



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

2014 Annual Results Presentation

March 2015
(0956.HK)

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Agenda



1. 2014 Annual Results Overview

2. Business Overview

3. Financial Highlights

4. Outlook



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1. Results Overview

Operating Environment of the Natural Gas Industry



Natural Gas Industry's Operating Environment in 2014

- ☉ The government had intensified air pollution management, and pushed for the replacement of coal with clean energy, such as natural gas. However, driven by gas price reform, lower economic growth and falling oil price, the growth of gas consumption declined
- ☉ China's consumption of natural gas was 178.6 Bn cubic meters in 2014, up 5.6% from the previous year
- ☉ To increase gas supply, improve efficiency in gas use and allocate resources reasonably, and according to the target of applying the same system for existing gas and new additions, the NDRC issued in August 2014 the "Notice on Adjusting Price for Existing Non-residential Natural Gas", raising city gate price cap for existing non-residential gas by RMB 0.4 per cubic meter while keeping that for new additions unchanged. This regulation came into effect on September 1, 2014
- ☉ On February 28, 2015, the NDRC announced that starting April 1 city gate price cap for new gas additions will be lowered by RMB 0.44 per cubic meter while the cap for existing gas will be raised by RMB 0.04 per cubic meter, achieving price consolidation and uniform non-residential natural gas price

Operating Environment of the Wind Industry



Wind Industry's Operating Environment in 2014

- ☉ In 2014, China's wind industry continued to grow strongly, with a record 19.81 GW installed capacity added. On-grid installed wind capacity reached 96.37 GW, accounting for 7% of China's total installed capacity and 27% of global installed wind capacity. Annual average utilization was 1,893 hours
- ☉ In 2014, Hebei added 1.38 GW on-grid installed capacity, raising its total on-grid capacity to 9.13 GW, up 17.8% YoY; Annual average utilization was 1,896 hours, down by 125 hours from a year ago
- ☉ In June 2014, the NDRC issued the "Notice on the Policy for On-grid Tariff of Offshore Wind Power", setting prices for offshore wind projects not subject to the bidding process and put to operation by 2017. The tax-inclusive on-grid tariff is RMB 0.85 per kWh for offshore projects and RMB 0.75 per kWh for intertidal projects
- ☉ On December 31, 2014, the NDRC issued the "Notice on Adjusting Benchmark On-grid Tariff for Onshore Wind Power", lowering RMB 0.02 per kWh of the benchmark on-grid tariffs for wind projects in Type I, II and III resource zones, while keeping constant the benchmark on-grid tariff for projects in Type IV resource zones

2014 Annual Results Overview



Natural Gas

- Annual gas sales in 2014 reaching 1.523 billion cubic meters, increasing 2.7% year on year
- Added 590 km of city gas pipelines in 2014. As of the end of 2014, total length of natural gas pipelines in operation reached 1,713.5 km, including 550 km of long-distance pipelines and 1,163.5km of city gas pipelines
- Newly-added 1 CNG primary filling station and 2 CNG refilling stations into operation; 2 CNG primary filling stations, 4 CNG refilling stations and 1 LNG refilling station have completed; as of end of 2014, there are a total of 2 CNG primary stations and 1 CNG main and sub-stations and 4 CNG sub-stations
- Newly-added Liaoning Huludao gas market outside of Hebei; within the province, have completed many acquisitions Pingshan, Anguo, etc; city gas business has presence in 25 regional markets



Wind Power

- Newly-installed capacity was 251.5 MW and consolidated installed capacity of the wind farms was 1,696.8 MW in 2014; 6 projects are under construction, with a total capacity of 548.5 MW
- Total power generation reached 2.740 TWh in 2014, 6.4% decrease from last year; average utilization hours reached 1,996, decreasing 316 hours over the previous year; average utilization rate reached 97.8%
- Newly-added approved capacity of 1,441 MW, among which Type II resource area 995.5 MW, Type III resource area 50 MW, Type IV resource area 395.5 MW, and accumulated approved capacity(to be constructed) was 1,826 MW.



Other Renewable Energy

- Newly-added Laiyuan Jinjiajing 10 MW solar power station, and accumulated 31 MW of solar power station projects are operational
- Newly-added solar power projects with 1,888 MW of resource contract capacity, and accumulated solar power contract capacity of 3,269 MW; newly-added approved capacity of 49 MW, and accumulated approved capacity of 80 MW





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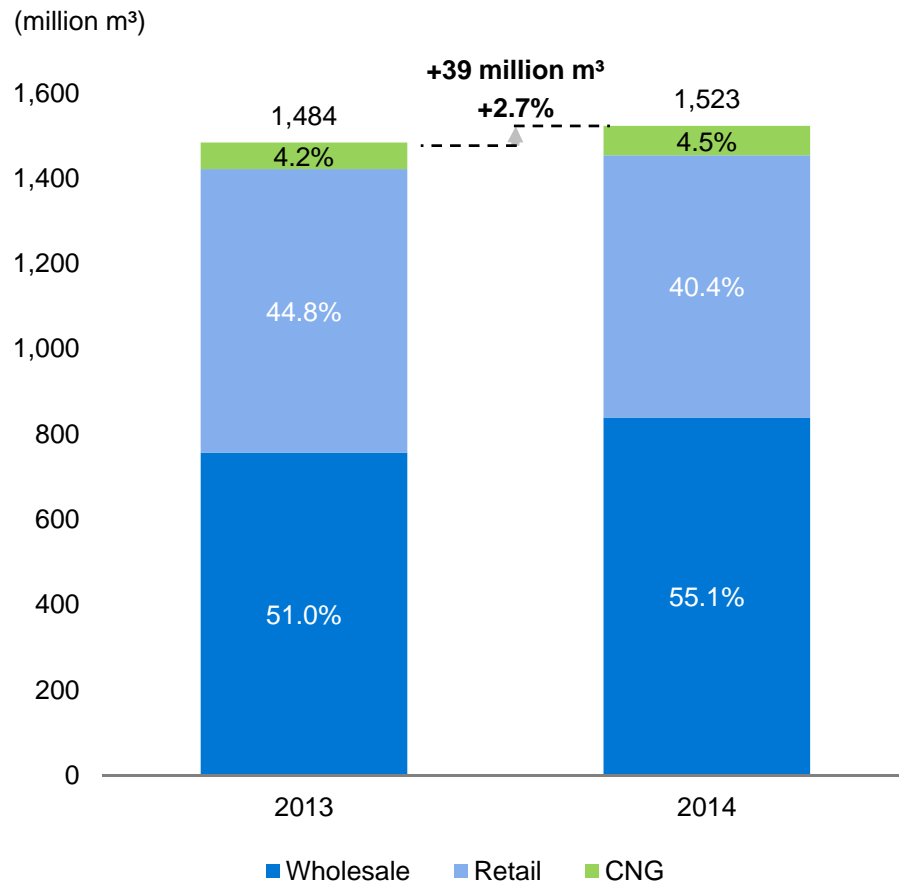


2. Business Overview

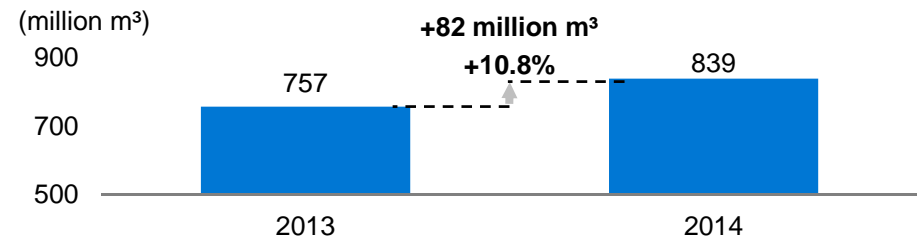
Natural Gas Business Grew Steadily

Steady Growth of Sales Volume

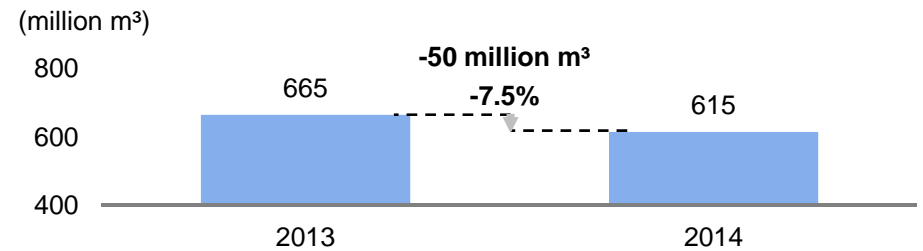
Natural Gas Sales Volume



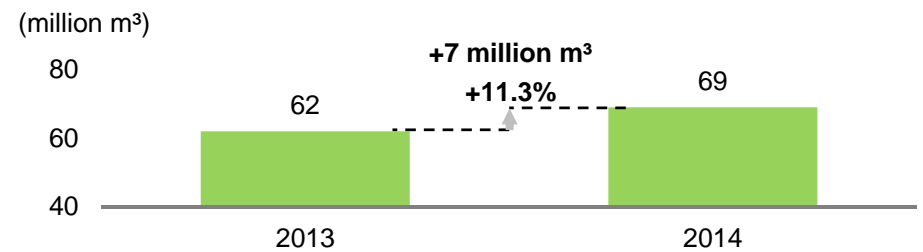
Wholesale



Retail



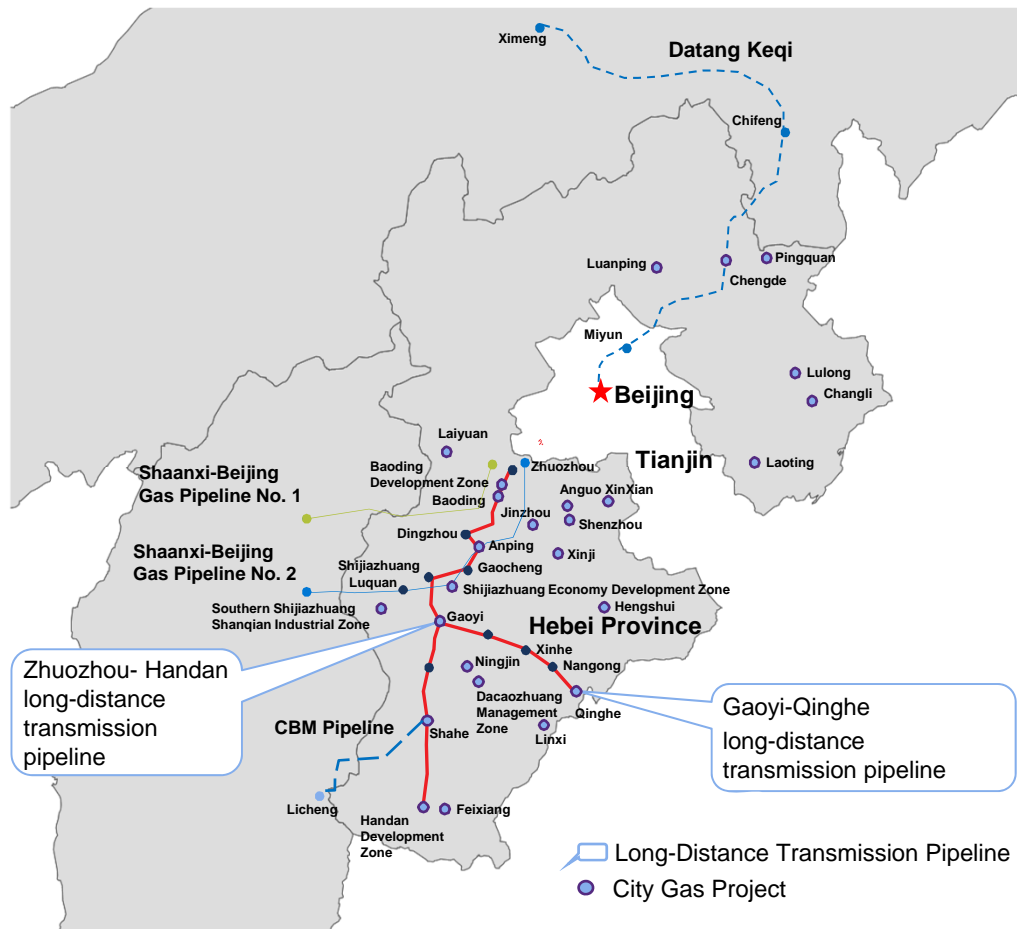
CNG



Overview of Natural Gas Business (cont'd)



Locations of Suntien's Natural Gas Assets

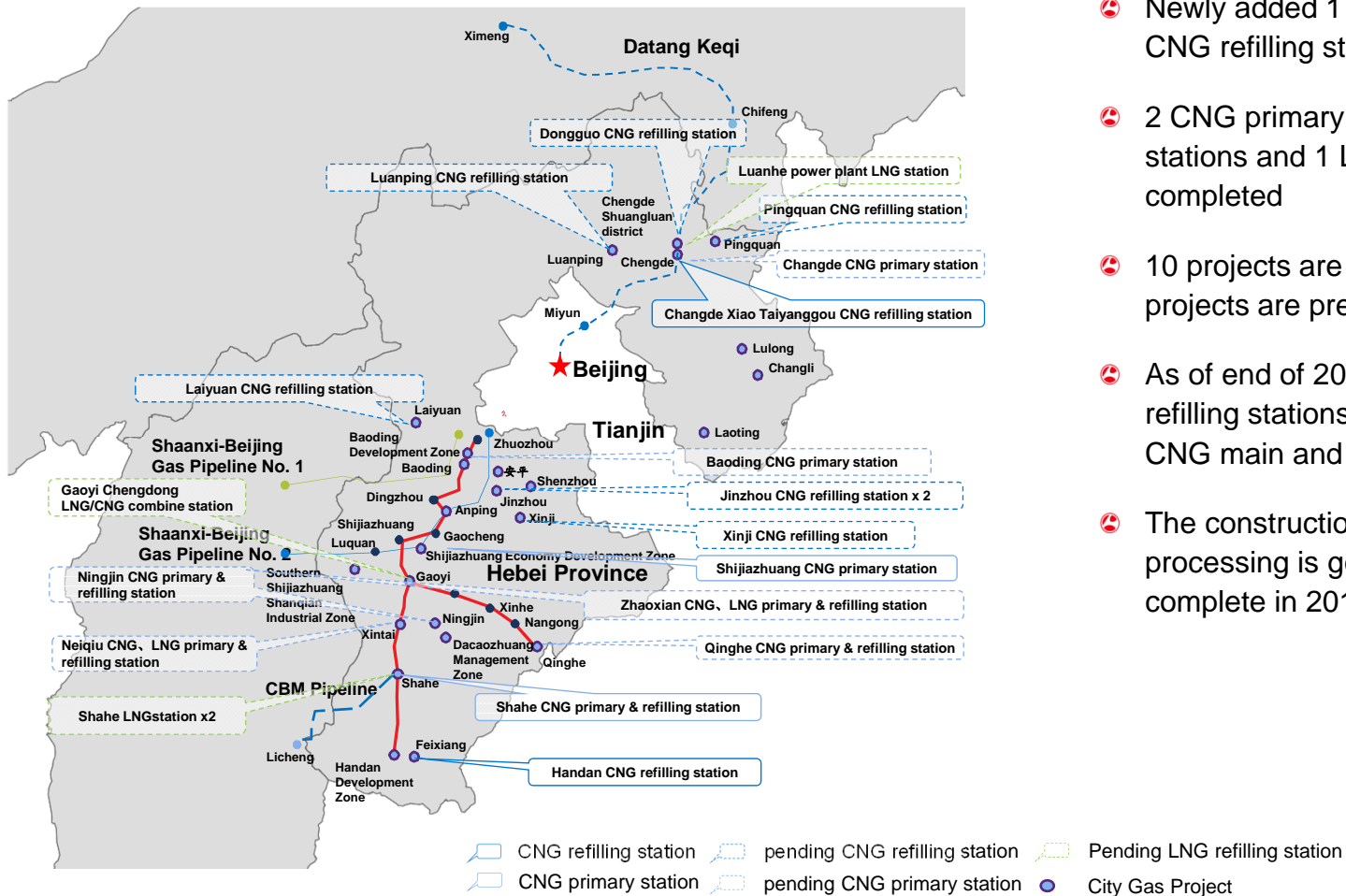


Actively Promote the Construction of Natural Gas Projects

- ④ Pipework for ten counties in middle Hebei Province (Phase I) and Chengde gas utilization (Phase I) are partially in operation
- ④ Licheng-Shahe CBM Pipeline project has completed 71 km
- ④ The construction of Shahe natural gas liquification project is going smoothly, expect to complete in 2015
- ④ Newly added 590 km of natural gas pipelines. As of end of 2014, the Group's total length of pipelines in operation reached 1,713.5 km, among which 550 km are long-distance pipelines and 1,163.5 km of city gas pipelines

Overview of Natural Gas Business (cont'd)

Locations of Suntien's CNG / LNG stations



Expanding CNG / LNG refilling business

- ➊ Newly added 1 CNG primary filling station and 2 CNG refilling stations into operation
- ➋ 2 CNG primary filling stations, 4 CNG refilling stations and 1 LNG refilling station have completed
- ➌ 10 projects are under construction, and 8 projects are preparing to begin construction
- ➍ As of end of 2014, there are a total of 4 CNG refilling stations, 2 CNG primary stations and 1 CNG main and sub-station
- ➎ The construction of Shahe natural gas LNG processing is going smoothly, expect to complete in 2015

Overview of Natural Gas Business (Cont'd)



Expansion of Upstream Infrastructure Portfolio

- The gas project in Chengde has completed infrastructure construction, and the Datang Keqi coal-to-gas project began to carry in pipeline gas at the end of 2014
- We obtained documents for gas source outlet from SinoPec, and SinoPec has started site renovation
- Caofeidian LNG Terminal Project in Tangshan, 20% owned by the Group, officially launched in December 2013, and contributed profits of RMB29 MM in 2014

Rapid Growth in Downstream Gas Sales

- Added 68 industrial users, raising our total industrial users to 375; added 18,538 residential users, up 28.5% from the previous year, putting total residential users at 83,552
- Newly-added Liaoning Huludao gas market outside of Hebei; within the province, have completed many acquisitions in Pingshan, Anguo, etc; city gas business has presence in 25 regional markets

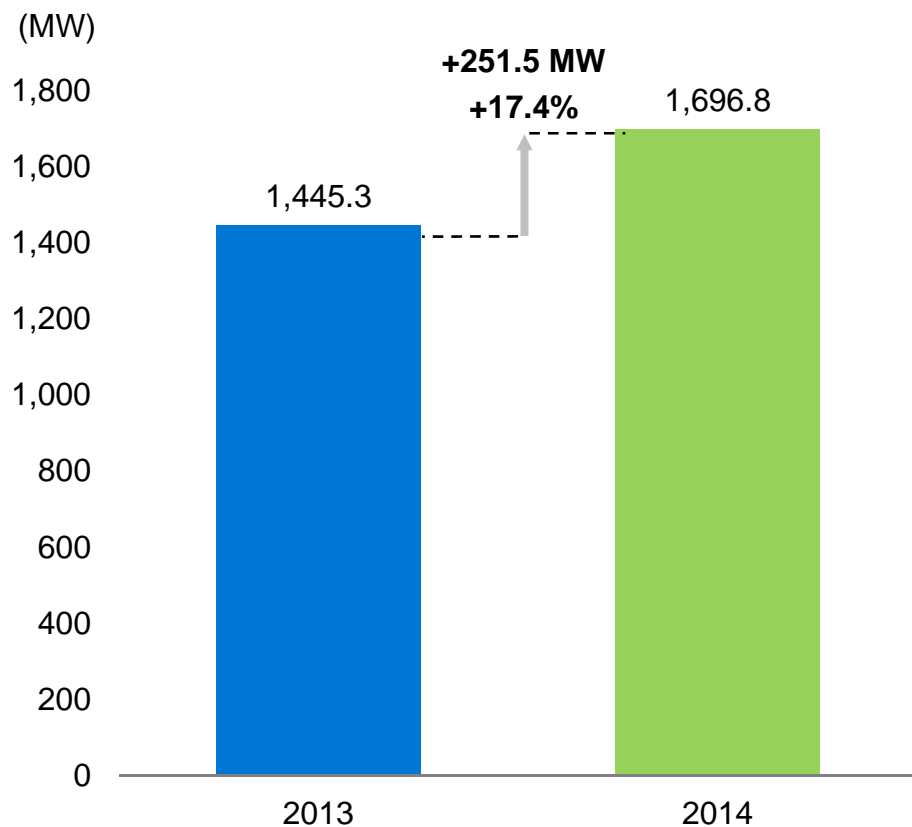
Price Adjustment Successfully Executed

- The NDRC issued in August 2014 the “Notice on Adjusting Price for Existing Non-residential Natural Gas”, raising city gate price cap for existing non-residential gas by RMB 0.4 per cubic meter while keeping that for new additions unchanged. This regulation came into effect on September 1, 2014
- On August 22, 2014, the Price Bureau of Heibei Province issued the file for price adjustment. Our average purchase price hike was RMB 0.29 per cubic meter for the year. As of now, the Group’s pass-through initiative has mostly completed in each of its markets

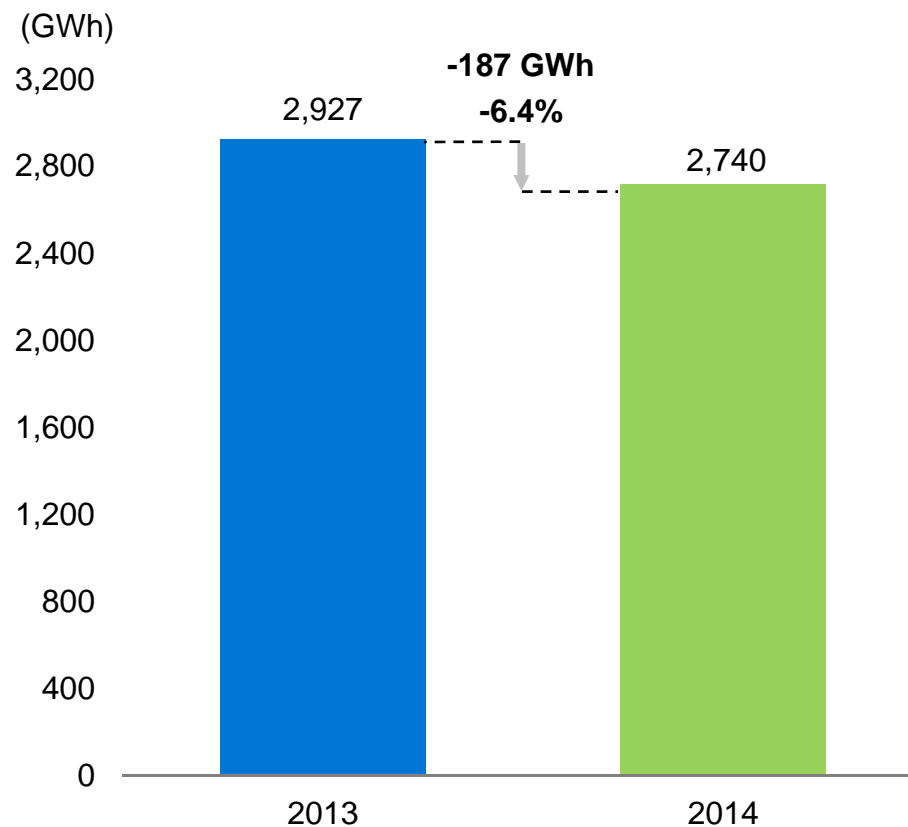
Overview of Wind Power Business

Installed Capacity Continue to Increase; Power Generation Maintain Stable Growth

Consolidated Installed Capacity



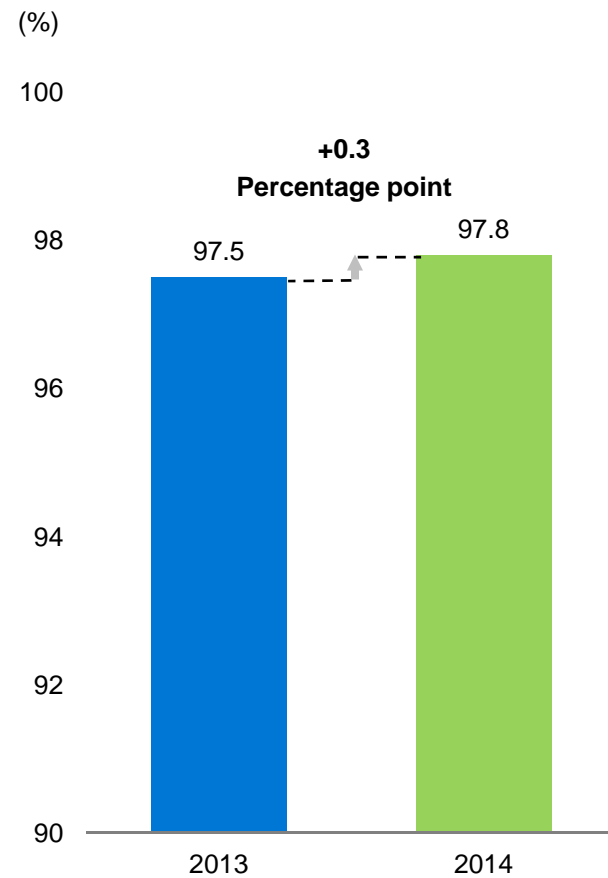
Consolidated Power Generation



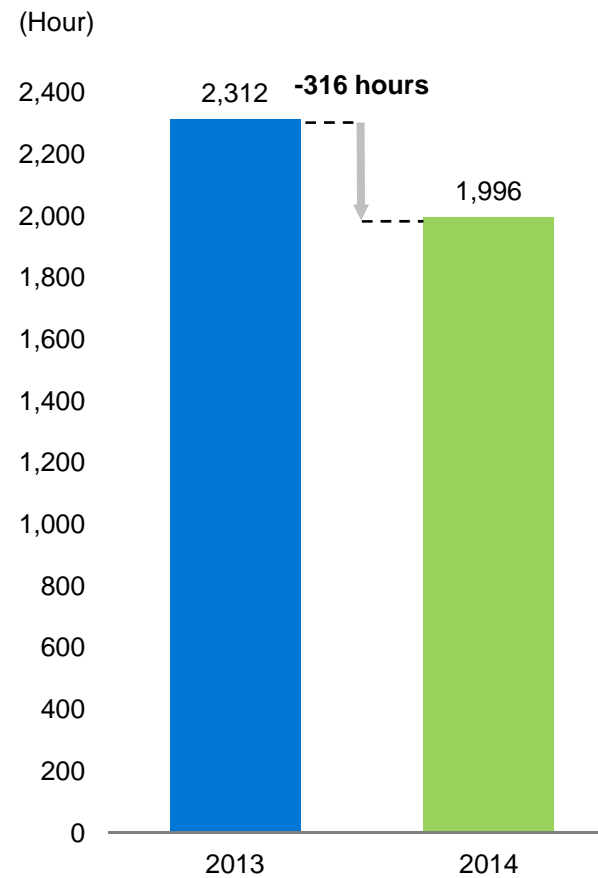
Overview of Wind Power Business (cont'd)

All Wind Farms Maintain Healthy Operation; Regional Tariff Remains Stable

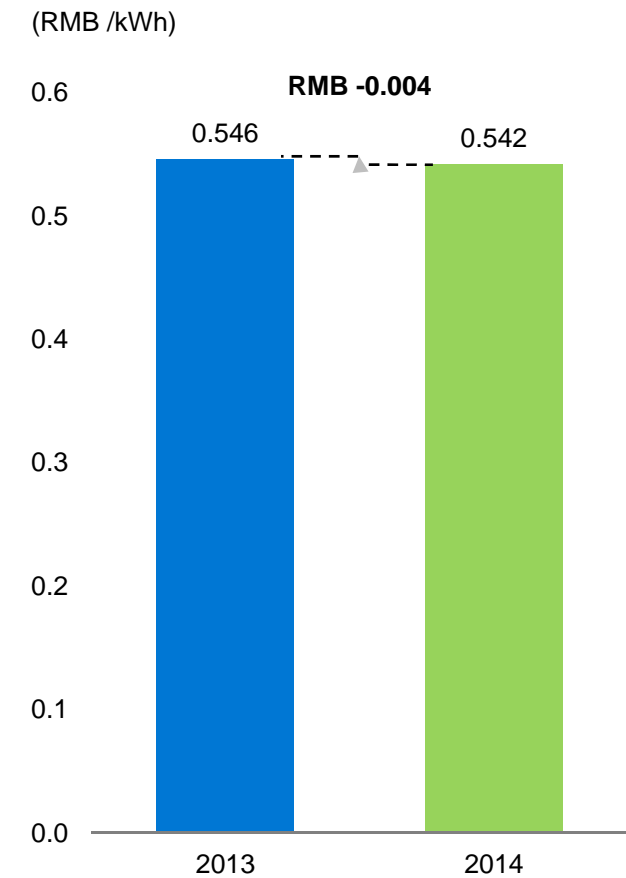
Availability Factor ⁽¹⁾



Average Utilization Hours



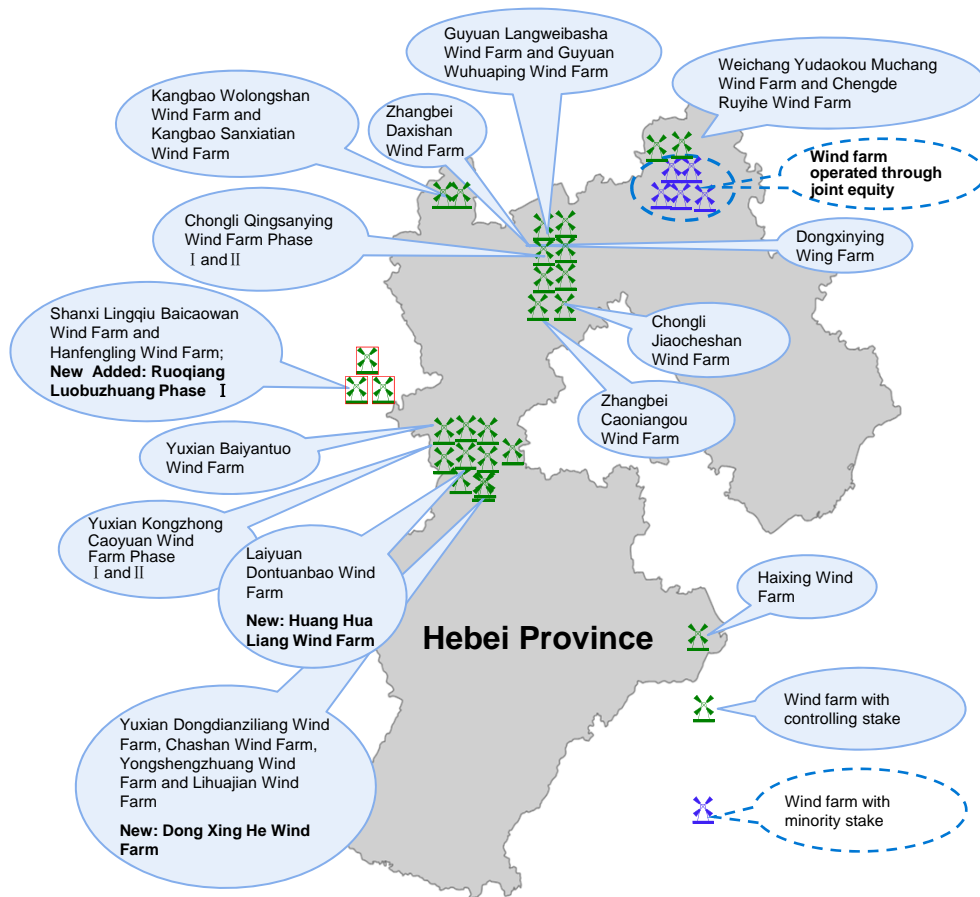
Average On-grid Tariff (Including VAT)



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

Overview of Wind Power Business (cont'd)

Locations of Suntien's Wind Farms



- Newly-added 251.5 MW installed capacity in 2014. As of the end of 2014, consolidated wind power capacity increased to 1696.8 MW, and the accumulated attributable installed capacity reached 1,544.1 MW
- 6 wind farm projects are under construction, with a total capacity of 548.5 MW
- Newly-added approved capacity of 1,441 MW, among which Type II resource area 995.5 MW, Type III resource area 50 MW, Type IV resource area 395.5 MW, and accumulated approved capacity (to be constructed) was 18,26 MW
- Tangshan Laoting Putidao offshore wind power 30 MW demonstration project began construction in the first half of 2015. Based on "Notice on the Policy for On-grid Tariff of Offshore Wind Power" issued in June 2014, this project has a tax-inclusive tariff of RMB 0.85 per kW
- Based on "Plan to Develop National Offshore Wind Power (2014-2016)" issued in December 2014 by the National Energy Administration, Tangshan's offshore wind power phase II project (200 MW) has been added to construction plan

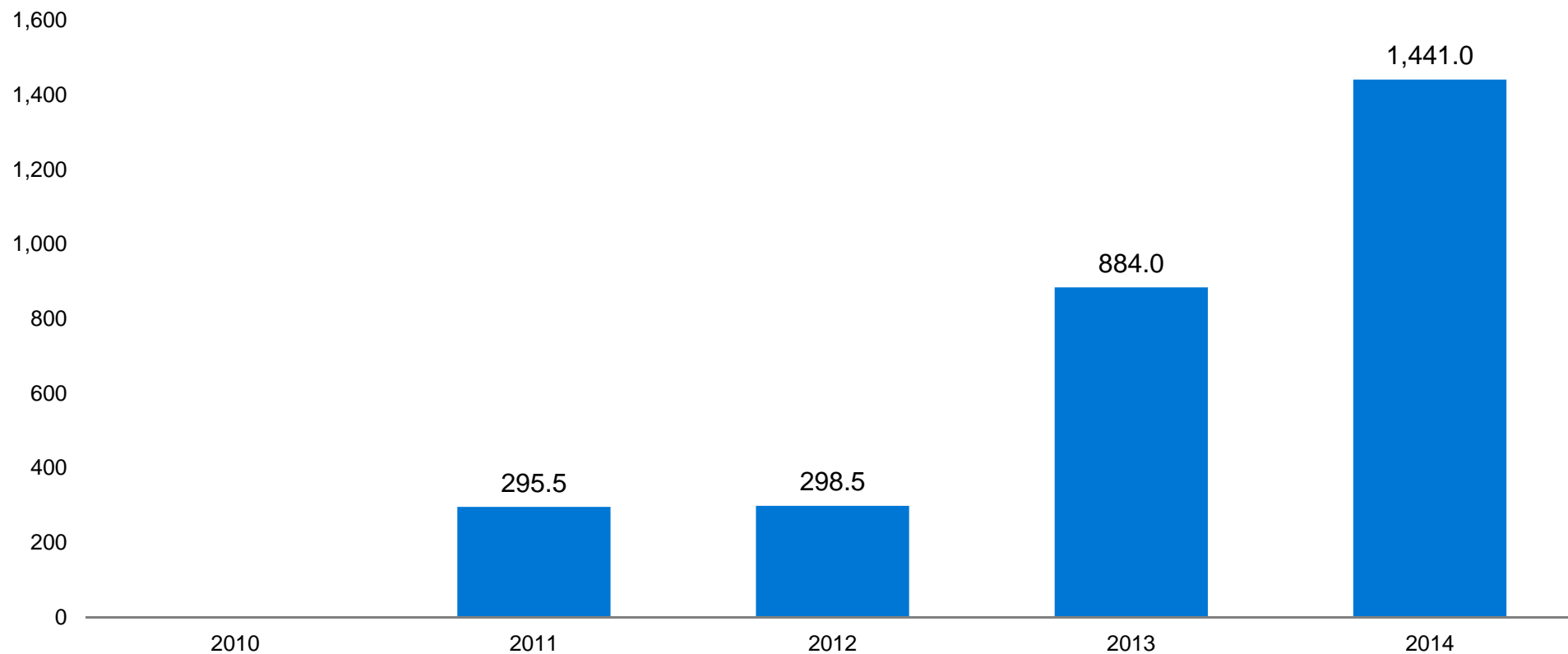
Overview of Wind Power Business (cont'd)



Highest Newly-Added Approved Capacity in 2014

Newly-Added Approved Capacity

(MW)





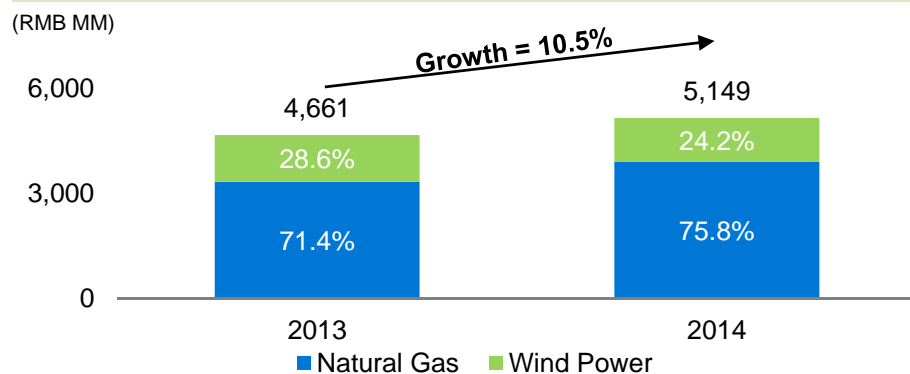
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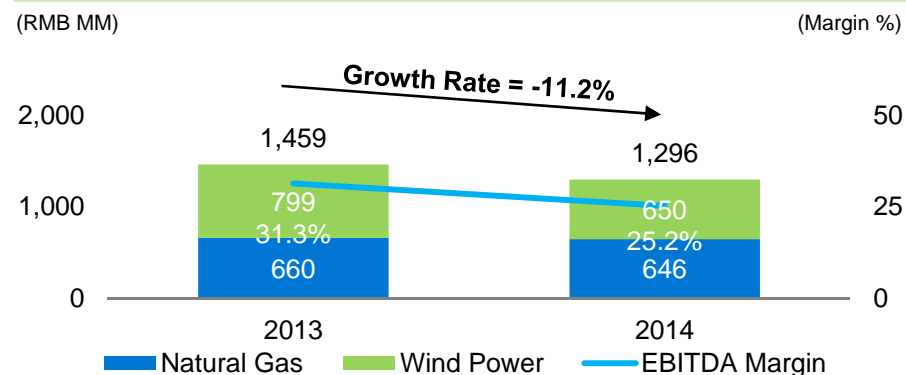
3. Financial Highlights

Revenue and Profit Continued to See Stable Growth

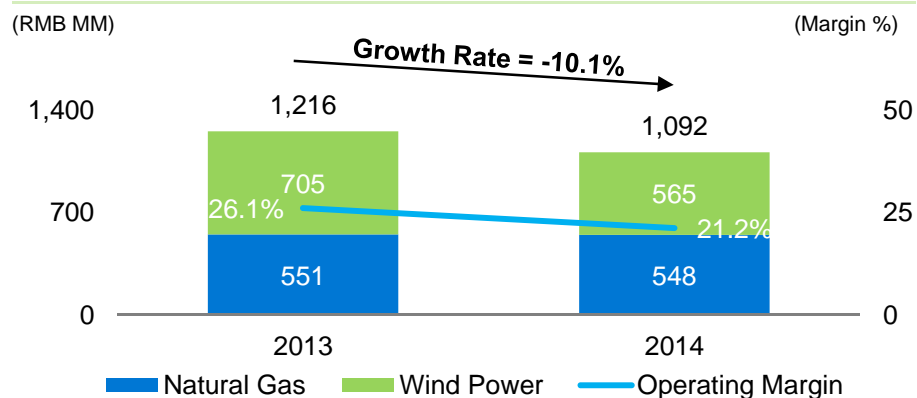
Revenue



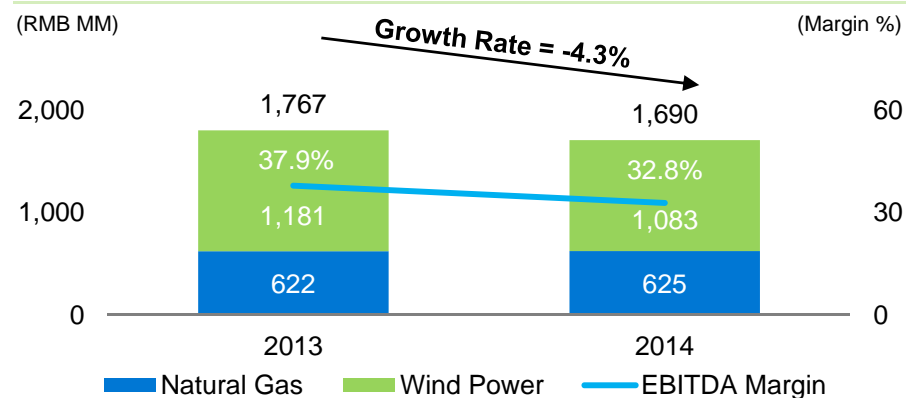
Gross Profit



Operating Profit ⁽²⁾



EBITDA ^{(1) (2)}



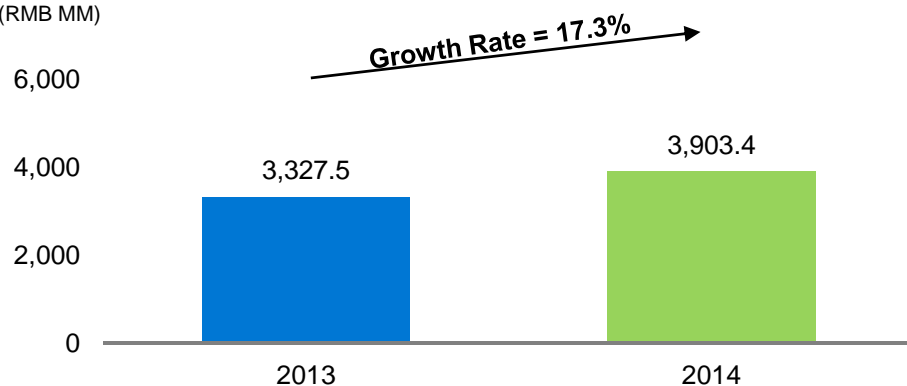
1 Including other revenue such as CER revenue, VAT refund, and bank interest income, excluding share of profit from associates

2 Sum of two segments is after inter-company elimination and excluding share of profits of associates

Steady Growth in Natural Gas Business

Revenue

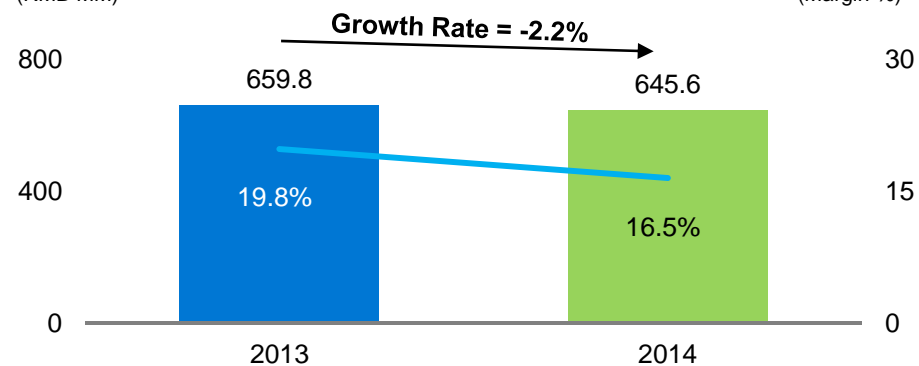
(RMB MM)



Gross Profit

(RMB MM)

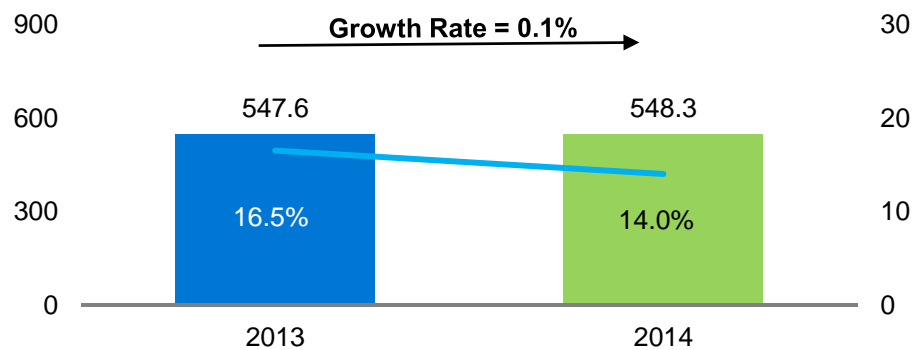
(Margin %)



Operating Profit

(RMB MM)

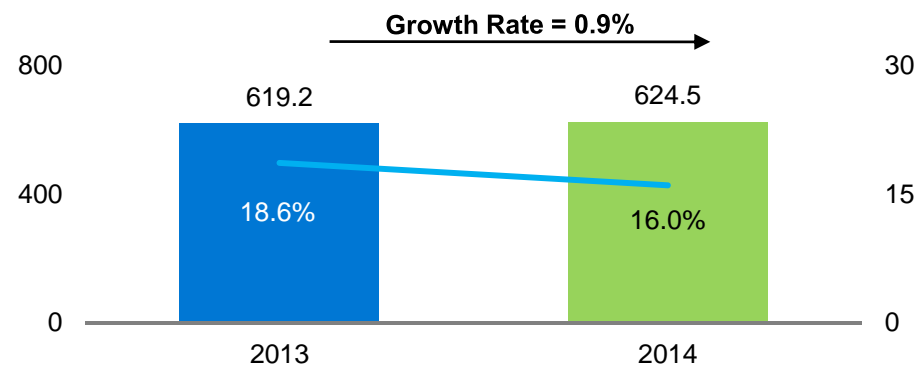
(Margin %)



EBITDA ⁽¹⁾

(RMB MM)

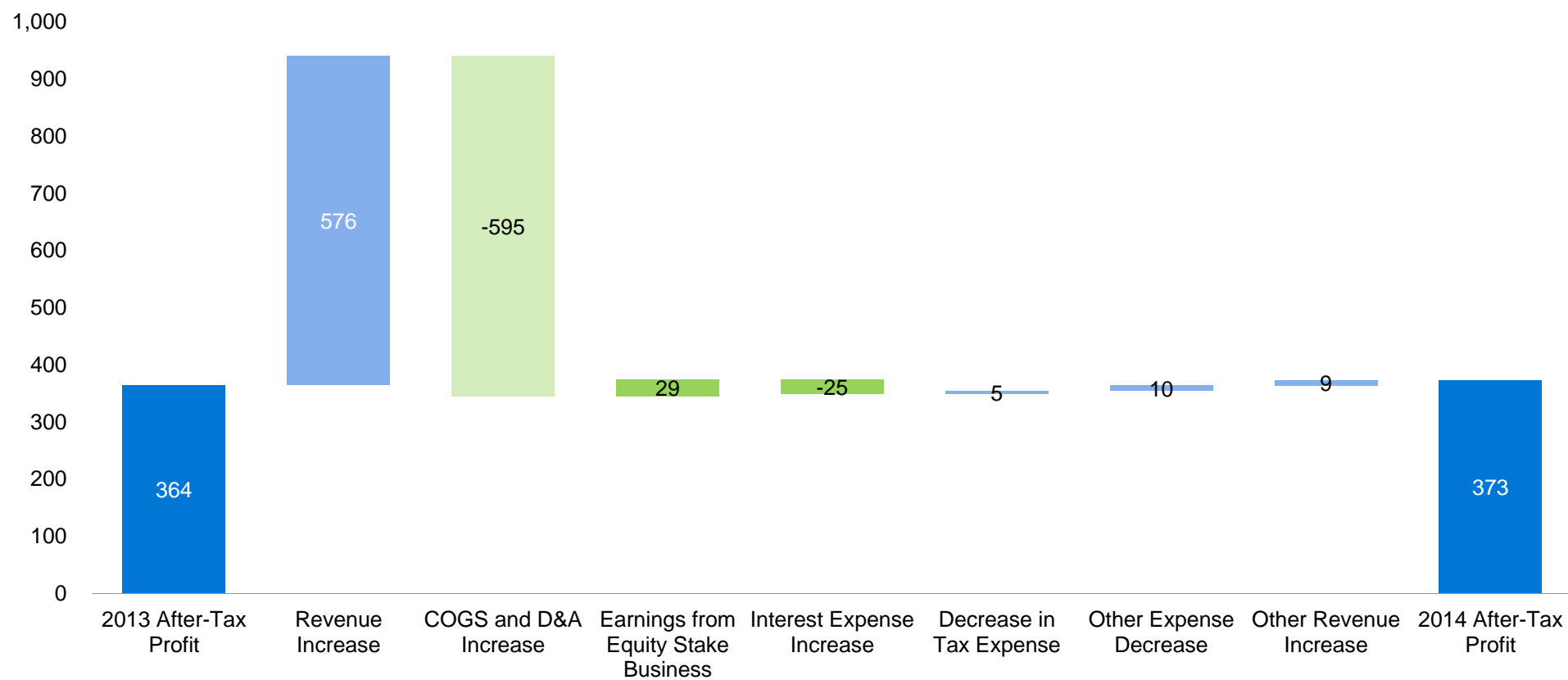
(Margin %)



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

Analysis of After-Tax Profit of Natural Gas Business

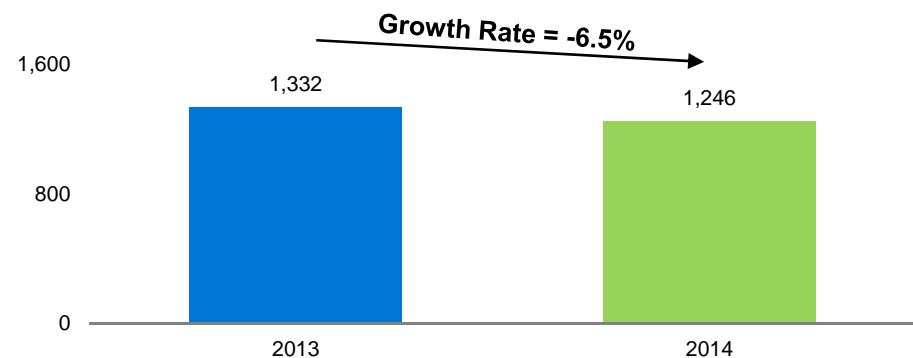
(RMB MM)



Wind and Solar Power Businesses

Revenue

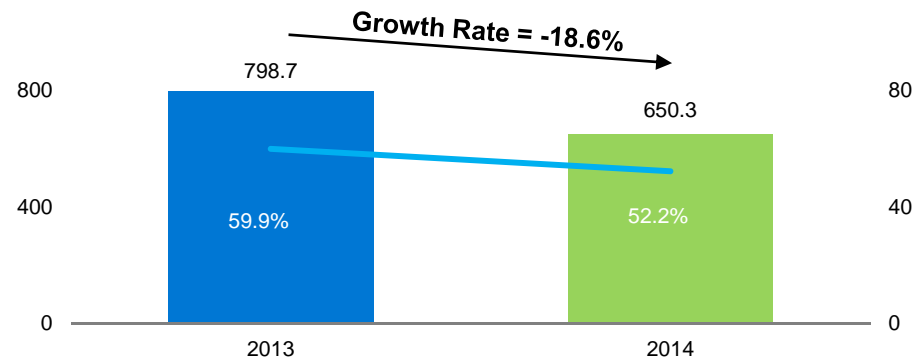
(RMB MM)



Gross Profit

(RMB MM)

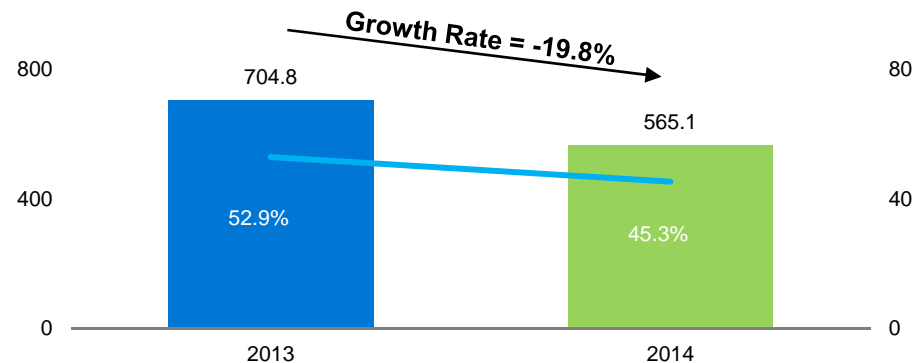
(Margin %)



Operating Profit

(RMB MM)

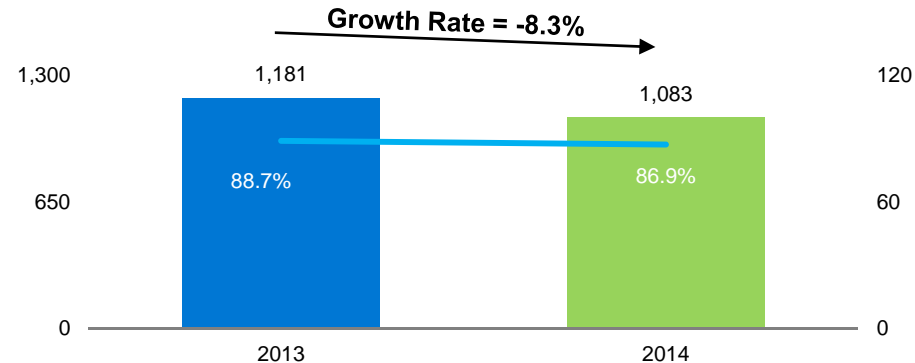
(Margin %)



EBITDA (1)

(RMB MM)

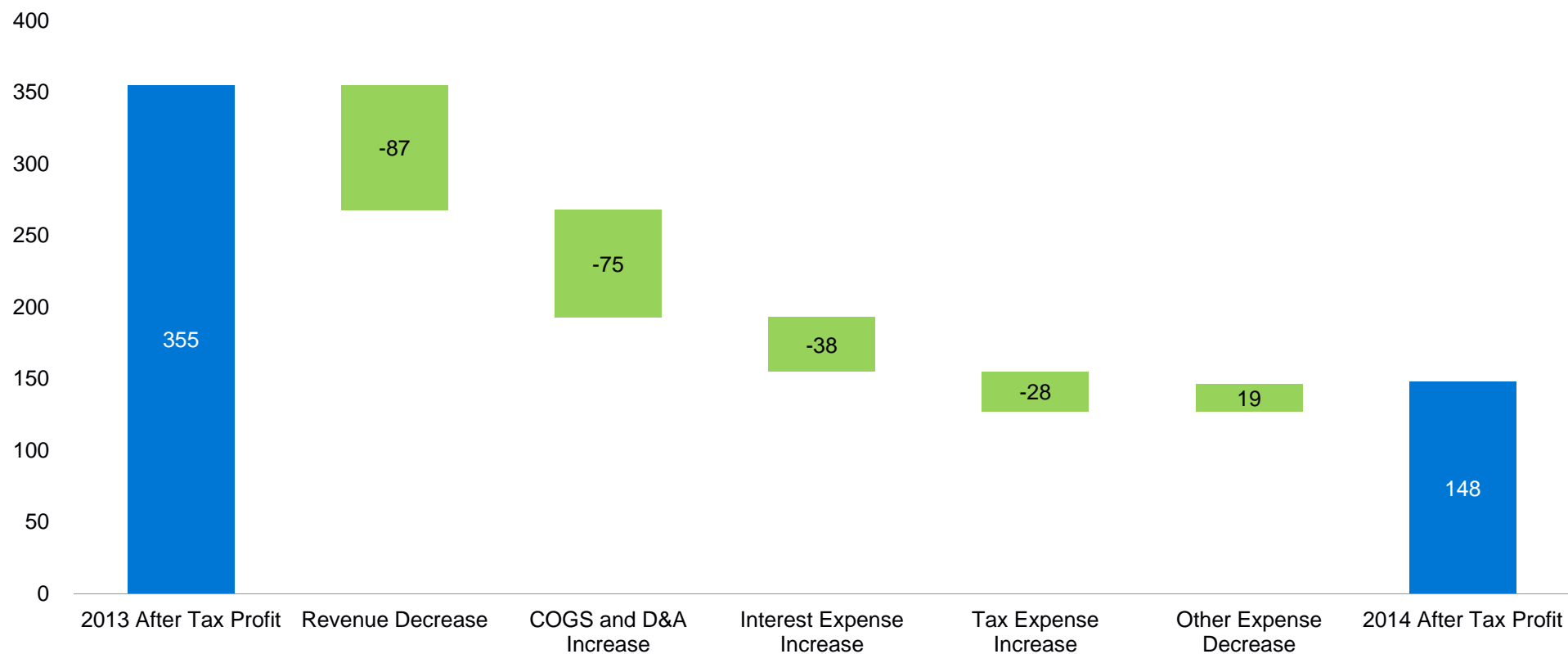
(Margin %)



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

Analysis of After-Tax Profit of Wind and Solar Power Businesses

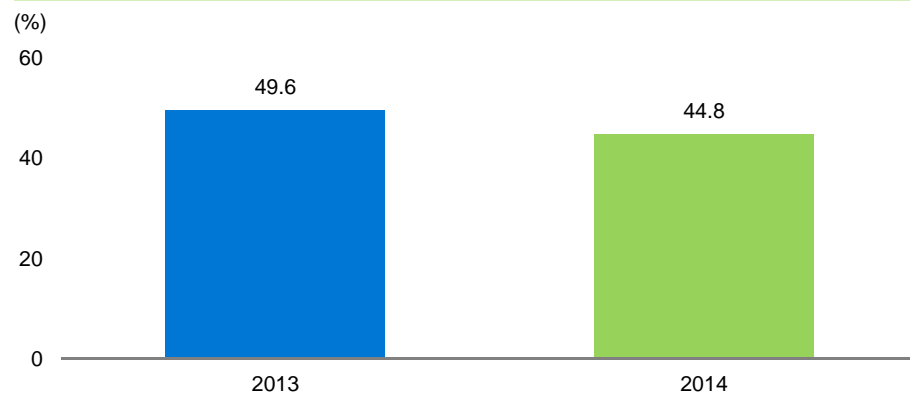
(RMB MM)



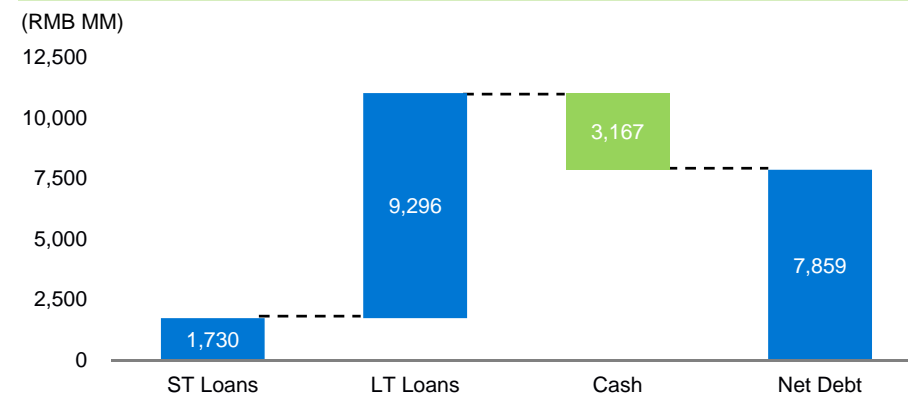
Stable Capital Structure



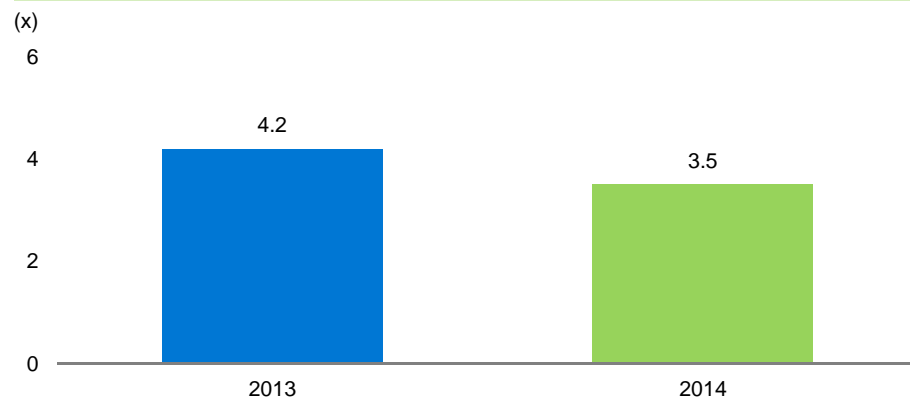
Net Debt / Total Asset



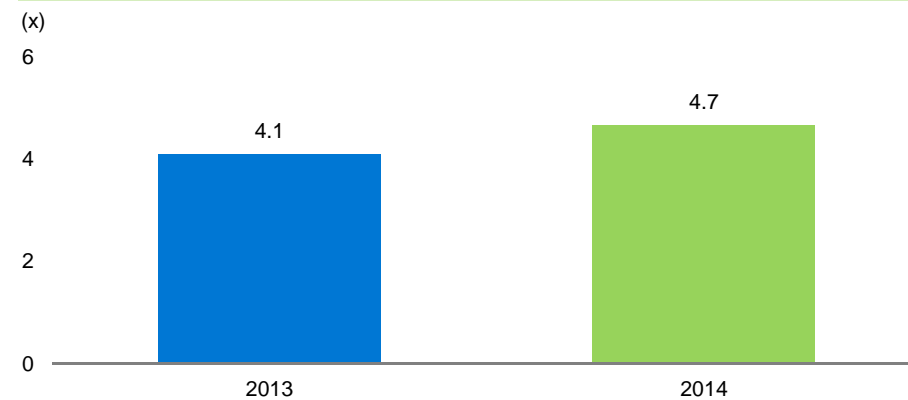
2014 Net Debt Breakdown ⁽¹⁾



Interest Coverage (EBITDA / Total Interest Expense)



Net Debt / EBITDA



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



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4. Outlook

2015 Development Goal

In 2015, we will keep focusing on natural gas, wind power, solar power and other clean energy, further improving business structure, accelerating project construction process, promoting the approved projects get into operation at the early time, continuously improving management and maintenance skill, laying a solid foundation for the next phase growth of the group.

1

Sensibly Plan and Distribute Natural Gas Projects

The Group will overcome stress from economic slowdown and decreased prices of alternative energies such as coal and develop pipeline transportation, city gas and CNG/LNG segments, to ensure the sound development of natural gas business

🚫 Long-distance pipeline projects:

- 1) Accelerate the interconnection of Gaoqing Pipeline, Jizhong 10-county pipeline network (Phase I) project and Sinopec's pipeline network
- 2) Complete Hebei ten counties pipeline network (Phase II) project approval, and aim to begin construction within the year
- 3) Accelerate the construction of Shanxi Licheng-Hebei Shahe coalbed methane (CBM) pipeline project

🚫 City gas:

- 1) Develop potential markets and high-quality clients to improve retail client structure
- 2) In-depth development of city gas markets within the jurisdiction of city pipeline network
- 3) Aggressively expand gas markets inside and outside Hebei province through asset and equity acquisitions

🚫 CNG/LNG:

- 1) Accelerate CNG construction, and seek to complete 3 primary filling stations and 2 CNG/LNG stations within the year
- 2) Strengthen external cooperation by acquiring existing projects to improve CNG/LNG project distribution

2015 Development Goal (Cont'd)

In 2015, we will keep focusing on natural gas, wind power, solar power and other clean energy, further improving business structure, accelerating project construction process, promoting the approved projects get into operation at the early time, continuously improving management and maintenance skill, laying a solid foundation for the next phase growth of the group.

2 Steadily Promote Wind Power and Solar Energy Project Development and Construction

The Group will properly allocate resources and actively promote the infrastructure work of wind power projects approved by end of 2014, in order to implement such projects asap. It will also continue to reinforce resources reserve.

- Accelerate construction progress of the Group's approved wind power projects in Weixian and Chongli of Zhangjiakou, Fengning of Chengde, Lingqiu of Shanxi, Ruoqiang of Xinjiang, Jianshui of Yunnan and Ju'nan of Shandong
- Continue to promote the approval process of wind power projects in Hebei province, and develop wind power projects in Yunnan, Guangxi, Jiangxi and other areas outside of Hebei with superior resources
- Steadily promote the infrastructure work of offshore wind power project in Putidao in Tangshan Laoting. The 30 MW demonstration project start construction in 2015. The Group will strive to achieve grid-connected power generation as soon as possible
- Focus on ground-based photovoltaic power stations and also take into account large distributed power stations. Expand available resources and develop photovoltaic projects in many ways

2015 Development Goal (Cont'd)

Leveraging on state policies of controlling air pollution and developing clean energy, the Group will continue to focus on natural gas and wind power businesses. In the meantime, it will develop other clean energy projects to diversify its clean energy portfolio

3

Diversify Financing Channels

- ① Analyze macroeconomic situation and interest rate trend, and issue low-cost debt financing instruments at a proper time
- ① Leverage the platforms of Hong Kong and Shenzhen affiliates to gain larger amount of low-interest offshore loans
- ① Continue to strengthen cooperation with domestic and overseas banks to seek low-interest credit facilities



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Q&A