The independent and unified management resulted in obvious effects. The operation efficiency of wind farms was greatly enhanced. As of 31 December 2010, the Group's average comprehensive auxiliary power rate was controlled at 2.5%, the average availability factor[1] of the wind farms amounted to 96.9%, representing an increase of 2.1% from 2009; the full-year average utilization hours was 2,360 hours, an increase of 84 hours from 2009, which is significantly higher than the industry average of the country.

3. Steady growth in power generation

Benefited from the significant growth of the Group's wind power operating capacity and operation maintenance efficiency, the power generation of the Group grew significantly. As at 31 December 2010, the aggregate power generation of the Group amounted to 1.202 billion KWh, a 89.6% increase from last year; the net power sales of the Group was 1.099 billion KWh, a 98.2% increase from last year.

4. Significant progress in wind resources development and reserve projects

During the reporting period, the Group reinforced the work of wind resources development and reserve. We took the development approach of combining the development department and the regional companies to actively explore new paths for self-development with particular focus on the exploration and development of wind resources outside Hebei Province and offshore. The Group also signed agreements with respect to the development of wind resources subsequently with relative local governments of Xinjiang Uygur Autonomous Region, Inner Mongolia Autonomous Region, Shanxi Province, Shandong Province and Shaanxi Province. In 2010, the Group had a new wind resources reserve project with capacity of 4,400MW outside Hebei Province and a new reserve project with capacity of 775MW within Hebei Province, and the accumulated capacity of wind resources reserve projects exceeded ten million kW, reaching 11,963MW.

The Group also commenced the preliminary works of 300MW offshore wind farm at Puti Island, Tangshan, an offshore wind power project. The initial feasibility study report of the project has been prepared and submitted to the National Energy Administration for the application of the establishment of the project.

During the reporting period, the Group had four newly approved wind power projects, 26 newly established projects and the accumulated capacity of the established reserve projects reached 1,849.9MW.

1. The availability factor of wind farm is a percentage calculated as follow: "a statistical period of time minus the time which the wind turbines stop operation due to the malfunction of any equipment in the wind farm (wind turbines, equipment in the booster station, electric circuit, wind turbines adapters)" divided by "a statistical period of time".

5. Significant effect in infrastructure management

During the reporting period, infrastructure management of the Group gradually matured, and the construction of projects accelerated steadily. There were 4 wind power projects that were completed and commenced operation, 2 projects under construction and 10 projects being planned during the year. Based on the goal of "quality works, exquisite works" for infrastructure, the Group implemented whole-process management and invested RMB3.403 billion. The overall quality of construction works were excellent without any safety incidents occurred.

For infrastructure development, the Group sticked to the development principle of "grid connection upon project completion", and strived hard to maximize economic benefits. In 2010, the wind power projects that were completed and commenced operation generated the power of 448.3MW, with grid connection rate maintaining at 100%. As Shanxi Lingqiu Hanfengling Wind Farm under construction was not able to be connected as planned due to changes in the local grid construction plan, the Group made timely adjustments and postponed the construction of the project to save unnecessary expenses. At present, the new grid connection plan for this project has been confirmed, and it is expected to commence its operation around October 2011.

The Group strived hard to control production cost. As the key customer of all large scale wind turbine manufacturers, the Group could obtain wind turbines equipment with the highest performance-to-price ratio through tendering. In 2010, the procurement cost of wind turbines of the Group declined significantly, of which, the average procurement price of domestic wind turbines decreased by 21.3% from 2009; the average procurement price of imported wind turbines decreased by 17.0% from 2009.

6. Steady growth in the earnings of CDM

In 2010, the Group had two new CDM registered projects, and the accumulated number of CDM projects that were registered with the CDM Executive Board and generated CER income reached 7. There were also 4 new CDM development projects and another 8 projects that had obtained reply from the National Development and Reform Commission, and were at the stage of DOE review. The Group developed a total of 19 CDM projects.

As of 31 December 2010, the Group's CER income from the registered CDM projects amounted to RMB42.44 million, and its VER income reached RMB2.25 million. CDM income contributed 19.6% of the total profit of wind power business of the Group.

7. **Adoption of diversified financing channels**

During the Reporting Period, the Group took various measures to broaden financing channels to support the rapid development of wind power business. As a premier customer of a number of banks in China, the Group was entitled to an interest rate lower than the prevailing benchmark lending rates for its loans in those banks, which effectively reduced the cost of its capital. In March 2010, the Group entered into an insurance loan investment agreement in relation to a RMB1.3 billion seven-year insurance loan product. Such insurance loan product was jointly provided by Pacific Asset Management and guaranteed by HECIC without consideration. The interest rate was 13% lower than the prevailing benchmark lending rate. In July 2010, the Group completed the offering of RMB500 million one-year short-term financing bonds at an annual interest rate of 3.2%. The diversification of financing channel not only effectively reduced the Group's financing cost, but also guaranteed the capital requirement for wind power development.

(II) Major financial indicators of the Wind Power Business

1. **Revenue**

During the reporting period, the Group achieved wind power sales revenue of RMB516 million, an increase of approximately 95.0% from last year. The sales revenue of wind power business accounted for 23.0% of the total sales revenue of the Group. The increase was mainly due to the increase in operating capacity and power generation volume.

2. **Operating cost**

During the reporting period, the operating cost of the Group's wind power business was RMB244 million, representing a 71.0% increase from last year. This was mainly due to the addition of new operating wind farms during the year. With the increase in power generation volume, the operating cost increased correspondingly.

3. **Operating profit**

During the reporting period, the operating profit of the wind power business was RMB332 million, a 93.9% increase from the same period last year. The increase was mainly due to the increase in operating capacity and power generation volume; gross profit margin was 60.7%, a 5.5% increase from the same period last year. The main reason was that as the number of operating wind farms increased, the level of operation management continued to improve. Moreover, the building cost of wind turbine equipments was lowered, which as a result reduced production cost.

III. OTHER RENEWABLE ENERGY BUSINESS

The Group has long been concerned about the development of other renewable energy technologies and actively facilitated the building of model projects so as to accumulate experiences for industrialization in the future. In March 2010, the Group obtained an approval for the 1MW solar power project in Baoding, Hebei Province. Such project successfully generated power in December 2010.

IV. ANALYSIS OF COMBINED OPERATING RESULTS

Overview

During the reporting period, the profitability of the Group increased significantly. According to the audited consolidated statement, net profit for the year was RMB432 million, a 50.4% increase from 2009; net profit attributable to shareholders was RMB280 million, representing a 68.2% increase from 2009.

Revenue

In 2010, the Group recorded a revenue of RMB2.243 billion, a 47.8% increase from 2009, of which:

1. natural gas business recorded sales income of RMB1.727 billion, a 37.9% increase from 2009. This was mainly attributable to the increase in gas sales volume and gas sales price during the year; while ensuring the natural growth of gas consumption, we reinforced new market development and pipeline construction, which directly increased gas sales volume of the year.

2. wind power business achieved sales income of RMB516 million, a 95.0% increase from 2009. This was mainly the result of significant increase in the capacity of the operating wind farms and thus raise the net sale of electricity significantly when compared with last year.

Revenue	**2010** ***RMB'000***	2009 *RMB'000*	Percentage Change %
Natural gas	**1,726,918**	1,252,685	37.9
Wind power	**515,839**	264,576	95.0
	2,242,757	1,517,261	47.8

Operating costs

During the year, the Group's operating cost, including cost of sales, selling and distribution cost, administrative expenses and other expenses aggregated to approximately RMB1.719 billion, representing an increase of 48.1% from last year. This was mainly due to the increase in operating wind power installed capacity, increase in the volume of natural gas sold and increase in the purchase cost of the Group's natural gas as a result of the upstream price adjustment. Among which:

1) during the year, the Group's cost of sales was RMB1.581 billion, representing an increase of 44.9% from 2009. This was mainly due to the increase in operating wind power installed capacity, the substantial growth in volume of gas sold from natural gas business and the increase in gas purchase cost directly resulting from the natural gas price adjustment from 1 June 2010.

2) during the year, the Group's administrative expenses was RMB101 million, representing an increase of 45.5% from 2009. This was mainly due to the corresponding increase in staff costs and management costs as a result of the Group's business expansion.

3) during the year, the Group's other expense was approximately RMB38 million, representing an increase of RMB37.6 million from 2009. This was mainly due to the exchange losses on the Listing proceeds of the Company in Hong Kong dollar and the foreign currency revenue from the CERs receivables of our wind power business as a result of exchange rate fluctuations.

Finance cost

During the year, the Group's finance cost was RMB168 million, representing an increase of 61.7% from RMB104 million in 2009. This was mainly because bank and other borrowings of the Group increased, and the interest expenses capitalized for wind power projects under construction in 2009 were all recognized as current finance cost after the completion and commencement of operation of such projects in 2010.

Share of profit of associates

During the year, the Group's share of profit of associates was RMB50 million, representing an increase of RMB48 million from RMB2 million in 2009. This was mainly because most of the associates' wind power projects commenced commercial operation this year.

Income tax expense

During the year, the Group's net income tax expense was approximately RMB58 million, representing an increase of approximately 210.5% from RMB19 million for the corresponding period in 2009. This was mainly because income tax for the Group's natural gas business was fully exempted in 2009 and was paid at 50% of the full tax rate in 2010 according to the preferential income tax treatment of "exemption for first two years and 50% reduction for the following three years" enjoyed by the Group's natural gas business.

Net profit

During the year, the Group recorded a net profit of approximately RMB432 million. Net profit attributable to equity holders of the Company was RMB280 million, representing an increase of 68.2% from 2009. Basic earnings per share attributable to shareholders of the Company was RMB0.1238, representing an increase of RMB0.0406 from 2009.

Interest-bearing bank and other borrowings

As of 31 December 2010, the Group's long-term and short-term borrowings totaled approximately RMB5,019 million, representing an increase of approximately RMB1,994 million compared with the end of 2009. Among the total borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to approximately RMB1,443 million and long-term borrowings amounted to RMB3,576 million.

Liquidity and capital resources

As of 31 December 2010, the Group's net current assets was RMB215 million. The net increase in cash and cash equivalents was approximately RMB2,145 million. The Group has banking facilities of RMB11.167 billion granted by various domestic banks, of which RMB5.255 billion was utilised.

In addition, the Company obtained gross proceeds amounting to HK$3.294 billion from the initial public offering and the over-allotment option of its H shares on The Hong Kong Stock Exchange on 31 October and 2 November 2010, respectively.

Net gearing ratio

As of 31 December 2010, the net gearing ratio of the Group was 41.0%, representing a 24.4% decrease from 65.4% as at 31 December 2009. The main reasons were that the Company was successfully listed on the Hong Kong Stock Exchange on 13 October 2010 and the proceeds was approximately HK$3.294 billion. Since there is an increasing number of wind power projects of the Group commencing operation and the number of natural gas customers is growing steadily, the profitability of the Group is continuously enhancing, which significantly improve the net debt and equity structure of the Group.

Capital expenditures

Capital expenditures mainly include the construction cost for construction of new wind power projects, natural gas pipelines and additions to property, plant and equipment and prepaid land lease payments. Capital resources mainly include bank borrowings, bonds issue, insurance loan plan and cash flow from the Group's operating activities. During the year, the Group's capital expenditures were RMB3,403 million, representing an increase of 129.9% from RMB1,480 million in 2009. Segment information of capital expenditures is as follows:

Capital expenditures	**2010** *RMB'000*	2009 *RMB'000*	Percentage Change %
Natural gas	**231,857**	94,242	146.0
Wind power	**3,171,004**	1,386,215	128.8
	3,402,861	1,480,457	129.9

Material investments

Apart from the above capital expenditures, the Group had no other material investments during the year.

Material acquisitions and disposals

During the reporting period, a subsidiary of the Group-HECIC New Energy Co., Ltd. entered into an acquisition working plan with Hebei Green Energy Limited (a subsidiary of HECIC, the controlling shareholder of the Group) in respect of the acquisition of 25% equity interest in HECIC Yanshan (Guyuan) Wind Power Co., Ltd. held by Hebei Green Energy Limited (which has been disclosed in the section "Relationship with HECIC" in the Group's prospectus dated 30 September 2010), confirmed the terms of the equity transfer agreement, started the arrangement for asset valuation setting 31 December 2010 as the valuation benchmark date, and started the works for matters regarding the required internal and external departmental approval.

On 28 March 2011, HECIC New Energy Co., Ltd. and Hebei Green Energy Limited formally entered into an equity transfer agreement. The transfer price of the equity interest was determined based on the corresponding appraised asset value, which was RMB46.68 million. After completion of this acquisition, HECIC New Energy Co., Ltd. will, together with the equity interest held previously, own 100% equity interest of HECIC Yanshan (Guyuan) Wind Power Co., Ltd. For details, please refer to the announcement of the Company titled "Connected Transaction – Acquisition of 25% Equity Interest of HECIC Yanshan (Guyuan) Wind Power" on 28 March 2011.

Asset charge

During the year, the Group had no charge on its assets.

Contingent liabilities

During the year, the Group had no significant contingent liabilities.

V. OPERATIONAL RISKS

Risks in the natural gas market

As the demand for quality energy in different regions in China is increasing in future, it is expected that the demand for natural gas in the whole society will increase continually. Restricted by factors such as the natural gas production condition of the State, the market fluctuation of imported natural gas and contingent impacts that may be brought about by extreme weather, certain market risks will be brought to the long-term steady supply of natural gas. As a bulk resources product, the price of natural gas would fluctuate due to the effect of various factors. It will show a general increasing trend as affected by the growth in demand in future years. Natural gas distributors could transfer the price-increase factor downstream, but increase in end-price would also suppress the market demand.

Risks of wind power grid connection

Wind power has entered a large-scale development phase in China, but ancillary works for power grids lagged behind relatively. If the construction speed of wind power projects and power grid ancillary works do not match with each other, it would lead to risks of extended construction cycle. To ensure the orderly development of wind power, the government of the PRC proposed the idea of "unified planning, power grid support" for the management of wind power project development and construction on an unified basis and issued measures for the administration of power grid approval planning, and increased certain approval procedures for preliminary development of wind power. In the short term, the additional unified planning and approval procedures will prolong the approval process wind power projects. However, in the long run, the enhanced unified planning of the wind power industry on country level will avoid disorderly competition and benefit to the healthy development of the industry and the protection of reasonable interests of investors. The Group, as a top-ten wind power operator in China, will also benefit from the increasingly regulated wind power development policies of the PRC government. The Group will actively adapt to the changes of policies, enhance the connection between the projects developed and the power grids, and adequately accelerate the preliminary works for projects so as to ensure the smooth implementation of annual development plans of 2011.

Power restriction risks of wind power

As impacted by the grid structural factors of some regions, the power generation volume of certain projects of the Group in Zhangjiakou is restricted occasionally in winter. The Group strives to minimize the impact of power restriction by adopting measures to enhance the coordination with power grids and optimize the operation of wind farms, and actively construct "resource-friendly" wind farm.

Financial risk

The Group's natural gas pipeline construction and wind farm construction require significant capital expenditure. Most of the capital needed comes from banking facilities. It is expected that the People's Bank of China will keep implementing a prudent monetary policy in 2011. The increase of the benchmark lending rate would affect the Group's financing cost to a certain extent. The Group has a good credit history among local banks and can always obtain loans at the most preferential rate in a period. The Group will actively keep track of credit policies, enhance capital management, continue to implement diversified financing methods and control financial costs.

Regarding exchange rates, most of the Group's income is in RMB. However, CDM income is in foreign currencies. At the same time, the Group's Listing proceeds are deposited in Hong Kong dollars, and has to be exchanged before utilizing for project investments. Hence, fluctuations in exchange rate would cause exchange losses or gains in the Group's foreign currency business. The Group will keep track of changes in exchange rates, improve the settlement and use of foreign exchange and control foreign exchange risks.

VI. WORKING PLAN FOR 2011

In 2011, under the leadership of the Board of the Group, we will further reinforce the effort in operation management, strive to raise efficiency, greatly push forward project developments and achieve rapid business growth. In 2011, the Group will make efforts to achieve the following:

(1) Natural Gas Business

1. Actively promote the market development of natural gas, maintain growth in total wholesale volume, actively expand city natural gas business to enter into more new markets so as to achieve the continuing growth in annual natural gas sales volume and sales income. At the same time, coordinate gas supply and aim to achieve an annual gas sales volume of 1.17 billion cubic metres.

2. Push forward the development and construction of Gaoyi-Qinghe pipeline; aiming to commission within the year; rapidly commence marketing in the area along the Gaoyi-Qinghe pipeline.

3. Press ahead with the implementation of gas resources projects. We strive to obtain approval for the commencement of preliminary works of Shanxi coalbed methane project within the year, confirm the investment and construction of LNG project in Caofeidian, actively push forward the utilization of coal-made natural gas in Shanxi Province and Inner Mongolia Automomous Region;

(2) Wind Power Business

1. Strengthen the management of operation and maintenance of wind farms, maintain a higher availability factor and average utilisation hour of wind farms, strive to achieve power generation volume of over 1.9 billion kwh;

2. Accelerate the construction of approved wind farm projects, ensure that projects such as Shanxi Lingqiu Hanfengling Wind Farm Phase 1 and 2, Yuxian Dongdianziliang Wind Farm, Yuxian Yongshengzhuang Wind Farm, Yuxian Chashan Wind Farm, Zhangbei Daxishan Wind Farm, Chongli Jiaocheshan Wind Farm commence operation as planned; follow up with the plan of the wind farm industry and the local power grid plans, accelerate the process of obtaining preliminary approvals and formal approval of the Pipeline Projects and commencement of the construction, strive for the commission of 400-500MW of wind power installed capacity for the year.

3. Expand the financing system of the Company, enhance financing planning. We will supplement project construction funds and reduce finance cost through the issue of a combination of bonds such as short-term financing bonds, company bonds, etc. so as to continue to raise the efficiency in the use of internal funds within the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and has complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 year ended 31 December 2010.

RECOMMENDATION OF FINAL DIVIDEND, WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS, AND CLOSURE OF SHARE REGISTER OF MEMBERS FOR H SHARES

The Board recommends the payment of final dividends of RMB0.005 per share (tax inclusive) for the year ended 31 December 2010, totaling RMB16.2 million, subject to the approval of shareholders in the forthcoming annual general meeting.

According to the "Enterprise Income Tax Law of the People's Republic of China" and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold 10% enterprise income tax before distributing the 2010 dividend to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

The H share register of members of the Company will be closed from 5 May 2011 (Thursday) to 3 June 2011 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to the dividend, H share holders of the Company should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 4 May 2011 (Wednesday).

PROPOSED SECOND SPECIAL DIVIDEND

Reference is made to section headed "Financial Information – Pre-establishment Distribution and Special Dividends" of the prospectus of the Company dated 30 September 2010. Pursuant to an ordinary resolution passed by the shareholders on 9 February 2010, the shareholders of the Company approved that the Second Special Dividend will be declared and paid to the promoters of the Company, HECIC and HECIC Water according to their respective shareholding interests in the Company for the net profit of the Group attributable to the owners of the Company earned for the period from 1 April 2010 up to the day immediately prior to the Listing.

Based on the consolidated financial statements of the Group for the three-month period ended 31 March 2010 and for the ten-month period ended 31 October 2010 audited by Ernst & Young, the Group calculates the consolidated income statements of the Group for the seven-month period ended 31 October 2010. According to the results, the Second Special Dividend will be paid to HECIC and HECIC Water in an aggregate amount of approximately RMB41,978,000, which is determined based on (1) the net profit of the Group attributable to the owners of the Company as stated in the audited consolidated financial statements of the Company, prepared in accordance with PRC GAAP or IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ending 31 October 2010, minus (2) the net profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010. The profit of the Group attributable to the owners of the Company for the period from the day of the Listing to 31 October 2010 equals the amount, calculated on a pro-rata basis, of the net profit of the Group attributable to the owners of the Company, as stated in the audited consolidated financial statements of the Company, prepared in accordance with PRC GAAP or IFRSs, whichever is lower, after deducting any appropriation to the statutory and discretionary reserve funds, if any, for the seven-month period ended 31 October 2010.

The Company will finance the Second Special Dividend to HECIC and HECIC Water from its then available cash and cash equivalents on hand. The Company does not expect to incur any significant one-off capital commitment, revenue or expenses outside the ordinary course of business in the second and third quarters of 2011 and expects to have sufficient cash or cash equivalent generated internally to settle the Second Special Dividend. Payment of the Second Special Dividend is expected to take place before 30 June 2011. The Company will take all necessary steps and also fulfill all necessary legal and regulatory requirements prior to settlement of the Second Special Dividend.

The Board has approved the proposed Second Special Dividend on 28 March 2011. The final declaration and payment of the Second Special Dividend are subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

ELIGIBILITY FOR ATTENDING THE ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS FOR H SHARES

For the purpose of determining H share holders' entitlement to attend the Annual General Meeting, the H share register of members of the Company will be closed from 5 May 2011 (Thursday) to 3 June 2011 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, H share holders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17 Floor, Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 4 May 2011 (Wednesday).

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the 2010 annual results of the Group and the financial statements for the year ended 31 December 2010 prepared in accordance with the IFRSs.

PUBLICATION OF ANNUAL REPORT

The Company's 2010 annual report will be despatched to the shareholders and will be published on the Company's website (http://www.suntien.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) in due course.

DEFINITIONS

"Approved Wind Power Project"	:	wind power project which has obtained a reply from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission for their approval of commencing project 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)
"CDM"	:	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"CERs"	:	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol
"Clean Energy Business Operation"	:	as ascribed in Note 1 to this announcement
"CNG"	:	compressed natural gas, a type of natural gas that is compressed to high density through imposing high-pressure to facilitate the ease and efficiency of transportation
" Company", "we" or "us"	:	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司)
"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

"DOE"	:	designated operating entity accredited for monitoring CDM projects under the Kyoto Protocol
"GW"	:	unit of power, gigawatt. 1 GW = 1,000 MW
"GWh"	:	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measurement for the annual energy production of large power plants
"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
"HECIC"	:	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company, which invests in the energy and transportation infrastructure industries
"HECIC Group"	:	the businesses and companies in which HECIC and its subsidiaries (other than the Group) are interested
"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
"Hong Kong Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"IAS"	:	International Accounting Standards
"IASB"	:	the International Accounting Standard Board
"IFRSs"	:	the International Financial Reporting Standards, which include standards and interpretations approved by the IASB, and the IAS and interpretation issued by the international Accounting standards Committee
"installed capacity"	:	the capacity of the wind turbines that have been completely assembled and erected

"kW"	:	unit of power, kilowatt, 1 kW = 1,000 watts
"kWh"	:	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be consumed by a 1 kW electrical appliance in one hour
"Listing"	:	listing of the H Shares of the Company on the Main Board of the Stock Exchange on 13 October 2010
"MOF"	:	Ministry of Finance of the PRC (中華人民共和國財政部)
"MW"	:	unit of power, megawatt. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"net power delivered to grid"	:	for a specified period, the total amount of electricity sold to the relevant local grid companies by a power plant in that period, which equals to gross power generation less auxiliary electricity and the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment
"operating capacity"	:	the installed capacity of the wind turbines that have been connected to power grids and started generating electricity
"PetroChina"	:	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in China with limited liability and listed on the Stock Exchange (Stock code: 857), and/or its subsidiaries, and an independent third party not connected with the Company
"Pipeline Projects"	:	wind power projects that have been indentified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with local governments, under which we are authorized to develop wind farms at specified sites with certain estimated total capacity
"Preliminary Approved Project"	:	wind power project which has obtained a reply from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission for their approval of commencing preliminary preparation for such wind power project
"PRC GAAP"	:	the Accounting Standards for Business Enterprises issued by the MOF of the PRC in 2006, and other related regulations issued by the MOF

"projects under construction"	:	projects for which the construction work on the roads, foundations or electrical infrastructure has commenced but not been completed, and the project company has received the project approval from the National Development and Reform Commission of the PRC or the relevant provincial Development and Reform Commission or local Development and Reform Commission and detailed engineering and construction blueprints have been completed
"Renminbi" or "RMB"	:	the lawful currency of the PRC
"VERs"	:	voluntary emission reductions, which are carbon credits that are not mandated by any law or regulation, but originated from an organization's desire to take active part in climate change mitigation efforts

By order of the Board of
China Suntien Green Energy Corporation Limited
Li Lian Ping
Chairman

Beijing, 28 March 2011

As at the date of this announcement, the non-executive directors of the Company are Dr. Li Lian Ping, Mr. Zhao Hui Ning and Mr. Xiao Gang; the executive directors of the Company are Dr. Cao Xin, Mr. Gao Qing Yu, Mr. Zhao Hui and Mr. Sun Xin Tian; and the independent non-executive directors of the Company are Mr. Qin Hai Yan, Mr. Ding Jun, Mr.Wang Xiang Jun and Mr. Yue Man Yiu Matthew.

* *for identification purpose only*